China No. 2 (1926)

Report of the Advisory Committee
together with other Documents respecting the
China Indemnity

Presented by the Secretary of State for Foreign Affairs to Parliament by Command of His Majesty

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Report of the Advisory Committee together with other Documents respecting the China Indemnity

Presented by the Secretary of State for Foreign Affairs to Parliament by Command of His Majesty
Sir,

*Foreign Office, October 18, 1926.*

I have the honour to submit the Report of the Statutory Committee (of which I am Chairman), established under the China Indemnity (Application) Act, 1925, to advise regarding the allocation of the China Indemnity Fund for purposes beneficial to the mutual interests of His Majesty and of the Republic of China.

2. This Report takes the form of an analysis of the Report submitted by the Delegation which visited China under the Chairmanship of Lord Willingdon, and should be read in conjunction with that document. The Advisory Committee supports the general lines of the recommendations submitted by the Delegation, but has added thereto specific comments and recommendations of its own.

3. The members of the Advisory Committee concur unanimously in the terms of this Report.

I have the honour to remain,

Your obedient Servant,

BUXTON,

Chairman.

The Right Honourable

Sir Austen Chamberlain, K.G., M.P.

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PART I.—INTRODUCTORY.

CHINA INDEMNITY (APPLICATION) ACT.

Passed 30th June, 1925.

The original Act provided that the money paid and accumulated since December 1922 on account of the Boxer Indemnity should be applied to such educational and other purposes as, in the opinion of the Secretary of State for Foreign Affairs, after consultation with an Advisory Committee, were beneficial to the mutual interests of His Majesty and the Republic of China. The decision to establish a Board of Trustees in China (see paragraphs 34-42 below) will, however, necessitate an amendment of the Act in order to give power to the Board to apply the Fund to educational and other purposes, and to make such investments for the perpetuation of a portion of the Fund as the Board may determine in accordance with the general scheme and purposes laid down by the Advisory Committee.

2. The Advisory Committee was to consist of eleven persons, of whom at least one was to be a woman and at least two citizens of the Republic of China. The text of the Act is set out in full in the Report of the Delegation, p. 46.

3. The Advisory Committee, as finally constituted under the terms of the Act, is as follows:—

The Right Hon. the Earl Buxton, G.C.M.G. (Chairman).
(Postmaster-General, 1905–10; President of the Board of Trade, 1910–14; Governor-General of South Africa, 1914–20.)

(Governor of Bombay, 1913–19; Governor of Madras, 1919–24.)

Sir Charles Addis, K.C.M.G.
(Director of the Bank of England and Chairman of the London Committee of the Hong Kong and Shanghai Bank.)

Dame Adelaide Anderson, D.B.E., M.A.
(Principal Lady Inspector of Factories, Home Office, 1897–1921; assisted on Commission appointed by Shanghai Municipal Council to investigate Child Labour in Shanghai.)

Sir William Clark, K.C.S.I., C.M.G.
(Comptroller-General of the Department of Overseas Trade.)

Professor Hu Shih, Ph.D., B.A.
(Lately Professor of Philosophy and English at Peking University.)
Mr. G. A. Mounsey, C.M.G., O.B.E.
(Head of the Far Eastern Department, Foreign Office.)

Sir Christopher Needham.
(Governor of Manchester University since 1908; Chairman of the District Bank, Limited, Manchester; nominated to serve on the Committee by the Board of Trade.)

Professor W. E. Soothill, M.A.
(Professor of Chinese, Oxford University.)

Dr. V. K. Ting, D.Sc.
(General Manager, Peipiao Coal-Mining Company and Honorary Director of the Geological Survey, China.)

Dr. C. C. Wang, Ph.D., LL.D., M.A.
(Formerly Managing Director of Peking-Mukden and Peking-Hankow Railways and Director-General of the Chinese Eastern Railway.)

Secretary : Mr. F. Ashton-Gwatkin.

The original appointments to the Advisory Committee contained the names of—


Major the Hon. J. J. Astor, M.P.

Mr. S. P. Waterlow, C.B.E., former Head of the Far Eastern Department, Foreign Office.

Sir John Jordan took keen interest in the work of the Committee, attended the informal meetings and participated in the important early decisions. His death in September 1925 deprived the Committee of the benefit of his great experience and ripe judgment. This opportunity is taken to put on record their deep regret at his loss.

Major Astor unfortunately had to resign from the Committee owing to a prolonged absence abroad.

Mr. Mounsey succeeded Mr. Waterlow on the appointment of the latter as His Majesty’s Minister to Siam.

4. It is not necessary to detail here the history of the Boxer Indemnity. A historic account is given in the Report of the Delegation (pp. 41–49), where also details appear as to the total amount of the Fund available.

5. The Boxer Indemnity was a payment by China spread over a considerable period of years, in consideration of the losses sustained by the nationals of the foreign countries concerned, together with the military and other costs involved in connection with the Boxer Rising in 1900. The British Government, it may be mentioned, took great care to assure themselves that every claim submitted by them on behalf of their nationals was a genuine minimum claim for losses suffered or damage sustained as a direct consequence of the Boxer Rising.
PASsING OF THE ACT AND APPOINTMENT OF ADVISORY COMMITTEE.

6. The first announcement to the Chinese Government that the balance of the Boxer Indemnity would cease to be paid into the Treasury and would be utilised for the purposes subsequently included in the Act was made in December 1922.

7. The Act which authorised the application of this money for the purposes indicated, and brought into being the Advisory Committee, was not finally passed until June 1925. It is unfortunate that so long a period of time should have elapsed between the first announcement and the passing of the Act, as the delay may have given rise to misunderstandings in China. The delay, however, was not intentional nor due to any opposition to the proposal, which met with general approval. It was entirely due to the political situation in Great Britain which arose in 1923, and continued in 1924 and 1925; this involved general elections and changes of Government in 1923 and the following year.

8. After the Act was passed, in June 1925, further unavoidable delays took place before the Advisory Committee could be statutorily constituted and could begin its work. In the first instance, vacancies arose, through death or otherwise, which delayed the completion of the British personnel of the Committee; and, secondly, the disturbed state of China at that time naturally caused difficulty and delay in obtaining the services of suitable Chinese Members on the Committee. The Committee consequently did not become a Statutory Body under the terms of the Act until early in 1926. Meanwhile, however, the British Members already appointed held some informal meetings in order to make progress with the work.

9. The actual financial position of the Fund has, however, been in no way prejudiced by the delay which occurred in placing the Act on the Statute Book and in the statutory composition of the Advisory Committee. Since December 1922 the instalments paid by the Inspector-General of Customs to the credit of the British Government have not been paid, as was formerly the case, into the British Exchequer, but have been transferred to a suspense account with the Hong Kong and Shanghai Banking Corporation, where they have accumulated with interest, and will continue to do so until such time as a decision has been come to as to their disposal.

CHINESE MEMBERS ON THE ADVISORY COMMITTEE, AND THE DELEGATION.

10. The original Bill contained a provision for the appointment of one Chinese Member. The Act as passed provides for the appointment of not less than two.

11. When a vacancy was caused by the regrettable death of Sir John Jordan, the Advisory Committee, as then provisionally constituted, decided to recommend the Secretary of State to add a third Chinese Member to the Committee. They came also to the conclusion that it would be advisable that a Delegation of Members of the Committee should examine the questions involved.
in China itself, obtain evidence locally, and thus be in a position to judge of Chinese opinion on the subject and of the practicability of the various proposals made.

12. The Delegation, it was agreed, should consist of six Members, of whom three were to be Chinese and three British Members. The arrangement thus made, of equal representation of Chinese and British on the Delegation, has, it is believed, considerably modified the objection which was originally taken in some quarters to the fact that the Advisory Committee as a whole had a British predominance.

13. The Delegation was constituted as follows:—

Dame Adelaide Anderson, D.B.E., M.A.
Professor Hu Shih, Ph.D., B.A.
Professor W. E. Soothill, M.A.
Dr. V. K. Ting, D.Sc.
Dr. C. C. Wang, Ph.D., LL.D., M.A.

Secretary: Mr. R. F. Johnston, C.B.E.

14. The Delegation visited various centres in China with a view to obtaining evidence on the spot; and invited Officials, and others who were in the best position to give them information, to meet them, and discuss the questions involved.

15. The Advisory Committee as a whole desire to place on record their extreme obligation to the Members of the Delegation, and to their Chairman, for the tactful, efficient and exhaustive way in which they carried out their duties, and for the interesting and able Report which they have presented.

16. It is satisfactory to note that from the first it was recognised in China that the Delegation was altogether outside politics or militarism. The reception of the Delegation was most cordial and helpful, and throughout their period in China they were in every way treated with the utmost courtesy and consideration by the Chinese Officials and by all those with whom they had the advantage of conferring, and this despite the very difficult conditions due to the Civil War and the resultant disturbances which prevailed.

17. It is not, we think, too much to say, moreover, that the presence of the Delegation in China, together with the Chairman’s tactful handling and outspoken speeches, was an actual factor in removing misunderstandings, and in furthering friendly relations between Great Britain and China.

18. The Delegation, it may be added, greatly appreciated the warm and friendly reception that they received in China, which greatly facilitated their work.

19. The Delegation itself held some fifty meetings; and throughout its work there was full co-operation and agreement in the general principles by all the Delegates. The decisions and suggestions of the Delegation, as detailed in their Report, were in every case unanimous.
20. The Delegation emphatically rejected the suggestion that, in consequence of the disturbed state of China, the Indemnity money should be at present retained with a view to its disposal at a more opportune moment.

_This view is cordially endorsed by the Advisory Committee._

**Total of Available Fund.**

21. The details of the Fund are given in the Report of the Delegation, p. 49. The monthly instalments in respect of the Indemnity date from December 1922, and will continue until December 1945. The total amount of the money available during this period is, in round figures, £7,000,000 as regards principal, and £4,250,000 in respect of interest; the actual total is £11,186,547. Omitting the period ending December 1922, which is negligible, there will be an average annual receipt during the twenty-two years remaining of (in round figures) £301,000 on account of principal, and £184,000 in respect of interest, or (taken together) of about £485,000. By December 1926 a sum of about a million and three-quarters will have accumulated from the unexpended amount received from the instalments of the Indemnity Fund since December 1922. This amount is at present on deposit in the Bank.

22. The total sum involved of 11 millions, though considerable from the point of view of the British tax-payer, who is relinquishing all claim to it, is small when applied to so vast an area as the whole of the Chinese Republic. The Delegation would have desired that their personal investigations could have been more extensive and comprehensive. They trust that many of their proposals will benefit China as a whole; others, more local in character, are also recommended as of special urgency or importance. It is the intention of the Advisory Committee that the Fund shall be applied to China as a whole, and that every endeavour shall be made equitably to meet the needs of the various provinces.

**Proposals of British Members of Advisory Committee.**

23. In view of the decision to send three British members as a Delegation for the Advisory Committee to China, to be joined there by their Chinese colleagues, the British Members of the Advisory Committee in England (including the British members of the Delegation) held several informal meetings in order to discuss the various points which would be likely to come before the Delegation.

24. A Memorandum was drawn up by the Chairman in December 1925 detailing and dealing with these points, which was circulated to all the Members of the Committee, and was considered and adopted by the British Members before the Delegation
proceeded to China. The Memorandum is printed herewith,* and it will be seen that it formed the basis of the Delegation’s Report.

25. The Chairman’s Memorandum was subsequently endorsed by the Chinese Members, and was furnished to the Members of the Delegation as a document for their use. It was, however, the view of the Advisory Committee that the Delegation should be given a free hand, and that the Memorandum should be considered in the light rather of information and suggestion than as Instructions or Terms of Reference.

26. It appears to the Advisory Committee that the best and simplest way of dealing with the whole question is to summarise the Report of the Delegation, and to state, with reference to each item, in what respects the Advisory Committee agree with, or dissent from, or desire to modify or to add to the proposals of the Delegation, either in substance or in detail. The decisions to which the Committee have come will be presented to the Secretary of State for his consideration.

27. The proposals of the Delegation are not necessarily taken in the order in which they appear in their Report.

Objects to be Borne in Mind.

28. The views held by the British Members of the Advisory Committee when, as a whole, they were considering the various questions involved, and the principles and policy on which they desired to recommend that the application of the Fund should be based, are clearly set out in the Chairman’s Memorandum referred to in paragraphs 24–25 above:—

"It has to be borne in mind that the fundamental object in returning the Indemnity is thereby to improve the friendly relations between China and Great Britain, and to enable the two countries better to know, respect and appreciate each other.

"In dealing therefore with the educational and other problems, it is not enough simply to do what may be held to be actually the best thing, it is equally important that what is proposed should be in accord with Chinese opinion. It is essential to make it clear by the proposals that are made that there is no intention of utilising the Indemnity for the purpose of exploiting China in the interests of British influence or trade or of British educational propaganda.

"The educational work would have to be carried out on lines adapted to the country, and the scheme for education would have to be acceptable to Chinese educationalists and to the Chinese Government. Indeed, the aim of any educational scheme would appear to be to devolve the responsibility on the Chinese themselves, i.e., Chinese education by Chinese under Chinese control."

The views above expressed are emphatically endorsed by the Advisory Committee as a whole, including the Chinese Members.

* See p. 28.
29. Indeed, the main object of appointing the Delegation was that first-hand evidence should be obtained on the spot, especially through the Chinese members of the Delegation, respecting the ideas and aims and desires of the Chinese themselves, in order that the proposals for the expenditure of the Fund that are made should meet with Chinese approval, and be worked out in friendly co-operation between the Chinese and British.

CHANGE OF OPINION IN REFERENCE TO APPLICATION OF INDEMNITY FUND.

30. The Chairman's Memorandum contains the following paragraph:

"When, nearly three years ago, the announcement was made that the Boxer Indemnity would be cancelled as a debt, and would be used for objects mutually beneficial to China and to Great Britain, representative opinion, both in China and Great Britain, appeared to assume that expenditure on Education was the only worthy objective."

"Since then, however, and especially of late, this view has been considerably modified; and it is strongly urged from many influential quarters that a considerable portion of the money should be applied to purposes other than Education which would also be 'beneficial to the mutual interests of Great Britain and China.'"

31. The Delegation's Report confirms the view that there has been a considerable change of opinion as to the directions in which the funds should be applied. They quote from the Chambers of Commerce to show that there has been a steady hardening against the original view that the whole amount should be spent on educational purposes. In their opinion there is a considerable volume of feeling now in favour of the expenditure on economic and reproductive work or expenditure in the interests of agriculture and medicine.

32. It must be of course recognised that the terms of the Bill and the speeches made while the Bill was passing through Parliament, favoured the spending of the bulk of the money directly on Education pure and simple. Objection was especially taken to the expenditure of the funds on Railways, and such matters as Conservancy, Reclamation, Agriculture, were at the best to take second place to Education. But those who expressed these views would, the Committee feel sure, be willing to modify them if it could be shown, as they think it can, that the proposals they make will be acceptable to China as the most suitable proposals under existing conditions and the most likely to bring about friendly relations between the two nations.

33. It should, moreover, be noted that if this Report as a whole is accepted, and if the income and repayments of the funds proposed to be invested in reproductive works are forthcoming, the whole amount of the Indemnity will in the end be devoted to educational and kindred objects—medical, scientific or agricultural.
PART II.—RECOMMENDATIONS OF DELEGATION.

I.—ADMINISTRATION AND CONTROL OF FUND.

(1.) Board of Trustees.

34. The proposals under this head made by the Delegation are set out on pp. 159-161 of their Report.

The main proposal is as follows:

(1.)—I.
1. In order that the object of His Britannic Majesty's Government in returning the balance of the China Indemnity to the Chinese people may be most effectively and conveniently carried out, a Board of Trustees for the China Indemnity Fund shall be established in China, to which the control and administration of the said fund shall be entrusted.

2. As soon as the said Board of Trustees is organised, the present Advisory Committee shall be dissolved.

(2.)—VI.
1. The Board shall have complete power to apply the Indemnity Fund to such educational and other purposes and to make such investments for the perpetuation of the fund as the Board may from time to time determine in accordance with the general scheme and principles laid down by the Advisory Committee.

2. For the purpose of advising and assisting the Board in making specific grants and in studying and executing specific projects, sub-committees may be formed, and competent persons outside the Board may be engaged to serve on such sub-committees.

(3.)—VIII.
1. After the end of each financial year, the Board shall cause to be prepared a report of the receipts and expenditure in that year in respect of the China Indemnity Fund. A copy of this report shall be submitted to each of the Governments of China and Great Britain.

2. The Governments of Great Britain and China may each send an observer to attend the meetings of the Board of Trustees.

35. This proposal was communicated from China by the Chairman of the Delegation on their behalf to Lord Buxton with a request for urgent consideration. The Delegation emphasised the proposal as one which would meet the Chinese point of view, and would remove any suspicion that existed that the money would not be expended for the benefit of China, while its adoption would greatly facilitate the work of the Delegation by making it clear that
the funds would be administered by a body in China imbued with Chinese views, and not in England under a Committee largely British in complexion and outlook.

36. The members of the Advisory Committee in England at once met and endorsed the proposal, and the Chairman communicated with the Secretary of State.

37. He was thereupon authorised to send the following telegram to Lord Willingdon:

"The Secretary of State is anxious to demonstrate British goodwill to, and trust in the Chinese nation as a whole. He therefore authorises me to state that, if the Delegation unanimously report in the sense of paragraphs I, VI (1) and VIII (1) of the draft plan (given above),* and if subsequently the Advisory Committee endorse these proposals, he would be prepared to accept the principle involved; but he feels that it must be made clear that this change would render necessary the amendment of the Act, in order to enable the Secretary of State to carry out the proposal, and that his assent must therefore be expressed as subject to the approval of Parliament, which he will do his best to secure."

38. The Delegation expressed their appreciation to the Secretary of State for his generous agreement in their views and to the Advisory Committee for their prompt co-operation, which very greatly facilitated their work.

(i.) The Advisory Committee have already endorsed this proposal, and also desire to express their appreciation of the action taken by the Secretary of State.

(ii.) The adoption of the proposal in regard to the Board of Trustees will (as the Secretary of State points out) involve the introduction and passing of an amending Act, which may cause a certain delay.

39. The proposed constitution, personnel and appointment of the members of the Board of Trustees are set out in detail on pp. 159–161 of the Delegation's Report, and may be summarised as follows:

The Board shall consist of eleven members—six Chinese and five British. At least one shall be a woman. All members shall be appointed in the first instance by the Chinese Government after consultation and in agreement with His Majesty's Government. Four members shall be appointed for one year, four for two years, and three for three years; the length of the term of office shall be decided by lot. After the first term, the term of office shall be three years for all members. Vacancies occurring after the first regular meeting shall be filled by a vote of not less than seven members.

The Board shall elect its own chairman by a vote of not less than seven members. He shall serve for three years; he may be either Chinese or British.

* See paragraph 34.
The proportion of Chinese and British members shall be maintained until 1945, when the Board shall have power, if it sees fit, to replace any or all of the British by Chinese members. All members shall be eligible for re-election.

For administrative purposes an Executive Committee of five shall be formed, two British and three Chinese.

(i.) The Advisory Committee unanimously agree with these proposals.

(ii.) In their opinion, if a Board of Trustees, as proposed, is appointed, it is essential, in order to secure confidence and co-operation, that the majority should be Chinese, and they trust that the widest range of representation possible will be obtained on the Board.

(iii.) In the opinion of the Advisory Committee, the Chairman of the Executive Committee should be expected to devote the whole of his time to the work; he should be paid an adequate salary, and the Committee should be provided with the necessary staff.

(2.) Interpretation of Clause VI (above).*

40. The Delegation state that the proposals they make in regard to the funds to be applied at once for educational, medical and other purposes (as mentioned below in paragraph 44) are to be considered more by way of suggestion than mandatory, and that discretion of selection between the various proposals along the general lines proposed should be left to the Board of Trustees.

41. The Delegation lay down (p. 107) certain heads of expenditure, and give the percentages of the amount of the money available that they suggest should be spent under each head. They advise that these percentages be taken by the Board of Trustees as intended for their general guidance; but they consider that the Board should not be debarred from transferring a portion of the money available for expenditure under one head to one of the other heads named, if the Board consider such transfer desirable in the best interests of the Chinese people (p. 163).

42. The Delegation also decided (pp. 129, 133, &c.) that they would not themselves attempt to allocate any portion of the Indemnity Fund to individual Institutions, whether educational, medical, or other; and propose that the allocation should be left entirely to the judgment and discretion of the Board of Trustees. Their own task, they state, was “simply to decide upon the general principle of distribution, and to leave to the Board of Trustees full power to determine individual allocations.”

(i.) The Advisory Committee endorse this view. These proposals throw a great responsibility on the Board of Trustees in the matter of selection; but they will possess and acquire information and experience which the Advisory Committee have not got at their disposal.

* See paragraph 34.
(ii.) As regards the expenditure of the Investment Fund (referred to below), the proposals of the Delegation and the method of its application are set out in paragraphs 45-46; and the recommendations of the Advisory Committee follow after paragraph 46.

II.—DIVISION OF FUND (pp. 60, 162, 163, &c.).

43. The Delegation propose that the whole of the funds, some eleven millions in all, should be utilised for the various educational and other objects which are considered worthy of support, as detailed below, and that, by means of an endowment, provision should be made for carrying on the work thus initiated, after the Indemnity payments have come to an end in 1945. They therefore consider that the total fund should be divided into two parts: (a) as annual income for immediate expenditure, and (b) as capital for the formation of an Investment Fund.

44. As regards (a) Annual Expenditure, they advise that a sum of about £350,000 (out of an average of £500,000 accruing annually from the funds after December 1926) be made available every year for expenditure on direct grants and subsidies in aid of the various objects approved; and that this £350,000 should be drawn directly and in whole from the instalments of the Indemnity Funds themselves, and perhaps later be in part supplemented from the profits on the invested capital (see next paragraph). These grants would continue until 1945 (p. 163).

45. As regards (b) Investment Fund, the Delegation advise that the necessary financial arrangements be made to raise a sum not exceeding £5,200,000 and not less than £3,500,000 during the years 1927-31 for the purpose of a permanent investment. They recommend that this capital sum be applied to some useful national reproductive undertaking directly advantageous to the interests of the people of China. Some or all of the profits on this investment may be used up to 1945 for supplementing the grants out of annual income (see preceding paragraph).

46. After the complete amortisation of the China Indemnity in 1945, the proceeds from such investment should be devoted to the purpose of carrying on in perpetuity the educational and other work, supported by the Indemnity Funds. The Delegation (p. 163) are of opinion that the money available for investment should, in the first instance, be devoted to railway construction. If, for any reason, this is not found feasible, it should be applied to river conservancy work. If neither railway nor river conservancy schemes are, in the opinion of the Board of Trustees, suitable for investments, the annual instalments are to be invested in gilt-edged securities.

(i.) The Advisory Committee agree with, and endorse the proposal for, the division of the Indemnity Fund into two parts: (a) Annual Expenditure; (b) Investment Fund.

(ii.) The Advisory Committee propose—

(a.) That an annual sum of about £350,000 should be devoted at once to carrying out the decisions to which the Board of Trustees may come as regards expenditure on educa-
tional, agricultural, medical and scientific objects. This would involve a total sum of about six and a half millions, spread over nineteen years. They also contemplate that the amount available for these purposes might be increased in the circumstances set forth below.

(b.) That the adjustments between (a) and (b) and necessary financial arrangements should be made, so that a capital sum of about five millions should be available by, or before, December 1945 for the purpose of a permanent Investment Fund.

(iii.) The Advisory Committee appreciate the importance of the Delegation’s proposal that the Capital Fund should be invested in some useful reproductive undertakings, such as railways or river conservancy schemes, directly advantageous to the interests of the people of China. On the other hand, they cannot but recognise that the essential element in an endowment scheme should be security, and they note that the Delegation had the same consideration in mind in attaching to their recommendations certain provisions and safeguards, which are summarised in paragraphs 72–75 of this Report.

(iv.) The Advisory Committee are of opinion, therefore, that, initially, the Investment Fund, so far as it is at present available, together with the annual instalments received and the accumulating interest, should be invested in Chinese Government or other Government securities. The security in the case of the Chinese Government loans is the revenue of China itself, and the purchase of the bonds would improve the national credit.

(v.) It would, however, be open to the Board of Trustees, if at any time it seemed to them safe and desirable to do so, to invest funds in connection with railway or river conservancy schemes, probably by the purchase of bonds issued for the purposes of these reproductive undertakings. The Advisory Committee endorse the view of the Delegation that it would be very advantageous if the funds could be satisfactorily invested in connection with railway development, or failing suitable railway projects, in connection with river conservancy undertakings (see paragraphs 76 and 77).

(vi.) If investment as indicated in the foregoing paragraphs (iv) and (v) is duly carried out, there would be available after December 1945 (when the instalments of the Fund will cease) a permanent income which would then be applied in perpetuity to the educational and other objects which have, by experience, been found to be the most worthy of continued support.

(vii.) The nucleus of the Investment Fund would be the unexpended amount received from the instalments of the Indemnity between December 1922 and December 1926. The credit balance in question (including accumulated interest) should be about a million and three-quarters. Further, the balance of the annual instalments (£150,000 a year, after the payment of the £350,000) would also be paid into the Fund, the capitalised value being about £2,850,000.
(viii.) Whether invested in Government securities or in connection with reproductive railway or river conservancy schemes, the total accumulated Investment Fund will, by December 1945, amount to considerably over five millions.* The Board of Trustees will, therefore, be in a position to increase the grants under (a), if they were satisfied that the Investment Fund would, by December 1945, produce a permanent income sufficient to carry on the educational and other work when the instalments of the Indemnity Fund had ceased.

III.—Proposals for Immediate Expenditure.

47. The Delegation propose that the annual sum to be applied immediately for purposes of mutual benefit should be divided in the following proportions (p. 107):

(1.) Agricultural Education and Improvement (including 5 per cent. for Famine Relief and Rural Credit) ... ... 30 per cent.
(2.) Scientific Research ... ... ... ... 23 "
(3.) Medicine and Public Health ... ... 17 "
(4.) Other educational purposes ... ... ... 30 "

The Advisory Committee endorse this proposal. As already stated (paragraph 41), the Board of Trustees can, at their discretion, somewhat vary these percentages.

(1.) Agriculture.

48. Under this head the main recommendations—definite or alternative—are as follows:

(a.) Agricultural Education and Improvement (p. 110).
(1.) Agricultural Colleges (p. 112).
(2.) Sericulture (p. 113).
(3.) Forestry (p. 114).
(4.) Institute of Rural Economics (p. 115).

(b.) The Delegation also propose that a certain proportion of the 30 per cent. allotted to Agriculture should be applied—

(1.) To Famine Relief; and
(2.) To the establishment of a Central Bank for Rural Co-operative Credit.

* The initial interest on the accumulated unexpended balance would amount to some £100,000 to £120,000 a year. If the capital sum, or the interest, were not applied to other purposes, and the interest were reinvested, a capital sum of about £5,000,000 would have accumulated by December 1945. If the annual instalments of £150,000 a year from December 1926 (balance of £500,000 a year after deducting £350,000) for 19 years were not applied to any other purpose, and the interest were reinvested, the total sum would, by December 1945, amount to rather over three millions.
49. They suggest that funds granted under (b) should be handed over to the China International Famine Relief Commission, to be applied by them to the two purposes named, under such conditions and safeguards as may seem good to the Board of Trustees (pp. 117–120).

The Advisory Committee endorse this proposal, but suggest that, in the event of special circumstances, it should be within the discretion of the Board of Trustees to apply a somewhat larger sum to Famine Relief.

(2.) Scientific Research and Research Institute
(p. 120).

50. The Delegation draw attention to an interesting Memorandum by Dr. Ts'ai in which certain specific recommendations are made for the foundation of a National Research Institute (p. 121), and state that they are unanimously of opinion that "the establishment of a Research Institute of the kind is eminently desirable, and would bring great material and spiritual benefit to all classes in China" (p. 123). They observe, further, that the spirit of research should be greatly encouraged, in order to elevate the standard of University education in China. "It is to be hoped," they add, "that the research work carried on in the Institute will have a beneficial effect on the Chinese Universities by setting up a high standard of research, and by enabling promising University graduates to continue advanced research work in the Institute after their graduation. . . . . In this sense the proposed Research Institute will serve as a central post-graduate University in China" (p. 140). The Delegation adopted the proposal made by a member of the Committee—Dr. V. K. Ting (as detailed on pp. 125, 126). It is estimated that the Institute could be initiated by an immediate capital expenditure of £180,000 (spread over three years) and a minimum annual expenditure of £70,000 (over nineteen years). If this minimum annual expenditure were continued from 1927 to 1945 it would amount (together with the £180,000 capital grant) to about £1,500,000. It would appear, however, that if the Institute were a success, and the building and equipment were enlarged to the fullest extent, a total additional expenditure of somewhat under a further £1,000,000 (annual income plus capital expenditure) would be involved. This additional sum might perhaps be available from other sources.

(i.) The Advisory Committee cordially endorse the proposal for the establishment of a Research Institute on the lines suggested by the Delegation in their Report, and agree with the view of the Delegation that it would bring great material and spiritual benefit to all classes in China.

(ii.) The Committee took the opportunity of consulting Sir Frank Heath, K.C.B., Secretary of the Department of Scientific and Industrial Research, and were impressed by his views on this
subject* (see Appendix (i) to this Report, p. 194). They recommend that his Memorandum, together with those of Dr. V. K. Ting (which appear on pp. 125, 126 of the Delegation's Report) and of Dr. W. H. Wong of the Geological Survey of China (see Appendix (ii) to this Report, p. 195), should be carefully considered by the Board of Trustees and its sub-committee of scientific experts when formulating concrete plans for the establishment of the Research Institute. The Advisory Committee desire to express their opinion that the Board of Trustees should, as far as possible, act in this matter in consultation with other institutions engaged in similar work.

(3.) Medical, Public Health, &c. (p. 127).

51. The Delegation propose various alternatives to be considered by the Board of Trustees for the expenditure under this heading:

(1.) The foundation of a Medical School at Shanghai;

(2.) Grants or subsidies towards the maintenance of hospitals and medical colleges, including medical education and training, as well as assistance to maternity work and the training of nurses.

(3.) An appeal on behalf of Public Health education, which was most sympathetically considered by the Delegation.

52. The Delegation add that they are strongly of opinion that existing British medical institutions are doing such fine service in China that they have an undoubted claim on the consideration of the Board.

The Advisory Committee endorse these proposals, and are confident that wise expenditure on medical services and Public Health would be of very real advantage to the Chinese people.

(4.) Direct Educational Purposes (p. 181).

(a.) Elementary Education.

53. In connection with the actual provision of elementary education, the Delegation point out that the financing of a good system of elementary education would be far beyond the means at the disposal of the Advisory Committee, and that it could only be carried out as a National service by the Chinese Government itself (p. 184).

The Advisory Committee endorse this view. But they would draw attention to the fact that no direct reference is made by the

* Sir Frank Heath considers that it will probably be found advantageous in China to concentrate on the development of research in its more immediately practical aspect. This does not mean, he adds, that research in pure science should be excluded from the purview of the proposed Institute, but owing to the specialised training and staff which would be required, it is probable that work in this field will take longer to develop.
Delegation to the following suggestions which were contained in the Chairman’s Memorandum (see p. 31):—

(a.) The provision of model schools for children in industrial areas.*

(b.) The provision of normal schools for elementary teachers in rural districts.

(c.) Setting up an administrative and executive staff in the main towns to assist the voluntary or self-supporting educational bodies in the districts.

These are points which, in their opinion, deserve the consideration of the Board of Trustees.

(b.) Secondary Education (p. 137).

54. The Delegation recommend that the Board of Trustees should consider the importance of encouraging secondary and high schools, both British and Chinese, with sufficient and efficient teaching staff and equipment.

The Advisory Committee endorse these proposals.

(c.) Education of Women and Girls (p. 137).

55. The Delegation recommend that the amount of expenditure on the education of women and girls should be (a) an equal proportion of grants for general secondary education and for any stimulus given to primary education, and (b), in addition to co-educational opportunities for higher education, liberal grants for women’s special higher and vocational education. They express their full agreement and sympathy with the general tenor of the Memorandum in Appendix (D) (p. 181), and they particularly commend the Girls’ Collegiate School at Changsha, Hunan, under the presidency of Miss P. S. Tseng.

The Advisory Committee endorse these proposals. They would draw attention to the valuable Report summarising the evidence with regard to the actual present state of the education of women and girls in China and the need of its further development, by one of their colleagues, Dame Adelaide Anderson, printed in Appendix (D) to the Delegation’s Report.

(d.) University Education (p. 139).

56. The Delegation emphasise and support the proposals contained in the Chairman’s Memorandum:—

(1.) For the provision of professorships and library and laboratory equipments, in order to place a few deserving Institutions on a sound working basis;

* A proposal for the provision of experimental schools for children in industrial areas is made in the Memorandum in Appendix (D) (p. 181), with the general tenor of which the Delegation is in full agreement.
(2.) For grants to be made to certain of these Institutions for purposes of equipment, extension, scholarships and provision of professorial chairs, and for research work (including the research side of the political and social sciences) in connection with the Universities, which should be associated with the Research Institute, when established;

(3.) For grants to be made to the leading Chinese Universities for endowing Chairs of English literature, philosophy, history and political institutions, preferably to be occupied by invited British scholars.

They consider that the University of Hong Kong should be regarded by the Board of Trustees as fully entitled to ask for grants from the funds, and its claims should receive the same consideration as would be accorded to those of educational institutions in China. The Delegation state that they specially recommend the development of the department of Chinese studies in Hong Kong University (p. 133).

_The Advisory Committee strongly endorse all these proposals._

(e.) _Missionary Schools and Colleges_ (pp. 108–110 and p. 133).

57. The Delegation believe that in the distribution of educational and medical grants the Board of Trustees should be guided by its own judgment regarding the value and importance of the work that is being done in the Institutions that need or ask for assistance, irrespective of whether they have or have not Missionary affiliations. "They are," they state, "of opinion that, in spite of the 'Self-Denying Ordinance' passed by the Missionary Societies, Missionary Institutions as such should not be debarred from participation in grants or subsidies if their educational work be deemed worthy of recognition and support."

_This is also the view of the Advisory Committee._

(f.) _Education in Political and Social Science and Law_ (pp. 140–144).

58. The Delegation detail at length various proposals that were brought to their notice from influential quarters for the establishment of an Institute or College of Political Science and Law, together with an endowment for professorships in English political and constitutional history, finance, jurisprudence and municipal government.

The object in view was to provide opportunities for research and specialisation in the domain of political science, to propagate the knowledge of public affairs, of civic responsibilities and ideals, and of the functions of government, to facilitate the development of individual character and citizenship; and thus to enable the young people of China, especially those who intend to enter public life, to obtain a social and political education of the best kind.
The Delegation express their sympathy with these views, and commend the whole subject of Political Education to the Board of Trustees.

The Advisory Committee endorse this recommendation.

(g.) Industrial and Vocational Education, including Training of Industrial Welfare Workers and Commercial Education (pp. 144-148).

59. A considerable number of schemes under these various headings are sympathetically detailed by the Delegation. They do not make selection among the schemes, nor do they make any definite recommendation except so far as these questions are covered by paragraphs 50 and 56 above. They say, however, that the need for provision for the training of Industrial Welfare Workers is becoming imperative, and they also refer to the advisability of developing a sound system of commercial education.

The Advisory Committee agree with the indication by the Delegation of these various subjects and schemes submitted, as important. In their opinion these require special consideration by the Board of Trustees, and they would draw attention to the summary drawn up by Dame Adelaide Anderson, at the request of the Chairman of the Delegation, on the need of research, education and training in matters of industrial welfare, printed as Appendix (E) to the Delegation's Report (see p. 188).

(h.) Libraries and Translation Fund (pp. 148-150).

60. Attention is drawn by the Delegation to the need for well-equipped Libraries. An important suggestion is also made that the translation and publication of Chinese books into English, and of foreign books, especially British books, into Chinese might be moderately subsidised.

The Advisory Committee endorse these proposals.

(i.) Scholarships and Fellowships, &c., for Chinese Students at British Universities (pp. 150-152).

61. The Delegation endorse the suggestion made by the Chairman in his Memorandum that—

"The general view as regards subsidised students would appear to be that there should be no wholesale subsidising of students to be educated in Great Britain; that the subsidised students should be few in number, should be post-graduate and carefully selected; and that their education in England should be more cultural than technical, more university than workshop."

62. The Delegation recommend the proposal made by a member of the Committee, Professor Hu Shih, that £15,000
should be set apart for the founding of thirty post-graduate scholarships—about £300 a year each—and five travelling fellowships for teachers and scholars of recognised standing—about £500 a year each.

63. They also recommend the subsidising not only of post-graduate students, but also of mature scholars of recognised standing (p. 151).

(i.) The Advisory Committee entirely agree with these views. They hold a strong opinion that the subsidised students should be few in number and carefully selected, and that their education in Universities within the British Empire should be of the nature suggested.

(ii.) The proposals of Professor Hu Shih in regard to the numbers of students and to the amount to be allowed per scholarship or fellowship may be taken as suggestions and subject to variation by the light of experience.

(j.) Hostel (p. 151).

64. The Delegation do not favour the creation of a Hostel in London, but consider that the purposes of such a club would be better served by a standing Committee to be composed of internationally-minded persons in various University centres, who would see to the accommodation and reception of Chinese students. In the case of women students, the Delegation is in sympathy with the idea underlying such International institutions as the Crosby Hall for women.

(k.) Chinese Studies at the School of Oriental Languages in London (pp. 152, 153).

65. The Delegation recommend the endowment of Chinese studies in connection with the School of Oriental Languages in London, which would also entail somewhat similar provisions at Oxford, Cambridge, Manchester and elsewhere.

This appears to the Advisory Committee to be a valuable proposal.

IV.—Investment Fund (see paragraphs 43–46 above).

66. The Delegation suggest three alternative Investments:

(A.)—Expenditure on Railways.

(B.)—Expenditure on River Conservancy.

(C.)—Investment of the amount in question in gilt-edged securities, including Chinese Government securities, so that the income be available for carrying on to the full and permanently the educational and other grants after 1945.
67. The Delegation unanimously recommend that the most profitable form of work of outstanding national importance, and an enterprise which could be counted upon to confer a real benefit on large numbers of Chinese people, would be the extension of railways.*

68. They consider that such an investment would—according to their view—fulfil the four conditions which they lay down (p. 77), viz.: (1) It must be some new work in China, (2) It must be of national significance so as to serve as a permanent monument, (3) It must do the most good for the largest number of people, and (4) It must give the best return under similar conditions.

69. The Delegation discuss various alternatives put before them, and unanimously and strongly recommend the consideration of the construction of the unfinished section between Hankow and Canton (p. 92), thus completing a trunk line from north to south, Peking to Canton, running through the heart of the country. The length of the section is about 280 miles, the estimated cost 5 millions (p. 85).

70. The line is already surveyed and its cost estimated, and there is a standing organisation, the Canton-Hankow Railway Administration, with British members as chief engineer and chief auditor, who would be available for the work, while the financing of the loans would not be difficult to carry out (p. 85).

71. In the opinion of the Delegation this project fulfils the four conditions decidedly better than any other railway scheme in China.

72. On the other hand, the Delegation feel bound to point out that "in view of the present deplorable state of China, it is impossible to be altogether sanguine as to the certainty of large returns from the construction of the missing section of China's great trunk line." They add that satisfactory assurances should be given that the existing sections of the line would be put into a proper state of repair and adequately maintained; that the new line would not be interfered with by militarists; and that its revenue would not be tampered with by unauthorised persons. Due arrangements would have to be made for the control of the line in connection with the existing control of the two other sections (p. 92).

73. The Delegation note that objection may be taken to this proposal by the respective Authorities concerned or by public opinion representing opposed local interests (p. 92).

74. The Delegation further draw attention (p. 92) to the fact that due regard would have to be paid to existing International agreements and to British obligations in connection with concessions and contracts that still remain uncancelled, and which would have to be satisfactorily settled before the scheme could be approved.

* Note.—See Dr. C. C. Wang's exhaustive and lucid Memorandum on pp. 77–89 of Delegation's Report.
75. The Delegation emphasise that no railway or river conservancy scheme should be definitely adopted until it has been favourably reported upon by impartial experts as being feasible, as a reasonably safe investment for trust funds, and as likely to produce a steady and adequate return on the capital invested (p. 93).

76. In conclusion, the Delegation propose that if it be found that, either in regard to local conditions, or as respects guarantees for the efficient working of the railway, or in regard to International and other obligations, a satisfactory solution cannot be secured, then, as an alternative, the fund in question should be invested in a river conservancy scheme or in gilt-edged securities (p. 93).

The Advisory Committee's views as to the investment of the proposed capital fund have already been expressed in paragraph 46 of this Report. Subject to this, the Committee agree that the linking-up of the trunk line of the Hankow–Canton Railway would be a work of very real benefit to China. If the Trustees eventually decide that they can properly invest funds in connection with railway development, the Committee, so far as they are competent to judge, agree with the Delegation that the completion of the Hankow–Canton Railway would probably be the most suitable and most useful project which could be adopted.

(B.)—Conservancy Schemes (p. 66).

77. The Delegation discuss the various alternative River Conservancy schemes, which have been proposed:—

(a.) Chihli River Conservancy.

The scheme which appears to them to be practicable and certain to be of great advantage to the districts concerned, and which is based on the repayment of the money advanced, is the Chihli River Conservancy scheme. The Chihli River scheme would, it is estimated, cost £3,200,000. Proposals are made in detail (p. 74) to secure the payment of interest and the repayment of the money advanced by means of a local surcharge on the customs duties of the two Chihli ports (Tien-tsin and Chinwangtao). The security for the refund would therefore be the trade of these two ports, and the refund would be paid direct to the Board of Trustees. The levying of the surcharge might, however, require the consent of the Treaty Powers.

As regards this scheme, a Commission is already in being, created in 1917, for the improvement of the river system. It is composed of Chinese and foreign experts, and the Treasurer is one of the British members. The President is ex-Premier Hsiung Hsi-ling, and there is already available a plan and estimate drawn up by Mr. F. C. Rose, the Chief Engineer. Considerable preliminary work has already been done, but without
substantial aid from the Indemnity Fund or from elsewhere, the undertaking must be indefinitely postponed. In the opinion of the Delegation, the Chihli Conservancy scheme appears to be founded on a sound basis, and to provide sufficient security to meet the interest and the ultimate repayment of the loan.

(b.) Huai River Conservancy.

As regards the Huai River Conservancy scheme, the proposed works are estimated to cost two millions, and taxes on the reclaimed lands and other revenue would, it is suggested, be available for the repayment of the loan.

(i.) Subject to the considerations set forth in paragraph 46, the Advisory Committee, while agreeing with the Delegation as to the prior importance of railway as compared with conservancy projects, agree also as to the value to China of well-considered schemes of river conservancy.

(ii.) It would undoubtedly be greatly to the benefit of the Chinese people if effective measures could be taken to reduce the possibilities of the destructive floods that so often now take place through the overflowing of the rivers in various parts of China. The flooding covers very large areas, involves thousands of square miles, leads to great loss of life, to famine, starvation and disasters. The flood water often remains on the land for two or three years before it finally drains away, and during that time no cultivation can take place.

(iii.) In the view of the Advisory Committee, before the Board of Trustees decides upon either of the two schemes specially referred to, viz., the Chihli River Conservancy scheme and the Huai River scheme, impartial experts should be engaged to examine carefully their respective merits, both as regards area and population to be benefited by such schemes, the preliminary work already undertaken, and the nature of the guarantees that would be forthcoming in order to secure the payment of the interest on the loan, and its repayment.

(iv.) The Advisory Committee would suggest that both schemes might be undertaken if it is, in the opinion of experts, financially possible, or if funds from other sources could be secured to make up the deficit.

In this connection the Committee desire to express their regret that, owing to political difficulties, the Delegation were unable to visit South China. In their opinion a due proportion of the funds should be applied to purposes beneficial to Kwangtung Province, and if reproductive work, such as the Chihli River Conservancy, is adopted for North China, a substantial investment should be made for the benefit of South China, under similar conditions, and the local authorities in Kwangtung Province should be consulted in the matter.

78. The Advisory Committee received a very large number of communications and suggestions from representative Bodies and
individuals with reference to the distribution of the funds at their disposal. These communications were carefully tabulated, were studied by the Advisory Committee and by the Delegation, and have been taken into consideration in coming to the conclusions embodied in their Reports. The Advisory Committee desire to express their obligation and thanks for the assistance thus rendered to them.

79. The Advisory Committee desire to join with the Delegation in expressing their warm appreciation of the very friendly reception accorded in China to their Representatives, and for the courtesy and hospitality shown them by the Chinese Civil and Military Officials and ex-Officials, and for the welcome and ready help given to them throughout by the non-official Chinese and the British and other foreign residents in China. The task of the Delegation was thereby greatly facilitated and lightened, and the amenities of their visit and the interest of their work were correspondingly increased.

80. At an early stage in their proceedings, the Advisory Committee decided that, in their opinion, no advantage would be gained by taking evidence in England, inasmuch as the Delegation would have the opportunity of obtaining first-hand evidence in China itself. But the Chairman, and other members of the Advisory Committee, have had the benefit of personal discussion with representative Authorities residing in England, and with those residents in China who have been in this country since the formation of the Committee.

81. Finally, the Advisory Committee desire to place on record their appreciation of the services rendered to them throughout by Mr. Ashton-Gwatkin, their Secretary. His knowledge of the subject, his efficiency and industry have been of great value to them in carrying out the somewhat difficult and delicate task committed to them.

BUXTON (Chairman).
WILLINGDON (Chairman of Delegation to China).
C. S. ADDIS.
ADELAIDE M. ANDERSON.
W. H. CLARK.
HU SHIH.
GEORGE MOUNSEY.
CHRISTOPHER T. NEEDHAM.
Wm. E. SOOTHILL.
V. K. TING.
C. C. WANG.
F. ASHTON-GWATKIN, Secretary.

October 18, 1926.
Preliminary Memorandum drawn up by the Chairman of the China Indemnity Advisory Committee for the Information and Consideration of the Committee as provisionally constituted.

(See paragraphs 23–25 of Committee’s Report.)

The following Memorandum may be of assistance to the members of the Committee in considering the various points with which they have to deal.

The Memorandum does not pretend to be exhaustive.

BUXTON.

December 29, 1925.

MEMORANDUM.

FUNDS AT DISPOSAL OF THE COMMITTEE.

The Treasury letter that gives the detailed information in respect of the total amount of the funds at the disposal of the Committee covering a period of twenty-three years is attached (Appendix I).* Omitting the period ending December 1922, which is negligible, there appears to be an average annual receipt during the twenty-two years remaining of (in round figures) £310,000 on account of principal and £190,000 in respect of interest, an average annual receipt of £500,000.

The amount received in the three years ending December 1923, 1924 and 1925, amounting in all to about £1,340,000, has been accumulated and is at the disposal of the Committee.

OBJECTS TO BE BORNE IN MIND.

It has to be borne in mind that the fundamental object in returning the Indemnity is thereby to improve the friendly relations between China and Great Britain, and to enable the two Countries better to know, respect and appreciate each other.

In dealing therefore with the educational and other problems, it is not enough simply to do what may be held to be actually the best thing, it is equally important that what is proposed should be in accord with Chinese opinion. It is essential to make it clear by the proposals that are made, that there is no intention of utilising the Indemnity for the purpose of exploiting China in the interests of British influence or trade or of British educational propaganda.

The educational work would have to be carried out on lines adapted to the country, and the scheme for education would have

* Not printed. (See p. 49 of Delegation’s Report.)
to be acceptable to Chinese educationalists and to the Chinese Government. Indeed, the aim of any educational scheme would appear to be to devolve the responsibility on the Chinese themselves, i.e., Chinese education by Chinese under Chinese control.

PROPOSALS FOR THE EXPENDITURE OF THE FUNDS.

The main proposals which have been urged on the Committee from various quarters for the expenditure of the funds at their disposal are as follows:

I.—Educational purposes in their widest aspect.

II.—Medical purposes.

III.—(a.) Conservation of rivers, with a view to the prevention of disastrous floods.  
(b.) Reclamation of land, or irrigation work.

IV.—(a.) Railways.  
(b.) Public roads.

It is assumed in this Memorandum—

1. That the Committee would desire, on the whole, to concentrate their efforts and their funds on comparatively few rather than to attempt to deal with a large number of different objects.

2. That in view of the terms of the Act and of the debates on the Bill in the two Houses of Parliament, at the very least half the amount of the funds at the disposal of the Committee should be devoted to educational purposes.

When, nearly three years ago, the announcement was made that the Boxer Indemnity would be cancelled as a debt, and would be used for objects mutually beneficial to China and to Great Britain, representative opinion, both in China and Great Britain, appeared to assume that expenditure on Education was the only worthy objective.

Since then, however, and especially of late, this view has been considerably modified; and it is strongly urged from many influential quarters, that a considerable portion of the money should be applied to purposes other than Education which would also be "beneficial to the mutual interests of Great Britain and China."

3. That the Committee note the self-denying ordinances of the Missionary Societies, who have themselves announced that: (a) they have decided not to make any appeal for money from the China Indemnity fund; and that (b) if any moneys are available for their needs, they would only be prepared to accept them and to use them on the condition that the Chinese authorities concerned give their fullest consent to the arrangement.

I.—EDUCATION.

Educational Purposes.

The question of the amount that should be applied towards educational purposes, and the method of application, present the
most difficult problems with which the Committee have to deal. Suggestions have been made for the consideration of the Committee which cover a very wide field; and there is a great variety of opinion as to the advantages or disadvantages of nearly every particular proposal.

The questions involved can be classified under the following headings:

(A.)—Assistance to Universities, Colleges and other Chinese Educational Institutions.

(B.)—Elementary and Secondary Education.

(C.)—Subsidised Students in Great Britain.

(D.)—Technical Training.

(E.)—The Education of Girls.

(F.)—Science and Research.

It may be noted that the late Sir John Jordan held the view "that any funds provided from the Indemnity for the education of Chinese could be far better spent on the support of existing Institutions than embarking on new educational ventures."

(A.)—Universities and Colleges.

A list of existing Universities and Colleges in China is given in Appendix II.*

1. (a.) Many, perhaps most of these Institutions are in need of additional capital for extension and equipment, and of additional funds for salaries, scholarships, the provision of "Chairs," and the like.

It is urged from many quarters that grants for these purposes to certain of the Universities and Colleges would be most useful and acceptable.

[Definite applications from some of these Universities and Colleges, with details of their requirements, have been received.]

(b.) Special representations have been made in regard to the Hong Kong University. This University was established in 1910, and has some 200 to 300 students enrolled, practically all Chinese. Half of these students have been recruited from the British Colonies (the Straits Settlements and Hong Kong), the remainder are Chinese Government scholars, and the number of self-supporting students from China is small.

It is urged that financial assistance should be given to the Hong Kong University, whose educational standard is high in respect, especially to (1) scholarships, (2) new professorships, (3) development of existing faculties and the institution of new ones, (4) "feeder" schools on mainland of China.

On the other hand, it is pointed out that this University is attended mainly by Chinese living in the Straits Settlements, Hong Kong, Shanghai and elsewhere outside China proper. The University is probably in some ways too far away from the centre

* Not printed.
of China, and it is stated that the climate is too enervating for northern Chinese to attend. The education also is somewhat expensive, and not so very much less than the Chinese Government allowance to a scholar at a University abroad.

2. It is further proposed that Chairs, which would be occupied by Chinese professors, should be established in the United Kingdom for the purpose of instruction in Chinese matters, such as Chinese history, language and literature, philosophy and Buddhism, art and archaeology; and that, reciprocally, similar Chairs for Englishmen should be established in Chinese Universities or Colleges, with special regard to English literature, history (European and Asiatic), Western art and archaeology (see also Science and Art Sections).

3. A further suggestion is that there should be exchange professorships between British and Chinese Universities.

(B.)—Elementary and Secondary Education.

It is obvious that the funds at the disposal of the Committee would not enable them to embark on the very wide field of the actual provision of elementary education for children.

But it is suggested that something might, nevertheless, be done towards redressing the disproportion which at present exists between the illiteracy of the masses and the development of higher education in China.

It is pointed out that much good might be done (a) By setting up model schools for children in industrial areas; (b) In the provision of normal schools for elementary teachers in rural districts; (c) In setting up an administrative and executive staff in the main towns to assist the voluntary or self-supporting educational Bodies in the districts. The whole of the teaching work would be in Chinese hands, and should be financed by the Chinese themselves. The administrative work would be guided by the British. The administration should be given considerable latitude in dealing with local conditions and in making provision for normal schools where there is a scarcity of teachers. The development of the teaching profession would open a future for Chinese graduates, while at the same time the increase in educational facilities for Chinese children is a definite and practical way of saving them from too early factory employment.

It might also be considered whether assistance could be given (a) For teaching illiterate adolescents, and (b) For infant welfare work.

(C) and (D).—Subsidised Students in Great Britain and British Dominions, and Technical Training.

1. There has been in some quarters strong advocacy of the grant of scholarships or assistance to enable Chinese students to come to Great Britain for purposes of education—cultural, technical or otherwise.
On the other hand, it is pointed out that, in consequence of the action taken by the United States, Japan and France (who have been first in the field), there is already an excess of Chinese students being educated in foreign countries. The earlier students who came to America, Japan and Great Britain, on the whole made good, and in many instances attained to high positions. But it is becoming increasingly difficult for the returned students to obtain positions in China suitable to the education which they have received, or, indeed, positions at all.

It is pretty clear also that the Chinese themselves and the Peking Authorities are beginning to believe that the students who go to America, Japan and elsewhere tend to lose their Chinese character and become denationalised, and, from a Chinese point of view, sometimes return as undesirable elements. They are further impressed with the increasing difficulty of finding places for these returned students, with the result that the student loses what advantage he has gained from his period of study abroad. Chinese opinion, therefore, may be opposed to any large increase in the number of students to be sent abroad.

Considerable doubt is therefore expressed in some quarters whether it would be wise to follow the wholesale example of America and Japan in this matter of students. To do so would only add to the difficulties of the situation and, though it may have been an advantage to America and Japan to have educated these students, especially where they have gone into Government Offices, merely to copy their scheme would, under present conditions, be no advantage to the Chinese.*

2. If it be agreed that subsidised students should be sent to Great Britain for educational purposes, various questions arise:

(a.) Should subsidised students, as in the case of America and Japan, be sent over here in large numbers, or should the students be few in number and carefully selected? It appears to be generally agreed, for the reasons given above, that the numbers should be limited.

(b.) How should the students be selected, so that those chosen should be youths of ability and character who would do credit to their education and to their country?

* Some suggestions submitted by Mr. Wong Kwong (a well-known Chinese industrialist) are worth consideration.

He emphasises the need of careful selection of students—the student, he says, must be economical, he must work hard in detail, "prepare to perspire at his job."

The youth going from school in China to Universities abroad knows nothing of the peculiar conditions of his own land, and he becomes a foreigner in his own country. It is essential that he should have experience in practical work at a University in China before he goes abroad.

Mr. Wong Kwong goes so far as to suggest that after the student had graduated he should spend two or three years at some workshop in China before he went abroad. The student would then be able to enter a foreign workshop with practical experience and learn much more quickly. This would also give a better opportunity of selecting the best students for sending abroad.
(c) Should the students be post-graduate, and first go through a University in China before coming over to Great Britain?

It appears to be the general view that it is important, from every point of view, that the student should have received University, or even technical education in China before going abroad.

(d) What period of time should the student devote to education in Great Britain?

Students as a rule are abroad for about four years. It is argued by some that this period is too long. It is said that the student loses touch with China, becomes unsettled and denationalised; and, further, that, having become accustomed to European standards of living, he finds it difficult on return to adapt himself to the lower standard of living in China.

(e) Great stress is laid by all the Chambers of Commerce and other representative Bodies on the importance of providing that only such students should be assisted who had a reasonable prospect of securing suitable employment on return to their own country. This is becoming less and less easy as the number of students increases.

(f) What should be the nature of the training given over here?

(i) It has often been advocated that the bulk of the students should receive practical technical education in order to fit them for positions in China, but further examination of this question seems to throw a good deal of doubt upon its advisability. There is the serious difficulty, which has already been referred to, that the student, on his return to China, however highly qualified he may be, may find difficulty in securing suitable employment, a result which can only arouse a sense of disappointment and discontent; nor is it easy to see how an opening can be definitely secured for the returned student.

(ii) It is generally agreed that, if technical training is to be given, it would be to the best advantage of the student that the training should be carried on in the workshop itself, and that the student should receive practical and mechanical, and not merely theoretical, instruction in engineering, electrical plant, railway engineering and working, mining, cotton-spinning, milling, agriculture, &c. But it has to be remembered that training in works or mills in Great Britain is of a severe nature, and usually carried on amidst unattractive surroundings.

(iii) On the whole, therefore, it would appear that greater benefit is likely to accrue to the Chinese student, both on his return to China and throughout his life, if he is enabled to take advantage of the opportunity
which is afforded from the cultural standpoint by British Universities, where he would be brought into contact with far pleasanter conditions of Western life, and be in contact with British students of his own standing.

3.—(a.) As regards technical instruction or vocational training, an alternative suggestion is made by Sir E. Wilton and others. They state that the Chinese so-called Government technical schools have not been a success, and it is suggested that certain industrial centres, such as Canton, Hankow, Shanghai, &c., be selected, and that, in co-operation with the Chinese and British Chambers of Commerce, Industrial Companies, &c., arrangements should be made for the establishment and maintenance of local technical schools with scholarships for advanced courses at Peking, Hong Kong or in Great Britain.

It is elsewhere urged that, if Chinese development is to be beneficially affected, it would be necessary to finance and train a considerable number of students, many more than could be sent to Great Britain. Greater benefit would, therefore, be secured by bringing British instructors to China and by giving technical instruction locally than by sending students to England. But it would not appear possible to create locally in China a workshop which in variety, equipment and output would give anything approaching the practical knowledge of working which would be obtained by the training of a student in an English workshop.

In this connection it is necessary once again to emphasise the danger of training a number of technical experts for whom there will be insufficient openings.

(b.) A further suggestion is made that a Technical College should be established in North China for the development of native industries, including forestry, agriculture, &c.

(c.) It is further suggested that a Technical Department should be added to the Peking University.

4. It is also suggested that while scholarships should be given for Chinese students to go to Great Britain, scholarships should be given for selected British students to travel in China.

5. It is urged that a few scholarships should be granted obtainable by Chinese students who wish to follow courses of Technicology in Great Britain in connection with applied Science.

6. It is urged by the Director of the Royal Botanical Gardens, Kew, that it would be a great advantage if a few approved Chinese Botanical students could be sent to England to carry out their studies at Kew and be trained on the lines of systematic Botany. They would return to China as trained Chinese Botanists and help to develop the vast Botanical possibilities of China.

7. In reference to the question of subsidised students it should be remembered that the Government of Canada and Canadian Universities have expressed their desire to render any possible assistance for the training of Chinese students in Canada. Australia and New Zealand have not made any definite offer, be-
the possibility of the development of facilities in the British Dominions ought to be considered.

The general view as regards subsidised students would appear to be that there should be no wholesale subsidising of students to be educated in Great Britain; that the subsidised students should be few in number, should be post-graduate, and carefully selected, and that their education in England should be more Cultural than Technical, more University than Workshop.

(E.)—Education of Chinese Girls.

No general suggestions have been made in regard to the education of Chinese girls, but it would be necessary for the Committee to consider in what respects and in what directions Chinese girls in particular could be also benefited from the educational grants.

The demand for the modern education of women is very much to the fore in China to-day, and all likely suggestions for its development require careful consideration.

(a.) Most of the proposals referred to in the Educational Section should, if carried out, directly or indirectly benefit the girls as well as the boys and youths.

(b.) One concrete suggestion is submitted, emanating from Miss Mackinnon, Secretary for Student Work, National Y.W.C.A., China, for the institution of a Higher College for women teachers. She points out there is a great dearth of women teachers of sufficient educational experience to take responsible positions in middle schools for girls, and in the Government Institutions where there is co-education, and the result is that these positions are too often filled with women who are too young or otherwise unfitted for the responsibilities involved. The best teachers from both the primary and high schools would be selected each year and could go through a course, say of two years, at the College. It is suggested that the student should specialise in one subject of general educational value, e.g., Chinese Literature, Chinese History, General History, Mathematics, Science. The other half of the course would consist of a study of education, viewed broadly in relation to Sociology, Psychology and History. There should be opportunity for students to learn various forms of social work under expert supervision and guidance. Graduates from such an Institute would return to the teaching with a breadth of view and understanding of method which at present are often lacking, and they would exercise a great influence for good on the educational development of girls in China.
Hostel or Club.

It is strongly urged in various quarters that one of the best methods in which money could be expended in the interest of the Chinese students would be the institution of a Hostel on the lines of an ordinary social Club in London for the use of Chinese students and other Chinese studying in England.

At present the Chinese student comes to England with no knowledge of the conditions which prevail. There is difficulty in regard to accommodation, and lack of help and guidance. The provision of a Hostel or Club, especially if there were sleeping accommodation, would provide him with a home, where he could receive sympathetic help and advice, and would help to remove him from otherwise inevitable discomforts and temptations. The Chinese student would appreciate that he was welcome, and would not feel that he was a stranger in the land. These Chinese students, however few in numbers, exercise, on their return home, great influence on the attitude of Chinese towards Great Britain. The institution of a Hostel or Club would therefore be mutually beneficial.

On the other hand, it should be noted that some objection is felt to any herding of the Chinese students together, as, by so doing, much of the advantage derived from living in England and the comradeship of English students would be lost.

The cost of a suitable Hostel would be considerable, both initially and for maintenance.

General Note on Education.

Teaching in English as well as Chinese.

Should any condition be attached that, where possible, the educational teaching should be English as well as Chinese? This would not be an unreasonable request, inasmuch as “English” is already the commercial lingua franca of China; and is increasingly becoming a medium between the completely different dialects spoken in China.

It is suggested that grants should be given for the purchase of English text books by Chinese schools and Colleges, which would promote the teaching of English.

(F.)—Science and Research.

The establishment in China (preferably at Peking) of an Institute of social and economic research and of statistical and scientific data is urged; public health, improved industrial conditions of health and safety, and social welfare work would thereby be promoted.

The following more detailed suggestions are also made:—

1. The suggestions of Dr. Ts’ai:—

(a.) That a Science Institute should be created to consist of two departments, one to contain machinery, models and
diagrams illustrating the different stages of development of Physical and Chemical Sciences, the other to contain Natural History specimens showing the genus and species of flora and fauna.

(b.) That Universities or Technical Colleges in China should be subsidised for the purposes of extending faculties or departments in connection with Biology, Textile Industry, Chemistry, Agriculture, &c.

(c.) That foundations be provided in the Chinese Universities for Professorships, purchase of English Books on Science, Art and Literature.

(d.) That scholarships be given for Research students.

(e.) That grants be given for sending scholars from China to Great Britain and vice versa from Great Britain to China to study Literature and Philosophy.

(f.) That distinguished scholars from Great Britain be sent to lecture in Chinese Universities and Colleges; and distinguished scholars from China to Great Britain to lecture on Chinese Literature, Philosophy, Art, &c.

2. Suggestions of the British Returned Students' Association:—

(a.) That schools for Scientific Research should be instituted in different centres in China. That (apart from medical) assistance should be given to the principal Chinese Universities for the adequate equipment of Departments of Chemistry, Engineering and Agriculture.

(b.) That Chinese national Universities should be instituted with a special English Department for the dissemination of English Literature, Art and Science.

(c.) That scholarships should be founded to enable Professors, Lecturers and Graduates from Chinese Universities to carry out further research work in Great Britain; and similarly to enable British Professors and Graduates to study Chinese Literature and Philosophy in Chinese Universities.

(d.) That assistance should be given to enable Chinese and British Universities to exchange Professors.

II.—Medical Services.

There is a consensus of opinion that expenditure on medical services in various ways would be very beneficial in China.

A considerable proportion of the existing medical work carried out by Europeans is in connection with Missionary Schools and Colleges. This part of their work is distinct from the educational side.

The obvious lines on which grants might be given would be:—

1. The medical side of existing Chinese Institutions and of Missionary Schools and Colleges.

2. Medical Schools.

[15329]
3. Grants to Hospitals and Clinics, and to Dispensaries.
4. Subsidies to certain medical salaries to enable the doctors to give their services to the poorer classes.
5. Assistance towards the training of Chinese doctors in China and assistance to enable them to take a post-graduate training in Medical Schools (or even Dispensaries) over here.
6. The special training of English doctors to go to China.
7. Training and organisation of nurses.
8. Institute of Hospital Technology.
9. Provision of British Medical and Scientific Books; and translation of British Pharmacopoeia into Chinese.
10. Research work in Tropical Medicine.

III.—CONSERVATION OF RIVERS AND THE LIKE.

The view is urged that it would be greatly to the benefit of the Chinese people if effective measures could be taken to reduce the possibilities of the destructive floods that so often now take place through the overflowing of the rivers in various parts of China.

The flooding covers very large areas, involves thousands of square miles, leads to great loss of life, to famine, starvation and discomfort. The flood water often remains on the land for two or three years before it finally drains away, and during that time no cultivation can take place.

It is argued that money spent in the betterment of their living conditions would benefit the masses of the people, mainly agriculturalists, while money spent on education would benefit mainly a few high-class selected students and not the people generally.

As a Chinese correspondent has put it: "The problem of China is that of the empty stomach rather than the educative mind, and the development of the country (railways and conservation) would help to assist the former."

The benefits derived from money spent in this direction would not be restricted to the present generation. Conservation, properly carried out, would be a continuing benefit. Moreover, if the advances made for the purposes of conservation were repaid and applied elsewhere, the benefit would not only be continuous, but expanding.

Apart from the effective conservation, it would be a good object lesson to the Chinese of what modern engineering can achieve, and would encourage them to carry out similar work.

Various schemes are proposed for the better conservation of rivers in various parts of China:

1. The most practical and helpful scheme would appear to be that dealing with the flooding of the River Hai Ho near Tien-tsin, in the Metropolitan Province of Chihli, and its subsidiary, the Tung
Tung Ho River. The proposal is to construct a new channel to the sea, together with subsidiary work.

This scheme receives considerable support.

The Chihli scheme has, from the point of view of the Committee, two or three material advantages over other schemes as a first experiment in dealing with conservation:

(a.) There is already an effective River Conservation Board in existence, composed partly of Chinese and partly of foreign experts. The Chairman of the Commission is a Chinese of repute, Mr. Hsiung, and the treasurer is one of the British members. The Commission is a reputable Body, with which the Committee could deal directly and safely.

(b.) The Commission has no funds at its disposal to deal with such work as cutting a new channel, &c., but it has worked out a practical scheme, through its British engineer, for the cutting of a new river-bed, to relieve the Yung Tung Ho River, and which would prevent the flooding.

The scheme itself, no doubt, would have to be carefully examined, but it would form a concrete basis for consideration.

(c.) The chairman, on behalf of the Commission, is prepared to undertake that, if the floods could be prevented, the population affected living in the area, amounting to many millions, would be able and willing to pay a land tax, which would go a long way towards repaying the advance from the Committee.

Thus, if an effective land tax were imposed, the advance of the Committee would gradually be repaid and the money would be available for dealing with other conservation schemes elsewhere, which meanwhile could be matured.

(d.) The cost of the work, which it is proposed should be raised by loan, the interest being met from the Indemnity Fund, is put at about 4 million sterling. The work would take about five years to complete.

It would be necessary for the Committee to be satisfied that the estimate of cost was substantially a complete and accurate estimate.

(e.) In connection with the Chihli Scheme it may be noted that, if the periodical flooding could be prevented, the City of Tien-tsin would greatly benefit, as it would be freed from constant risk and saved considerable expenditure on dredging. It would appear therefore fair that it should contribute something towards the cost.

2. There are other districts which equally suffer from the overflow of the rivers, but no matured scheme has apparently yet been put forward to deal with the evil in these districts.
III (b).—Reclamation of Land and Irrigation Works.

No concrete scheme has been put before the Committee in connection with the above. But they are both questions which might be worth exploring, as drought plays as destructive a part as flooding in the economy of the Chinese agriculturalist.

IV (a).—Railways.

1. Various proposals have been put before the Committee for the application of some of the funds at their disposal for purposes of Railway Extension, especially the filling in of gaps in some of the existing Railways. Lack of rapid transport is one of the most serious handicaps from which China is at present suffering.

2. The scheme which is chiefly urged is in connection with the Canton–Hankow Railway, namely, the completion of the gap of some 270 miles. The estimated total cost of this would be about 4 millions. It is proposed that this sum should be raised by loan, the interest being a charge on the Indemnity Funds, and that the loan should ultimately be repaid from the profits of the Railway.

3. The main difficulty in the adoption of any scheme of Railway Extension lies in the cost which would be involved. The total Indemnity amounts to about 11 millions. Assuming that half of this sum were applied for educational purposes, and that some 3 or 4 millions were applied for conservation purposes, and further sums to medical and other matters, the margin left which could be applied for Railway purposes would be very small, whether by way of security for a loan or otherwise.

4. It is also urged by some Chinese as well as by some Europeans, that the extension of railways would not really be for the benefit of the Chinese as a whole, but would be detrimental to the country and help to lengthen Civil War, by assisting the operations of the Militarists who seize and utilise the Railways.

5. It should be noted that in the course of a debate Mr. Ronald McNeill (representing the Foreign Office) specifically stated, on behalf of the Government, that they would be opposed to any of the funds being spent on Railways. At the same time he emphasised on other occasions that the Committee should have a free hand in making any recommendations they thought best.

IV (b).—Roads.

Mr. Woodhead proposes that in connection with any railway expenditure a further expenditure should be undertaken for main roads with a view to feeding the railways.
Apart from the cost, the practical difficulty would arise how to ensure that the roads once made would subsequently be maintained in an efficient state.

**ADMINISTRATION.**

*Administration of the Monies applied to Educational Purposes.*

1.—(a.) It is generally suggested that, in order to secure that money expended on education should be strictly and properly applied for the designated purpose, a Central Committee should be formed in China to which the whole administration of the fund should be entrusted.

(b.) In addition, there would be other Committees, either provincial or local or specially responsible for certain branches of the educational work for which grants were given. These Committees would be located in China.

(c.) It is urged that the Central Committee, comprising both men and women members, should be appointed conjointly by the two Governments of Great Britain and China, that it should include representatives of educational Bodies in China, such as the National Association for the Advancement of Education, &c., while the Chambers of Commerce, British and Chinese, should be represented.

It is suggested that the Committee should also include prominent Chinese who have been educated in Great Britain. There should be women representatives.

(d.) It would appear essential that at least half of the members of both the Central and of the local Committees should be Chinese.

(e.) It is not clear whether the Statutory Committee is to remain in being after it has reported its proposals to the Secretary of State. It would appear to be necessary that either the Statutory Committee should for a certain period remain in being, or that some other Committee should be appointed, sitting in England, and in touch with the Central Administrative Committee in China.
PART I.—THE "BOXER" INDEMNITIES.

(i.) HISTORICAL INTRODUCTION.

The total amount of the Indemnity imposed on China by the Final Protocol, signed by the Chinese plenipotentiaries and by the accredited representatives of eleven foreign Powers on the 7th September, 1901, amounted to 450 million taels. This amount, which was intended to cover the actual military expenses incurred by the Powers in China in 1900, and the claims of their subjects who had suffered loss or damage from "Boxer" outrages, was to be paid in instalments, with interest at the rate of 4 per cent. per annum, the instalments to be spread over a period of forty years. The total sum which China had to pay in respect of interest and amortisation of principal, under the scheme agreed upon by the Powers and accepted by the Chinese Government, amounted to 982,298,150 taels, a sum which (taking the Haikwan tael at 3s.) is equivalent to £147,335,722. The following table, which has been compiled by the Inspector-General of Chinese Customs, shows the percentages and amounts due to each of the participating countries:

...
<table>
<thead>
<tr>
<th>Country</th>
<th>Protocol Apportionment. (Percentage of Total Indemnity)</th>
<th>Amount of Interest. (Hk. taels)</th>
<th>Total of Principal and Interest. (Hk. taels)</th>
<th>Protocol Rate of Conversion.</th>
<th>Total Amount Due, Principal and Interest, in Currency of Payment.</th>
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<tr>
<td>Russia</td>
<td>28.97136</td>
<td>130,371,120</td>
<td>284,567,750.49</td>
<td>1.412</td>
<td>G. roubles 401,809,663.69</td>
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<td>Germany</td>
<td>20.01567</td>
<td>90,070,515</td>
<td>196,691,546.72</td>
<td>3.057</td>
<td>M. 600,617,725.23</td>
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<td>France</td>
<td>15.75072</td>
<td>70,878,240</td>
<td>154,709,580.74</td>
<td>3.75</td>
<td>Frs. 580,160,927.78</td>
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<td>11.24900</td>
<td>50,620,645</td>
<td>110,492,067.72</td>
<td>3s.</td>
<td>Yen 106,864,177.82</td>
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<tr>
<td>Japan</td>
<td>7.73180</td>
<td>34,793,100</td>
<td>75,944,680.28</td>
<td>1.407</td>
<td>Yen 106,864,177.82</td>
</tr>
<tr>
<td>United States of America</td>
<td>7.31979</td>
<td>32,939,055</td>
<td>71,897,769.88</td>
<td>0.742</td>
<td>G. § 53,348,145.25</td>
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<td>Italy</td>
<td>5.91489</td>
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<td>58,088,306.11</td>
<td>3.75</td>
<td>Frs. 217,868,647.91</td>
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<td>Belgium</td>
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<td>18,519,210.30</td>
<td>3.75</td>
<td>Frs. 69,447,001.13</td>
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<td>Austria-Hungary</td>
<td>8.8076</td>
<td>4,063,920</td>
<td>8,739,562.16</td>
<td>3.995</td>
<td>Kr. 31,418,725.97</td>
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<td>The Netherlands</td>
<td>17380</td>
<td>782,100</td>
<td>1,707,129.01</td>
<td>1.796</td>
<td>Fl. 3,066,005.32</td>
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<td>International claims</td>
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<td>149,670</td>
<td>326,692.41</td>
<td>3s.</td>
<td>£ 49,003 17s. 3d.</td>
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<tr>
<td>Spain</td>
<td>0.03007</td>
<td>135,315</td>
<td>295,350.01</td>
<td>3.75</td>
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<td>Portugal</td>
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<td>92,250</td>
<td>201,358.82</td>
<td>3s.</td>
<td>£ 30,203 16s. 6d.</td>
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<td>Sweden and Norway</td>
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<td>62,820</td>
<td>137,120.45</td>
<td>3s.</td>
<td>£ 20,568 1s. 4d.</td>
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<td><strong>Total</strong></td>
<td><strong>100.0000</strong></td>
<td><strong>450,000,000</strong></td>
<td><strong>532,238,150.00</strong></td>
<td></td>
<td><strong>982,238,150.00</strong></td>
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</table>
From the foregoing table it will be seen that the British share of the so-called Boxer Indemnity (principal and interest) amounted to £16,573,810, which is about 11\(\frac{1}{4}\) per cent. of the total sum payable by China to all the Powers combined.

In connection with these figures, it is important to note that the amount fixed upon as due from China to Great Britain was arrived at after every claim submitted by British subjects for losses sustained, had been subjected to a very rigid scrutiny and most careful revision by the British Government. Not only had the claims, as originally passed, been cut down so drastically as to cause some legitimate grumbling on the part of those who had suffered loss, but the amounts were still further reduced in order to meet a difficulty which had arisen from the fact that the total claims, finally presented by the various Powers concerned, were in excess of the total amount of the Indemnity which China had agreed to pay. This Indemnity had been fixed by the Final Protocol at 450 million taels; but when the Powers presented their several claims, it was found that the satisfaction of these claims would necessitate the payment of a further sum of 10,296,293 taels. As China could not be called upon to make good this discrepancy, it was necessary for the Powers to come to a mutual agreement with regard to the reduction of their claims, so that in the aggregate they should not exceed the amount of the Indemnity already provided for in the protocol. There was a good deal of discussion among the Powers’ representatives, as to how this reduction should be effected. The proposal favoured by the majority, that the reduction should be pro rata for all the Powers, was at first opposed by the British Minister on the ground that a pro rata reduction would cut down the British percentage from 13\(\frac{1}{4}\) per cent. to 11\(\frac{1}{2}\) per cent. of the total amount of the Indemnity, although Great Britain (unlike some other Powers) had already reduced and cut down her claims and was demanding nothing from the Indemnity but a reimbursement of actual expenses and payments which she would have to make to those of her subjects whose claims had been scrutinised and adjusted. However, in order to facilitate and hasten the final settlement of these troublesome and protracted negotiations, the British Government gave way on this point, and the British share of the Indemnity was, therefore, fixed at the lower percentage already named.

China duly fulfilled the financial obligations she had been obliged to undertake, and year by year the payments were made as they fell due. The revolution of 1911 caused a temporary dislocation of existing financial arrangements, and from the year 1913 it became necessary for the Inspector-General of Maritime Customs to provide for the service of the Indemnity. On the 14th August, 1917, China declared war on Germany and Austria, thereby placing herself on the side of France, Great Britain, Japan, the United States and their allies in the Great War. The suspension—with a view to ultimate cancellation—of Indemnity payments to the enemy countries followed as matter of course. Moreover, the Powers allied with China (except Russia) agreed to defer Indemnity payments
due to themselves for a period of five years, beginning on the 1st December, 1917. In the case of Russia, whose share was about 29 per cent. of the whole Indemnity, the deferment was agreed to in respect of a little more than a third of the amount payable.

The five years period of deferment expired on the 30th November, 1922. As the time drew near for payments to be resumed, it was evident that in the United States, Great Britain and other countries, to which the Indemnity was due, there was a wide-spread disinclination to hold China to the letter of her obligations. She had been their ally in the Great War; she had overthrown the Government under which the Boxer atrocities had been committed; she was making great efforts in the face of very serious internal difficulties to enter the family of democratic nations on terms of equality; and the Western Powers were anxious to show their good-will to the new Republic in a practical and substantial way. The United States, indeed, had already remitted the surplus portion of its share in the Indemnity. By the action taken by the American Government in 1908, the total amount due to the United States was reduced from 24,440,778 gold dollars to 13,655,492 gold dollars. As the payments already made by China were included in the latter sum, the balance that remained for China to pay between 1909 and the date of final amortisation in or after 1940, was only 9,644,367 gold dollars. The amount remitted was spent by the Chinese Government in establishing Tsinghua College, near Peking, now one of the best educational institutions in China, where Chinese youths are educated on western lines and prepared for collegiate courses in America.

The proposal which in 1922 received strong official and unofficial support in all the countries concerned was that the remaining payments, due in respect of the Boxer Indemnities, should no longer be used by the creditor country for its own purposes, but should either be cancelled altogether, or made available for purposes beneficial to China. The idea of simple cancellation did not meet with general approval, as it was realised that, in existing political conditions in China, such cancellation might have the disastrous effect of intensifying and prolonging civil strife by releasing large funds which would probably be used for military purposes. The alternative was to provide for the continued payment of the instalments by China, but on such conditions as would ensure that the money should be spent for China’s benefit.

Each of the countries concerned dealt with the problem in its own way. The present position is that the United States has already provided for the application of the balance of its share of the indemnity to educational and cultural purposes in China, and the money so released is under the custody and control of the “Board of Trustees of the China Foundation for the Promotion of Education and Culture.” Japan has taken similar action, though retaining a considerable measure of control over the funds. The French share of the indemnity is to be devoted primarily to the liquidation of the debts of the Banque Industrielle, and if there is a balance available it will be devoted to cultural purposes. The
The British Government came early to the decision that the British share of the Indemnity should be remitted or applied to purposes useful to China or "beneficial to the mutual interests" of both nations, but unfortunately the necessary legislative action was considerably delayed by various unavoidable circumstances, such as two general elections and consequent changes of Ministry. Nevertheless, since December 1922 the instalments paid by the Inspector-General of Customs to the credit of the British Government have not been paid, as was formerly the case, into the British Exchequer, but have been transferred, by order of the British Government, to a special suspense account with the Hong Kong and Shanghai Banking Corporation, the intention being that they shall accumulate there with interest until such time as a decision has been come to as to the disposal of the accumulated funds. This was, of course, in anticipation of the passage of an Act of Parliament which would authorise the British Government to hand over the deposited funds and all future instalments to the persons who were to be appointed under the Act to constitute a Committee of Management or Board of Trustees.

On the 30th June, 1925, the China Indemnity (Application) Act at last took its place on the statute book, and nothing then remained but to determine how the money was to be applied and to whom its administration should be entrusted. The Act is as follows:

"An Act to make Further Provision for the Application of Money paid on Account of the China Indemnity.

"Be it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

"I.—(1.) Any sums received at any time after the first day of December, nineteen hundred and twenty-two, on account of the China Indemnity shall, instead of being paid into the Exchequer and issued and applied in like manner as the new sinking fund, be paid to a fund to be called "the China Indemnity Fund," and, subject to the provisions of this section,
be applied to such educational or other purposes, being purposes which are, in the opinion of the Secretary of State for Foreign Affairs, beneficial to the mutual interests of His Majesty and of the Republic of China, as the said Secretary of State, after consultation with the advisory committee to be established under this Act, may from time to time determine.

"(2.) For the purpose of advising the said Secretary of State as to the application of the China Indemnity Fund, there shall be established an advisory committee consisting of eleven persons, who shall be appointed by the said Secretary of State, and of whom at least one shall be a woman and at least two shall be citizens of the Republic of China.

"(3.) Any expenses incurred by the said Secretary of State in or in connection with or for the purposes of the China Indemnity Fund shall be defrayed out of that fund.

"(4.) The said Secretary of State shall cause to be prepared, in such form as the Treasury may from time to time direct, in respect of each financial year an account showing the receipts and expenditure in that year in respect of the China Indemnity Fund, and the said account shall be examined by the Comptroller and Auditor-General, and shall, together with his report thereon, be laid before each House of Parliament as soon as may be after the end of the year to which it relates."

"II.—(i.) This Act may be cited as the China Indemnity (Application) Act, 1925.

"(ii.) Subsection (2) of Section seven of the Finance Act, 1906, is hereby repealed."

It will be observed that the Act provided for the appointment by the Secretary of State of an Advisory Committee of eleven persons, of whom at least two were to be citizens of China. In the first instance, the Committee so appointed included only two Chinese—the minimum number prescribed by the Act. However, the regretted death of the Right Hon. Sir John Jordan, who had been one of the members, created a vacancy which was filled by the appointment of a third Chinese. It should be mentioned that, although the three Chinese members, like their British colleagues, were appointed by the Secretary of State, the appointments were not made until the British Minister in Peking had consulted the Chinese Government and had obtained from the Chinese Secretary of State for Foreign Affairs a list of persons who, in the opinion of his Government, were eligible and suitable for membership of the Statutory Committee. It was from this list that the appointments were subsequently made.

The members of the Committee were the following persons:—

The Right Hon. the Earl Buxton, G.C.M.G., Chairman.
The Right Hon. the Viscount Willingdon, G.C.S.I.,
G.C.I.E., G.B.E.
Sir Charles Addis, K.C.M.G.
Sir William Clark, K.C.S.I., C.M.G.
Sir Christopher Needham.
Mr. G. A. Mounsey, C.M.G., O.B.E.*
Professor W. E. Soothing, M.A.
Dame Adelaide Anderson, D.B.E., M.A.
Professor Hu Shih, Ph.D., B.A.
Mr. V. K. Ting, D.Sc.
Mr. C. C. Wang, Ph.D., LL.D., C.E.

Secretary: Mr. F. Ashton-Gwatkin.

As the functions of the committee were to advise the British Secretary of State for Foreign Affairs, in accordance with the provisions of the Act, as to the application of the China Indemnity Fund, it was decided at an early stage that six of its members should meet in China, in order to acquire first-hand knowledge of existing conditions and requirements, and report the result of their investigations. As the three Chinese were resident in China, it was only necessary for the three English members to go out to that country and join their Chinese colleagues. The members chosen for this purpose were Lord Willingdon (who acted as Chairman of the Joint Deputation), Professor W. E. Soothing and Dame Adelaide Anderson. The Secretary of the Delegation, Mr. R. F. Johnston, C.B.E., joined it at the beginning of its operations in China.

The report that follows embodies the results of the investigations made by this Anglo-Chinese delegation in the course of its travels and sojourn in China during the first half of 1926.

The following table may be found convenient for reference. It shows that from December 1922 to December 1931 inclusive the monthly instalments payable into the fund are £34,427; from 1932 to 1940 inclusive, £49,706; and from 1941 to 1945 inclusive, £34,427. It will be seen that the aggregate amount with which it is the business of the Advisory Committee to deal, and as to the disposal of which it is their duty to advise the Secretary of State for Foreign Affairs, is £11,186,547:—

* Mr. Mounsey succeeded Mr. S. P. Waterlow, C.B.E., on the appointment of the latter as British Minister to Siam.
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PART II.—THE TOUR OF THE DELEGATION IN CHINA.

(i.) Shanghai, Tien-tsin and Peking.

The chairman of the delegation (the Viscount Willingdon) left England on the 15th January, a few days in advance of his two British colleagues. Arriving at Shanghai by the "Empress of Asia" on the 24th February, he and Lady Willingdon were met there by Dr. Hu Shih (one of the three Chinese delegates) and by Mr. R. F. Johnston, secretary to the delegation, and received a most courteous welcome, not only from His Majesty’s consul-general (Mr. S. Barton, C.M.G.) and his staff, but also from the local Chinese officials and from representative British and Chinese residents. During the next few days the party was hospitably entertained by the Chinese Commissioner for Foreign Affairs, by the Chinese Chamber of Commerce and others, and left Shanghai on the 28th in the Customs cruiser "Hai Hsing" as the guests of Sir Francis Aclen, Inspector-General of Customs. At Tien-tsin, which was reached on the 3rd March, Lord Willingdon met for the first time Dr. V. K. Ting, one of the Chinese delegates. On the following day he left for Peking, after the damage done by a bomb explosion on the line had been repaired, and arrived there at midday. His Majesty’s Minister, Sir Ronald Macleay, met the train on its arrival.
at the capital and presented Dr. C. C. Wang, the third of the Chinese delegates. The next few days were mainly occupied with official visits.

So far there was very little on the surface to indicate that civil war was threatening the capital, and when Lord Willingdon paid visits of ceremony to the Chief Executive (Marshal Tuan Ch’i-jui) and the Minister of Communications (Kung Hsin-chan) there was no outward sign that the Government was tottering to its fall. Although the delegation was not yet complete, and had not begun to hold formal sittings, a good deal of preliminary work was done in Shanghai, Tien-tsin and Peking, and many interviews were held with persons who had suggestions or recommendations to put forward with regard to the disposal of the Indemnity funds. The chairman found time to make a careful study of the Chihli River Conservancy question; and at Peking he was entertained by a society which had been brought into being for the express purpose of advocating the application of the funds to the construction of railways. This was the first indication that Young China was not desirous of devoting the money exclusively to education, for it is a significant fact that most of the members of this large and influential society belonged to the class known as “returned students,” and were already among the leaders of enlightened public opinion in the Chinese capital.

The enthusiasm of these young men for railways must have been very genuine, for it seemed to be in no way damped by the fact that even when they were advocating, in Peking, an immediate application of Indemnity funds to railway construction, one of the principal railways in the country—that which connects the capital with its port, Tien-tsin—was operating so spasmodically that it had already ceased to be a trustworthy means of communication. A few days later it entered upon a period of total quiescence (so far as passenger traffic was concerned), which did not terminate until, several weeks later, the warring generals had transferred their battlefields to another region. Fortunately for the members of the delegation who were in Peking, the Minister of Communications had not yet lost all control of this railway and its rolling-stock. As trains at this time, however, were liable to be six to ten hours late (on a journey that usually occupies about three hours in all), he was thoughtful enough to provide a special train to convey Lord Willingdon and his party back to Tien-tsin. Had their departure been delayed a few days longer it might have been impossible for them to leave Peking for several weeks, for even the motor-road had fallen into a state of shocking disrepair, and travellers by road were frequently held up and occasionally fired upon by bands of irresponsible soldiers.

The special train reached Tien-tsin, only an hour late, on the evening of the 10th March. Having come successfully through the perils of a railway journey in what was practically a battle zone, the delegates were a little disconcerted by the information that as fighting was in progress in the neighbourhood of the Taku Forts (where the ships of Marshal Chang Tso-lin were trying to cover
landing operations in the face of the opposition of the so-called People's Army), and as mines had been laid at the mouth of the Hai Ho, no merchant ships could either go out or come in.

As the delegates were anxious to return to Shanghai as soon as possible to meet their colleagues who had already arrived from England, this was bad news. Fortunately, however, the fighting generals and admirals were persuaded to stop the war for a few hours to enable Lord Willingdon and his party to leave for the south. They accordingly embarked on the "Kaiping" early on the morning of the 11th. The party consisted of Lord and Lady Willingdon, Dr. V. K. Ting, Dr. C. C. Wang and Mr. Johnston; and they were accompanied as far as the Taku Bar (beyond the mouth of the river) by His Majesty's consul-general, Mr. W. P. Ker. Nothing unusual took place, except that the ship was stopped and searched by the agents of the People's Army. What they were searching for was not clearly stated.

The real sufferers from these continuous civil wars, which have been devastating parts of China during the last decade, are the toiling inarticulate farmers, who constitute nearly 80 per cent. of the population of this vast country. They are deserving of a better fate than that which has them now in its grip: for they are among the finest peasantry in the world, and have done nothing to bring upon themselves the miseries and disasters that would have driven them to despair long ago had they not been sustained by their own patience and courage. Those whose homes and farmsteads are in the great plains of Chihli and other central provinces, and in the valleys and estuaries of some of China's insubordinate rivers, are in the worst situation of all: for it is not only civil war, the ceaseless exactions of tyrannous militarists and the rapacity and savagery of their ill-disciplined soldiery that bring ruin to their lives and destruction to their homes; they are also the victims of constantly recurring droughts and floods, and of appalling famines and epidemics that result from these natural calamities. If those of the delegates who observed the situation in North China, took away with them any clear idea as to how the Boxer millions could best be used, it was surely this—that a goodly portion of those millions must be applied to improving the conditions of life, and alleviating some of the difficulties and hardships, of the most long-suffering class in China, the patient tillers of the soil.

Meanwhile, the two remaining members of the delegation, Dame Adelaide Anderson and Professor W. E. Soothill, on their arrival in Hong Kong, had been entertained by the Governor, who had discussed with them the situation brought about in consequence of the boycott by the Cantonese of Great Britain and of British goods. He urged that the delegation should visit Hong Kong, but saw no possibility of its proceeding to Canton until the boycott should be raised. The two delegates also went over the University of Hong Kong with the Vice-Chancellor and members of the Faculty; and visited the fine St. Paul's Girls' School under the guidance of Miss Wu, the principal. They then proceeded to Shanghai to join the rest of the delegation.
Shanghai, Hankow and Wuchang.

The "Kaiping" arrived on the 14th March at Shanghai, where the delegation was joined by its two remaining members, Dame Adelaide and Professor W. E. Soothill. The first formal meeting of the delegation took place on the 15th at the house of the British consul-general. On the 16th the second meeting was held at the house (kindly lent by the British and American Tobacco Company) occupied by Lord Willingdon. All subsequent meetings at Shanghai took place at the office of the delegation in the Kalee Hotel.

Although at the first few meetings the main subjects of discussion were of a general nature, it soon became necessary to take definite steps to contradict some of the misstatements and correct some of the misunderstandings that existed in Chinese educational and other circles with regard to the intentions of the British Government and the functions and activities of the Indemnity Committee in England and its delegation in China. It was therefore decided to invite the local journalists (Chinese and foreign) to a reception, and to give them an opportunity to discuss with the delegates the various points upon which doubts and perplexities seemed to exist. The reception was held at the Astor House on the 22nd March, and the discussion, which was opened by a short speech from Lord Willingdon, was frank and informal. The following statement, which had been drawn up beforehand by the delegation, was issued for publication in both English and Chinese:

"The decision of the British Government to return to China the unexpended portion of the China Indemnity was embodied in an Act of Parliament whereby it was enacted that all indemnity payments made by the Chinese Government from the 1st December, 1922, should be treated as a special fund, to be called 'The China Indemnity Fund,' to be applied to 'educational or other purposes' mutually beneficial to both countries. Under this Act, a statutory committee was appointed consisting of eleven persons, three of whom were Chinese. In order to facilitate the work of the committee in ascertaining the views held in China with regard to the disposal of the funds, it was decided that three English members of the committee should visit China and pursue their investigations in co-operation with their three Chinese colleagues. This Anglo-Chinese delegation, which is now in China, will visit many of the chief centres of population and will deliberate on the relative merits of the various schemes that have been or may be placed before them, and consider the principles to be followed in allocating the funds and in providing for their administration. The six delegates, whose status and functions are precisely equal and who are all full members of the statutory committee, will in due course submit the result of their deliberations to the whole committee. This committee, which is advisory in nature, may be dissolved when the permanent executive organisation is established for allocating and administering the funds. The character and
composition of the permanent organisation constitute one of the most important questions to be considered by the delegation.

"The fundamental object which the British Government have in view in returning the balance of the Indemnity is the strengthening of the bonds of friendship between Great Britain and China, and the utilisation of this money to the best possible advantage for China and her people. The duty of the delegation now in China is to find out what are the most pressing needs to which the Indemnity funds can be applied; and it is hoped that the committee's recommendations will meet with the approval of the Chinese people. In order that their task may be satisfactorily carried out, the members of the delegation trust that those representing the various interests that may be affected will give the delegation their counsel and co-operation."

It is not intended, in this brief account of the travels of the delegation to discuss the views put forward or the recommendations made by the various individuals and representatives of organisations who were good enough to give the delegation the benefit of their knowledge and experience; nor is it intended to give a full account of the numerous institutions, educational and other, which were visited by the delegation as a whole or by some of its members. These matters will be dealt with when necessary, in their appropriate places.

Eight meetings of this delegation were held in Shanghai before it left that port on a visit to the cities of the Yang-tsze Valley. Leaving Shanghai on Messrs. Butterfield and Swire's steamship "Tatung" on the morning of the 24th March, the delegation reached Hankow on the 27th. On board ship, the delegation continued its formal meetings, up to the moment when the ship's arrival at its destination necessitated a sudden adjournment to receive the many Chinese and foreign residents who came on board to welcome the delegation to Hankow. Among them were the representatives of Marshal Wu Pei-fu, whose preoccupation with the very intricate and important political and military enterprises with which he was at that time engaged did not lead him to forget the courtesies which, according to the Confucian code, must be paid to guests who come from a far land. The chairman of the delegation acknowledged these courtesies by paying an official call on the Marshal immediately after leaving the ship.

During their sojourn at Hankow, all the delegates had the opportunity of meeting Marshal Wu and the leading civil and military officials of Hupeh on several occasions. The marshal himself entertained them at a banquet on the 29th and made a speech in which he strongly advocated the application of the Indemnity funds to the construction of railways. The Governor of Hupeh (his Excellency Ch'en Chia-mu) entertained them with similar hospitality at his official Yamen in the neighbouring city of Wuchang. Dinners and receptions at which both Chinese and foreigners were present took place at the British consulate-general, where Lord Willingdon resided as the guest of Mr. H. Goffe, C.M.G.,
consul-general. The delegates were also most cordially received by the local educational association and by the authorities of the principal educational institutions in Hankow and Wuchang, among which must be mentioned the Chung Hwa University, the Medical College of Hupeh, Wesley College, the University of Wuchang, Boone College, Griffith John College and the Provincial Normal School for Girls. Dinner parties were also given in honour of the delegation by the British and Chinese Chambers of Commerce. At all these functions, the subject in which the delegation was chiefly interested was discussed freely and frankly, and the opinions expressed and suggestions made with regard to the Indemnity by the Chinese and British residents with whom the delegates found themselves in daily contact were of high interest and value.

At their offices in the Terminus Hotel the delegates continued to hold daily meetings, interviewing local leaders of public opinion, who gave expression to their own views or those of the organisations which they represented—medical, educational, engineering, philanthropic or technical.

It was unfortunate that adverse political conditions, including civil war, made it impossible for the delegation to visit Szechuan, though General Yang Sen, who was in control of a part of that province, sent a cordial promise of welcome. For similar reasons it was found necessary to cancel the proposed visit to Changsha, the capital of Hunan.

(iii.) Nanking and Hangchow.

The delegation left Hankow by Jardine, Matheson and Company's steamship "Tuckwo" on the night of the 5th April and arrived at Nanking on the afternoon of the 7th. The reception awarded them at this city by the Chinese authorities and the local educational leaders was no less cordial than their reception at Hankow. They were the guests of Marshal Sun Ch'uan-fang and the civil Governor Chien T'ao-yi at a banquet on the night of their arrival. The marshal's administrative centre is Nanking, but his visits to Shanghai are not infrequent, and it is satisfactory to observe that since he began to exercise control over this part of China, there has been a very marked improvement in the relations between foreigners and Chinese.

At the banquet, Marshal Sun made an effective speech in which he gave his views on the subject that was naturally paramount in the minds of his guests. Like Marshal Wu Pei-fu, he is keenly interested in railways, though the particular railways which he has in view were not the same as those spoken of by Marshal Wu. The latter is specially anxious to see the completion of the trunk line between Hankow and Canton, and the building of a much-needed line from Hankow to Szechuan; whereas Marshal Sun, not unnaturally, would like best to see some improvement in the railway system of the provinces under his own administration. But it is not in railways alone that he is interested, for in his speech he also pressed the claims of the Huai River Conservancy (of which
more will be said hereafter) on the attention of the delegates, and promised to furnish them with a detailed written scheme of the work which it was hoped might be undertaken with the assistance of Indemnity funds. This promise was faithfully kept.

On the 8th April, the delegation spent a busy day in visiting the Kiangsu Provincial Technical College, the First Provincial Agricultural School of Kiangsu, with its gardens and horticultural experimental grounds; and the University of Nanking, the president of which is a citizen of the United States, Dr. A. J. Bowen. At the Agricultural School, the delegation was entertained at lunch, their hosts being the authorities of this school and the Technical College above named and also those of the Kiangsu First Provincial Girls' Normal School, the Law University and the Kiangsu Fourth Provincial Normal School. Admirable speeches were made by Dr. Yao Hsing-huang, dean of the Instruction Department of the Agricultural School, who spoke eloquently of the educational needs of China and especially of her lack of knowledge of modern scientific agriculture; by Mr. Lu Tien-huang, headmaster of the First Middle School, and by Miss Tso, M.D., a medical specialist and secretary of the Western-trained Doctors' Association of Nanking, who spoke of the urgent need of support for the medical training of women and for women's hospitals.

On the 9th, a visit was paid to the buildings of the Science Society and to the National South-Eastern University. In both of these institutions, which of course are wholly under Chinese control and management, work is being carried on with good results.

On the 10th, the chairman and some other members of the delegation visited the central experimental farm of the Agricultural College of the National South-Eastern University, and lunched there as the guests of Professor Ch'en (who is in charge of the farm) and some of his colleagues. It should be explained that the College of Agriculture of the National South-Eastern University and the First Provincial Agricultural School of Kiangsu (with its two collegiate departments of Forestry and Agricultural Chemistry) are working in close co-operation with one another, in the hope that in the future they may be combined with one great and well-organised agricultural college.

(iv.) HANGCHOW.

On the 11th April the delegation returned to Shanghai, where they spent a few more days and held three more meetings before resuming their travels. On the 16th they went by train to Hangchow, where they were accommodated in the New Hotel and entertained as the guests of the local authorities from that date until their return to Shanghai on the 19th.

At lunch on the 17th they were the guests of the Military and Civil Governors, and in the afternoon of the same day a reception was given in their honour by the local Educational Association, at which several speeches were made on the subject of educational conditions and prospects.
The official and other hosts of the delegates were most courteous in providing for their conveyance, by motor-cars, chair and boat, to the various hills, temples and islets for which Hangchow and its Western Lake are famed throughout China and beyond it. Those members of the delegation who had visited Hangchow before were much struck by the numerous evidences of progress and prosperity. Under the present Civil Governor the road system has been greatly developed, the city and environs are admirably policed, and everything reasonable is done to meet the needs and expectations of the crowds of religious pilgrims and other visitors, by whom, in the season of pilgrimages, this important centre of Buddhism is always thronged.

Visits were paid to the provincial middle and normal schools, to various factories and sericultural institutions, and also to the well-known Hangchow Hospital, Medical Training College, Leper Hospital and Sanatoria, which are indissolubly associated with the name of Dr. D. Duncan Main. Thanks are due to Dr. Main and his large staff of European and Chinese assistants for the courtesy with which they received the members of the delegation and answered their numerous enquiries.

The delegation was deeply and favourably impressed by the intellectual activity that is to be observed in both Nanking and Hangchow—the capitals of the two allied Provinces of Kiangsu and Chekiang. In spite of exiguous financial resources, and the constant interruptions resulting from the political chaos which reigns over the greater part of China, both teachers and pupils seem determined not only to maintain the age-old reputation of their respective provinces for scholarship, but to make them equally famous for their receptiveness to the "new learning" and the scientific methods that have been introduced from the West.

(v.) Back to Shanghai.

The delegation returned to Shanghai on the 15th April and continued its work in that centre until the 3rd May. Greatly to the disappointment of all the members, it was found necessary to cancel a proposed visit to Hong Kong and Canton. Hong Kong was naturally anxious to lay before the delegation its proposals for the much-desired development of its university. The Chinese members, however, were reluctant to visit Hong Kong without going to Canton too, and their British colleagues respected this attitude, and, although the Canton Government was prepared to allow the whole delegation to proceed to their city, and was even desirous of according it an official welcome, the strained relations that still existed between Canton and the British colony constituted a difficulty that could not be overcome. So the decision was reluctantly come to that the visit to both places must either be cancelled altogether or postponed until such time as the abnormal political conditions had passed away.

On the 21st April the delegates were entertained at an afternoon reception at the "Labourers' Museum," in the Chung Hwa
Vocational School, their hosts being the Kiangsu Educational Association. The purpose of the "museum" in which the reception took place is described as being the enlightenment and improvement of the Chinese labouring classes "along intellectual and moral lines which would otherwise be inaccessible to them." Lectures, dramatic performances and moving-picture entertainments are given here, and there is a carefully selected library of over 10,000 books. The activities of the museum are directed by a secretary, who, besides taking charge of the museum itself, also interests himself in the establishment of continuation schools in the premises of large factories. The work of the Vocational School and the Labourers' Museum are under exclusively Chinese guidance and control, and the results are creditable to all concerned.

On the 22nd April the delegation entertained representatives of the Chinese Chamber of Commerce and Association of Chinese Bankers, and listened to a statement of their views on the subject of the China Indemnity. On the following day the delegation similarly received a group of members of the Shanghai British Chamber of Commerce. (For the views of the various Chambers of Commerce, Chinese and British, see Part V.)

On the 26th the delegation paid a prolonged visit to Nanyang College, one of the leading educational institutions in or near Shanghai.

On the 27th it was entertained at dinner by the Union Club, the members of which are Chinese, American and British, and which exists for the laudable purpose of bringing the three races together in social intercourse.

On the 28th the delegation lunched with Dr. Ts'ai Yuan-p'ei, Chancellor of the National University of Peking, who made an interesting statement regarding the proposed foundation of an Institute of Scientific Research.

On the 29th the delegation received a group of representatives of the Agricultural Association of China, who presented a number of valuable reports and memoranda relating to agricultural activities, forestry and fisheries.

On the 3rd May, Captain H. von Heidenstam, engineer-in-chief of the Whangpoo Conservancy Board, appeared before the delegation and explained various aspects of the work of the Chihli River Improvement Commission (see Part III).

On the same day Drs. T. K. M. Siao, Way Sung New and E. S. Tyau, members of the National Medical Association of China, and special representatives of the Medical Alumni and the Chinese Medical Faculty of St. John's University, Shanghai, presented a memorandum on Medical Education in East China, and explained various points that required elucidation in connection with a proposal to establish a large medical school in Shanghai.

The meeting at which these interviews took place was the thirtieth formal meeting of the delegation, and was the last to be held in Shanghai.

It was decided that the next should be held at Tien-tsin on or about the 24th May.
Arriving at Tien-tsin on the 22nd May, the delegation resumed its formal meetings on the 24th. Various institutions were visited during the next few days, including the Tien-tsin Anglo-Chinese School, the Peiyang Women’s Hospital, the Nankai Middle Schools and University, the Mackenzie Memorial Hospital, the factories of the British-American Tobacco Company, and the Yu Yang cotton-spinning factory. The chairman also visited the coal-mines of the Kailan Mining Administration, which lie to the north-east of Tien-tsin, near the Tien-tsin–Mukden Railway. At Tien-tsin the delegation made a study of several local problems, including those which are being dealt with by the Chihli River Commission, and of which something will be said in another part of this report. Two deputations came from Peking to make representations on behalf of activities in which they were interested. One of these represented the Committee on Rural Co-operation, which carried on its work under the auspices of the China International Famine Relief Commission. The object of its visit was to explain its schemes for rural co-operative credit and rural education. The other deputation represented the Association for the Advancement of Education, and the National Federation of Provincial Educational Associations. Their object was to invite the attention of the delegation to certain resolutions which had been recently passed, to the effect that the control of the Indemnity funds should be placed in Chinese hands, and that the money should be handed over to China “unconditionally.” At the interview it was explained by the leader of the deputation (Mr. Lino Ping) that the demand for “unconditional return” had been misunderstood, and that what was meant was that the return should not be accompanied by such conditions as those laid down by Japan and Russia in connection with the disposal of their shares of the Indemnity.

The members of the delegation were hospitably entertained at Tien-tsin by the president and members of the Chihli River Commission, by the members of the Rotary Club, by the Kailan Mining Administration, by His Majesty’s consul-general (Mr. W. P. Ker, C.M.G.), and by many others. The former Emperor, and ex-President Hsu Shih-ch’ang, both of whom are living in retirement at Tien-tsin, also showed a sympathetic interest in the work of the delegation, and a similar interest was shown by General Yang I-teh, former Civil Governor of the province, and many of the leading Chinese officials, ex-officials and merchants of this very busy and prosperous port.

The thirty-seventh meeting of the delegation, the last held during this visit to Tien-tsin, took place on the 31st May; and on the following day the delegation left for Peking. Most unfortunately, from this time forward it was deprived of the services of Dr. C. C. Wang, who was compelled for reasons of health to leave for Europe before the work of the delegation was quite complete. He left Tien-tsin on the morning of the 30th May. It
is satisfactory to note that before his departure he was able to study a draft copy of the report and to give it his approval.

(vii.) Peking.

The remaining members of the delegation left Tien-tsin for Peking on the 1st June, and resumed their meetings on the following day. The next few days were spent in receiving evidence from various persons interested in the working of the delegation, and from representatives of various public bodies, such as the local Chinese Chamber of Commerce and the Chinese Railway Association. The question of the possibility of visiting Taiyuanfu and Tsinan was discussed, and it was decided that in view of the unsettled state of the country, as a consequence of the present civil war, these visits should be cancelled. A visit to Taiyuanfu was the less necessary, as a deputation from the Shansi University in that city came to Peking and discussed with the delegation the claim of that institution to consideration at the hands of the Board of Trustees. Various medical and educational institutions in or near Peking were visited by the delegation or by some of its members, including Mr. Hsiung Hsi-ling’s Orphanage in the former Imperial Hunting Park, Tsinghua College, the new buildings of the Yenching University at Haitien, the Peking Union Medical College, and the British Charitable Hospital. On the 8th June some members of the delegation were entertained at lunch by the Association for the Advancement of Public Health, and thereafter visited three demonstration centres referred to in their "Memorandum on the Need of Public Health Organisation in China":—

(a.) The Model Village, organised in a group of streets adjacent to the Yamen of the Governor of the Metropolitan District, who himself cordially received the members before they proceeded to their inspection.

(b.) The Metropolitan Welfare Maternity Hospital, established in April 1925 by Mr. Lin Hsi Lien, chief secretary of the Metropolitan Welfare Association, with funds contributed by himself; the work, affecting some 304 patients, paying as well as free, being successfully carried out by fully-trained midwives led by Miss Lien Yao Mei.

(c.) A highly interesting and stimulating experimental Health Demonstration Station at the offices of the Metropolitan Police Department, 12 Nei Wu Pu Chieh, Peking, for the purpose of adapting public health methods to local conditions in the hope of their steady extension throughout the city—a purpose which, under medical officers and trained women health visitors, the station is admirably designed to fulfil.

The delegation, having completed its work of investigation in China, held its last formal meeting (the fifty-first) on Thursday, the 17th June, 1926.
PART III.—PROPOSALS FOR AN ENDOWMENT FUND (a).

(i.) INTRODUCTORY AND GENERAL.

The China Indemnity (Application) Act provides that the money shall be applied to "such educational and other purposes" as are "beneficial to the mutual interests" of China and Great Britain. One of the first problems which the delegation had to consider, and for which they had to find a solution, was the question whether the whole of the accumulated funds and all future indemnity instalments as they came in should be spent in direct grants and subsidies in aid of the various "educational and other" objects which it considered most worthy of support, or whether a certain portion of the available funds should be set aside as a permanent endowment, to ensure that after 1945 (when the Indemnity payments would cease) the work already undertaken should not be allowed to lapse.

It was not difficult to settle this question in principle, for responsible Chinese and British opinion (so far as the delegates had opportunities of consulting it) was almost unanimous in holding that endowment should be provided for, preferably on such a scale as would obviate any necessity to curtail the "educational and other" activities upon which the trustees of the fund might be engaged in 1945. The only dissentient voice was that of one of China's veteran statesmen, now living in retirement, who held that all the money should be spent as it became available, regardless of the future. This view was apparently based on the assumption that China needed all the help she could get in the immediate present, and that in twenty years' time she would probably have emerged from her struggles and difficulties and would be in a position to assume full responsibility for any worthy enterprises that might then be deserving of financial support.

Without any wish or intention to discourage such optimism, the members of the delegation felt that they were hardly justified in accepting it as a basis of policy. After full consideration, therefore, and after consulting many representative Chinese, they came to the unanimous decision that an endowment fund should be provided for, subject to the condition that the annual sum available for educational and other purposes should be if possible not less than £350,000.

The next step was to settle the nature of the investments which were to constitute the endowment; and the decision arrived at—again a unanimous one—was that, although the main purpose of the endowment was to provide for the continuation, after 1945, of the work already in progress, instead of being invested in Chinese Government bonds or in foreign "gilt-edged" securities, or deposited in the banks, the money earmarked for endowment purposes should, if possible, be invested in some useful, national productive undertaking, which, besides yielding an income sufficient to carry on the educational and other work after 1945, would also be directly advantageous to the interests of the people of China.

With regard to the amounts to be devoted to endowment and to immediate "educational and other" needs respectively, the result
of the discussion which took place on this subject will be found succinctly set forth in the following statement, which has been prepared by a member of the delegation—Dr. C. C. Wang—and accepted in principle by all his colleagues. The basis of the calculations with regard to the endowment fund is that it will consist of a sum not exceeding £5,200,000 and not less than £3,500,000.

"It is our opinion that a considerable portion of the annual instalments of the Indemnity funds, beginning with 1927, should be applied directly to 'educational and other purposes,' and that the balance should be invested in some 'productive work' in China, the returns from which should also be applied to educational purposes. It is our opinion, further, that the amount to be invested in the 'productive work' should be sufficiently large to ensure that the work in question will be regarded as being of some national significance, and that at the same time it should, under ordinary circumstances, yield an annual income not less than the average amount which we may decide to allocate directly to 'educational and other purposes'; so that whatever educational and other works may be undertaken, may be carried on after the term of the Indemnity expires in 1945.

"With the above principle in view, it is suggested, as shown in the table, that—

<table>
<thead>
<tr>
<th>Annual Investment</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>£350,000</td>
<td>1927–29</td>
</tr>
<tr>
<td>£300,000</td>
<td>1930–32</td>
</tr>
<tr>
<td>£250,000</td>
<td>1933–34</td>
</tr>
<tr>
<td>£200,000</td>
<td>1935–36</td>
</tr>
</tbody>
</table>

and thereafter, £150,000 annually should be allocated directly to 'educational and other purposes' during the first several years, so that building and establishment expenses may be met out of the proceeds of the Indemnity. Although the annual sum of the Indemnity fund allocated directly to 'educational and other purposes' becomes smaller beginning with 1933, in fact, the amounts available for such purposes will really become much larger, as by that time the 'productive work' will be completed and yielding increasing sums of money every year.

"This plan, as outlined in the attached table, will approximately give about £5 million during the years 1928–32. This amount will be about sufficient to complete the 'missing link' of the Canton–Hankow Railway or some other similar work.

"In order to complete the 'productive work' within six years beginning 1927, loans will have to be made on the security of the Indemnity funds. Column 3 gives the amounts of loans to be made during each year, according to which the loan may be made in three equal instalments of £1 million each in the years 1980–82.

"The loans may be made by arrangement with some of the British and Chinese banking houses, whereby they will either

* Dr. Wang's statement refers to the £5,200,000. With regard to the £3,500,000, a statement by Dr. V. K. Ting will be found in Appendix (A), p. 187.
supply the money as required from time to time by the ‘productive work,’ by ‘advances’ or by the flotation of three equal instalments of short-term bonds. In case the construction of a railway is decided upon, then a considerable portion of the 3 million sterling short-term notes may be accepted by the manufacturers for railway materials supplied.

"Interest on such loans is calculated at 7 per cent. per annum. Redemption of the principal of all loans would be made out of the Indemnity fund and should be completed by the end of 1945. By using the Indemnity fund as a primary security for the payment of principal and interest, loans may be relatively easily floated.

"It is suggested that the annual income which may accrue from the permanent investment should also be applied to educational purposes. Beginning in 1934, that is one year after the completion of the ‘productive work,’ if we base out calculations on a 5 per cent. basis for the first five years, we shall have available £250,000 annually for educational purposes during this period. After the fifth year we may expect in ordinary circumstances £350,000 to £500,000 as income from the permanent investment, annually, for the same purposes. Thus all educational and other works which may be undertaken may be carried on after 1945."

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance at beginning of the Year</th>
<th>Amount to borrow during Year</th>
<th>Installment from Indemnity Fund</th>
<th>Permanent Investment</th>
<th>Amount of Indemnity available for Educational purposes</th>
<th>Interest on Loans at 7 per cent.</th>
<th>Redemption of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>1927</td>
<td>£1,700</td>
<td>£413</td>
<td>£163</td>
<td>£350</td>
<td>£250</td>
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<td>1928</td>
<td>£1,600</td>
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<td>£350</td>
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<tr>
<td>1929</td>
<td>£850</td>
<td>£413</td>
<td>£513</td>
<td>£350</td>
<td>£250</td>
<td>£350</td>
<td>£350</td>
</tr>
<tr>
<td>1930</td>
<td>£1,000</td>
<td>£1,000</td>
<td>£413</td>
<td>£1,043</td>
<td>£300</td>
<td>£300</td>
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</tr>
<tr>
<td>1931</td>
<td>£3,000</td>
<td>£600</td>
<td>£1,090</td>
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<td>£600</td>
<td>£250</td>
<td>£210</td>
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<td>£150</td>
<td>£200</td>
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<td>£2,446</td>
<td>£600</td>
<td>£150</td>
<td>£186</td>
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<tr>
<td>1936</td>
<td>£2,167</td>
<td>£600</td>
<td>£150</td>
<td>£171</td>
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<tr>
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<td>£1,869</td>
<td>£600</td>
<td>£150</td>
<td>£152</td>
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<tr>
<td>1938</td>
<td>£1,550</td>
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<tr>
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<td>£600</td>
<td>£150</td>
<td>£108</td>
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<tr>
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<tr>
<td>1943</td>
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<td>£150</td>
<td>£44</td>
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<tr>
<td>1944</td>
<td>£29</td>
<td>£413</td>
<td>£29</td>
<td>£384</td>
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</tr>
</tbody>
</table>

Note 1.—The figures in the table are in thousands of pounds.
Note 2.—This table is mathematical and the calculations are not checked. Therefore it may be taken only as a general guide for our discussion and consideration of various financial schemes.
When discussing the financial aspects of the endowment question, the delegates agreed that the principle of using the Indemnity fund or any part of it as collateral security for the capital expenditure on any productive enterprise presented certain disadvantages from a financial standpoint, and should not be made the basis of any recommendations to be made by the delegation. In spite of this expression of opinion, which was recorded in the minutes, the members of the delegation desire to explain that they had no intention of debarring the future Board of Control from reconsidering this question, should general conditions in China become more satisfactory in the future than they are at present. If collateral security could be given with reasonable safety, and if it would be of assistance to the Chinese Government in carrying out a national productive undertaking, there would seem to be no insuperable objection to the fund, or a portion of it, being so employed.

The delegates having reached this point in their deliberations, found that the real difficulty still lay before them, in connection with the choice of a national productive undertaking of the kind required. It had to be something that could reasonably be regarded as a safe and profitable form of investment: a work of outstanding national importance; and an enterprise which could be counted upon to confer real benefits upon large numbers of Chinese people. Those who are acquainted with present conditions in China need hardly be reminded that investments of the kind required are not easy to find. Given stable political and economic conditions, there would be no difficulty; things being what they were, it was almost impossible to hit upon any undertaking that could be regarded as other than dangerously speculative.

Nevertheless, there were three possible forms of investment (one of them is referred to in Dr. C. C. Wang's statement just quoted) which seemed at least to approximate to the required conditions. These were railway construction, conservancy and land reclamation. That China stood in urgent need of all three, and that they could be made to confer inestimable benefits on millions of her suffering people, was beyond all question. As to whether, under the chaotic conditions of the present day, they could be regarded as safe and profitable investments for large trust funds, this was by no means so certain.

In the following sections, the three suggested undertakings will be considered from various points of view. Before proceeding further, however, it may not be out of place to refer briefly to the attitude adopted by the delegation with regard to the phrase "beneficial to the mutual interests" of Great Britain and China. It may be confessed at once that for all practical purposes it is China's interests that have been primarily considered rather than the direct interests of Great Britain. This was not because either the British or the Chinese delegates were oblivious or forgetful of British interests, but simply because they felt convinced that any undertakings which would promote the real good of China could not be other than beneficial to Great Britain. It is, in fact,
a British interest that China should be strong and prosperous and her people happy and contented. The delegates feel that whatever they can do, with the limited means at their disposal, to promote the welfare of China and her people, will also be conducive to the welfare of Great Britain. This should be borne in mind by those who might otherwise think that the British members of the delegation, in their desire to meet Chinese opinion, had forgotten that it was also a duty imposed upon them by the Act of Parliament under which they received their appointments, to have due regard for the interests of their own country.

(ii.) Land Reclamation.

Many schemes for land reclamation have been formed in China, and indeed it may be said that there is always a great deal of such work in various parts of the country, though it is generally carried out in a primitive way, on a very small scale, and by men who lack both capital and engineering skill.

Only one definite proposal for the application of indemnity money to reclamation on an imposing scale has been laid before the delegation. This is the Huai-nan reclamation scheme. "Huai-nan" means the southern part of the valley of the Huai River. The land is situated in North-Eastern Kiangsu, and till lately consisted of great tracts of marsh which were used for salt production, which business in recent years has dwindled away. Some portions of the land have been bought by joint-stock companies, irrigated and turned into cotton farms or rice-fields. In this way, millions of mow of marsh-lands have been transformed into a fertile valley. The region is very conveniently situated, being within a short distance of Shanghai, and easily reached from Nantung by motor-boat and car. The soil is alluvial—consisting of silt from the Huai, Yellow and Yang-tsze Rivers—and is free from silica. It is well situated for growing cotton. The reclaimed lands farmed by the companies grow two crops a year—cotton and rice in summer and millet and beans in winter. When the crops are harvested, the companies receive 40 per cent. and the tenants 60 per cent. of the produce.

The foregoing information is derived from a report of the scheme which was obtained for the delegation by Marshal Sun Ch'uan-fang. It goes on to say that the joint-stock companies which originally turned parts of the salt-lands into an agricultural region were so handicapped by want of capital that their work was brought to a standstill. No assistance can be expected from the banks, because the interest charged on loans of this description is too high, and the maturing period too short, for the slow capital turnover of the companies. The commercial banks in China do not, as a rule, favour long-term financing. Private capital is unobtainable owing to the prevalent business depression. Hence it is stated that unless capital is obtained from the Indemnity fund, the efforts already made to reclaim this rich and extensive area, and the money already invested, will be largely wasted.
amount of capital required to carry out the work now in contemplation is estimated at 28,861,000 dollars. This, however, covers only the aggregate cost of the internal improvements made on the lands of each company. To this must be added a sum of 1,448,050 dollars for the projected "inter-company" improvements, making a total of 30,304,050 dollars.

The companies have a paid-up capital of 5,300,000 dollars, and therefore need 25,004,050 dollars more. The proposal brought before the delegation is that a sum of 30 million dollars be appropriated from the Indemnity fund payable either in a lump sum or in annual instalments, against which bonds will be issued under the auspices of a new public organisation to be called the Huai-nan Reclamation Bureau.

Assuming that such an appropriation is granted, it is estimated, on the basis of calculations which will be at the disposal of the board of trustees, that in the first year there would be a surplus of 210,000 dollars, and that up to the tenth year the total surplus would amount to 22,870,000 dollars. Ten years later the annual surplus would be more than 6 million dollars. In other words, there would be 20 per cent. interest per annum on the principal of 30 million dollars. The supporters of the scheme point out that no other enterprise of an equally trustworthy character could yield more than half this rate of interest, and that the surplus can be devoted to the promotion of such educational and other purposes as the delegation has in view. Other anticipated advantages are these:

1. Such an undertaking would employ vast numbers of labourers, thus helping to relieve the unemployment which is prevalent in the northern section of the Huai Valley. With three labourers on every 25 mu of land, 2,500,000 mu will employ 300,000 men.
2. The vast tract of land brought under cultivation could be used to grow cotton crops, which will stimulate the cotton industry.
3. An increase in the production of raw cotton would tend to lower the cost of textiles, and consequently be of benefit to the general public.
4. Under the proposed plan of operations (which is set forth in detail in the report above referred to) the various reclamation companies would be combined under a central management, which would lessen the cost of the work and of obtainable expert technical advice.

The delegation has given careful consideration to this scheme, but though it is probable that the areas of land to be reclaimed or improved would prove very productive and amply repay the expenditure involved, the majority of the delegates are not quite satisfied that the proposal fulfils all the conditions which are considered desirable in connection with the proposed endowment fund.
(iii.) **Conservancy.**

There is hardly a province in China in which river conservancy work could not be undertaken with immense benefit to the people. The urgent need of such work, especially in Chihli, Kiangsi, Hupeh, Kiangsu, Anhui and Kwangtung, but also in certain regions of other provinces as well, is acknowledged by all the Provincial Governments, by the farmers, and even by the treaty port merchants, who know from experience how closely the prosperity of their trade is related to the behaviour of those unruly rivers which at irregular intervals spread famine and destitution throughout millions of acres of cultivated land. There are several regions that suffer from floods to a worse degree than Hunan; but the following description of conditions in that province shows how greatly the welfare of the people, both farmers and merchants, is dependent upon the state of the rivers. A Canadian missionary wrote to the delegation from Changteh in that province, and suggested the application of Indemnity funds to conservancy work in Hunan. The rivers, he says, "are the only means of transportation that the natives have. But, besides the Chinese, many foreign shipping companies are also making use of these waterways carrying products to and from the port cities, but it must be noted that for several months each year the transportation of goods is almost at a standstill because of the river beds. Then, at the other seasons, these rivers, which are the life of the province, become the peril of the masses. In their present condition the rivers' basins in many sections are higher than the land enclosed by the dykes or river banks; thus, in times of flood these rivers are perilous to the people. When a dyke breaks, house, crops and all go, and many times the large enclosures remain a lake, all because the poverty-stricken people have not the means wherewith to rebuild the dykes or dredge the river beds. Therefore, I would suggest to deepen these river beds and strengthen the banks."

Admirable conservancy work in several regions has been carried out under the auspices of the China International Famine Relief Commission. Most interesting evidence on this subject was placed in the hands of the delegation by the Rev. S. H. Littell, chairman of the Hupeh Committee of that commission, and will be referred to again in Part VII (ii). The subject is also admirably dealt with in a communication from Mr. M. T. Liang, chairman of the commission. In a letter to the "Times" dated the 18th December, 1924, Mr. Liang drew special attention to a locality near Hankow where £70,000 was spent in dyking and general improvements, "with the result that to-day the conditions of those living there are such as had never been known before, so that the trade there has tripled in value in consequence." He also observed that "there are a large number of districts throughout China known to the commission which could be improved by modern engineering, and if they were taken in hand it would mean a new epoch for China. The Yang-tsze River, the Hunan and Kiangsi waterways, the Pearl River of Kwangtung, the Min River of Fuhkien, and the Chihli River systems would require
millions of pounds to put in order, but, once done, the trade of China would take a tremendous jump, as the districts there have a total population of about four times that of Great Britain."

There can be no doubt that if the Indemnity millions were to be wholly devoted to conservancy they would be the means of saving countless Chinese lives and of rescuing vast regions of Chinese territory from the ever-pressing dangers of flood, famine and disease. The money would be well spent, even if it were never seen again. But it was not only the philanthropic aspect of the matter that the delegates had to bear in mind. They also had to consider whether conservancy offered a promising field for the investment of trust funds. Any conservancy scheme that came to their notice had to be scrutinised with a view to ascertaining whether the money could be applied on a basis of loans repayable with interest by the districts which had derived benefit from the work done; and it was also necessary to consider very carefully whether, in view of the present state of lawlessness prevailing in many parts of China, there were adequate guarantees that the loan agreements would be faithfully carried out.

Among the various conservancy schemes that we brought to the notice of the delegation, four seemed to be worth considering from these points of view. These were:

1. The Lower Liao River Conservancy;
2. The Canton River Conservancy;
3. The Huai River Conservancy; and
4. The Chihli River Conservancy.

The following pages will be devoted to a brief account of these four schemes.

(1.) The Lower Liao River Conservancy.

The Lower Liao River flows into the sea at the treaty port of Newchwang in Manchuria. The development of the trade of this port has been checked by the hindrances to steamship navigation caused by the silting up of the bar at the mouth of the river. In 1917 a survey was carried out to determine the best method of deepening the water at the bar; and a Conservancy Board was established, which, with the limited resources at its disposal, inaugurated works which have met with remarkable success. The method selected was the construction of a training wall to divert the tidal waters from their former course, and to force them to sweep across the bar, carrying away the deposits of silt. The training wall was built, and the results were extremely satisfactory. The engineer-in-chief reports a continual deepening of the water at the bar. "These improvements," he says, "are still continuing each year, and are caused by the scour of the ebb tide, taking place twice each day in passing across the bar, confined and directed in a fixed direction by the east training wall." The amount of silt eroded from the bar is no less than 18½ million cubic yards, and the erosion is being continued at the rate of between 2 and 3 million cubic yards a year.
These results demonstrate the efficiency of the method, which appears to be similar in principle to that adopted by the conservancy engineers at the mouth of the Mississippi and also at the mouth of the Whangpoo below Shanghai. The engineer-in-chief urges that the Liao River works, which are still incomplete, should be pushed on without delay. Unfortunately, no funds for the purpose can be obtained from either the National or the Provincial Governments; and the local chamber of commerce has been considering the question of asking for help from the British Indemnity Funds. It is pointed out that the work undertaken would fulfil the conditions in which the money is remitted by the British Government, as British trade predominates in Newchwang, and is likely to expand with the progressive improvements in harbour facilities. The work would, therefore, be productive of direct benefit both to China and Great Britain.

Though the matter was brought to the notice of the delegation by the British consular authorities, no formal application for funds has been received from the Conservancy Board, and no exact information is forthcoming as to how the board proposed to guarantee the repayment of a loan and the regular payment of interest. The delegation has not, therefore, seriously considered the question of investing Indemnity funds in any project connected with Lower Liao River problems.

(2.) Canton River Conservancy.

An appeal on behalf of conservancy work in the Canton River delta was put forward by Colonel Hayley Bell, D.S.O., Commissioner of Customs at Canton. There is no doubt, from the statements made by him and amply documented, that there is a very urgent need for conservancy work to be undertaken on a fairly comprehensive scale in this densely-populated area. According to Major Olivecrona, who is engineer-in-chief to the Conservancy Board, the direct losses sustained by the population during the last ten years, on account of inadequate protection against floods, amount to some 20 million dollars; and scarcely a year passes without the flooding of one or more districts. The dykes are "in a miserable state of repair, and get less reliable every year that passes." During the floods of 1924 the dykes were broken in 151 places. In the opinion of Major Olivecrona funds must be found for the completion of the West River conservancy scheme, if a catastrophe is to be avoided.

It is unnecessary to go into details regarding the various methods that have been suggested by experts and others for dealing with the ever-present danger of ruinous floods. It must suffice to say that in the opinion of those best qualified to judge, the object aimed at can best be attained by confining the floods within the limits of the present dyke-systems, which can be done if the dykes are partially reconstructed, generally improved and properly maintained at an increased elevation, and by concentrating the flow in a few main channels.
It is estimated that 20 million dollars would enable the board to carry out the scheme in its entirety.

From the point of view of the delegation, in its search for some "useful, national, productive undertaking," in which Indemnity funds could be invested with a reasonable assurance of producing a permanent income, it is to be feared that the Canton River scheme, however admirable in itself, leaves a good deal to be desired. The Conservancy Board has put forward no proposals regarding repayment, perhaps because it did not understand that, if any part of the Indemnity money could be spared for this work, the matter could only be arranged on a loan basis, and that an endowment fund for educational purposes was what the delegation had in view. Even if the principle of a loan were to be accepted, it is difficult to see how satisfactory guarantees for repayment could be forthcoming. The strengthening and improving of a dyke-system can hardly be made a basis for demanding increased land taxes from the farmers; and there are political factors to be taken into account, which justify an expression of doubt as to whether the local customs revenue, if offered, could be accepted as an adequate security.

Nevertheless, the delegation is vividly conscious of the extreme desirability, from a humanitarian point of view, of doing something to relieve the people of this part of China from the ever-threatening danger of a terrible calamity; and it earnestly hopes that the national or the provincial Government will soon realise the seriousness of the situation, and act in accordance with the magnitude and gravity of its responsibilities.

The following extract from a recent issue of "The Chinese Economic Bulletin" (vol. VIII, iv. 275, May 29, 1926), will give a vivid idea of the nature of the work to be done, and the financial problem to be solved. It is to be feared that little will be done by the Chinese themselves, so long as the greater part of the national and provincial revenues are squandered in the upkeep of useless armies and the waging of fruitless wars:

"In introducing the sixth annual report of the Board of Conservancy Works of Kwangtung, the director, Mr. E. S. Tai, says: 'There seems to be a cycle for great floods in this province. In July 1924, ten years after the 1914 flood which called the board into being, a severe flood again visited the West River valley and the delta . . . . A research among the archives of the board has made plain to me that the great obstacle to the board's success is the shortcomings of the financial supply. In the years 1919-20 the board was granted a part of the then existing customs surplus, but after these funds had been expended on flood protection work, the board depends for existence on a small monthly grant out of the Canton customs revenues. This amount is, however, so small that we can carry on but a very limited part of the repair work on the old dykes. The board's engineer-in-chief, Major Olivecrona, describes in this report how "old dykes which have withstood innumerable floods gave way because of many years' neglected maintenance.""
There is no doubt that the inundation of 1924 would have been considerably lessened if the plans of the board had been actually carried out. Losses sustained by the population must be counted in millions of dollars, and the sufferings of the victims of the inundation were heartrending.

'The estimated cost of carrying out the board’s reconstruction scheme in full amounts to 35 million dollars, which sum at the first glance seems to be enormous. Considering, however, the sufferings of the people, the financial losses and loss of life, and the retarding influence upon the development of the whole province caused by repeated inundations, these millions, applied as proposed by the board, would yield a thousandfold.'

'It is a satisfaction to note how the country people more and more begin to realise the necessity of maintaining their dykes and flood-gates. Their interest finds expression in the organisation of societies for raising the necessary funds locally for repair work, and the engineer-in-chief is frequently consulted by them with regard to the technical details. The work completed with the aid of such funds represents, however, only a fraction of that which is needed for the completion of the board’s scheme, and not before a general tax on the cultivated land, which will derive benefit from the scheme, has been introduced, will the board be in a position satisfactorily to solve the flood problem. In a previous report the engineer-in-chief has placed before the public a scheme of taxation, explaining how a yearly tax of 35 cents per cultivated mou, to be levied during a period of fifteen years, would yield sufficient funds to enable the board to complete the entire reconstruction scheme in twelve years.

'It is my sincere hope that public opinion may support this plan for raising funds; otherwise there is no hope for the successful solution of the flood problem.'

'Major G. W. Olivecrona, engineer-in-chief, says in his report: 'I wish again to draw your attention to the fact that the old dykes are generally much dilapidated and in need of repair. Funds for covering the cost of this repair are most urgently needed, and it seems to me that no other course is open to the board than to insist upon the introduction of a special conservancy tax on the lands which will draw benefit from effective flood protection.'

'An amount of 151,166·69 Haikwan taels was requisitioned from the Commissioner of Customs Conservancy Account, and 115,689·59 Haikwan taels from the Sunglung Flood Gate Account for the year’s operations.

'At the end of September, when the board’s resources were at a low ebb, the Government again placed the board’s finances in a favourable position by a fixed monthly grant to be charged directly to the Canton Maritime and Native Customs Revenues. Though this grant does not permit the board to enter upon any large construction scheme, it will suffice to enable the board to maintain their present organisation, and also be able to carry out limited reconstruction work. The board will also be able to
promote such work as may be paid for by the farmers themselves by giving advice and supervision free of any charge."

(h) Huai River Conservancy.

The valleys of the Huai River and its tributaries are among the richest rice-producing regions in China, and support a population of about 20 millions. Most unfortunately, from time immemorial, this region has been subject to calamitous inundations; and at frequent intervals a large proportion of the population, instead of being among the most prosperous inhabitants of the country—as they should be—sink into utter poverty and misery, and in too many cases are driven to support themselves by banditry or by swelling the hordes of soldiers.

Mr. W. E. Souter, general secretary of the Chinese Foreign Famine Relief Committee, addressed a letter to the delegation on the 7th April last, in which he described the condition of the country and its urgent needs, and strongly recommended the Huai River conservancy project to the attention of the delegates. He also emphasised the fact that this would not be a merely philanthropic and charitable undertaking; it offered an excellent field for safe investment. "You would," he said, "do a big and outstanding work for the lasting benefit of over 20 million people, and have your money back inside five years for such further effort as your committee may then decide on." He pointed out that a properly organised conservancy scheme, approved by expert engineers and commending itself to the people of the three affected provinces (Anhui, Kiangsu and Honan), would do away with floods and famines, largely increase rice-production and general trade and prosperity and make possible educational facilities for the masses. He stated that in the floods of 1921 nearly 10½ million acres are estimated to have been inundated, involving the destruction of rice to the enormous value of 613 million dollars—nearly six times the total amount of the Indemnity funds that Great Britain has agreed to restore to China. He states further that the completed conservancy scheme would not only do away with such disasters as this, but would result in the reclamation of over 8 million acres, with an annual value in rice-production of 375 million dollars. In all, the gain would be over 18 million acres producing rice to the value of over 988 million dollars annually. This, as he points out, would very materially reduce the cost of living, increase China's purchasing power and her import and export trade and create a general and continuous prosperity throughout the eastern part of Central China.

The greater part of the territory that would be so wonderfully and beneficially affected is in the northern part of the Province of Kiangsu, which is at present under the control of Marshal Sun Yat-sun Ch'uan-fang. The marshal himself is very keenly interested in the conservancy project, and has promised to give it all the support in his power if the Indemnity Fund Committee will take it in hand. He has taken the trouble to prepare a valuable memorandum on the
subject, which he has presented, in English and Chinese, to the Indemnity delegation. It is unnecessary to give a detailed account of it here; but it may be recommended to the careful attention of the Board of Trustees, because the members of the delegation are unanimously of opinion that, regarded as a possible field for the investment of that portion of the Indemnity fund, which is to be set aside for endowment purposes, the Huai River conservancy has much to be said in its favour.

Several conservancy plans, all of which are dealt with by Marshal Sun, have been drawn up and carefully considered; but the one which is favoured by him is that which has been submitted by Mr. Freeman. "I have accepted his plan," he says, "partly because it is the production of a man of very wide hydraulic experience, partly because his conclusions were arrived at after exhaustive study of the local conditions and a mass of technical data, partly because it was undertaken purely as a matter of engineering interest and not for a professional engagement, but more especially because his plan calls for the least expenditure of money." He briefly describes Mr. Freeman's plan as the digging of a deep, narrow, straight new channel from the Hung-tsze Lake to the coast, covering a distance of 85 miles, which will carry away flood water and its suspended silt to the depths of the sea. One result of this drainage through a new channel will be that the shallow parts of the lakes will be exposed and will become available for the cultivation of rice. The reclaimed areas, he says, will be "very large indeed." Another result of the cutting of the new channel will be a great development of the port of Haichow, which is situated at the point where the new channel will flow into the sea. "Haichow," he points out, "is now the eastern terminus of the Lunnghai Railway, which augurs well for its future; but with the new trunk channel also entering the port, its development may exceed our fondest hopes." He even goes so far as to predict that it may become a second Shanghai.

The cost of the project was estimated by Mr. Freeman at 12 million dollars, which is probably too low a figure. Marshal Sun observes that this estimate refers only to the cost of excavating the new channel, and does not include the cost of modern locks, branch channels, and miscellaneous engineering and other works which will be necessary. The marshal's estimate, which includes this expenditure, is 20 million dollars. He does not say whether this includes the purchase of land. He points out that if the project took ten years to complete, the annual appropriation from the fund would be 2 million dollars—less than half its annual income.

On the important question of security for these loans or advances, Marshal Sun has written a separate letter to the delegation in which he offers increased taxes on reclaimed lands as first security, and Kiangsu's share of the expected increase in the customs tariff, or the surplus of the salt revenue of Huai-nan and Huai-pei as second security. With a view to arriving at a definite agreement on the subject of security, he authorises the
delegation to consult the authorities of the Provincial Government of Kiangsu, who would be empowered by him to take the necessary action.

(4.) The Chihli River Conservancy.

Few foreign visitors to North China need be reminded of the urgent need for river conservancy in the metropolitan Province of Chihli. The short railway journey from Tien-tsin to Peking is alone sufficient, too frequently, to give them ocular proof of the ruin and desolation wrought in this rich and densely-populated region by the periodical inundations.

A limited amount of valuable work in local conservancy enterprises has been, and is being done in this part of China, as in others, by the Chinese International Famine Relief Commission. Mr. M. T. Liang, chairman of the commission, says that it spent 60,000 dollars last year in constructing dykes in the Tsinghai district, and that the value of the crops saved by this comparatively inexpensive undertaking was estimated at 5 million dollars. "This dyking operation," he says, "could not but be instructive to the inhabitants of the adjacent districts, for while their lands were under water as a result of the flooding last year, the Tsinghai section, that had the attention of the commission, was kept dry and was producing bountiful crops; and had they co-operated with the commission in repairing their own embankments under capable modern engineers, whom the commission is always only too willing to supply, they would have weathered the flood equally well."

The extent of the distress that floods entail upon the inhabitants of this great plain may be understood when it is said that in 1917 an area more than twice the size of Wales, and much more densely populated, was completely flooded; and eight years later there was a repetition of the calamity. Tens of thousands of lives were lost as the direct or indirect result of these disasters, and millions of dollars' worth of damage was done to houses and crops.

After the floods of 1917, the Chinese Government appointed a Commission for the Improvement of the River System of Chihli, composed of Chinese and foreign experts, under the presidency of ex-Premier Hsiung Hsi-ling. Their duty it was to propose a programme of remedial measures, and a scheme for flood prevention on a comprehensive scale. With a view to obtaining the best available technical advice, the commission engaged the services of Mr. F. C. Rose, C.S.I., as chief engineer, under whom careful surveys have been made, all relative data collected, and all the opinions and recommendations of experts carefully scrutinised and tested. Mr. Rose's scheme, which was drawn up after he had thoroughly studied the whole problem from every point of view, includes as its principal feature the digging of a new channel, which will carry a part of the water of the Yung-ting River to the sea at a point some distance to the south of Tien-tsin. It is believed that this will not only drain off the flood waters of
the Yung-ting and its tributaries, which are mainly responsible for the inundations, but will also bring great benefit to the port of Tien-tsin, as it will obviate the heavy annual silting of the Hai Ho.

In 1924 the commission issued a general report in which it was estimated that an expenditure of 15,500,000 dollars would be required for urgent works. These included the construction of the new channel, but did not include several other important undertakings, which were necessary to effect a permanent improvement in the Chihli drainage system.

The conservancy scheme has the whole-hearted support of the Chinese and British Chambers of Commerce of Tien-tsin, of the highest provincial officials, and of the local press.

The delegation has in its possession, and will hand over to the Board of Trustees, a memorandum by Mr. F. C. Rose, in which he explains the work which the Chihli River Commission proposes to carry out. The cost of constructing the new channel he estimates at 10,167,000 dollars. On other necessary works the expenditure would be 14,154,700 dollars; on the new Delta, 3,105,000 dollars. These sums, together with 2,742,300 dollars for "repairs after construction and contingencies" amount to a grand total of 30,169,000 dollars, or a little over £3 million sterling.

A later revised estimate increases the total amount to 32 million dollars, or £3,200,000.

The proposal made to the delegation in connection with a possible loan from, or secured on, the Indemnity fund, is fully explained in the following extract from a letter addressed by Mr. H. Hussey-Freke, of the Hai Ho Conservancy Commission, to the secretary of the delegation:

"At the conclusion of the meeting of the delegation, attended by representatives of the Chihli River Commission on the 27th May, you asked me to submit proposals for the refund of any sum that might be advanced for the relief of floods in Chihli. This morning I met representatives of the British Chamber of Commerce to discuss the matter, and I was asked to communicate the following proposal:

1. The estimated cost of the Chihli flood relief scheme is 32 million dollars.

2. The revenue of the two Chihli ports, Tien-tsin and Chingwanta, for the last year was approximately 10 million Haikwan taels. The proposed 2½ per cent. increase in customs duties would increase this sum to 14 million Haikwan taels. There was, in addition, last year a native customs revenue of some 3 million Haikwan taels. In the present state of trade, therefore, the total revenue (after the 2½ per cent. increase) of the ports of Tien-tsin and Chingwanta would aggregate 17, million Haikwan taels, or 25,500,000 dollars."
3. In the past a 10 per cent. surcharge on foreign and native customs duties has been temporarily imposed for famine relief without serious opposition.

4. A 10 per cent. flood relief surcharge on this revenue would immediately produce an annual income of 2,550,000 dollars, and this sum would increase as the trade of North China expands.

5. We propose that a loan of 32 million dollars should be financed by such a surcharge. Provided the rate of interest were not higher than 5 per cent., and with such security as the Indemnity fund, there seems no reason why the money should not be borrowed abroad at that rate, the whole of the capital sum, together with the interest, would be repaid by the surcharge within fifteen years, and the Chihli Flood Relief Scheme would not have cost the Indemnity fund 1 cent.

6. The security for the refund would be the trade of Tien-tsin, and the surcharge would be paid by the customs direct to the trustees. I submit that there is no safer source of refund in China.

"The British Chamber of Commerce of Tien-tsin has no authority to speak for the port; but I understand that there would be no opposition from the Chinese side to the proposed surcharge."

Without such aid as can be brought by the Indemnity fund to the undertaking of this great conservancy scheme the enterprise cannot be carried out, and must be indefinitely postponed; and much of the preliminary work that has been so successfully accomplished by Mr. Rose and his associates will have been thrown away. Meanwhile, the floods will continue to inundate the Chihli Plain at frequent intervals, tens of thousands of people will die of starvation and avoidable disease, millions of dollars' worth of food-stuffs and other valuable property will be destroyed, and a great region that ought to be rich and prosperous (and ought, incidentally, to absorb great quantities of foreign imports) will stagnate in poverty.

Of late, the conditions in which the people work have grown worse rather than better; for it is now not only the blind forces of nature with which they have to contend, but also the callousness, if not the malevolence, of man. During the first week in June it was reported in the newspapers that in several districts, in which an excellent harvest had been expected, the crops were being cut down and carried off by soldiers belonging to one of China's numerous armies—of course without payment or compensation of any kind; and that in another district, where the crops were not yet ripe, the soldiers had put up notices strictly forbidding the owners of the farms to harvest their own wheat. In a section of the Yung-ting Valley the danger of floods during this year's rainy season
was increased by the fact that the reeds which the country people, with infinite toil and patience, had piled up along the river dykes, in order to strengthen them against the rushing waters, had been taken away by the local soldiery.

PART IV.—PROPOSALS FOR AN ENDOwmEnT FUND (b).

(iv.) RAILWAY CONSTRUCTION.

It cannot be said that the delegation started its work with any prejudice in favour of railway building. On the part of the British delegates, indeed, the prejudice, if it existed, lay rather in the opposite direction, for in England there was a very general impression that Chinese public opinion was strongly opposed to the application of the funds to anything but education; and whatever doubts may have existed in England as to the wisdom of this policy, it was generally held by China's English friends that the question was one which in the last resort must be decided by Chinese rather than by British conceptions of China's greatest needs.

Moreover, English academic opinion was overwhelmingly on the side of what was believed to be educated opinion in China. In 1925 a memorial was forwarded to the Foreign Office by a number of Cambridge University graduates, expressing the opinion that the Indemnity fund ought to be devoted exclusively to educational or medical purposes; and a similar memorial reached the Secretary of State from over 400 resident graduate members of the University of Oxford, including the Vice-Chancellor, the proctors, twenty-three heads of colleges and halls, and thirty-three professors and readers. The action taken by the great universities was endorsed by a large section of the British press. "The Times," for example, declared that if used industrially or commercially the money would merely strengthen in China the impression that the British were but a commercial people, intent only on gain.

No sooner had the delegates begun their work in China than some of them were surprised to find that there was a very strong public feeling in favour of the view that China needed railways as much as education.

Reference has already been made (in Part II (i.) to a Peking society (composed largely of Western-educated students) which had been brought into existence for the express purpose of advocating the application of the Indemnity funds to railway construction. This society issued a "Declaration," together with detailed proposals for the administration of the fund by a board of directors. Similar in tenor is the short memorandum sent in by Mr. K. L. Kwan, Acting President of the Chinese Railway Association. On the 16th May a public meeting was held by this association in the Central Park in Peking for the purpose of arousing the interest of the people and winning the support of the Chinese press in its campaign in favour of railways.

In Hankow this belief found even louder expression than in Peking, probably because the railway advocates knew that they had
the fullest sympathy and support of Marshal Wu Pei-fu. Even the local Educational Association pressed for railway construction. Certainly it was made abundantly clear to the delegation that the Chinese attitude towards railways had undergone a remarkable transformation since the days when the Viceroy Li Hung-chang refused the petition of Shanghai merchants to be allowed to build a railway from that port to Soochow. Even fourteen years later the official attitude had hardly begun to change; for it was in 1877 that the rails of China’s first railway—that from Shanghai to Woosung—were taken up by the Chinese authorities, shipped to Formosa, and there dumped ingloriously upon the beach.

In spite of all the active propaganda of the railway advocates, the delegates were not unmindful of the terms of the Act of 1925, under which precedence was given to the claims of education. They therefore unhesitatingly adopted the general principle—which was accepted, indeed, perhaps a little grudging in some cases, by most of those who had railway proposals to put forward—that the interests of education must be regarded as paramount, and that railway construction must be considered only from the point of view of a useful productive undertaking of national importance, which, besides conferring direct benefits on a large proportion of the population of China, could also be made to yield a permanent income for the educational and other work for which it was the primary duty of the statutory committee to provide.

The following memorandum by one of the Chinese members of the delegation—Dr. C. C. Wang—may be found useful for its convenient summing-up of the principal arguments that have been put forward for and against the proposal to invest a portion of the Indemnity money in railway construction:

"Report on the ‘Construction Work’ to be selected.

"(Presented by Dr. C. C. Wang, April 27, 1926.)

"In selecting any ‘construction work’ for investing the Indemnity funds as a permanent foundation, we must constantly bear in mind the four conditions governing the investment which we have adopted, namely: (1) it must be some new work in China, (2) it must be of national significance so as to serve as a permanent monument, (3) it must do the most good for the largest number of people, and (4) it must give the best return under similar conditions. The most conspicuous ‘construction works’ which have been suggested by various persons are railways, river conservancy, dyke building and road building. After examining all the evidence laid before us and considering the whole question from every point of view, I have come to the conclusion that railways in China fulfil these four conditions more satisfactorily than all the other ‘construction works’ named above.

"As a standing monument, a well-selected railway attracts more attention and appeals more vividly to the imagination of
the Chinese people than either deepened rivers or macadamised roads. It is more tangible, more solid and has more 'relief' against the background of the country than all other construction works. A wisely located railway has more national significance.

"In point of service, a railway can outclass the motor road. Experience in China shows that people of all classes and all parts of the country may enjoy the railway, whereas the motor road is more of a local character and largely for the rich with motor cars, while the mule carts of the farmer are generally forbidden to spoil the modern motor road. The additional service which may result from deepened rivers does not seem to approach the service of a well-selected railway. Moreover, the service rendered by both the river and the road is, we may say, indirect and cannot be felt so intimately as that rendered by the railway, for the motor cars and boats will have to belong to private individuals, a ride in which can hardly impress or remind the rider of their relation to the goodwill of Great Britain which made the road and dug the river, whereas the steel road, the majestic bridges, the handsome station buildings and the comfortable coaches in which the passenger rides can be easily and unostensibly decorated in a way that he may always know and remember the gift.

"From the point of view of return, there can hardly be, under similar conditions, any comparison between a well-selected railway and the other 'construction works.' This point has never been denied. One of the strongest arguments against railways put before us is that under normal conditions railways can easily find all the capital needed, while roads and river conservancy cannot. Of the various reclamation schemes which have been tried, none has been successful financially. It is reported that those banks which undertook to finance some of the schemes are not very happy about their investment. As the superiority of the earning power of well-selected railways in China is so clear and self-evident, further emphasis seems needless.

"In the following pages some of the important arguments, both for and against the railway, are examined.

"Railways mutually beneficial to Great Britain and China.

"The construction of a well-located railway in China will be of mutual benefit to both peoples, not only immediately but also permanently. Speaking generally of Chinese railways, about one-half of the cost of construction is local and the other half represents money spent for materials purchased abroad, such as rails, cars, wagons, locomotives, machinery, steel bridge-works, &c., &c. Rolling-stock alone represents about 21 per cent. of the total cost of construction, while rails, bridges, signals, &c., represent another 21 per cent. A great part, if not all, of such materials may be purchased from Great
Britain. Such purchases will prove beneficial to British
industry and British labour. The other half of the cost of a
railway represents work done locally, such as making the road
bed, drilling tunnels, construction of buildings, &c. These
works, in turn, will immediately give employment to large
numbers of Chinese labourers.

"What it means to the modern-educated men is even of
greater significance; for it at once gives a larger number of
them a chance to acquire practical experience and to make an
honest living at the same time. We cannot but be impressed
by the repeated remarks of so many of those who gave evidence
before us at different places, laying unanimous emphasis on
the fact that one of the serious evils of modern education is
that so many of the highly educated young men are unable to
find suitable employment along the various lines of their
education, of which fact the net result is discontent and the
rusting away, in a few years, of their modern education acquired
at high cost. Modern education seems meaningless so long
as there is no room for putting it into practice or for its
employment. Therefore, any 'construction work' which gives
a chance to these young men for practice is really putting
modern education into proper use. It is generally recognised
in China that the undertaking which gives the greatest
employment and most varied experience for the educated men
at least cost is unquestionably railways, for in the construction
of a railroad there is a chance to learn everything, including
geology, mineralogy, surveying, engineering, river control,
finance and labour problems.

"It will be of mutual benefit permanently, because the
railway will open up vast stretches of the interior and permit
native products to be brought out as well as British goods to
be sent in, which cannot be done so adequately by other means.
This will create employment and augment the wealth of both
nations.

"Moreover, the benefits will be widespread and will not be
limited to Great Britain and China alone, for commerce of all
nations may use the railway on equal terms and be equally
benefited. There will be nothing narrow or selfish in the
building of railways.

"Railways localise the Evils of Civil War.

"One popular argument advanced against railways is that
railways tend more and more to become the centres of
disturbance, and hence they are an incentive to fighting. This
argument, while true to a certain extent, is entirely based on
the false conception of mistaking one phase of the result as
the cause of civil war in China. This view is due to being
blinded to the long view by our present adversities and by
forgetting what civil war meant in the past. The fact that
most of the fighting of recent years has occurred along the
railways is not because the railway is the cause or incentive of fighting, but because the railway has attracted or drawn the fighters to fight near it. In other words, fighting has been localised within limited areas along the railways instead of being spread over vast areas of many provinces as formerly. During the civil wars of former periods, the contending forces used to rove all over the country and devastate everything before them like a plague or poisonous gas, while now they fight in the immediate neighbourhood of the main railway lines, the rest of the country being left comparatively undisturbed. If we will only recall how vast was the devastation during the Taiping rebellion or that during the commotions following each of the last four Dynasties, we shall be at once amazed by the limited and localised character of the devastations resulting from the recent struggles. Not even one-quarter the area is devastated now as compared with what happened formerly when the country underwent similar periods of turmoil. All this limitation and localisation of damage is largely due to the railway, a fact which, strange to say, few people seem to appreciate.

"Railways shorten War.

"Railways also shorten the evils of war, for they help to make for the fight to a finish more effectively. Both the time of mobilisation and concentration of the rival armies as well as the chasing of the defeated is shortened immeasurably by the railway. While formerly fighting and devastation would be going on over vast areas for decades, now most of the fights are over within a few days or a few weeks, thus giving the good people a chance to work between fights. For instance, the Anfu–Chihli War of 1920 lasted only a few days; the first Chihli–Fengtien War of 1922 lasted about two months; including mobilisation and the final patch up; and the second Chihli–Fengtien War of 1924 lasted only about four months, in spite of the fact that practically all the provinces north of the Yang-tsze, in addition to Chehkiang and Fukien, with over half a million soldiers, were involved. Were it not for the railway, a struggle on such a large scale would have lasted several years. The movement alone of such a large number of troops to the front would have taken months.

"Military Interference.

"Another argument against railway building is military interference. We admit at once that the evil is there. But the truth is that when a nation is undergoing civil war the militarists do not interfere only with railways, but with everything. Militarists abuse houses, schools, factories, rivers and everything else. For instance, the Peiho River has been more than once mined and shipping stopped in spite of all the treaties, while numerous schools in the disturbed areas have
been occupied by soldiers, who habitually use the doors, windows and movables for firewood. The point is that the objection applies to railways as well as to other things.

"With reference to military interference with railway revenue, there seems to be no reason to believe that the militarists will interfere less with the rents and taxes which we may expect to collect from the lands reclaimed by our conservancy work or with the tolls which we may collect from ships using our canals than with the revenue of our railway. On the contrary, experience has amply shown that they will have much more excuse for appropriating the land rents and land taxes, which cannot be collected without the help of local officials who must be their appointees, than with the revenue which a railway earns.

"Moreover, the damage which the militarists can do to railways is relatively easy to remedy. Damages to the permanent way and structures are always slight, and those to locomotives and rolling-stock cannot exceed 10 to 20 per cent. of the total cost. Once peace prevails, one or two years' surplus of the railways will be sufficient to restore things.

"In this connection it may be mentioned that military interference is neither universal nor perpetual. It is a limited and temporary disease which is bound to improve and disappear if China is going to make good at all. If we oppose railway building simply because of this temporary disease, it will be, as the Chinese proverb goes, to stop eating on account of a sore in the throat.

"We say military interference is limited because such interference has prevailed, up to now, mostly over the so-called strictly Chinese Government lines, whereas such lines as the Shanghai-Nanking Railway and the Hupei-Hunan section of the Canton-Hankow Railway have practically been able to escape. I am informed that the revenues of all the railways south of the Yang-tsze have been practically left alone throughout all these years of civil war, and that the amount of interference which these railways suffered has not been much more than might be expected from military operations in some other countries. By profiting from experience and adopting additional measures of safeguard, we may reasonably hope that the chances of interference in our case will even be less than that of the Shanghai-Nanking and the Hupei-Hunan Railways now.

"Even should the worst come to the worst and the railways were all seized for military purposes, the business men and the people would still get the benefit of the railway as a result of the service the railway does directly for them at intervals as well as for what the railway does for the military. Were it not for the railway, huge numbers of the people, far and near, would have been mobilised and compelled to do all the military transportation work which is now done by the railway. Formerly, amazingly large numbers of people and their farming
animals were commandeered to do transportation work. They were often compelled to go so far away from their homes that not only their farms had to be left uncultivated for years, but both they and their beasts of burden never returned to their homes again. It is partly this compulsory labour-service that made the loss and death-roll of former civil wars so appalling. Just imagine the immense number of innocent farmers and business men who are spared from such transportation work for the militarists simply because the railway has done it for them! And just imagine what immense and widespread suffering is prevented by the railway in this connection alone!

"Railways a Better Investment than Conservancy.

"The strongest and most specific argument against railways seems to be that put forth by the Shanghai Chamber of Commerce, which says: 'Shanghai considers that the money should be used, in preference, for conservancy work rather than for railway construction, as it is felt that no railway construction would be carried out as a business proposition, but would merely add to the number of railways whose funds are utilised by the various militarists for financing their armies. There is no means of ensuring that the revenue of any new railway could be controlled any more than that of the existing railways. Under settled conditions in China, ample capital would be available for railways, whereas this would not be the case with conservancy work.'

"This opposition, however, proves beyond doubt that railway work is decidedly a better investment than conservancy, for it says that, 'Under settled conditions in China (that is, under equal circumstances) ample capital would be available for railways, whereas this would not be the case with conservancy work.' It may be added that, under similar conditions, there is no other construction work in China which is equal to well-located railways for investment.

"Railways Unite the People.

"Railways can do more than anything else to knit the people of the different parts of the country into a compact whole. Although a homogeneous race, the Chinese, nevertheless, have rather marked provincial differences which are not wholesome. Anything which helps the most to remove such differences is to the greatest good of China as a whole. It is true that the amount of funds at our disposal for investment will not go far in railway-building, but even a hundred miles of a wisely-located line will bring enormous prosperity to the section chosen as well as give that much more help towards the union of the people.

"Railways Stimulate Agriculture and Trade.

"Railways not only help to get existing products to market, but stimulate further extension of agriculture. Without railways,
each locality will have to produce all the necessaries of life, although its soil may not be fitted for producing some of these necessaries. Once the railway comes, the soil of each locality may be devoted to the cultivation of the products which its soil is best fitted for, while depending upon the railway to bring to it the rest of things which can be more economically bought elsewhere. This feature of the railway alone has transformed many poverty-stricken districts into flourishing localities. Shabby villages soon become flourishing towns and unknown places become important trade centres. For instance, Harbin before the Chinese Eastern was built consisted of half a dozen fishermen’s huts and several thatched inns, while a dozen years after the completion of that railway it grew into the Moscow of the Far East. Pengpu in 1908 was a string of mud hovels on a dusty lane, while to-day it is a national trade centre. Any number of similar cases might be given. What is more, education, culture and all the good things of modern life always follow the railway, for the railway creates wealth, and wealth makes modern education and modern conveniences possible. I personally know a number of country districts where in a few years the railway, as if by a wave of the magic wand, has made wonderful transformations. The habitual beggar has disappeared, and the poorest has become well-to-do. All this change is due simply to the fact that long-distance commerce is made possible, and the farmer can cultivate his land for the stuff which it is best fitted for and depend upon the railway to ship his produce away for a good price as well as bring him other necessaries of life which he had to produce formerly, although neither his land nor his own ability was fit for such production.

"The extensive travelling and keen observation of our colleague Dr. Ting seem to lead him to think that railways are even more urgent for China than agriculture and education. For in his report to the Sino-American Trustees he says: ‘One may venture a theoretical estimation of all the schemes put forward, and may perhaps say that the systematic study of our natural resources and the scientific improvement of our agriculture . . . . for example, the selection of seeds . . . . are far more important than any other, because they, more than anything else, will help to create new industries, thus giving more employment and producing more real wealth. But even here we may ask what is the use of discovering new resources when there is no proper transport. . . . . ‘ In another part of the same report he says: ‘In many districts far away from the coast where cotton cannot be grown, the people have plenty to eat, but nothing to wear . . . . they often have only one suit of wadded clothing without any underwear for the whole year round. Girls of 15 sometimes go about without trousers.’ This clearly shows the need of transportation, and there is hardly any other agent which can do more than railways in this regard.
"Railways prevent Famine and help Famine Relief.

"One of the principal causes of famine in China is the lack of transportation. Experience has amply shown that the failure of crops is generally local, while other parts of the country enjoy abundant harvests. It is the lack of proper transportation that prevents relief measures and multiplies sufferings and deaths. With proper transportation, famine may often be prevented by the introduction of varied crops and much of the distress caused may be minimised. Those who are familiar with what the railway did for famine relief in the disasters of 1911, 1917 and 1922 can testify in support of the above statement. Without railway connections to bring in the surplus grain of Manchuria, the catastrophe of 1897, when 8 million people starved, would have been repeated in 1911, 1917 and 1922. Even on humanitarian grounds, therefore, the railway has unmistakably proven to be the best 'Construction Work' in which part of the Indemnity funds can be invested.

"Which Railway to Build?

"The second question is, which is the best line to build? The answer is simple and easy, because there is a line which fulfils the four conditions of our Canton–Hankow Railway.

"Where is the Canton–Hankow Railway?

"If we run a straight railroad from Peking directly southward through Hankow, the heart of the eighteen provinces, to Canton, the largest city of China, lying near the extreme south coast, we shall find that the northern half of about 1,200 kilom. of this railroad is the Peking–Hankow Railway and the southern half of about 1,100 kilom. will be the Canton–Hankow Railway. Of the latter railway the northern section of 415 kilom. has been built by the Chinese Government with capital borrowed from some international banking houses, including those of Great Britain and America, and the extreme southern section of 226 kilom. in the Province of Kwangtung has been constructed by a private Chinese company. What is to be constructed with the Indemnity funds will be the unfinished middle section of about 445 kilom., which will connect up the northern and southern sections, thus completing the first trunk line between Peking and Canton. As it is now, the two sections are left high and dry in the mountains, with a gap of 445 kilom. between them, without any possibility to earn sufficiently to pay their obligations, although the line, once completed, is considered by all experts as the best paying railway in the country. As a considerable portion of the bonds of the northern section of the railway is owned by British subjects, the completion of the whole line will mean an immediate income to the British nation in the form of punctual payment of interest on these bonds.
"Easy to do and less Cost.

Another attractive feature of the Canton-Hankow Railway is that it is practically all surveyed and its costs well estimated, so that we may know almost exactly what our problem is. There is also a standing organisation, the Canton-Hankow Railway Administration, with British subjects as chief engineer and chief auditor, which is ready to do the work. Therefore, much preliminary and over-head expenses may be saved which may amount to considerable proportions if we adopt any other scheme. There is also a ready agreement for making loans to this railway which we may utilise. All that is required will be to arrange with the Chinese Government and the banks concerned, so that some agreement may be made whereby they will issue the additional bonds and do the work with the future Indemnity trustees buying the bonds. It seems not difficult to come to some satisfactory terms among these parties (the Chinese Government, the concession-holders and the trustees of the Indemnity funds) whereby the interests of all may be properly taken care of.

"What will be the Cost?

"Various estimates have been made, of which that of the chief engineer of that railway, Mr. Williams, may be taken as a fair basis. His memorandum, which he sent us, gives the following statement, which he considers as conservative:—

"The estimate of the cost of completing the construction of and fully equipping the Canton-Hankow Railway may be briefly summarised as follows:—

"Regarding ChuchoW-Lukow Section:— Dollars.
"17·6 kilom. (10·94 miles) ... 350,000

"Construction, Lukow-Shiaokwan—

"438·25 kilom. (269·21 miles)—

"200 miles at 150,000 dollars per mile 30,000,000
"69·21 miles at 200,000 dollars per mile 13,842,000

say, 50 million dollars.'

"This estimated amount, it may be seen, almost coincides with the figure which we have decided upon to invest.

"What will be the Income?

"The earning capacity of this railway compares favourably with that of the Peking-Hankow and Peking-Mukden Railways. Under normal conditions, as in 1918, 1919 and 1920, the
following were the net earnings of these two railways, after paying all operating expenses:

<table>
<thead>
<tr>
<th>Name of Line</th>
<th>Per cent. Return on Investment</th>
<th>Net Operating Revenue per Kilom. of Line Operated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1918</td>
<td>1919</td>
</tr>
<tr>
<td>Peking-Mukden</td>
<td>22.7</td>
<td>18.0</td>
</tr>
<tr>
<td>Peking-Hankow</td>
<td>15.8</td>
<td>17.0</td>
</tr>
<tr>
<td>Average of Chinese Government railways</td>
<td>10.4</td>
<td>9.2</td>
</tr>
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</table>

Thus, on the basis of the figures of the Peking-Hankow line, we may expect a net return of about 12,815 dollars per kilom. of the line which we may construct, or approximately 5,500,000 dollars per annum. If estimated on the 'per cent. return on investment' basis, which really is more reasonable, the annual income will be about 16 per cent. on our money, or about 8 million dollars.

Of course, there is the constant argument that when the country is in civil war the earnings of the railway may be affected or appropriated by the militarists. We do not deny there is such a danger. But, fortunately, the duration of civil strife is less than that of periods of peace. So it seems a mistake to lay too much emphasis on what is really a temporary phenomenon and to forget the long view.

Again, it must not be forgotten that in spite of all the fighting of recent years, of which the Peking-Mukden Railway certainly had a great share, yet that line has never defaulted on the payment of either interest or redemption of principal on all the loans made prior to the establishment of the republic. Moreover, curiously enough, none of the revenues of the railways south of the Yang-tsze has been appropriated by the militarists up to now. With the additional safeguards which both the trustees and the educationalists (who count upon the income of our investment for support) are sure to introduce into the scheme, there is every reason to believe that the chances of our income being interfered with by the militarists will be reduced.

There is another important fact which may be mentioned. The loan agreement of the Canton-Hankow line provided that, besides a first lien on the earnings of the railway, the bonds will also have a first lien on li-kin and certain other taxes of Hupel and Hunan Provinces as a second guarantee for interest and principal. The amount of these taxes, if I remember correctly, is ample to meet the interest charges of the existing loans as well as our proposed investment. It is the non-collection of both li-kin and the salt-taxes that has caused the default on the payment of the existing bonds. Now the Customs Conference is
sitting in Peking, where efforts have already been made to transfer the stipulated amount of li-kin and salt-taxes to the customs revenues. Once this is done the guarantee of our investment in the Canton–Hankow Railway will be gilt-edged, even if the railway itself goes to the dogs. And it appears quite hopeful that the transfer to the customs revenues will soon be made.

"Significance of this Work."

"The significance of this piece of work cannot be overestimated. The idea of a grand trunk railway from Peking to Canton running through the heart of the country has appealed to the imagination of all from the early days of railways. It is the one railway which all observers, Chinese and foreign, consider the most important and most urgently needed from every point of view. It is the one project which the Ministry of Communications has never dropped throughout all the changes and vicissitudes of recent years. The ambition of all successive Ministers and all leading railway men has been the completion of this railway. It will bring Peking to Canton within three days and inaugurate a new era in the intercourse of the Chinese people between the north and the south. It is especially significant when we recall that the differences between the north and south are far greater than that between the east and the west simply because China’s large rivers, generally flowing eastward, have helped the intercourse between the eastern and western parts of the country. The scheme, as remarked by many experts, is really one of genuine national importance as compared with other schemes. It will be a worthy standing monument, the significance of which will grow as years advance.

"The Chu-chin Railway."

"In case for any reason it is decided not to invest the Indemnity funds in the completion of the Canton–Hankow Railway, the next most important railway to be considered is the Chu-chin Railway. This line traverses the provinces of Hunan, Kwangsi and Kwangtung. To the north-east, it reaches Central China by way of the Canton–Hankow Railway, while in the south-west it can conduct the traffic along the line to the nearest seaport. Originally the starting point of the line was fixed at Chuchow, Hunan, and the terminus at Chinchow, Kwangtung. As a result of surveys made later on, it was proposed to start the line from the Ichia Wan Station (north of Chuchow Station) on the Canton–Hankow Railway, passing through Siangtan, Siangshan, Paoking, Yuchow, Chuanchow, Kweilin, Liuchow, Kwei Hsien and Yuelin, and to terminate at Si Ying on the west coast of Kwangchow Bay. A seaport will be built at the latter place, which is at present unsuitable for a terminal port. The line from Ichia Wan to Si Ying, about 1,100 kilom. long, is estimated to cost about 96 million dollars,
not including the expenses in connection with the construction of the terminal port at Si Ying.

"I recommend this line as the second urgent railway, because among other reasons I feel it will be well to build a railway south of the Yang-tsze. The north has already two trunk lines, namely, the Peking–Hankow and the Tien–hsin–Pukow, whereas the south has none.

"This line, once completed, will certainly play an important part in developing the south-western provinces. It runs through a country where there is no means of transportation worthy of the name. An immense territory will be opened up and connected with Peking and the sea by rail. As the cost of this line is considerably more than what we intend to set aside as investment, some different financial arrangements will be necessary.

"It may be mentioned that an agreement for the construction and finance of this line now exists between the Chinese Government and an American company. It does not, however, seem difficult for some arrangement whereby the said agreement may be taken over.

"A Railway through Shansi.

"A third railway to be considered will be a line running north and south in the Province of Shansi. A railway can be easily built from Tatung, on the northern border of Shansi, through Taichow, Taiyuan the capital of the province, Hsukou, Huochow, Pingyang, Menghsien to Chinghua. The first-named city is a point on the Peking–Suiyuan Railway, while the last-named city is the terminus of the Taokou–Chinghua Railway, a feeder of the Peking–Hankow line. This feeder is financed and operated by the Peking Syndicate, which is a British concern. By such a line, which practically bisects Shansi from north to south, the whole province will be opened up and connected by rail with the outside world.

"The earning prospects of this line are excellent, for Shansi is rich in coal and other minerals besides agricultural products. Moreover, the line will run through a string of prosperous cities which will contribute in freight and passenger traffic.

"The cost of the railway will be within our limits. As the line has not yet been surveyed, it is difficult to estimate accurately. But the country is generally known to be rather easy. The total length will be about 600 kilom. Taking the average cost per kilometre of the Chinese Government Railways as a basis of calculation, it will cost about 400 million dollars or about £4 million sterling.

"The significance of this railway does not come anywhere near that of the first two railways proposed above. But nevertheless it has its own characteristics. In the first place there will be less fear of military interference. Throughout all these years, Governor Yen of the province has never interfered in the
least with the railways in his province. So the investment will be fairly safe.

"Moreover, experience shows we may get much help from the authorities in the work. Whatever may be done there, will be highly appreciated and properly protected. It is the only province where the motor roads made by the Red Cross since 1917 have not only been maintained but improved and extended. Once the main line is built, it is likely that the local authorities will build feeders throughout the province.

"Another unique feature is that much can be made out of the fact that our decision to build this railway is largely an expression of disinterested appreciation of the good work of the authorities. This is the only province in China where there have been no disturbances and where steady progress has been made in every way. Bandits are practically unknown, while they thrive in all other places. Law and order prevails within the borders of this province, while all the surrounding provinces smoulder with disturbances. The name of the Model Province of China is well earned. An expression of appreciation of good government in the form of a railway throughout the whole length of the province would appeal to the imagination of the whole nation in a wonderful way. It must also have some beneficial effect upon the mental attitude of the other military leaders. One of the serious questions in China today is the general lack of genuine appreciation of the good work of the leaders and the lack of real condemnation of the bad work. Such an expression of appreciation on our part in such an unmistakable way, if properly capitalised, is bound to produce some wonderful effects.

"There also exists an agreement between the Chinese Government and certain Belgian Banks for the finance and construction of this railway. The terms of the agreement are similar to those of the other railways. As the banks concerned have not been able to get any money for the construction of this railway for so many years, it ought not to be too difficult for the Chinese Government, the banks and the board of trustees to come to some arrangement, once this line is decided upon."

"Note 1.—Opinions and quotations in this report are generally drawn from the memoranda presented to the delegation as well as editorials of some of the leading newspapers in various parts of the country.

"Note 2.—Figures of railway earnings, &c., are from the official reports of the Chinese Government Railways."

All the advocates of railway-building recognised the importance of the Yueh-Han (Hankow to Canton) line, and many insisted that the completion of this railway should take precedence of all other schemes that had been or might be put forward. It is this project which in Dr. C. C. Wang's opinion "fulfils the four conditions of our investment decidedly better than all the other lines in China." The same opinion has been expressed by the Chinese
Railway Association; by Mr. Chou Hsin-t'ang, who appeared before the delegation at Hankow on the 1st April as representative of the Hankow Chinese Chamber of Commerce and five other commercial and banking institutions and guilds of the Province of Hupeh; by Mr. Lao Ch'i'h ch'ang, managing director of the Kin-Han Railway and formerly Vice-Minister of Communications; by Mr. Liang Shih-yi, an ex-Premier and a man whose extensive business connections make him a high authority on his country's economic needs; by General Yang Sen, who in May addressed a communication on this subject to the delegation; and by many other experienced and responsible persons.

Marshal Wu Pei-fu, while in full agreement with those who advocated the construction of this railway, seemed on the whole to prefer the rather more ambitious scheme of a Ch'uan-Han (Hankow to Szechuen) line, and recommended the Lao-ho-k'ou route rather than that by Ichang and Chungking. The "Returned Indemnity Fund Road-building Association" (by road-building is meant railway construction) gave precedence to the plan of a line from Ch'eng-tu (the capital of Szechuen) to Chungking on the Yang-tsze, a distance of about 240 miles. This line would eventually link Chungking to Ichang (just below the Yang-tsze gorges) and Hankow, and would also be carried from Ch'eng-tu to Tung-kwan, where it would connect with the line from Cheng-chow (south of the Yellow River) on the Peking-Hankow Railway to Sian, the capital of Shensi. Mr. Dong, Commissioner of Communications for Yunnan, and president of the Tung Lu University in that province, stated before the delegation that "though there was much to be said for the Hankow-Canton and the Hankow-Szechuen schemes, the Yunnanese would naturally prefer a railway which would confer more direct benefit upon South-Western China." He suggested two such lines: first, a line from Yunnan City to Burma via Teng-yueh, which would serve as a link between east and west and develop the intercourse between China and the Indian Empire; second, a line from Yunnan City to Szechuen, which would connect the south-western provinces with the Yang-tsze Valley. No representatives from the Canton Administration gave evidence before the delegation, but the Cantonese have several railway projects in view, such as a loop-line at Canton connecting the Hankow-Canton with the Canton-Kowloon lines, and a branch line from Fanling in the British leased territory via Bias Bay to Waichow.

With regard to the loop-line, it is obvious that sooner or later a junction between the Hankow-Canton and the Kowloon-Canton Railways must be constructed; and, indeed, negotiations which would have brought such a junction-line into existence long ago were almost completed when the revolution of 1911 broke out and caused a most regrettable postponement of the scheme. The length of the line would be from 3 to 5 miles; but estimates of the cost vary within wide limits, according to the route selected. An interesting memorandum on the subject of this proposed junction-line has been prepared by Sir Cecil Clementi, K.C.M.G., Governor of Hong Kong, and will be at the disposal of the Board of Trustees.
Other schemes for other parts of the country have their advocates. A line of 200 miles long to connect the Lung-Hai line with the mouth of the Yang-tsze or with Haichow is well supported. Marshal Sun Ch'uan-fang is deeply interested in a line that will connect Nanjing with Nan-ch'ang in Kiangsi and Chang-sha in Hunan; and Dr. C. C. Wang, it will have been observed, considers that next in importance to the Hankow–Canton line are the proposed Chu-Chin line (connecting Hunan and the two Kwang provinces) and a line through the centre of the Province of Shansi.

The fact that there are many schemes, and that every one of them finds influential support in one quarter or another, should cause no surprise. The fact is, of course, that all the proposed railways are greatly needed, and that as soon as political and economic conditions in China become reasonably stable there is no reason to doubt that money will be found—much of it within China itself—for vast developments in railway construction throughout the whole country.

A few words should be said on the support which these railway schemes, with or without special reference to the disposal of the Indemnity, have received from responsible foreigners in China. Dr. H. J. Moloney, Bishop in Chekiang, was in favour of creating an endowment fund by means of railway construction, and specially recommended the proposed Hangchow–Nanchang line, connecting the capitals of Chekiang and Kiangsi, with a branch from Hangchow to Ningpo. Mr. H. G. W. Woodhead, C.B.E., in a series of interesting articles which appeared in the “Peking and Tien-tsin Times” in February 1925, strongly advocated the application of the Indemnity funds to three main objects: Educational grants, Chihli River Conservancy and the Canton–Hankow Railway. Mr. E. S. Little, who has spent many years in China, also emphasised the pre-eminent importance of the Hankow–Canton Railway, and strongly recommended that a portion of the Indemnity be spent on completing that line. Mr. Julean Arnold, American commercial attaché, as recently as May 1926, addressed a large and representative gathering of Chinese educationalists in Shanghai on the subject of the development of Chinese economic resources, and described railways as China’s most pressing need. He pointed out that, although Chinese civilisation is the oldest extant, China probably has a lower per capita railway mileage than any other country. Six-sevenths of China’s population live in one-third of its territory because of the inadequacy of internal communications. Vast stretches of fertile lands are unoccupied and undeveloped for lack of railways. “It is not unreasonable,” he said, “to suppose that China will require 100,000 miles of railways to take care of its pressing economic transportation needs. This would involve an expenditure of at least 5 billion dollars gold. However, every 100 miles of railways constructed in China should not only pay for itself, but provide earnings sufficient to pay the expenses of an additional 100 miles.” Mr. Arnold wisely added, however, that these calculations were based on the supposition that the railways would be well
administered, and that their revenues would be used entirely for railway purposes.

Another eloquent appeal for railways, and for the expenditure of Indemnity funds thereon, was published in the "North China Daily News" of the 15th March last, the views expressed being those of "a correspondent." This writer placed first in importance the completion of the Canton–Hankow line, "which would perhaps more than anything else make possible the unification of China."

After full consideration of the various railway schemes which have been brought to their notice, the delegates are of opinion that the view which has been put forward independently by so many responsible Chinese and foreigners is correct; and that if Indemnity funds are to be invested in railway construction, no better choice could be made than the Hankow–Canton line. They believe that this line, if completed throughout, would tend to unify China, would open up rich areas of country to commerce and industry, would improve conditions, and would minimise the calamitous results of local famine; would give ready access to hitherto-neglected regions of great mineral wealth, and would provide useful and lucrative employment, not only for large numbers of half-starved peasants, but also for returned students and other highly-qualified graduates of engineering and technical schools, who up to the present time have had few opportunities for turning their knowledge and skill to practical account. The completion of the missing section of this railway would mean that China was at last in possession of a great trunk line from north to south, on which it would be possible to travel by train from Hong Kong to Peking, and thence to the Manchurian provinces and to Europe.

It is not to be supposed that the construction of this line could be undertaken until some preliminary obstructions have been surmounted. The two Governments of Peking and Canton seldom see eye to eye in matters of public policy, and if the scheme meets with the approval and support of the one, it may possibly be looked upon with suspicion, if not actually opposed, by the other. It is also conceivable that difficulties may arise in connection with international agreements and undertakings that still remain unc cancelled. The British obligations with regard to the banking group known as the Consortium must be taken into account and dealt with satisfactorily, before the scheme can be approved. But the construction of this railway would obviously be of very great benefit to China and her people; and as soon as the statesmen of North and South China have come to an agreement, the difficulties that exist will cease to be formidable.

In view, however, of the present deplorable state of China, it is impossible to be altogether sanguine as to the certainty of large returns from the construction of the missing section of China's great trunk line, unless satisfactory assurances are given that the rest of the line will be properly repaired and thereafter not allowed to deteriorate. Before coming to an irrevocable decision about the building of this line, therefore, the Board of Trustees might do well to insist upon two preliminary guarantees: firstly, that the new
line will not be interfered with by militarists or their subordinates, and that its revenue will not be tampered with by unauthorised persons; secondly, that the now-existing sections of the line, both north and south of the Yang-tse, will be put into a proper state of repair and adequately maintained. If such guarantees cannot be given, the only alternatives would appear to be, either to devote the Indemnity funds to some other productive undertaking, such as the Chihli River or Huai River conservancy; or to invest them in gilt-edged securities until the present chaotic conditions have passed away and a Government has been established which shows reasonable signs of stability and permanence.

It must be added in conclusion that with regard to all the schemes described above it is, of course, essential that there should be a close scrutiny of the proposals by financial authorities, and a full examination by technical experts.

PART V.—BRITISH AND CHINESE CHAMBERS OF COMMERCE.

(i.) British Chambers.

(a.) Introductory.

The announcement of the British Government at the end of 1922, that all future instalments of the China Indemnity would be paid into a Special Fund with a view to the money being ultimately devoted to purposes mutually beneficial to China and Great Britain, engaged the immediate attention of the various public bodies which were interested in promoting good relations between the two countries. They soon began to pass resolutions and draw up schemes, which were intended to assist the authorities in coming to a decision as to how the money should be spent. Among such public bodies were the chambers of commerce; and in view of the close commercial relations between China and Lancashire, it is not surprising that one of the first of the chambers to announce its opinions on this matter was that of Manchester. As early as April 1923 it addressed a letter to the Marquess Curzon, then Secretary of State for Foreign Affairs, making a series of suggestions which evidently based on a sound knowledge of conditions in China, and which have constantly reappeared among the recommendations and suggestions put forward more recently in both countries.

The Manchester Chamber was not in favour of large numbers of young Chinese students being sent to England. It was of opinion that "a few Chinese should be invited to England for post-graduate courses, but the candidates should be very carefully chosen and the selection should be strictly limited." It approved, however, of the education of Chinese in British schools and colleges in China; and of a proposal to establish a technical college in China, mainly with a view to the development of existing native industries. It was also in favour of assisting and encouraging British medical work in China; and of founding Chairs of Chinese at British universities,
or adding to the endowments of those already existing. Professors of Chinese in England might with advantage give public lectures on Chinese life and customs. Finally, the chamber recommended that students of the applied arts in both China and England should be encouraged to study their special subjects in each other's country. British youths, therefore, should be awarded scholarships for travel in China.

(b.) The Associated British Chambers of Commerce in China.

The attitude of the various British Chambers in China has undergone certain modifications since the matter of the remission of the Indemnity first came under discussion, and to understand the matter fully we must go back to a date prior to the British Government's formal announcement at the close of 1922.

At their annual conference in November 1919, the Associated British Chambers of Commerce in China announced that they attached "the utmost importance to the education of Chinese on British lines"; and urged that the British Government, either by a remission of a portion of the Indemnity, or by other means, should come to the aid of British educational institutions for Chinese in the Far East, and make provision for the education and vocational training in England of "adequate numbers" of "selected Chinese students." At the same time the Chambers realised that they could not expect the British tax-payer to shoulder the whole burden; for they also drew the attention of British merchants in China to the necessity for unified effort on their own part to ensure the adequate maintenance and development of British educational and medical work in China, and invited them to contribute to a fund—to be administered and distributed by a Central Committee, nominated by the Associated Chambers—for the support of such institutions as the committee might nominate. It was further decided that the efforts of the committee (afterwards known as the Donations or Education Committee) should be concentrated on the support of "British schools giving a high-class secondary education to Chinese students," and on the subsidising of those British medical missions which were at that time in financial difficulties owing to the unfavourable exchange, &c. It was finally resolved that a certain proportion of the funds contributed should be set aside as a reserve fund, from which contributions might be made for such charitable purposes, other than educational and medical, as seemed to have "a specially strong claim to the sympathy and assistance of British merchants in China."

Action was taken on the lines indicated in these decisions and resolutions, and with the advice and assistance of such educational authorities as Sir William Brunynate, Vice-Chancellor of the University of Hong Kong, Dr. Lavington Hart, the Reverend Bernard Upward, the Reverend C. G. Sparham and Dr. Macgillivray, a scheme was drawn up for the allocation of funds, and a list prepared of deserving institutions. Here it may be mentioned that, up to February 1923, 30,000 dollars had actually been paid out of
the Chambers of Commerce Fund to eighteen British missionary secondary schools in China; and 20,000 dollars had been handed over to medical missions. A list of the schools selected by the Committee of the Chambers may be of interest, as indicating those institutions which, after full investigation, were believed by the committee to be deserving of assistance. The eighteen schools in question were Griffith John College, Hankow; the United Methodist College, Wenchow; the English Methodist College, Ningpo; Trinity College, Ningpo; Farthing Memorial School, Taiyuan; Wesley College, Wuchang; Irish Presbyterian Middle School, Hsinmin, Manchuria; Anglo-Chinese College, Amoy; London Mission Boys' School, Peking; Manchurian Christian College, Mukden; Medhurst College, Shanghai; Friends' High School, Chungking; Anglo-Chinese School, Kaifeng; Holy Trinity College, Canton; Westminster College, Chuanchow; Anglo-Chinese College, Swatow; Trinity College, Foochow; Anglo-Chinese College, Tien-tsin. In 1926 (the last year during which funds were available for distribution) the schools subsidised included all those named, and in addition three other institutions—Yingwa College, Hong Kong; Ch'un Te School, Peking; and the University of Hong Kong.

As soon as it was officially announced that the outstanding portion of the British share in the Indemnity was to be applied to purposes beneficial to both countries, the Associated Chambers declared themselves of opinion that the purpose to which the funds could most usefully be applied was the support of efficiently-conducted secondary schools in China under British control, with subsidiary provision for the development of "feeder primary schools." They also advocated the provision on a generous scale of scholarships from the "feeder primary schools" to the secondary schools, and from the latter to the University of Hong Kong and—more especially for post-graduate work—to Universities in Great Britain.

The resolutions embodying these recommendations were passed at the annual conference in 1923 (February). It was further resolved at the same meeting that "this conference would be glad to see the University of Hong Kong placed in a position financially to meet the obligations likely to be placed upon it; that financial support should be given to technical education in China on British lines, and to the provision of scholarships tenable in England for the study of special processes; that the education of Chinese girls and women should be regarded as 'an essential complement to the education of Chinese youths on Western lines'; and, finally, that an organisation should be created in China 'to aid in the distribution of the monies available' and that in such an organisation there should be provision for the adequate representation of Chinese opinion."

A year later, in February, 1924, the conference urged that definite steps should be taken without further delay to give effect to the intentions of the British Government to remit the Indemnity, and that, pending a final decision as to how the money was to be applied, part of it should be placed at the disposal of the Education Committee of the Associated Chambers with a view to the continua-
tion of their grants in aid of British educational and medical institutions in China. This suggestion met with no response, presumably because the British Government had already decided upon a course of action which necessitated the passing of an Act of Parliament; and meanwhile the money was deposited in the bank and was not available for use.

The fund at the disposal of the Chambers of Commerce had been distributed in accordance with a five years' programme, and by 1926 the money was exhausted. By this time the view of the Associated Chambers on the subject of the education of Chinese had undergone some modification; but they were still of opinion that those schools, which had been assisted so long by their fund, should continue to receive assistance from the Indemnity money, and recommendations to the Indemnity delegation were made accordingly.

As the delegates had opportunities, of which they gladly availed themselves, of ascertaining the present views of some of the British and Chinese Chambers of Commerce on the various matters with which they had to deal, a brief account of those views may be of interest.

(c.) The Shanghai British Chamber of Commerce.

The Shanghai British Chamber, which is the principal Chamber of Commerce in China, besides advocating the support of British institutions in China, including those which had already received grants from the Associated Chambers' fund, refrained from recommending the application of Indemnity money to general educational purposes. But it supported the suggestion concerning the establishment of a textile technical school (to which further reference will be made in Part X), and the proposals to make provision for the specialised training of Chinese in electrical, chemical and mining engineering, in flour-milling and such other industries as were already established in China. It also approved of the training of experts to give a practical introduction of modern agricultural methods, sericulture, &c., to Chinese farmers. It was in favour of proposals, which had already been put forward elsewhere, to devote a large portion of the Fund to river conservancy work in Chihli and the Huai Valley. The chamber was not enthusiastic about railway construction in present conditions, because it believed that railways would merely be used by the militarists for transport purposes and for financing their armies. It pointed out that, given peaceful conditions and a stable Government, there would be no lack of capital for railway construction.

(d.) The Hankow British Chamber of Commerce.

The delegation visited Hankow towards the end of March, and interviewed a deputation from the British Chamber there. This chamber had already, at its annual meeting in 1925, given public expression to the view that, until there was in China some responsible Government or representative organ with which Great Britain could negotiate, the matter of the disposal of the Indemnity should
be left in abeyance, and, meanwhile, that the funds should be allowed to accumulate, or should be safely invested for the benefit of the Chinese people. At the annual meeting held in March 1926, only a few days before the arrival of the delegation, the resolution embodying this opinion was reaffirmed. Mr. A. E. Marker, chairman of the chamber, observed that the events of the past year had "shown the futility, at any rate from our point of view and in the present state of China, of proceeding with the original scheme of education." He could think of "no scheme of education which could possibly be acceptable to both China and Britain, and could therefore comply with the condition that it should be mutually beneficial to the two countries." He acknowledged, however, that as the delegation was already in China, the Hankow Chamber would probably achieve nothing by "a merely negative attitude," and that something constructive was called for.

The interview between the Indemnity delegation and the deputation from the chamber of commerce took place on the 5th April. By this time the "something constructive" had taken shape, and the chamber announced its conversion to the view that the Indemnity money should be invested in industrial enterprises in China, the proceeds of the investment being devoted to education and to such other purposes as might be decided upon. Support was given to what was described as "the local Chinese suggestion" that the capital should be invested in industry and communications, and in the erection and equipment of adequate machine shops, where the material required for the construction of railways and rolling-stock could be assembled and to some extent manufactured. The chamber also approved of the project of raising Government loans for the construction of a railway or railways, the main security for which would be the railway itself, while the Indemnity fund could be used as a collateral security. According to this plan, both amortisation and interest on the loan would have to be provided by the railway, payment being made out of the Indemnity fund only in case of default. As the service of the loan was met, so the annual Indemnity instalments would be released for other purposes. The chamber considered that the administration of the railway or railways should be under a board of control, on which the Indemnity Committee would be adequately represented. This board of control would function as long as any part of the loan was outstanding, and a contingent liability, therefore, of the Indemnity fund existed. Of the various railway projects under consideration, the chamber thought that preference should be given to the Hankow–Canton scheme.

As to education, the chamber stated that its attitude would depend upon the measure of British influence or control. It believed in the value of British education, particularly in the formation of character and in the teaching of discipline. It desired to see a start made with primary education, allowing for the development of an adequate system of feeders for the existing secondary schools out of organised primary schools. It did not favour the training of Chinese students abroad on a large scale. In view of the fact that

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fully 80 per cent. of the Chinese people were agriculturalists, special attention should be paid to the diverse requirements of the farm. The chamber was also of opinion that, if money were to be devoted to educational purposes, full consideration should be given to the existing British missionary colleges. It was felt that their work had been successful, and it was desirable that it should continue and expand. Whatever was done for education should be done on an endowment basis, so that this work would not eventually lapse.

(e.) The Tien-tsin British Chamber of Commerce.

The Tien-tsin British Chamber of Commerce has taken a prominent part in the discussion on the subject of the Indemnity. In February 1925 it passed a resolution to the effect that, while it was in favour of the principle of adequately supporting existing British educational and medical institutions in China, it considered that the bulk of the money should be devoted to purposes which would help China to recover economic and political stability, such as river conservancy and reclamation plans, and also the improvement of communications as soon as the state of the country should justify such expenditure. The resolution indicated the departure of an influential section of British opinion in China from the hitherto accepted policy of devoting the Indemnity funds wholly to educational purposes. This change of view was strongly reflected in a series of interesting articles, written by Mr. H. G. W. Woodhead, C.B.E., in the "Peking and Tien-tsin Times"; and there was an immediate response in England from the Federation of British Industries, which issued a memorandum strongly supporting the views of the Tien-tsin Chamber of Commerce, and opposing the application of the bulk of the funds to educational purposes.

The reasons which impelled the Tien-tsin Chamber to adopt this attitude were indicated in the speeches which were uttered prior to the passing of the above-mentioned resolution. Of special interest were the remarks made by Dr. Lavington Hart, himself an educationalist of high repute and Principal of a successful Anglo-Chinese College. He pointed out that "two years ago we were generally under the impression that China welcomed the aid that had been given to her in educational matters, and appreciated the efforts of foreigners to contribute to the training of her rising generation. To-day we can scarcely flatter ourselves with this delusion. At a meeting held in the autumn in a neighbouring province of leaders among the Chinese educators certain resolutions were passed, which it was hoped would be adopted by the Ministry of Education and thus become law. According to these recommen-

* As early as March 1923, Mr. E. C. Peters, the delegate of the Chamber of Commerce of Tien-tsin at the Shanghai Conference of British Chambers of Commerce, expressed the opinion of the Tien-tsin Chamber that "the education of Chinese as outlined in the 1921 Report of the Association is of doubtful utility to Chinese and British interests."

† The reference is to the Conference of the Chinese National Association of Education, held at Kaifeng, Honan, in October 1924.
dations, the activities of foreign educators would soon be brought to an end, on the strength of the discovery which these men purport to have made that the object of foreign education is to destroy the patriotism of the Chinese and undermine their independence, so that annexation of the country may become the more facile. All the educational work is purely subsidiary to this political end. With that in view, all foreign schools and colleges are to be under the direction of the Ministry of Education; such as are not, are to be closed and no further foreign schools are to be allowed to open. It must be agreed that, if views such as those are held by the Chinese, although they have not become law as yet, the situation is different from what we imagined it to be when the chambers of commerce met two years ago.

At its annual meeting in February 1926, held at a moment when the Indemnity delegation was about to begin its work of investigation, the Tientsin Chamber reaffirmed its resolution of the preceding year.

In the following May the delegation visited Tientsin and received a deputation from the British Chamber on the 31st of that month. On this occasion the chairman of the chamber (Mr. D. B. Walker) read the resolution of 1925, and explained that the chamber was not in favour of encouraging the foundation of new educational institutions with Indemnity money; and that, in recommending the support of existing institutions, the chamber referred only to such institutions as recognised and acted upon the principle that the great aim of education was not the instilling of knowledge per se, but the forming of character and the enforcement of discipline. In recommending the support of conservancy and reclamation plans, and the development of communications, the chamber had in view measures for irrigation and flood-prevention, whereby untold benefits would be conferred upon millions of Chinese agriculturists, "who constitute the backbone of the nation, who give it all the stability it has, and who, after all, provided the funds which are now being remitted." As to communications, the chamber wished to lay emphasis on its proviso, "as soon as the state of the country would justify such expenditure."

(f.) The Chefoo British Chamber of Commerce.

The British Chamber of Commerce at Chefoo sent the delegation a short memorandum in which it advocated the claims of sericulture, especially in connection with the work of the Chefoo Silk Improvement Commission. Further references to this request will be found in Part VII. The chamber also urged the necessity of building the projected railway between Chefoo and Weihsien, which would connect the port with the Tsingtao-Tsinan Railway. An embankment for this line already exists, having been built out of famine relief funds, but it is at present practically monopolised by a Chinese motor-car company. This railway project originated as long ago as 1868. Between 1908 and 1914 surveys were made and preliminary
work done which would probably have resulted in the completion of the line long ago, had not the European War closed the foreign money-market and rendered it impossible to finance the scheme.

(g.) The Peking British Chamber of Commerce.

The views of the Peking British Chamber of Commerce are in substantial agreement with those of the Tien-tsin Chamber. It advised that the available funds should be applied to the education of Chinese on British lines and to British medical work in China, subject to the reservations (1) that in view of the Chinese antipathy to the spread of foreign-controlled education in China, the money should be spent only in subsidising existing institutions and not in adding to their number; (2) that the number of students to be sent to England should be strictly limited to those who are not likely to swell the ranks of unemployed returned students; and (3) that in view of the notoriously hostile attitude towards foreign rights and interests adopted by large numbers of the students of Chinese schools and colleges, in no circumstances should funds be devoted to Chinese State schools or given to the Chinese Government for their own educational purposes, as such application of the funds would be, in the opinion of the Chamber, inimical to British interests. Hong Kong University was regarded as a proper object for assistance.

The Peking Chamber further recommended that after provision had been made for the above educational projects, the surplus of the Indemnity fund should be used for river conservancy, land reclamation and communications, as proposed in the Tien-tsin resolution. It was added, however, that the building of railways out of Indemnity funds was liable to involve considerable difficulties and complications, and that the construction or improvement of roads and waterways, especially as feeders for railways, would provide an equally desirable outlet for the funds.

(ii.) Chinese Chambers.

(a.) The Shanghai Chinese Chamber of Commerce.

The views of the Chinese Chamber of Commerce at Shanghai were presented at a meeting held on the 22nd April. The following is a summarised rendering of the Chinese written memorandum:

Emphasis was laid on the fact that the vast majority of the Chinese people were farmers, and that social and political stability depended on whether the interests of the farmers were properly looked after. For some time past they had suffered grievously from natural calamities and the evils of militarism, hence the economic problem with them was now very urgent, and the consequent instability of the social structure threatened the safety
of the whole country. The improvement of the economic condition of the masses of the Chinese people should therefore be the first concern of those with whom rested the distribution of the Indemnity fund.

The chamber suggested five courses of action as likely to lead towards the desired end:

1. The encouragement of mass emigration from the over-populated regions of eastern and central China to the under-populated north-west, where vast tracts of land awaited the plough. By this means the present congestion of population in certain regions would be relieved, the available supply of food-stuffs would be enormously increased, and great numbers of robbers and disbanded soldiers, who were not criminals by nature, would be absorbed into peaceful husbandry.

2. The teaching of new and improved methods of cultivation. However industrious the farmers of the densely-populated areas might be, their agricultural methods were obsolete and the crops produced by them were far below what they should be in both quality and quantity. The supply of food-stuffs being unequal to the demand, prices rise above the purchasing capacity of the labouring classes. This is one of the principal factors in bringing about the strikes for higher wages that are now so frequent.

3. The improvement of industrial methods, so that the Chinese may learn how to produce the goods they now have to import from abroad. The raw material of such goods is often produced in China itself, yet has to be sent out of China to be turned into manufactured goods. China should manufacture such goods herself.

4. The opening of adequate numbers of weaving mills, so that the present monopolisation system which simply aims at the payment of large dividends to a limited number of shareholders, may be destroyed. The greater the number of mills, the severer will be the competition among them, and the result will be a great fall in prices.

5. The improvement and development of means of communication throughout the whole country, so that farmers may freely exchange their produce for the articles they want from distant regions, famine-stricken districts may quickly receive help from provinces which have grain to spare, and time and money may be saved in travel and in the transportation of goods. A portion of the Indemnity fund, therefore, should be employed in the construction of railways and in the completion of those left half-finished. The Canton–Hankow Railway was one that should be completed.

As to the question of control, the chamber was of opinion that the funds as released by the Inspectorate-General of Customs in
monthly instalments should be deposited in a trustworthy Chinese bank, and the power of drawing and using the funds should be vested in a Committee of Control consisting of British and Chinese members, of whom at least two-thirds should be Chinese. The Chinese members should be elected by the chambers of commerce, the agricultural interests and the educational associations.

(b.) The Hankow Chinese Chamber of Commerce.

At the annual meeting of the Hankow Chinese Chamber of Commerce, held in the spring of 1926, a resolution was carried to the effect that telegrams should be sent to the Chinese Chambers in Peking, Tien-tsin, Shanghai and other principal cities, urging them to join in advocating the employment of the British Indemnity Fund in the development of Chinese industries.

Shortly after this, and not long before the arrival of the delegation at Hankow, the Chinese Chamber informed the Committee of the British Chamber that in view of the present condition of the country it was strongly opposed to the principal of the Indemnity money being spent on education. This was followed up by a letter, dated the 1st March, from the Chinese to the British Chamber, from which the following is an extract:

"We all appreciate what your Government is doing for the good of this country.

"As you know, China has a big mass of land and a great population, but is slow in development, which is due not only to poor education, but also to poor industries and bad communications.

"Development of industries and construction of railways are the most important things to be done in China now. If these are successfully carried out, good returns can be expected therefrom, and a portion of the profits from these two sources can be set aside as a foundation fund for education. This seems to be the best way of utilising the returned Indemnity fund.

"Besides writing to Viscount Willingdon and his mission, welcoming them to Hankow to take up this matter with us personally, we shall feel much obliged if you will kindly give us your support and co-operate with us in an attempt to have our proposition accepted by the Investigating Mission."

A similar letter was addressed to the delegation itself, and the views therein contained were stated in fuller detail at an interview which took place at Hankow on the 1st April between the members of the delegation and a deputation from the Chinese Chamber. The deputation was accompanied by representatives of five other commercial and banking institutions of the Province of Hupeh, who stated they unanimously agreed with the chamber of commerce in its opinion that the Indemnity funds should be used for the development of communications (railways and roads) and industry.
Questioned as to their views regarding the control of such funds as might be available for the purposes named, they said that Chinese opinion, as a matter of course, was in favour of exclusive Chinese control, but suggested as a compromise that control might be vested in an Anglo-Chinese Board of Trustees, constituted after the precedent of that which administered the American Indemnity Funds. The deputation agreed that education might fittingly be supported out of the proceeds of the railways, the construction of which would therefore be a form of investment. The Wu-han cities (Hankow, Wuchang, Hanyang) were unanimously of opinion that the most urgently needed railway was that which would complete the trunk line from Hankow to Canton.

(c.) The Peking Chinese Chamber of Commerce and the Associated Chambers of Commerce of China.

A deputation from the Peking and the Associated Chambers attended a meeting of the delegation at Peking on the 12th June. No great stress was laid on the actual uses to which the money might be put, indeed the deputation did not appear to have any very strong or definite opinions on this subject, though it inclined to the view that the choice would necessarily lie between railways, education, river-conservancy and charitable works. It believed that the important matter was not so much how the money was to be allocated as how it was to be administered and controlled. The British, it thought, had a right to indicate, within broad limits, how the money was to be spent, and they also had a right to see that such measures were adopted as would prevent the misapplication or misappropriation of the fund, but control and administration ought to rest entirely with a committee which should be representative of public bodies or organisations such as the Associated Chambers of Commerce, the Federation of Provincial Legislatmes, the Federation of Educational Associations, the Y.M.C.A. National Committee and the National Christian Council of China.

(d.) Other Chinese Chambers of Commerce.

Three other Chinese Chambers of Commerce—those of Nanking, Chengtu and Canton—besides the National Federation of Chinese Chambers of Commerce, made their views known to the delegation through the Board of Communications in Peking. It is unnecessary to deal with them separately, as all advocated the same thing, and did so in almost identical language. They were unanimously in favour of devoting the Indemnity to railway construction. Chengtu—the capital of Szechuan—naturally asked for the Ch’uan-Han line (Szechuan to Hankow), while Canton, as might have been expected, emphasised the paramount importance of the Hankow—
Canton line. The views of these chambers were strongly supported by resolutions passed by at least two Provincial Assemblies—those of Hunan and Sinkiang. It is not surprising to learn that the Sinkiang (Turkestan) Assembly strongly maintained that the line which ought to take precedence of all others was one which would link up that remote province with the existing railway system of China. From a purely political point of view, perhaps it was not far wrong.

Nearly all the Chinese Chambers of Commerce and other public bodies which advocated the application of Indemnity money to railway construction expressed their readiness to see the profits of the proposed railways devoted to educational purposes. There is no reason to doubt that in some cases this was from a genuine desire to promote educational interests; but it may be suggested that in other cases there were two motives at work in addition to zeal for the advancement of learning. In the first place, the railway advocates thought (no doubt rightly) that in view of the strong influence of the educationalists in the political world, they would be much more likely to carry their point if they agreed to devote the railway profits to education than if they suggested other uses for such profits. In the second place, by giving the powerful educational associations and the extremely active and influential student organisations a direct interest in the commercial success of the proposed railways, they would be insuring such railways against undue interference by militarists. Every military chief who cast covetous glances at an Indemnity-built railway, or showed a disposition to treat it as his private property, would undoubtedly have to face the strenuous and perhaps violent opposition of organisations which had already proved themselves able to expel Cabinet Ministers from office, to direct or change the course of public policy, and to rouse popular fury against "traitors" and other public enemies.

PART VI.—PRINCIPLES ADOPTED BY THE DELEGATION AND GENERAL RECOMMENDATIONS.

Though the general principles which were finally adopted by the delegation, and the advice and recommendations based on those principles, which it decided to offer to the Statutory Committee, are few and simple in character, this does not mean that the task of arriving at these decisions was a light or simple one. Recommendations as to how the Indemnity fund should be disposed of poured in upon the delegation in great numbers from all parts of China, and in smaller quantities from other parts of the world as well; and during its sojourn in China hardly a day passed in which individuals, or representatives of institutions or organisations, did not seek to convince them that the particular schemes and proposals which they sponsored, were the wisest, the most advantageous, and altogether the most desirable that could be devised.
A very brief account of a small number of the various plans and recommendations that were put forward must suffice for the purposes of this report, if it is not to be swollen to unwieldy dimensions. One suggestion, which would have simplified the task of the delegates very much, had they seen their way to adopt it, was that the whole of the existing fund, together with all future instalments of principal and interest, should be deposited in the bank and allowed to accumulate until China possessed a stable Government; and that, when that happy day arrived, the whole amount should be handed over, absolutely and unconditionally, to that fortunate Government's accredited representatives. This proposal, which was endorsed by at least one of China's veteran statesmen, was rejected by the delegation for the same reasons that induced the British Chamber of Commerce at Peking to reject it when it was suggested to them. The chamber pointed out that, however deplorable present conditions might be, they did not prevent the carrying out of various enterprises which were undoubtedly of great benefit to the people. In various parts of the country, for example, Conservancy Boards existed, which included foreign representatives and had the help of foreign engineers. Moreover, there was one organisation—the China International Famine Relief Commission—which was actively engaged in such work as the building of dykes and roads, and to which funds for these and similar purposes could be entrusted with every confidence that they would be properly used. To these considerations the delegation would add the following: If the funds were to be withheld on the ground that China was in a state of chaos and that the Government was unstable, it was more than probable that those whose delight it seemed to be to misrepresent the actions and intentions of Great Britain would make it their business to suggest that the British Government did not intend to return the money to China at all, as it could always excuse itself from doing so by declaring that China was still in a state of disorder. In a country of the great size of China there are always sure to be local disturbances somewhere, and these could be pointed to by Great Britain as evidence of the truth of her contention. Moreover, no Government likes to be told by another Government that it is unstable; and if Great Britain were to draw the world's attention to this instability as a reason for withholding the Indemnity fund, she might lay herself open to the charge of offering China a gratuitous insult.

Another suggestion, which was rejected as promptly as the foregoing, was one which reached the delegation from Nova Scotia, to the effect that the money should be spent in establishing a Chinese constabulary force under British officers in a selected area, and that the force should gradually extend the sphere of its activities over other parts of China, suppressing brigandage and creating peace and order as it went along. A missionary in Szechuan proposed that the whole of the British share of the Indemnity (and, if possible, the shares of other countries as well) should be devoted to the construction of carriage-roads through the length and breadth of China. Many worse
suggestions than this have been made. There is, indeed, a National Road Construction Association of China, which believes that what China needs more than anything else is good roads, as they are 'a harbinger of the development of education, industry and commerce, and also the best means to solve the complex questions of banditry and soldiery, or political questions.' The association publishes a periodical named 'The Good Roads Monthly.'

A British subject, engaged for many years in educational work in the East, suggested that the fund should be used for the education of British children in China. He did not clearly indicate in what way this would be of special benefit to the Chinese people.

A proposal emanating from sympathisers with the sufferings of the Manchus was to the effect that part of the fund should be applied to the improvement of the economic condition of the members of the former 'Eight Banners' of the old Imperial army.

Educational schemes of all kinds, some of them worthy of careful consideration, others obviously foolish, were submitted in large numbers, and can be studied at leisure by the members of the future Board of Trustees. Very numerous, too, were the schemes for medical work, for improvement in agricultural methods, for forestry and arboriculture, for sericulture, &c., but most of these were rejected in favour of the more carefully thought-out projects which will be mentioned in other parts of the report.

There are many benevolent and philanthropic institutions in China, some under Chinese, others under foreign, control, which the delegates would gladly have recommended for financial grants from the Indemnity fund, had they felt at liberty to do so. Among these they would place the Shanghai Mission to Ricksha-men, which is under the very competent management of Mr. George Matheson. No appeal for funds was put forward by this mission, but the delegation is satisfied that such funds as might be granted to it by the Board of Trustees would be well employed.

The first of the provisional decisions arrived at by the delegation were these:

1. That "considerable sums" should be spent annually on grants to educational work.
2. That the present accumulations in the bank since December 1922, in addition to an annual sum to be agreed upon, should be set aside as a permanent endowment fund to be invested in some useful, national productive undertaking, yielding a sufficient sum to enable the educational work to be carried on after 1945.
3. That a research institute "with its requisite accessories" should form a fundamental part of the scheme (see Part VIII).

The general understanding was that a very liberal interpretation should be placed upon the foregoing principles, and that the
term. "educational work" should include medical instruction, agricultural improvement, forestry, &c. (These were subsequently provided for under separate heads.)

The next stage was reached some days later, when two more "general principles" were agreed to. They were as follows:

1. That a sum not exceeding £5,200,000, and not less than £3,500,000, should be made available during the years 1927–31 for investment in some productive, constructive work in China, to be a permanent endowment, the returns from which should be used to carry on the educational and other work which might be decided upon.

2. That the balance of all the available funds should be applied directly to educational work during the years 1927–45.

For full details as to how the delegation dealt with the question of an endowment fund, see Part III.

The question of the future administration and control of the fund was one of the most important with which the delegation had to deal, as it was necessary to come to some provisional conclusions on this subject at an early date, because the criticisms made and the questions asked by the Chinese press, by educational associations and by many organisations and individuals made it clear that the intentions of the British Government in this matter were greatly misunderstood. The recommendations of the delegation, which will be dealt with in detail in Part XI of this report, were broadly to the effect that the Board of Control should be in China; that it should consist of eleven persons, of whom six should be Chinese; that it should be given full powers of administration and control within the limits set by the general principles laid down for its guidance by the Statutory Advisory Committee; that the Secretary of State for Foreign Affairs, having once accepted the recommendations of the committee and of the appointment of the Board of Trustees, should exercise no further control over the management of the fund; and that the Advisory Committee should be dissolved.

The final decisions of the delegates as to the advice to be offered by them to the Statutory Committee with regard to the distribution of the funds were the following: The main heads, under which allocations were to be made, were Agricultural Improvements, a Science Research Institute, Medicine and Public Health and Education; and it was agreed that the percentages of the available funds to be allocated to each of these main heads should be as follows:

| Percent. | Agriculture education and improvement (including 5 per cent. for famine relief and rural credit) | 30 |
| Scientific research (i.e., provision for a science institute) | 23 |
| Education in medicine and public health | 17 |
| Other educational purposes (including increased grants in aid of any of the above-mentioned heads), and also including administration expenses, &c. | 30 |
It was specially declared by the delegation that these percentages were for the general guidance of the Board of Trustees, and to convey to them the conclusions of the delegation with regard to the relative importance—from the point of view of the distribution of the Indemnity fund—of the various objects or activities named. For example, if the Board of Trustees should be of opinion that a portion of the allocation to "Other Educational Purposes" might with advantage be transferred to the head of "Agricultural Education and Improvement," or to that of "Education in Medicine and Public Health," or to "Scientific Research," they should not consider themselves debarred from effecting such a transfer.

Parts VII, VIII, IX and X of this report will deal in detail and in turn with each of the four main heads of expenditure named above.

With regard to the proposed expenditure on educational and medical work, the delegation decided that it must leave to the future Board of Trustees the duty and responsibility of distributing the available funds among the different educational and medical institutions that might be considered suitable objects for assistance. It must also be left to the board to consider what proportion of the educational funds should be spent on sending Chinese students to universities in the British Empire.

The question whether colleges and hospitals founded by, or under the control of, missionary societies should be allowed to benefit from the Indemnity fund was fully considered, with special reference to what has been described as the "Self-Denying Ordinance," imposed upon themselves by certain societies in England. As is well known, they announced that they had decided not to make any appeal for money from the fund; and that, if any money were offered to them, they would be prepared to accept and use it only on condition that the Chinese authorities concerned gave their fullest consent to the arrangement. The resolution passed by the London Missionary Society was typical, and may be quoted in full:—

"That the directors of the London Missionary Society rejoice at the decision of the British Government to release the unpaid instalments of the Boxer indemnity, and to apply them to the cause of education (and possibly medical work) in China. The directors are confident that the aims which the Government have in view will be best attained by taking responsible Chinese into the fullest consultation at every step. The London Missionary Society desires to inform the Government that it is not its intention to make any application for any grants from the Indemnity fund for the support of its schools and colleges in China. It has every confidence that the committee to be appointed under the Indemnity Bill, now before Parliament, will make a full investigation of all the facts, before making any proposals for the distribution of the funds available. The society will gladly put at the disposal of any such committee
all information as to its educational work in China, and all knowledge and experience in the matter, which its agents have acquired.''

In answer to a request made by the chairman of the delegation for further information regarding the intention of the Directors of the London Missionary Society in framing this resolution, the secretary of the China Advisory Council of that society, the Rev. C. G. Sparham, wrote as follows:—

"As I found that the action was differently interpreted by different people, I wrote to our headquarters asking for more definite information, and learned that the intention of the directors was as follows:—

1. That the London Missionary Society would not put forward any request for assistance from the fund.

2. That it was entirely permissible for missionaries to show the educational work of the society to the commission should opportunity occur, to give full information with regard to it, or to render any other assistance within their power to the commission.

3. That if without any request being made, the commission, with full approval of its Chinese representatives, should consider the work in need and worthy of financial assistance, such assistance might be received.

"May I further say that I have discussed this matter with leading Chinese educationalists, and find their position to be that assistance to schools and colleges should be considered, irrespective of any questions of the religious affiliations of the institution."

With regard to the concluding paragraph of Mr. Sparham's letter, it may be said that the members of the delegation share the opinion of the "leading Chinese educationalists" therein referred to. They believe that those who are to be entrusted with the responsibility of allocating educational grants, should be guided by their own judgment regarding the value and importance of the work that is being done in the institutions that need assistance, irrespective of whether they have or have not missionary affiliations. This being so, neither the Chinese nor the British members of the delegation hesitated to visit educational, medical and other institutions in Shanghai and elsewhere which were connected with missionary bodies, and notes on some of these institutions will be found in the Appendix. Here it may suffice to call attention to the work of a non-scholastic institution which was founded under Christian auspices and is doing good work in Shanghai—the Christian Literary Society. It exists for the purpose of translating good Western books (not necessarily religious in character) into Chinese. Some time ago this society applied for
a grant from the Indemnity fund, but, subsequently, in a letter from the general secretary (Dr. D. Macgillivray) to the Foreign Office, dated the 30th January, 1926, withdrew its application. To quote the words of Mr. Evan Morgan on this subject:

"The society thinks on the whole that the best interests of its operations will lie in a self-denying ordinance, and that it should depend wholly on voluntary contributions in its philanthropic work of preparing literature helpful to the Chinese. This decision it shares with all the missionary societies of Great Britain."

However, he adds that if the China Indemnity Committee think the cause of literature is so important and the preparation of good books is one of the means to enlighten and strengthen the people, and it should desire of its own free will to aid this branch of philanthropy and see it adequately supported, then the Christian Literature Society would do its best to further the aims of the committee and carry out its wishes in the matter of the preparation of literature that will be both elevating and informing."

PART VII.—AGRICULTURAL EDUCATION AND IMPROVEMENT AND FAMINE RELIEF AND RURAL CO-OPERATIVE CREDIT.

(i.) Agricultural Education, &c.

(a.) General.

It is recommended by the delegation that 30 per cent. of the available income of the Indemnity fund be used for "agricultural education and improvement," and that this 30 per cent. should include 5 per cent. in aid of famine relief and rural co-operative credit.

According to the usual estimate, about 80 per cent. of the population of China is engaged in agricultural pursuits. There is no room for doubt, therefore, that any portion of the Indemnity fund which is applied to the more urgent needs of the farmers will be used for the benefit of by far the largest class, as it is generally admitted to be the most deserving, of the people of China. China is so vast a country, and the agricultural needs of different regions are so various, that, if the money is not to be largely wasted, or spent in merely palliative measures that would be transitory in their effect, it is necessary to formulate some coherent and comprehensive scheme, whereby the available funds may be most economically and most fruitfully used. Several such schemes have been drawn up and presented to the delegation. Mr. T. S. Kuo, Co-dean of the College of Agriculture and Forestry of the University of Nanking, prepared a plan of which the following are the salient points:

1. Agriculture is a regional industry and an applied science; hence, local problems must be dealt with not merely on
general principles, but with special regard to local conditions. For example, improved seeds produced at Nanking may not suit the soil or climate of Szechuen; and the results of research in Peking may not be applicable in Kiangsu and Chekiang.

2. It is better to strengthen existing institutions than to organise new ones. There are many agricultural institutions in China capable of doing good work, but greatly handicapped by lack of money. There are now eight such institutions of college grade, six of technical school grade and nearly 100 of high-school grade. The oldest of these was founded thirty years ago. There are also experimental stations in many provinces, some of them well-equipped and doing good work. It is not advisable, therefore, to found new institutions, nor is it necessary to send students abroad, as they can obtain all the knowledge and practical experience they require in their own country.

Mr. Kuo thinks that the fund could best be used for two main purposes—giving financial help to the best agricultural institutions now existing and the training and maintenance of promising young men. The institutions would then be able to provide themselves with improved equipment, to broaden their activities and to provide well-balanced courses of instruction in research work, and the best students would have leisure and opportunity to develop their capabilities.

3. Provision should be made for the further training of agricultural workers. There are large numbers of graduates from technical agricultural schools and colleges in China, in addition to Chinese graduates from similar colleges abroad, who cannot be accommodated in the existing agricultural institutions, and are too numerous for the positions that are now available for trained men. Hence much energy is wasted in the competitive struggle for such desirable posts as exist. If more opportunities for research and experimental work were created, a greater number of young men could be absorbed, and talents and energy could be applied to ends profitable to the community. But the development of research work implies, of course, the engagement of specialists to direct such work.

4. Special attention should be paid to the requirements of the agricultural population of North China, which is in the greatest need of help. "About five or six years ago," says Mr. Kuo, "I had an opportunity to investigate the northern agricultural conditions during a big drought. The conditions are simply deplorable; seeds are poor, cultural methods not up to date, farms small and management poor. Farmers manage to sustain their lives in years with full harvest. There is absolutely no
hope for saving to ensure against future famine. Thus when a famine does occur, the strong abandon their farms and seek a living elsewhere, lawful or unlawful. The weak die of hunger at home. Periodically, the northern farmers are overtaken by floods, drought, epidemic and famines."

5. More farm boys should be given a chance to study agriculture. At present most farmers are too poor to have their sons trained. Scholarships in the different grades of agricultural schools should be provided for industrious and intelligent farming-class boys.

6. The conditions of rural life should be improved, home industries fostered and popular education provided. "The life of the farmer," as Mr. Kuo says, "deserves attention as much as his crop does."

7. Research work in pure science should not be neglected, as this will help to solve various agricultural problems. (This branch of work will doubtless be undertaken by the proposed research institute (see Part VIII), though research work that has direct reference to agricultural problems must also be carried out, to some extent, in the agricultural colleges.)

Among the concrete schemes that have been put forward for agricultural development is one which provides for the subsidising and equipment of three agricultural colleges, situated in Nanking, Canton and Peking (or Szechuen) respectively. This proposal was advocated by Dr. P. W. Tsou, dean of the Agricultural College of the South-Eastern University, Nanking, and by Dr. E. L. Sun, president of the First Provincial Agricultural School in that city. Referring to the three colleges, Dr. Tsou defines their aims as these: "To render service to the Chinese farmers, to strive for improvement in Chinese agriculture, to find out the ways whereby scientific agriculture may materialise, and finally, to enable the majority of farmers to make use of the new agriculture for their own betterment. Such is the sole mission of these agricultural colleges." In another communication Dr. Tsou declares that "the most urgent need is to train an adequate number of men who can actually bear the responsibility of solving the agricultural problems of this country," and he urges that, to meet the situation, "qualified students and experienced workers should be sent abroad for scientific training, and in addition agricultural colleges should be established in north, central and southern China to devise, direct and vitalise the agricultural programme of the whole country." The first college, he says, should be organised at Nanking, on account of its central location; the second might be established three years later; and the third two years after the organisation of the second. These intervals of time are suggested because with such delays students will have returned from abroad in sufficient numbers to staff the new institutions. The nucleus of the three colleges would be the
agricultural colleges already existing at Peking, Nanking and Canton.

Dr. E. L. Sun, referred to above, supported this scheme. He was particularly interested in that part of the scheme which provides for an agricultural college for central China, and proposed that the two agricultural institutions already existing at Nanking (in addition to the Agricultural College of Nanking University) should be combined into one large and well-equipped college. The two institutions in question are the College of Agriculture of the National South-Eastern University and the First Provincial Agricultural School of Kiangsu, with its two collegiate departments of forestry and agricultural chemistry.

One of the Chinese members of the delegation (Dr. C. C. Wang) is of opinion that the money available for agricultural education will be insufficient to supply the needs of three colleges, and therefore strongly recommends the establishment of one well-equipped and well-organised college at Nanking. He considers that its annual appropriation should be not less than £40,000, and that the college should be placed under the direct control of the Board of Trustees for the Indemnity fund.

Dr. Wang also recommends that about £18,000, or say £15,000, a year should be devoted to the upkeep of each of three agricultural experimental stations in Peking, Canton and Chengtu. In this way the four principal agricultural regions of China would derive benefit from the Indemnity fund.

(b.) Sericulture.

A good deal of attention is beginning to be paid in China to the scientific study of sericulture. In co-operation with the International Committee for the Improvement of Sericulture in China, the College of Agriculture of the South-Eastern University has established a sericultural experimental station outside the Taiping Gate, Nanking. By the use of scientific methods, disease-free silkworm eggs are reared and distributed among the farmers. The college also offers seedlings of good varieties of mulberry. Over 100,000 seedlings are sold annually to Nanking farmers alone. At Kashing, Chekiang, a sericultural farm has recently been established under the auspices of the Civil Governor, and will distribute selected and improved silkworm eggs. At Soochow there is a Provincial Women's Sericultural School, and at Wusih, in the same province (Kiangsu), there has lately been founded a Sericultural Reform Society. The Chekiang Government has established in Hangchow several institutions where improved eggs are produced—the Silkworm Hatchery, the Sericultural School, the Agricultural College, the Agricultural Experiment Station and the Women's Sericultural Training School. These institutions undertake the free distribution of eggs, and the condition of insects and cocoons is periodically examined by Government inspectors.

The Chefoo Silk Improvement Commission has been doing admirable work under its administrator, Mr. A. Sugden, whose
report for its first five years of existence, ending March 1926, is of exceptional interest. The work of the commission "is based on the elimination of disease amongst the silkworms, which is attainable only by the destruction of all eggs laid by diseased mothers . . . . The Chefoo Commission has authority to prohibit the use of eggs other than those provided by it; to enforce the keeping of plantations free from disease; to examine all silk before export. It is by such methods that Japan has in recent years built up a trade in silk which has destroyed China's supremacy." The methods used for the elimination of disease in the worm are, of course, based on the results of the researches of Pasteur, whereby the silk industry of France was saved and that of Japan entered upon an era of great prosperity.

In Chefoo a College of Sericulture was opened in 1922 and has been very successful. The college has over twenty women students; both men and women students come from the silk districts of Shantung, especially those of which Chefoo is the port. The institution claims to be the only sericulture establishment working on scientific lines which is purely Chinese in origin and supported by the Chinese Central Government. Nevertheless, this and other scientific sericultural enterprises stand in urgent need of much greater financial support than they receive at present, and it is therefore hoped by those interested in the renascence of the silk industry in China that the importance of the work will not be overlooked by those whose duty it will be to allocate Indemnity funds. As to how such funds could be best applied to the encouragement of scientific sericulture, suggestions have been put forward in a memorandum which is among the documents to be handed over to the Board of Trustees. The main proposal is that the fund should subsidise the International Committee above referred to, as it is "undoubtedly best placed to serve as a central body for the distribution of funds and the direction and co-ordination of the numerous organisations working for a common cause, and thanks to its international character, the difficulties and jealousies which are apt to arise in undertakings of this nature are well provided against . . . . Thus the basis is formed for the development of this important work on the big scale on which it should be handled, and it is but the lack of funds that holds back a progressive movement which would do much to unite the interests of East and West, and bring prosperity to China and her millions."

(e.) Forestry, &c.

The agricultural problem in China cannot be dissociated from questions of forestry, the regulation of the water supply, &c. On these subjects an instructive communication has been received from the Chinese Forestry Association, the headquarters of which are at Tsinan, in Shantung. The director of the Association (Mr. D. Y. Lin) has drawn up what is described as "A Plan for the Organisation of, and the Procedure for Investigating, the Conservation of Water Resources and of making the Results of such
Investigations generally known in China.” The plan is based on the assumption that financial assistance will be forthcoming from the Indemnity fund. In a covering letter it is pointed out that the Chinese farmers “have suffered long enough on account of the lack of knowledge of the fundamental principles of water conservation, and of the working of the natural forces and processes which vitally and directly affect them.” The objects aimed at in the proposed plan are “to discover and describe the processes which reduce regional underground storage of rainfall; to determine methods and means for conserving rainfall run-off in mountainous areas and in the plains; to investigate and report on underground water supplies and on the feasibility of irrigation projects; and, above all, to call upon the public to give heed to the vital necessity of taking some definite, decisive and constructive action not only to preserve and protect such water resources for the future, but also to utilise them wisely in the present.” It is proposed to establish five or more regional water conservation research stations. These stations will be expected “to give and to receive co-operation from conservancy, river and famine relief commissions, provincial agricultural and forestry societies, the National Conservancy Board, the National Weather Bureau and the National Geological Survey. The director will be responsible for arranging for co-operation and co-ordination with such agencies.”

The cost of the plan is estimated at 25,520 dollars for the first year, when there would be only one regional station, and 45,960 dollars per annum for subsequent years, when there would be three regional stations.

Another “Plan for the Advancement of Forestry Education” has been submitted by Mr. C. F. Yao, M.Sc., M.F. (Yale), who is dean of the Department of Forestry at the First Provincial Agricultural School of Kiangsu. His proposal is that money from the Indemnity fund be applied to the advancement of forestry education at this agricultural school, “where such an education has already gained an admirable foundation.” The ends that he has in view are the training of forest officers, foresters and forest rangers; the systematic investigation of the forest wealth of China, the carrying out of forest surveys, the study of forest types, the discovery of new species of trees, &c., the promotion of forestry education; systematic experimental work in forest-planting experiments, lumbering, &c., and giving assistance to private and communal forest owners.

Another scheme (put forward by Mr. T. S. Kuo, of the University of Nanking) relates to the establishment of three demonstration centres for forestry.

(d.) Rural Economics.

It is obvious that no serious attempt can be made to grapple with China’s agricultural problems without entering upon a study of rural economics. An interesting and instructive memorandum on this subject has been submitted to the delegation by Professor L. K. Tao, of the Peking National University, formerly a student at the London
School of Economics and now secretary of the Social Research Department of the China Foundation for the Promotion of Education and Culture—the organisation which controls the American portion of the remitted Indemnity. In his covering letter, Professor Tao expressed the hope that the social sciences would not be neglected by those who have the administration of the British Indemnity fund in their hands. "If one realises," he says, "that intelligent ordering of social and political life is often much more needed than the conquest of nature, and that invention of a social technique often brings more welfare to a people than a mechanical invention, surely one would hesitate to declare that the natural sciences have a prior claim to our attention."

Professor Tao’s idea is that provision should be made for the organisation of a Chinese Institute of Rural Economics. He points out that in China immense opportunities exist for the application of modern scientific knowledge to farming and for the adoption in rural districts of modern economic processes, such as co-operative methods, people’s banks, &c. He observes that for the work of collecting accurate data for the scientific study of Chinese rural economics, a special body of trained men must be organised, and they must devote themselves solely to this work. He hopes that the promotion of an institute such as he has in view will mark the beginning of a new era in China, in which her rural conditions will be studied systematically and scientifically.

Many foreign students of things Chinese will find themselves in complete sympathy with Professor Tao when he observes that, if it is important for Chinese students to acquaint themselves with the doctrines of European economists, how much more appropriate and necessary is it for them to know the facts of the economic history of their own country, and to possess an intimate knowledge of the economic conditions in which they live.

The proposed institute, he says, must begin its work in a small way, with local surveys of limited areas, and confine itself to the most important and urgent of the subjects that come within its sphere of observation. He suggests the following activities and subjects of investigation:

1. Surveys of rural communities, including population, the arable areas, the local produce, &c.
2. Family and village life, the economic institutions of the rural community, the living and working conditions of the farmers, the village in its relation with the outer world.
3. The technique of agriculture at present employed in the village communities, the possibility of introducing modern methods of cultivation.
4. Rural education.
5. The cultural aspect of rural life.

It is to be hoped that the proposed research institute will cover all the ground so admirably indicated by Mr. Tao, and thus render unnecessary the foundation of a separate institute.
A further discussion of rural economics and other problems affecting the agricultural classes is contained in a letter from the Department of Agriculture in Yenching University.

(ii.) Famine Relief and Rural Co-operative Credit.

(a.) Famine Relief.

The problem of famine relief has already been referred to in other parts of this report, more especially in connection with conservancy. In coming to the conclusion that a portion of the Indemnity funds should be set aside for famine relief purposes, the delegation was prompted by its knowledge of the terrible sufferings of the people in thickly populated famine stricken areas, and of the vast amount of good that can be done by the expenditure of even small sums of money in the alleviation of those sufferings. The delegates were unanimously of opinion, however, that the best way to spend money on famine relief is to use it in some constructive way, so that the sufferers will not merely be able to stave off the danger of starvation for the time, but will be placed in a position to safeguard themselves against such calamities in the future. For this reason the delegation has unqualified admiration for the work of the China International Famine Relief Commission and for the policy which underlies that work, a policy which, it should be remembered, was initiated many years ago by Dr. Timothy Richard and Bishop Scott.

Some interesting information on this subject was submitted to the delegation at Hankow by the Rev. S. H. Littell, chairman of the Hubei Committee of the Famine Relief Commission, and full details were given of the very successful measures undertaken in the Province of Hubei for famine relief, and—what is of greater fundamental importance—famine prevention. Mr. Littell pointed out that the commission, with its local committees, is the recognised national organisation for handling relief measures under combined supervision of Chinese and foreigners; for seeking ways and means to prevent future famines, in close co-operation with the Chinese Government; for promoting conferences and discussions on rural economic conditions, on improved agricultural methods, on the improvement of seed stocks and many other similar activities, some of which would, of course, come within the scope of well-equipped agricultural colleges; for promoting dyke-building, road construction, stream-dredging, supervision of conservancy and land-reclamation works—chiefly on a loan basis; and for planning careful and extended surveys of watercourses.

The commission was founded after the great famine of 1920–21 in North China, and has now thirteen active Provincial Committees in different parts of the country. The headquarters are in Peking, the executive body being composed of Chinese and foreigners in equal numbers, elected annually by and among representatives of the Provincial Committees.
The Famine Relief Commission has applied for financial assistance from the British Indemnity Fund. It proposes that there should be an initial grant of 200,000 dollars to the executive body of the commission at Peking, to be applied to the expansion and development of its work, in such parts of China as the commission shall determine. It also asks for an annual grant of 20,000 dollars for maintenance and extension.

Mr. Littell, in submitting these requests, suggests that it would be difficult to find a way of investing money that could be productive of greater good to the masses of the Chinese people. "It need hardly be said," he adds, "that the total sum asked for from the Boxer Fund is entirely insufficient to carry out the projects of the commission over a country of the size of China, but our experience shows that undertakings of a practical nature under competent experts, where the finances are safeguarded, can and do draw large additional sums of money, either from the Provincial Governments or from local residents, or both. Grants such as are proposed above would impress the people generally, by emphasising the importance of such works of public utility as the Famine Commission carries on, and by indicating British confidence in the commission itself. With substantial funds in hand to start with as a nucleus, we should be in a position, we believe, to gather in funds from local sources in sufficient amounts to provide the needed capital."

(b.) Rural Co-operative Credit.

Among the many excellent undertakings and activities of the China International Famine Relief Commission, one of the most interesting and important is the development of a system of rural co-operative banking credit. The subject was first brought to the notice of the Indemnity delegation by Mr. M. T. Liang, chairman of the commission, who put forward a strong plea for the assistance of the Indemnity fund in financing this movement. He began by pointing out that one of the prevailing economic and social difficulties of the Chinese farmers consists in the frequent famines, caused by floods, droughts and insect pests. Even with the admittedly inadequate transportation system now existing in China, he believes that all but very exceptional famines could be prevented if credit facilities were available to the rural population. The present unsatisfactory banking and credit organisation of the country prevents the application of the surplus funds of a district which has had good harvests to the needs of the districts that are on the verge of a famine. Interest rates—always very high in agricultural China—rise to such heights in a region that is suffering from famine or bad harvests that the sources of credit are totally beyond the reach of the needy farmers. This is because the farmer borrows not from the banks, which do business in the larger towns and cities, but from the local pawnshops or money-lenders. Such local agencies are unable to obtain outside capital when there happens to be an unusual local demand for credit facilities, and
such capital as they have to dispose of is lent out at inordinately high rates. Thus it is that the farmer is helpless when some calamity attacks his crops.

These facts came under the observation of the China International Famine Relief Commission, and as early as 1922 it decided to initiate the system of co-operative credit in an experimental way. After careful study, the Raiffeisen principles were selected for adaptation to the special needs of China. To quote Mr. Liang:

"Briefly, the fundamental purpose of this idea is to create from the banded integrity of the best elements of a rural community a dependable and recognised security which will attract outside capital at reasonable rates of interest. The scheme itself is simple. A credit society is formed by the association together of a number of individuals for the purpose of borrowing funds on the security of the group, for reloaning to the members. Each one accepts unlimited liability for any defaulting on the part of any other member. This clause automatically eliminates the unreliable or unworthy elements of the community. It will be seen that whereas the banks cannot afford to do business with individual farmers, they can deal profitably with a group of forty or fifty."

The work of inaugurating the system has already successfully passed the first experimental stage. It has now forty-four recognised rural credit societies on its list, and there is no reason why the system, as it becomes more widely understood by the agricultural communities, should not expand indefinitely, much as it has expanded, with excellent economic results, in India and Japan. Thus far, says Mr. Liang, not a single loan from the commission has been defaulted; and although there are nearly 1,500 members of the societies, most of which have obtained financial aid, no reports of irregularity or of failure to make settlement have been reported.

The proposal now is that a sum be set aside from the Indemnity fund to be used as the capital for the establishment of a central bank for the rural co-operative credit movement. The manner in which the help of the Indemnity fund might be given is outlined in a document which has been drawn up by Mr. J. B. Tayler, chairman of the Committee on Credit and Economic Improvement, Mr. Y. S. Djang, secretary of the committee, and Mr. W. H. Mallory, executive secretary of the China International Famine Relief Commission. With regard to the general principles of the system, these are admirably set forth in two of the Famine Relief Commission's printed pamphlets (Series B, Nos. 18 and 19, February and April, 1926), copies of which will be available for the use of the Board of Trustees.

A memorandum on the same subject has been submitted by a few members of the Committee on Credit and Economic Improvement who reside in Nanking. It reached the delegation through
Dr. J. B. Tayler and Mr. Y. S. Djang, who in their prefatory note say that it shows that workers in the same sphere, separated by hundreds of miles, have formulated a plan which is essentially the same as that already endorsed by themselves. The new memorandum reinforces the statements made in their own, and adds new points of interest. The document sets forth a scheme for the establishment of rural co-operative credit societies, principally in the provinces of Kiangsu, Anhwei and Chekiang.

(c.) Recommendations.

It will be remembered that one of the delegation's recommendations is that to purposes of agricultural education and improvement and allied activities should be allocated 30 per cent. of the funds that may be available for distribution year by year, and that this 30 per cent. should include at least 5 per cent. for famine relief and rural credit. The recommendation is now made that this 5 per cent. should be handed over to the China International Famine Relief Commission, to be devoted by that commission to the two purposes just named, under such conditions and safeguards as may seem good to the Board of Trustees. The delegation is of opinion that no better or more efficient organisation for the wise distribution and allocation of such funds is now in existence, or could be called into existence without a needless expenditure of money and duplication of effort; and fortunately the commission is ready and willing to take charge of the funds and use them to the best advantage along lines with which it is already familiar.

PART VIII.—SCIENTIFIC RESEARCH AND A RESEARCH INSTITUTE.

As far as the delegation is aware, the first concrete proposals with regard to the foundation of a research institute with Indemnity funds came from Dr. Ts'ai Yuan-p'ei, Chancellor of the National University of Peking.

In May 1924 Dr. Ts'ai was in England, and while resident there he prepared an interesting memorandum which he submitted to the London Chinese Association for the Promotion of Education. The following is a summary of its principal recommendations:

1. The principal portion of the fund should be utilised for the establishment of a great and inspiring science institute, to consist of two departments: the one to contain machinery, models and diagrams, illustrating the different stages of development of the physical and chemical sciences, and illustrating the different stages of the evolutionary processes of the industrial arts; the other to contain natural history specimens, showing the genus and species of flora and fauna, leading to anthropology.

2. A portion to be utilised for subsidising any well-known universities or technical colleges in China, for the express
purpose of starting or extending certain special faculties or departments of sciences and technology, such as biology, textiles, engineering, chemistry, medicine, agriculture and forestry, &c.

3. A portion to be utilised for establishing within some of our national universities facilities for the study of the sciences, arts and literature of Great Britain. Foundation funds will be provided for (1) professorships, (2) purchase of English books on these subjects and works of art, and (3) scholarships for research students.

4. A portion to be utilised as a foundation fund for sending teachers and graduates of the universities and technical colleges in China to the universities and technical colleges in the British Empire.

5. A small portion to be utilised for sending scholars from the British Empire to China to study Chinese literature, philosophy, &c.

6. A small portion to be utilised for purchasing Chinese objects of art to be exhibited in the museums of Great Britain, on condition that the former unworthy ones be removed.

7. A portion to be utilised for the exchange of professors between Great Britain and China.

"The remission of the Boxer Indemnity Fund by any nation to China is generally appreciated by her people as an act of generous goodwill to their country. Her educationalists propose, by the carrying out of the above-mentioned schemes, especially the first one, to have thereby a permanent memorial of the great friendly deed of Great Britain. It will be set up in order to create a spirit of reverence for science and industrial arts, becoming, when properly equipped with laboratories and other facilities, a great centre of research and reference.

"What I have presented is not merely my personal view, but also represents a consensus of opinion in China. Such opinion, I am confident, will be taken carefully into consideration by all who are interested in this question."

Shortly after the arrival of the delegation in China, Dr. Ts'ai (then resident in Shanghai) addressed a letter to its members, in which he suggested some slight modifications in his original scheme. The following is an extract from his letter:

"You will probably recall that, in 1924, when I was in London, I had the honour of making certain suggestions with regard to the application of the British China Indemnity. My proposals were based upon the two following principles:

"1. That the whole of the British share of the Indemnity should be devoted to some one grand undertaking, which shall stand as a lasting monument of Sino-British friendship; and

"2. That the monumental undertaking should be one which is most urgently needed in Chinese education."
"I then pointed out that, as the most urgent need in Chinese
education was scientific education, the whole fund should be
devoted to the establishment and maintenance of a scientific
museum, which should embrace the work of exhibition, experi­
mentation, research and publication of bulletins and magazines.
"Although these suggestions were made two years ago, I
still hold these views, and take the occasion of your meeting here
to present them for your consideration. I only wish to offer
the following alterations to the earlier proposal:—
"1. As the name museum often leads to the erroneous
impression of overstressing the importance of
exhibition at the expense of research, the proposed
institution may be called 'The Institute for Scientific
Research.'
"2. While concentrating all efforts and resources on the
central institute, it seems necessary to devote a
portion of the Indemnity fund to the development of
the institutions of scientific research in the various
centres of education.
"3. In order to promote the study and teaching of science,
it seems also necessary to set aside portions of the
fund for the founding of professorships in the sciences
at the various Chinese institutions of higher learning,
and for the establishment of research scholarships to
enable qualified students to continue advanced studies,
either in the Chinese institutions or at the British
universities.'"

The delegates made the acquaintance of Dr. Ts'ai in Shanghai,
and were entertained by him at luncheon on the 28th April.
On this occasion he made a short speech, in the course of which
he made the following remarks:—
"I hope I may be pardoned for taking a few minutes to
express once more my views on the Indemnity fund issue. The
thing, which was most discussed in London, as I understood, was
the question of the disposition of the fund. I was then of the
opinion that, if the fund were to be returned to China, it should
be used exclusively for the benefit of China. Among the
numerous things that ought to be done in China, the thing most
urgently needed is the training of men. State it in a more
concrete way—we need scientific education; and in this respect
England could help us a great deal. To introduce a system of
scientific education into our country, however, is not an easy
task, owing to the lack of such education. We must build up
a gigantic organisation in order to carry out the work effectively.
A scientific institute will probably best accomplish this purpose;
lectures, publication and research will be carried out under the
auspices of this institute. Special research institutes will be
established at all these places where conditions demand. The
sending of students to England for pursuing advanced studies
will also be included as part of the programme. In short, it appears to us that the entire amount of the fund could be best used for carrying out our work along the lines just enumerated. These, essentially, were the points of my proposal.

On my return to China I happily found that my proposal was met with approval by many friends. For instance, in Nanking the Science Society of China has established a Science Library and a Biological Research Laboratory. In Chekiang the authorities have started a Scientific Research Institute, and have entrusted this task to Mr. Tong Er Ho and me. We are planning to begin work on fundamental sciences in medicine, such as histology, embryology, &c. Gradually we shall extend our work to all branches of the natural sciences. In the meantime we shall carry on research work in ethnology, archaeology, and sociology, and shall extend our work to cover the entire field later on. The larger organisation, i.e., the Science Institute, which I and many friends are proposing, will be built upon these small units; or we may establish a new central organisation to link together all the scattered units. I believe, if I may emphasise, such a system of educational institutions will best serve China, and hope, therefore, that your committee will give kind consideration to it.

Although the delegation cannot see its way to support Dr. Ts'ai's recommendation that the whole of the Indemnity fund be applied to the purposes suggested by him, it is unanimously of opinion that the establishment of a Research Institute of the kind described is eminently desirable, and would bring great material and spiritual benefit to all classes of the Chinese people. One of China's most urgent needs is the encouragement of that scientific habit of mind, which gives rise to the devotion to truth for truth's sake, and a willingness to undergo the labour of exact observation and patient experimentation. The present educational system of China fails to emphasise the importance of intellectual honesty, and to inculcate what has been described as "the exact and uncompromising standards of truth and accuracy, which science inspires and demands." Some of the results of this failure are obvious to all the world, notably in connection with much of the anti-foreign propaganda that has so greatly embittered China's relations with Great Britain and other countries during the past seven years.

China is fortunate in already possessing certain institutions, which may be said to have prepared the ground for the proposed Research Institute, and which may possibly unite the slender resources with those of the new foundation. One of these institutions is the Science Society of China, another is the Geological Museum.

The headquarters of the Science Society, which were visited by the delegation, are in the city of Nanking. Its beginnings are small, but its aims are lofty; and the enthusiasm and devotion of its founders and supporters justify the hope that these pioneers of scientific research may be regarded by their successors of a future
generation with the same admiration and respect that are awarded to the seventeenth century founders of the Royal Society in England. The society was founded in America in 1914 by a group of Chinese students and was transplanted to China in 1917. It now possesses a good scientific library and a Biological Research Institute; and it not only issues an admirable Chinese periodical, named "Science," but also publishes monographs in Chinese and foreign languages, some of which are a real contribution to scientific information. It has now a membership of nearly 900, and holds a recognised position in the educational world as the leading scientific organisation of China. One of its minor activities—though a very important and valuable one—is the construction of a sound system of scientific terminology in the Chinese language. It is also active in its endeavours to contribute to the solution of acute industrial problems, and to the standardisation of natural and industrial products.

The society has already obtained valuable support from such well-known American institutions as the Carnegie Institution of Washington, the Smithsonian Institution, the Wistar Institution, the Natural History Museum of New York, and the American Society of Civil Engineers. Great Britain has now an excellent opportunity of showing her sympathy with the work and aims of the society in a substantial way, for there is good reason to believe that the society would readily agree to associating or co-ordinating its activities with those of the proposed Research Institute.*

The same may be said of the Geological Museum in Peking, which, if the projected institute is to have its headquarters in the capital, would undoubtedly co-operate with the institute in every possible way, even if it did not actually become one of its departments. The museum is conducted by the National Geological Survey which was organised only ten years ago by Dr. V. K. Ting, the first director. The survey has ten geologists and four palaeontologists on its staff, of whom one geologist and one palaeontologist are foreign experts. It has done valuable work in geological mapping, in the survey of mineral resources, in the establishment of a library, in the prosecution of palaeontological and other scientific researches, and in the foundation of its small but admirable museum. All its work has to be carried on with only the most meagre assistance from the Government, which in recent years has been able to give it little more than the equivalent of £2,000 a year. The work of the survey is therefore carried on in most difficult and almost humiliating conditions, and the success so far attained is due to the self-sacrificing efforts of its individual members, Chinese and foreign, whose devotion to their work has often led them to refuse more lucrative posts elsewhere.

It is probable that the Survey Department will gladly allow its geological museum to pass under the control of the institute, and

* An interesting letter from the secretary of the Science Society, dated the 26th May, 1926, enclosing "A Comprehensive Plan for the use of a Portion of the British Boxer Indemnity Fund in Scientific Undertaking," will be available for the use of the Board of Trustees.
become the nucleus of that greater museum, which must be provided if the institute is to function properly. An adequately equipped and well-arranged museum is in itself an institute for organised scientific research, not merely a permanent collection of specimens arranged for public exhibition. "The ideal museum," says William J. Holland, formerly president of the American Association of Museums, "should cover the whole field of human knowledge. It should teach the truths of all the sciences, including anthropology, the science which deals with man and all his works in every age. All the sciences and all the arts are correlated."

The following "estimate for the establishment of a research institute and museum." has been prepared by one of the delegates, Dr. V. K. Ting:

(A.) Capital expenditure (to be spread over three years)—

<table>
<thead>
<tr>
<th>Capital Expenditure</th>
<th>Dollars.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Building</td>
<td>1,000,000</td>
</tr>
<tr>
<td>2. Equipment</td>
<td>800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,800,000</strong></td>
</tr>
</tbody>
</table>

(B.) Annual expenditure—

<table>
<thead>
<tr>
<th>Annual Expenditure</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Geology and palaeontology, including</td>
<td>120,000</td>
</tr>
<tr>
<td>soil survey and study of mineral resources</td>
<td></td>
</tr>
<tr>
<td>2. Zoology, including faunal surveys,</td>
<td>80,000</td>
</tr>
<tr>
<td>marine stations, &amp;c.</td>
<td></td>
</tr>
<tr>
<td>3. Botany, including floral survey</td>
<td>80,000</td>
</tr>
<tr>
<td>4. Prehistory and archaeology, including</td>
<td>100,000</td>
</tr>
<tr>
<td>field excavations and the preservation</td>
<td></td>
</tr>
<tr>
<td>of historical monuments</td>
<td></td>
</tr>
<tr>
<td>5. History and anthropology</td>
<td>80,000</td>
</tr>
<tr>
<td>6. Physics</td>
<td>80,000</td>
</tr>
<tr>
<td>7. Chemistry</td>
<td>80,000</td>
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<tr>
<td>8. Social sciences, including economic</td>
<td>80,000</td>
</tr>
<tr>
<td>research</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>700,000</strong></td>
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</tbody>
</table>

As time goes on the building and equipment must be enlarged. The above estimate represents about one-third of the final requirements. It is suggested that a plan for the whole building should be made in the beginning, but that only one-third should be built, another third added after six years, and so on until the whole building is completed.

The annual expenditure represents the minimum required from the beginning. An increase of about 10,000 dollars should be allowed to each section every three years as the work is gradually expanded.
Taking the above facts into consideration, the estimate for the entire period is as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual</th>
<th>Capital</th>
</tr>
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<tbody>
<tr>
<td>1927</td>
<td>300,000</td>
<td>600,000</td>
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<tr>
<td>1928</td>
<td>700,000</td>
<td>600,000</td>
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<tr>
<td>1929</td>
<td>700,000</td>
<td>600,000</td>
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<tr>
<td>1930</td>
<td>800,000</td>
<td>800,000</td>
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<tr>
<td>1931</td>
<td>800,000</td>
<td>800,000</td>
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<tr>
<td>1932</td>
<td>800,000</td>
<td>800,000</td>
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<tr>
<td>1933</td>
<td>900,000</td>
<td>1,500,000</td>
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<tr>
<td>1934</td>
<td>900,000</td>
<td>1,500,000</td>
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<td>1935</td>
<td>900,000</td>
<td>1,500,000</td>
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<td>1936</td>
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<td>1939</td>
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<td>1942</td>
<td>1,200,000</td>
<td>1,200,000</td>
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<tr>
<td>1943</td>
<td>1,200,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>1944</td>
<td>1,300,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>1945</td>
<td>1,300,000</td>
<td>1,300,000</td>
</tr>
</tbody>
</table>

**Grand Total** | **19,300,000** | **5,400,000** | **24,700,000**

The grand total of 24,700,000 dollars might be cut down to 18 million dollars if some drastic economies were carried out in certain departments. The annual expenditure on prehistory and archeology, for example, could be cut down, if necessary, from 100,000 dollars to 60,000 dollars; and that on the social sciences from 80,000 dollars to 60,000 dollars. In any case, the expenditure on the institute must be kept within the limits already laid down, if it is to absorb no more than 23 per cent. of the funds annually available for allocation.

The claims of science have received full recognition from various prominent educational institutions in China, and there is no reason to fear that the educational interests in that country will object to the devotion of so large a percentage of the available funds to the requirements of the projected institute.

A question which was much discussed at meetings of the delegation was the question of the location of the institute, but the delegates considered that the final decision should rest with the Board of Trustees. Wherever it be situated the work of the institute will be for the whole of China, and will be carried on in the closest co-operation with the various institutions of specialised study in Peking, Nanking, Shanghai, Hangchow, Canton, Wuchang and other educational centres. It should not be difficult to co-ordinate their results for the general good.
It is universally admitted that the avoidable suffering and misery caused in China by lack of sound medical knowledge, ignorance of surgery, neglect of hygiene and sanitation, are incalculably great. Few of those possessing an adequate knowledge of the facts will complain that the 17 per cent. of available income set apart for the alleviation of that suffering and misery is too great a proportion. It is more probable, indeed, that many will find fault with the decision of the delegation on the ground that the amount is too small. In answer to such criticism it may be pointed out that some of the other objects which will benefit from the Indemnity fund, especially scientific research and general education, are directly connected with medical and public health problems.

In February 1923 a group of twenty-nine British medical missionaries in China prepared a forcible appeal on behalf of medical education and medical work in China. This appeal has been referred to with approval by many of the medical witnesses, who gave evidence before the delegation. A “Memorandum on the Appeal,” by Dr. Henry Fowler and Dr. James Maxwell, is worthy of perusal. The object of the appeal was to present a case for setting apart as much of the Indemnity fund as could be spared for the promotion of medical education and medical work in China in accordance with British traditions and ideals. By this means, say the signatories, “the Indemnity fund will bestow on China one of the greatest and most far-reaching blessings possible, extending to all classes of the people, just where they require help, an object lesson for permanent good which cannot be gainsaid, and the most charitable expression that could be selected.” British medical work “has been, and always will be, the most potent influence working to draw East and West together.” Hence, the necessity for hospitals and medical schools, working hand in hand, “where the future doctors and nurses of China can be trained according to British ideals and methods.”

The miscellaneous recommendations submitted to the delegation with regard to medical work, medical education, industrial hygiene and other public health problems in China were numerous and varied. They included applications from, or on behalf of, many existing medical institutions, appeals in connection with proposed new medical colleges, the translation of the British Pharmacopoeia into Chinese, the development of hospital technology, the work of the Anti-Opium Association, &c.

Among the many medical workers in China, who were good enough to offer valuable suggestions and to supply needed information, was Dr. George Hadden of St. James’s Hospital, Anking, who appealed for support for the Institute of Hospital Technology, especially with a view to the training of Chinese in the work of hospital administration. The scheme, which he advocated, aimed at bringing Chinese and European medical workers together on the professional field. A memorandum on this subject was subsequently
prepared by Dr. Hadden, and will be found among the papers to be handed to the Board of Trustees.

From the National Anti-Opium Association of China an appeal was received for a grant of 30,000 dollars a year for five years in aid of its work. The purpose of the association is "to free China from the bondage of opium and narcotic drugs." It believes that "these drugs are to-day one of the most demoralising influences in Chinese society, capable, if unchecked, of undermining not only the physical health of large numbers, but also in an even more serious way the will power and moral integrity of the Chinese people." The association fully admits that success in this work depends upon the enforcement of law by the Chinese Government; but it is convinced that "adequate measures on the part of the Government for the suppression of poppy cultivation, and for ending the traffic, will be secured only as a result of a strong expression of public opinion that the traffic is indefensible and must end."

The association's budget calls for an annual expenditure of 52,180 dollars, or a sum of about 260,900 dollars for the first five years. The China Foundation for the Advancement of Education and Culture (i.e., the American China Indemnity Committee) has promised a gift of 80,000 dollars on condition of the receipt of "certain special sums." It, therefore, hopes that the British Indemnity Fund will give the financial assistance requested.

Various documents dealing with the subject will be at the disposal of the Board of Trustees.

One of the many great needs of China in connection with Western medical education is the creation of good medical literature in Chinese. An interesting report on this subject has been received from the Publication Committee of the China Medical Association, whose aim it is to satisfy this need as far as its very much limited resources will allow.

The report is accompanied by an appeal for a subsidy of 10,000 dollars annually for five years, with the possibility of renewal for a further period, should such renewal be necessary. It is pointed out in the report that at present there is no organisation of Chinese medical men who are prepared to take over the work of preparing medical textbooks in Chinese, though it is hoped that some day such an organisation will arise. Very few modern books on medicine, therefore, have been published in Chinese, apart from those which have been translated and published by this committee of Western doctors, whose activities are hampered through lack of funds.

A scheme for the foundation of a great medical school for Shanghai, based on the principle of amalgamation with a number of existing medical institutions, and co-operation with others, was advocated by a number of well-known foreign and Chinese doctors in Hankow and Shanghai. The nucleus of the proposed school would be the Medical Department of St. John's University, which was founded in 1896, and first attained the right of granting medical degrees in 1906. Some years ago there was a plan to establish a first-class medical school in Shanghai under the auspices of the China Medical Board of the Rockefeller Foundation; but in 1920 the
execution of this plan was indefinitely postponed. An effort was then made on the part of the different mission boards to revive the project, but financial difficulties prevented its realisation. The need that exists for such a school is fully explained in a memorandum by Drs. T. K. M. Siao, Way Sung New and E. S. Tyau.

Their scheme would involve a capital expenditure of 4 million taels, and annual grants to the extent of 180,000 taels. They proposed that the cost of the scheme should be divided between the Rockefeller Foundation, the American Indemnity Fund, the Mission Boards, and the British Indemnity Fund, and the balance (of 60,000 taels a year) made up by Chinese subscribers. The amount which, according to this scheme, would fall to the British Indemnity Fund is 2 million taels, or half the capital.

Among the hospitals and medical colleges in China and Hong Kong, which stand in need of assistance and on behalf of which appeals have been made, are the Shantung Road Hospital, Shanghai; the Mackenzie Memorial Hospital and the Peiyang Women’s Hospital, Tien-tsin; the British Charitable Hospital, Peking; the Mukden Medical College and Hospital; the Hangchow Hospital and Medical Training College; and the Alice Memorial and Affiliated Hospitals, Hong Kong. Notes on these institutions and their needs will be found in the Appendix. It need hardly be said that these are by no means the only institutions of the kind in China which are doing admirable work with inadequate resources. Among others may be mentioned the Shantung Christian University Medical School (Tsinan) and the Szechuen Christian University Medical School. The former has been described by a high medical authority (Dr. James Maxwell, secretary to the China Medical Association) as “probably the finest in China for its equipment and educational work as judged by its results in output of highly qualified doctors.” It is a “Union” school, of which about half the staff is British. Dr. Maxwell states that the standard of the Szechuen School, also, is excellent and the British element strong.

It must be left to the Board of Trustees to decide which of the above-mentioned and many other deserving institutions should be awarded grants or subsidies, and also to consider the importance of maternity work and the training of nurses.

It remains to deal in fuller detail with the scheme which has been prepared by the Association for the Advancement of Public Health in China. This very important scheme “represents the only recommendation of official medical organisations in China,” and is officially sponsored by the National Medical Association and the National Medical and Pharmaceutical Association. The third medical organisation in China—the China Medical Association—is international in character, and for this reason has felt unable to express itself officially in a question involving only British and Chinese. But the sister associations have been given positive assurances that it would give official support to the proposal if it had an opportunity to express itself.

The proposal was first made public in “An open letter to His Britannic Majesty’s Government and the British Public” from [15829]
Dr. S. M. Howe, president of the National Medical and Pharmaceutical Association of China, and Dr. W. L. New, president of the National Medical Association of China. They point out that in no country has the importance and necessity of public health been more fully appreciated than in Great Britain, and that it is right and fitting that, by using a large part of the British Indemnity Fund for the promotion of public health, sanitation and preventive medicine, Great Britain should give China "that part of its culture in which it leads the world." They therefore propose that the sum of £100,000 a year, out of the income of the fund, be set aside, under safeguards for efficient administration, for the establishment of a Public Health Commission. "Were there in the country a central body able to give technical direction and occasional financial stimulus to the inauguration of health measures, we are certain that the results obtainable would more than justify the relatively small financial outlay involved." The writers go on to point out that "no other expenditure on such a small scale could be made to affect within a decade the welfare of as many persons as this plan proposed. It would permit the initiation of organised work against such diseases as cholera and plague, which are not only endemic in China, but are a constant menace to the world. Other diseases, as small-pox, typhus and malaria, which English preventive medicine has made a rarity in England, still take an annual toll of tens of thousands of lives in China. Each death represents an additional number of cases of illness, and the total represents annually to China not only a tremendous economic loss, but an appalling extent of attendant suffering and poverty, which only the application of preventive medicine will stop."

The detailed scheme has been printed by the National Association for the Advancement of Public Health in China, and will doubtless receive the careful consideration of the Board of Trustees. The delegates of the National Association, who forwarded the printed scheme, accompanied it by a letter, in which it was pointed out that the plan, "in addition to suggesting the establishment of a movement essential to modern society, provides means for the relief of suffering amongst vastly larger numbers of people than would be relieved through other possible social claims, such as famine or flood relief, although the latter may be more spectacular, and it also ensures that funds derived from national sources would be used for national and not local purposes."

It is important to observe that the plan voices "the official decision of the bodies represented to present only one phase of medicine for support." The reasons given for proposing to devote to a single scheme all the funds available from the Indemnity fund for medical purposes are stated to be as follows:—

(a.) Medical education and curative medicine are already established. The equally important preventive aspect has lagged behind. This, despite the fact that curative medicine, while important, represents only palliative social welfare, whereas, in our opinion, preventive medicine is constructive social statesmanship.
(b.) It was believed injudicious to consider any proposal requesting all of the sum to be remitted. The sum asked for (£100,000) will not support in toto even one complete modern medical school. It was believed that those who were deciding on the appeals presented would favour a plan possessing the qualities of a distinctive entity. If medical education and hospitals were advanced, this feature would be lost, even for one complete teaching unit, and more so if scattered throughout several institutions.

(c.) The public health plan, in its wider aspects, is concerned also with the provision of curative personnel and institutions. It was felt that the initiation of local public health measures would go further in building up public opinion, to result in hospitals, &c., than direct small gifts to existing institutions.

(d.) Support of medical education and hospitals would not only fail to provide support for something outstanding and distinct, but would lead to problems as to the choice of institutions to be aided.

(e.) The most pressing immediate problem of medical education in China is not more schools, but to obtain sufficient students for existing institutions.

The members of the delegation paid a visit to the public health demonstration centre in Peking, and were very favourably impressed with the high standard and sound methods of the work, which covers a population of about 60,000. The appeal on behalf of public health education has been most sympathetically considered by them. They are in entire agreement as to the distressing need for a properly equipped public health service. The serious criticism was offered that nothing can be done in a matter covering so vast a field, and involving such large interests, except by a complete national scheme. Nevertheless, the delegates came to the conclusion that by making an immediate contribution to public health education and training, and by the establishment of demonstration centres, proof of the value of this service can be offered, public opinion in its favour stimulated, a demand created and at least an early supply of trained leaders and workers provided. They therefore leave the Board of Trustees to decide what portion of the fund shall be devoted to the development of a public health service, and what portion to medical education; but the delegation is strongly of opinion that existing British medical institutions are doing such fine service in China that they have an undoubted claim on the consideration of the board.

PART X.—EDUCATION.

(i.) General.

If the recommendations of the delegation with regard to the allocation of Indemnity funds are accepted, 30 per cent. of the available income of the fund, after endowment has been provided for, will be devoted to general educational purposes. In reality, it will have been observed, the share of education will be much greater
than this percentage would indicate, for it does not include the money which will be spent on education in improved agricultural methods, education in scientific research, and education in subjects connected with medicine and public health. Under all these heads there will be separate grants or subsidies. It is true that money spent on famine relief can hardly be classed under educational expenditure, but that branch of philanthropy does at least supply the educators with material to work upon, for they cannot expect to do much for the intellectual elevation of a peasantry that is dying of starvation or has been rendered homeless by floods. There is little use in finding mental nourishment for a child so long as his cravings for material nutriment are left unsatisfied.

It will hardly be contended that the claims of education have been treated by the delegation in a niggardly way. Some people, indeed, may be of opinion that it has been awarded a good deal more than it deserves, especially in view of the torrent of partisan and anti-foreign propaganda that has been poured forth from the schools and colleges of China during the past few years, the turbulent intervention of students in domestic and foreign politics, and the quarrels between students and their teachers which have aroused the amazement of many of China's best friends and sympathisers.

The members of the delegation do not seek to defend the undisciplined outbreaks of Chinese schoolboys, and if they believed that such manifestations were destined to be a permanent feature of China's educational life it is hardly likely that they would propose a contribution to the maintenance of that life from funds which could be far better employed in other directions. But the members of the delegation do not take a despairing view of Chinese schools and colleges—even those which they have heard denounced as the "hotbeds of Bolshevism"—and still less do they despair of Chinese students. They have seen too much of the excellent work done in Chinese schools by both teachers and pupils to be pessimistic about China's educational future.

The "Times," in a leading article published a few months ago on the subject of the mission of this delegation, declared that "the cry that education is the bane of modern China has little meaning. It is true that students and schoolboys engage in all sorts of wild politics and are in the forefront of that Nationalist movement which has taken anti-British and revolutionary forms. But the clock cannot be turned back. The most extraordinary fact in the chaos and confusion that prevail in China now is the thirst for knowledge in all classes of the community. That Western ideas and theories are often ill-digested, that in politics they are often carried to ridiculous extremes, is almost inevitable when such a vast population is awakening to a new national effort. The generals may fight and intrigue, the politicians may rise and fall, foreigners may sigh for the age of ignorance, but nothing now is going to stop China from acquiring Western knowledge for her own purposes. Much depends on the way in which she acquires it, much depends on the spirit in which it is imparted by those foreign nations who have to do with her. If at this moment of extreme national sensitiveness it is made
plain through a wise disposal of the Boxer Indemnity that Great Britain has a sympathetic and practical interest in that Chinese search for knowledge which is, in fact, a painful search for national equilibrium in the conditions of the modern world, then the present mission will not be altogether irrelevant to the larger problems of China."

In these views the members of the delegation wholly concur; and they find themselves in no less hearty agreement with Sir Frederick Lugard (formerly Governor of Hong Kong, and largely responsible for the foundation of the Hong Kong University), when he referred not long ago in terms of high admiration to the systematic and effective way in which the leaders of the new national movement in China, in the face of tremendous difficulties and obstructions arising from civil war, an unstable Government and other causes, have gone about the reorganisation of the educational system of their country.

As already stated in connection with the subject of hospitals and medical colleges, the delegates at an early stage in their deliberations unanimously decided against allocating any part of the Indemnity fund to individual institutions. They felt that this was a matter which must be left entirely to the judgment and discretion of the future Board of Trustees. The claims of various colleges and schools were brought to their notice, and they personally visited a considerable number of them. Notes on some of these institutions will be found in the Appendix. But their inclusion in a special appendix does not imply that the delegates consider their claims superior to those of other institutions which they had no opportunity of visiting or which did not submit formal applications for grants. The delegates’ task, as they conceived it, was simply to decide upon the general principles of distribution, and to leave to the Board of Trustees full power to determine individual allocations.

On two matters connected with the question of allocation, however, they consider it their duty to place their opinions on record. In the first place, as already explained in Part VI, they believe that in the distribution of educational and medical grants the Board of Trustees should be guided by its own judgment regarding the value and importance of the work that is being done in the institutions that need or ask for assistance, irrespective of whether they have or have not missionary affiliations. They are of opinion that in spite of the "Self-Denying Ordinance," passed by the missionary societies, missionary institutions as such should not be debarred from participation in grants or subsidies, if their educational work be deemed worth of recognition and support. In the second place, they wish to call attention to the following extract from the minutes of a meeting held on the 20th May, with reference to the University of Hong Kong:

"The University of Hong Kong should be regarded by the future Board of Trustees as fully entitled to ask for grants from the fund, and its claims should receive the same consideration as would be accorded to those of educational institutions in
China. The chairman and the two other British delegates stated that they had inspected the university and studied its needs, and were satisfied that its claims to liberal treatment at the hands of the Board of Trustees were fully justified, as the university was doing excellent work for the education of Chinese from many provinces of China and from other countries. They strongly supported the proposal to develop the department of Chinese studies, which had hitherto been somewhat neglected, but were of opinion that the expansion of the university would sooner or later necessitate its transfer to the mainland, and that it would therefore be a mistake to spend large sums of money on new buildings on the present site. Dr. Hu Shih expressed his approval of the proposal to develop the department of Chinese studies, and added that in his opinion it might be advisable to increase the number of Chinese members of the governing body of the university.

In the notes contained in the following sections it is not intended to deliver pronouncements regarding the relative merits of different educational institutions. They consist of some general observations on various educational questions and sundry branches of educational work, which may possibly be of some use or interest to those with whom the control of the Indemnity fund will rest, but give only a general indication of some aspects of those educational problems that seem to be of importance from the point of view of China's special needs.

(ii.) The Problems of Primary and Secondary Education.

It was fully recognised by the delegation that primary education in China is in a very backward state, and that in spite of the untiring efforts of many public-spirited educational leaders during the past few years, the standard of education among the people, and the proportion of literates to illiterates, are still deplorably low. From many quarters suggestions have come that provision should be made out of the Indemnity fund for the improvement of the primary schools. Nevertheless, the delegation has had to bear in mind the fact that the financing of a good system of elementary education would be far beyond the means at its disposal. This has been recognised by many of those who have given evidence before the delegation, or sent in written statements of views. Mr. Wu Kuo-ping, for example, writing on the 5th May, said that if the whole Indemnity were to be devoted to this purpose it would be like emptying a cup of salt into a great lake—the salinity of the lake would not be perceptibly increased, while the salt would be wasted. Moreover, elementary education in any country is pre-eminently a duty of the Government of that country. To relieve the Chinese Government of its responsibility for the moral and intellectual nurture of its young citizens would be unjustifiable and impossible; and, indeed, there is a strong and very natural feeling in China...
that the elementary education of the people must on no account be allowed to fall under foreign control.

Dr. Tong Shao-yi made a strong appeal for the subsidising of elementary education, as did certain other Chinese; but in the circumstances it is not surprising that the strongest appeals for the endowment or subsidising of elementary education have come from foreigners. The council of the "Save the Children Fund," writing from London on the 18th March last, connected the subject of elementary education with that of child labour in factories, and forwarded the following resolution which it had recently passed:

"The council approves the suggestion that the British share of the Indemnity fund (amounting to £400,000 per annum) be devoted to the furthering of education, and especially elementary education, in the industrial areas of China. The council would welcome any step towards the abolition of child labour, but recognises that such steps could only be taken after the most careful study of the whole question."

In the letter which accompanied the resolution the council expressed "their strong opinion that the value of such grants to education would be very greatly increased if made conditional upon the abolition of child labour"; and, in view of the difficulties of immediate total abolition, they urged "as a minimum condition the putting into effective force, in the factories of the areas concerned, of the Peking Provisional Factory Regulations, which were promulgated by the Peking Government in March 1923, but which, owing to the lack of a qualified inspectorate, have largely remained a dead letter." The council further explained that under the term elementary education they would include the establishment of training colleges for teachers, of whom it believed that an adequate supply would be forthcoming if the means for training them were available.

While entirely sympathising with the views expressed in both letter and resolution, the delegation feels obliged to point out that there is a much more fundamental difficulty in the way of putting the new factory regulations into effective operation than the absence of a qualified inspectorate, and that is the lack of stable government in China. Laws and regulations promulgated by the Central Government during the last ten years of civil strife can be put into effect outside the city of Peking only if the various local military and civil administrations are willing to make them operative within the areas subject to their control.

The "Town Traveller," a periodical published in Shanghai, contained, in its issue of the 24th April, 1926, an article on the spending of the Indemnity fund, over the signature of the "Traveller" (apparently an American resident in China), which embodies a wholehearted appeal on behalf of elementary education. "That China's crying need," he says, "is not more railways, not more so-called universities, but a well-conducted system of primary education, is self-evident." That may be so, but it is not self-evident that the desired system should be constructed out of funds
remitted by a foreign Government; for even if there were every guarantee that the foreign Government in question had no wish or intention of using that system of education as a means of "cultural invasion," it would be extremely difficult, at the present stage in China's international relationships, to convince the Chinese people that no cultural invasion was contemplated. "The greatest criticism," says the "Traveller," "that is to be directed against American educational methods in China is that following the trend in the United States they seek to bestow upon the individual, at the expense of someone else (in America itself, that of the community at large), benefits for which the individual himself should pay or go without. While it is true that it is the duty of the State to provide common schooling for every citizen or subject and thereafter to facilitate the higher education of those proving themselves fitted for it, it is in no sense the duty of the State to make learned doctors of everyone. Since China is not yet awakened to the need of providing common schooling for all, it is a noble thing for the outsider to provide the means. But where is the necessity annually to throw upon the world young men with highly specialised training for which there is as yet no market? . . . . If the writer for the nonce abandons his countrymen and recommends the adoption of other than American methods of education in China, it is because the latter ignore the strict discipline that is vital to the training of the Oriental, to say nothing of the Occidental. Although there is a tendency towards the same thing, nowadays, in the British Isles, the school system there still conforms sufficiently to former ideals as to recommend it here in China." Coming from an American, these observations are of interest, and Englishmen may well be excused for believing that they contain much truth. It is to be feared, however, that the writer ignores the actual state of Chinese feeling in this matter of education, and forgets that any attempt on the part of foreign educators to bring about the adoption of the British school system in the Chinese elementary schools would be foredoomed to failure.

The suggestion published in the "China Journal of Science and Arts" (April 1926), over the initials A. de C.S., included a recommendation that adequate primary schools should be provided for the Chinese residents in every British concession and settlement in China. This was doubtless prompted by a knowledge of the too obvious fact that the existing provision for Chinese education in such settlements is pitifully inadequate. But the delegation considers that its duty in this matter will be discharged if it calls public attention to the fact that the inadequacy exists and should be remedied. If the will to remedy it be present, there should be no necessity for the foreign settlements—containing as they do large and wealthy communities of rate-paying foreigners and Chinese—to apply for financial assistance to the Indemnity fund or any other outside source.

At the Conference of British Chambers of Commerce, held at Shanghai in February 1928, a resolution was passed which included a recommendation that the Indemnity funds should be made
available for the development of primary education in China." This delegation ventures to suggest that it might be well for the British chambers and the residents in the various foreign settlements to consider whether they themselves might not with advantage take a lead in bringing about a much needed development of primary education in those foreign settlements and concessions in which they live and carry on business.

Secondary education has not been neglected by the delegates. They visited, as will be seen in their itinerary, a number of schools of this character, both of Chinese and British foundation. They have considered the proposals of Dr. R. P. Scott, Dr. Lavington Hart and many others, Chinese and British, which will be placed before the Board of Trustees. Much valuable work is being done, deserving of most favourable consideration by that board. In addition to the very numerous Chinese middle and high schools found in every province there are fourteen such schools founded and maintained by British funds, and also seven Union universities. It is the opinion of the delegation that the Board of Trustees should carefully deliberate over the importance of supplying selected middle and high schools, both British and Chinese, with a sufficient teaching staff as well as with suitable equipment.

(iii.) Education of Women and Girls.

That liberal provision should be made for the sadly-neglected education of Chinese girls was urged upon the delegation from several quarters. One of those who personally addressed the delegation on this subject was the Rev. J. Galvin, a Roman Catholic priest, who conducts a successful girls' school at Hanyang. He considered that the greatest of all China's educational needs was primary education for girls. Next, he would put primary education for boys; and third, secondary education for both. He subsequently put his views on paper in the form of a short letter.

Another appeal on behalf of Chinese girls came from Mr. Tsung Hai Cheng of Hangchow, who urged that the Indemnity fund be mainly applied to the promotion of the secondary education of girls. He illustrated this need of education for girls by referring to the province of Chekiang, which, with a population of 80 millions, had only one provincial middle school for girls. Moreover, while all the provincial boys' schools had their own buildings, this solitary girls' school had no buildings of its own, though it had been in existence for twenty-two years.

One of the best known and most deserving of girls' schools in China is the I Fang Girls' Collegiate School, in Changsha, Hunan. An appeal for a grant for this school has been received from Miss P. S. Tseng, its founder and principal, and has received a strong endorsement from Mr. O. R. Coales, British consul at Changsha. Mr. Coales, in a covering letter, stated that Miss Tseng and her brother belonged to one of the most distinguished families in Hunan, their grandfather having been the famous Viceroy, Tseng Kuo-fan, and their great uncle, the Marquis Tseng, formerly
Chinese Minister to London. Both were educated in England and took degrees in London. Their school has a high reputation; it is managed in an exemplary manner; the teaching is efficient and the discipline strict. In her application for assistance, Miss Tseng states that she is endeavouring to unite the best elements in Western culture with a Chinese classical education. From the beginning the staff has been composed of both Chinese and British teachers, and at present includes two British graduates. The income of the school has hitherto been derived from fees, donations and the private income of the principal, the English teacher being supported by gifts from English friends. The school was founded in 1918 and registered with the Hunan provincial authorities, who gave permission for the opening of a secondary school, and, later, a college department. The latter provides a four-year course in Chinese classics.

Miss Tseng explains that the school was founded "in the belief that English thought, culture and educational ideals have a valuable contribution to make to Chinese life, but must be adapted to Chinese conditions. It is the outcome of the joint efforts of Chinese and British Christian educationalists, who pledged themselves to the unique experiment of establishing a girls' school, which should be really Chinese in spirit and management." As far as she knows, there is no other school in China founded on similar lines.

"The ultimate aim of the school," she says, "is to train young women capable of taking a leading place in the family and society. Hence, even more than studies, character training is of special importance; love, sacrifice, service, honour, humility and esprit de corps are emphasised. One of the results of such training is seen in the most friendly relations which have at all times prevailed between the students and the English members of the staff, even when anti-British feeling was strong in Changsha. That the students have some understanding of the true meaning of patriotism is shown by the fact that, out of some 5,000 dollars raised by them at different times for various relief funds, a certain amount was given to the Japanese relief fund, and that two years ago a vote was passed to contribute towards the support of schools in Japan with aims similar to those of I Fang."

The present aims, which cannot be achieved without some such assistance as the China Indemnity Fund could give, are to enlarge the middle school and to provide for the needs of the women's residential college. This extension of the existing school and college would necessitate an expenditure of about 550,000 dollars on buildings and equipment, an annuity of 85,000 dollars for the next twenty years for salaries, maintenance, scholarships, &c., and a capital sum of 800,000 dollars, which would provide for the continuation of the work after the lapse of twenty years.

For a fuller and more adequate discussion of the problem of women's education reference should be made to Dame Adelaide Anderson's memorandum in the Appendix.* With the general tenor of this memorandum the other delegates, British and Chinese, are

*See Appendix (D), p. 181.
in full agreement and sympathy. After full consideration, they propose that the amount of expenditure on the education of girls and women from the Indemnity fund should be as follows:

An equal proportion of grants made for general secondary education, and for any stimulus to primary education should be applied to the education of girls.

Higher education, so far as co-educational, will apply equally to men and women, but a much smaller number of women candidates can from the nature of the case present themselves. Grants should be made liberally to women's special higher and vocational education, whether scholarships or foreign study, having full regard to the importance of women's higher education to the life of the nation.

(iv.) UNIVERSITY EDUCATION.

A casual study of the institutions of higher learning in China reveals numerous and obvious defects. As a result of heavy military burdens and general administrative wastefulness, the most prevalent phenomenon in all Government universities and colleges is their financial difficulties. When salaries of the university teachers are often fifteen months in arrears, as in the case of Peking and Tien-tsin, it is impossible to expect large sums of money to be spent on library and laboratory equipments. When teachers are forced by economic necessity to seek work outside the school in order to maintain a bare subsistence, instruction naturally becomes drudgery and discipline an impossibility.

Very often the national universities find it difficult to open their doors after a vacation. They cannot plan ahead. Nor can they carry on research work, which is essential to the life of a university. Research already started has often to be abandoned because of the lack of necessary funds to buy equipment and to maintain a qualified staff. For this reason no Chinese national university has so far been able to offer post-graduate courses, which lead to an advanced degree.

The necessarily lowered standard of the national institutions has in the last three years given rise to a large number of private universities and colleges in Peking, Shanghai and other large cities, which maintain themselves by charging high tuition fees, and which in most cases are even more poorly equipped and more meagrely staffed, thereby bringing university education to a still lower level.

In the opinion of this delegation, the remedy for this deplorable situation, as far as the British share of the China Indemnity is concerned, seems to lie in two directions. In the first place, there is an urgent need of financial assistance in the form of endowments for professorships, and library and laboratory equipments, in order to place the few deserving institutions on a sound working basis. For some of these national institutions have taken many years to develop and equip themselves, and have made signal contributions in most trying circumstances (notably in the departments of Geology and Sinological Research at the National University of Peking, and
the Biological and Agricultural Departments of the National South-Eastern University), and it would certainly be a great disaster to allow them to collapse through no fault of their own. In this respect the delegation is in complete sympathy with the suggestion made by Lord Buxton in his memorandum that grants be made from the Indemnity fund to certain of these institutions for purposes of equipment, extension, scholarships and provision of professorial chairs. These grants should be made only after careful examination by experts into the individual merits and actual needs of these institutions.

In the second place, the spirit of research should be greatly encouraged, in order to elevate the standard of university education in China. The delegation has already recommended the founding of a central Institute of Scientific Research. It is to be hoped that the research work carried on in the institute will have a beneficial effect on the Chinese universities, by setting up a high standard of research, and by enabling promising university graduates to continue advanced research work in the institute after their graduation. It must be realised that the universities are "feeders" to the Research Institute, which should draw and absorb, as far as possible, these promising Chinese graduates, not only from the native universities, but also from all universities in Europe, America and Japan. In this sense the proposed Research Institute will serve as a central post-graduate university in China.

Before leaving the subject of university education, the delegation wishes to make the observation that, while English is, in fact, becoming the commercial and intellectual lingua franca of China, the teaching of English literature and English institutions in the Chinese universities has not been found satisfactory. It is hoped that grants may be made to the leading Chinese universities for endowing chairs of English literature, philosophy, history and political institutions, preferably to be occupied by invited British scholars.

(v.) Education in Political and Social Science.

Mr. Carsun Chang was the eloquent advocate of the establishment of a sound system of political education to enable the young people of China, especially those who intend to enter public life, to obtain a social and political education of the best kind, so that the new democracy of China might learn the principles that have guided England in her political development and apply them, as far as may be reasonable and fitting, to Chinese conditions. Mr. Chang is himself the founder and president of the National Institute of Political Science, which at present occupies quarters in Shanghai, but will soon be moved to a larger site at Woosung. That the objects and ideals described by him are deserving of the sympathy and support of China's Western friends will be apparent from the following extracts: "Although we have adopted a republican form of government, the requisites for its functioning are utterly lacking.
The most important lesson to be learned from the bitter experiences of the last twelve years is undoubtedly that we can no longer afford to neglect the equal importance of laws and men, and our future policy should be so directed as to correct our past mistakes. . . . We can see how thoroughly the English universities assist the development of the students, and it is no wonder that these schools are not only the centres of education, but also the birthplaces of statesmen. . . . Thus, response and self-reflection in the acquirement of knowledge, self-control and self-development in the upbuilding of character, all with the keynote of initiative behind them, are not only the fundamental principles of education, but also the best means for training men for political leadership. . . . The functions of an university do not end merely with educating students. It should also be the birth-place of new thoughts and ideas. In order to fulfi1 the latter function, research is of paramount importance. . . . From the policies mentioned above, our endeavour to emphasise the equal importance of men and law is clear. As an institution for political education, our aim is not only to impart knowledge, but also—and this is the more important task—to produce good men and to formulate good system and programmes, which will be the basis of the future reformation and reconstruction of our country."

Another plea for the cause of education in political and social ideals was put forward by the same writer in a letter to the delegation, which embodies many wise reflections on China's political and spiritual needs. He refers to the disastrous experiences of the past few years in China, and points out that they are largely the result of political immaturity. For this reason he emphasises the value of a study of British political and constitutional history. "People who are familiar with that history," he says, "will come to feel and understand that the spirit of sportsmanship and democratic ideals of a sound kind are the vital principles upon which the people of England and their political leaders have been brought up."

Mr. Chang deprecates too exclusive a devotion to science, which is largely responsible for a nation's material prosperity; but the safety and progress of the State are rooted in social and political education, which facilitates the development of individuality, character-building and the spirit of co-operation. The great number of technical institutes and commercial schools in Britain are unquestionably, he says, the source of much material prosperity. But without such schools as Oxford and Cambridge to develop social and political leadership, what would become of Great Britain's economic supremacy? "Moral strength, social order and political security are the foundations upon which our palace of happiness is built, and the soil in which our flower of peace is grown."

Coming down to practical details, Mr. Chang states that in the whole of China there are about twenty schools of law and politics. He advocates the endowments of professorships in English history, constitutional law, finance, jurisprudence and municipal government. This might absorb an expenditure of about 200,000 dollars a year. An alternative scheme, suggested by Mr. Chang, was to
organise an institute for the study of the political and social sciences, with the primary aim of fitting young Chinese for leadership.

Mr. Carsun Chang's views find strong support in the National South-Eastern University of Nanking, in a communication from Mr. Ye-young Chan, chairman of the university council. "England," he says, "can properly be proud of her constitutional system, her governmental organisation and the genius of her law. Not only are these the factors that make England great; they have been also the example, if not the actual models, for other peoples at different times and in different parts of the world. In her hour of reconstruction, China can turn to no better place for inspiration and guidance than to the home of government by law, and the source of one of the most influential and vigorous legal systems."

Mr. Chan goes on to urge that a part of the Indemnity funds be applied to the promotion of those studies "which are at once closest to the hearts of the English people and most useful to the Chinese." His general ideas are: (1) the foundation in appropriate universities and special schools of law and political science of chairs of English constitutional law, English political institutions, and selected branches of English law; (2) the foundation of lectureships on general political and legal subjects, not usually taught in ordinary courses of instruction; (3) the foundation of scholarships and prizes for research work in Chinese political and legal history; (4) the awarding of prizes for translations of noted works on legal and political science.

Further support for this project comes from a very influential group of distinguished Chinese writers, statesmen and political leaders, including Mr. Wang Ta-hsieh (formerly Chinese Minister in London and Prime Minister), Mr. Liang Chi-chen, Mr. Wang Chung-hui, Mr. E. H. Tang and Mr. Lo Wen-kan. In their letters of the 27th May they recommend the application of Indemnity funds to the establishment of an institute for political and social sciences, with an endowment for professorships in English political and constitutional history, finance, jurisprudence and municipal government.

"Following up this idea, we would suggest that such a project should take the form of an Institute of Politics and Law, for which an appropriate sum—say, 400,000 Mexican dollars—may be set aside annually from the Indemnity funds. Such an institute should provide opportunities for research and specialisation in the domain of political science. In the same way it should provide like opportunities in the field of law, so that the assistance promised by Great Britain to China, as provided for in article 12 of the Mackay Treaty of 1902, may be rendered in an effective way. The article in question, it may be recalled, reads as follows:—

"China having expressed a strong desire to reform her judicial system, and to bring it into accord with that of Western nations, Great Britain agrees to give every assistance to such reform, and she will also be prepared
to relinquish her extra-territorial rights, when she is satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant her in so doing."

"We grant fully the place, which the natural sciences will and must have in the material development of China. It is, however, just because of the new forces and increased wealth, which the application of such sciences will bring into play, that we urge the need of training a body of capable jurists and executive officers to direct such forces in the right direction. In a word, social development should proceed pari passu with the material development of the country."

Another communication of a similar tenor, strongly advocating the foundation of an Institute of the Social Sciences, was signed by several Chinese professors of jurisprudence, political science, sociology and other subjects in the universities of Soochow, Nanyang, Kwang-Hua, Fuh-tan and other well-known institutions. One of several welcome signs that Young China is awakening to a sense of her own political shortcomings and the urgent need of the encouragement of sound civic ideals is to be found in the recent establishment, in Peking, of a Citizenship Training Association. The association asks for a modest subsidy of "4,800 dollars for the first year and an annual increase of 25 per cent. for the following five years," to finance its work during its early years of initial experiment. After those years it hopes to be self-supporting. Its aims are clearly expressed in the following resolution:

"Whereas political stability and national union are of fundamental importance to China's internal progress along economic, social and educational lines; and therefrom to the elevation of her international position among the nations;

"Whereas political reform in China would mean wise selection of leadership, application of business and efficiency methods in public administration and freedom of corruption among officials, particularly in public finance; and such reforms can be gradually carried out only by the crystallisation of public opinion for an honest and responsible Government;

"Whereas the salvation of our nation from the present-day chaos must necessarily be preceded by the stern discipline of men and women of China for good moral character, strong body and mind, ability to co-operate, intelligent performance of public duties, sane and sound judgment and honour of labour;

"Whereas a democratic Government in China will be successful only when our people are intelligent, capable of self-control, and willing to perform their duties of citizenship; and the foundation of democracy is in individual citizens of vision, happy homes, healthy communities, economic well-being, enlightened patriotism and pleasant physical environment;"
Be it resolved that the China Association for Citizenship Training be founded for the following purposes:—

(a.) As an educational agency, to promote the teaching of civics and to propagate the knowledge of public affairs and the functions of government, with particular emphasis on the duties and responsibilities of citizenship; and

(b.) As a moral agency, to encourage self-discipline for good citizenship, to maintain the respect for law and order, and to stimulate the spirit of sacrifice for public welfare.

Be it further resolved that at the outset of its programme the association shall devote its effort to train the less literate people of China in chosen districts for the minimum absolute essentials of citizenship with more emphasis on actual practice rather than on theoretical knowledge.”

The delegation is of opinion that the research side of the political and social sciences would most appropriately come within the scope of the Research Institute when established, and commend the whole subject of political education to the attention of the Board of Trustees.

(vi.) Industrial and Vocational Education.

Among those who drew the attention of the delegation to vocational education and its needs was Dr. Huang Yen-pei, chairman of the Executive Committee of the National Association of Vocational Education of China, which has its headquarters at Shanghai. He expresses the hope that part of the funds to be devoted to education will provide for agricultural, industrial and commercial training, “which is badly neglected at present.” He also emphasises the importance of the education of children and apprentices employed in industrial plants, and the vocational education of girls.

Mr. A. Pinyin Cheng, a graduate of Birmingham and a member of the Society of Chemical Industry (London), urged the promotion of scientific and technical research. “Speaking from personal experience,” he said, “the writer has found that science students as a class, whether they have been trained here or in Europe, are usually opposed to any irrational movements and their viewpoints are, generally speaking, reasonable and practical. So science education does help one to correct his partiality and to think logically. Should any fund be given to educational purposes, I hope that such sum shall be used in two ways: (1) to promote science teaching in general, as our colleges and schools are in want of scientific equipments for practical teaching; (2) to establish polytechnic schools in big towns such as Shanghai, Canton, Hankow and Tien-tsin, where technicians are much needed in various
industries. Such polytechnics shall be run on similar lines to the Battersea Polytechnic, near London."

Mr. Joseph Bailie, formerly dean of the College of Agriculture and Forestry at the University of Nanking, now of the Organising Bureau of Industrial Service, favoured the delegation with some interesting letters, in one of which he brought forward a proposal to place selected Chinese workmen and students in British factories, with a view to subsequent employment in similar factories in China, so that they may add practical experience to their theoretical education. Through his agency, over 600 Chinese workmen have been placed in American workshops, and the results are described as very good. "While I advocate sending students to Great Britain," he says, "I am opposed to training students for positions which do not exist in China." Mr. Bailie would also like to establish a central Polytechnic Institute, "to which the boys who had already got elementary education would go in the evenings as ambitious workmen do at home, so as to prepare themselves for positions as foremen." He gives it as his opinion that "education in China is top heavy. The type of student that is being produced does no credit to the teachers. I would like to give these poor people, that I believe are the hope of China, a little opportunity. Everything is heaped upon these 'students,' till they think the world could not get along without them, while the poor fellows that I am trying to help have no opportunities at all. Also man for man, I believe they are just as good stuff as any of the students.... Students have gone to seed, while these seekers after knowledge are entirely neglected."

Several other projects for the establishment of vocational schools were brought forward. One was suggested by Mr. M. T. Tchou, in a letter and memorandum signed by many influential and well-known Chinese men and women. Another was submitted by the chairman (Mr. T. L. Wang) of the Chinese Labour Corps Association—that is, the association which was formed, after their return to China, by the members of the Labour Corps who served in France and elsewhere during the Great War. He states that the members of the corps decided to commemorate the sacrifices made by their compatriots by raising funds for the establishment of vocational schools for the education of their children. A sum of about 30,000 fr. was raised among the workers, and deposited in the Banque Industrielle de Chine through the Young Men's Christian Association for Chinese Labourers in France. The failure of that bank destroyed all their hopes, but the news of the projected revival of the Banque Industrielle in connection with the disposal of the French share of the Chinese Indemnity, and the intention of the British Government to apply the British share to purposes mutually beneficial to the two countries had fostered the expectation that something might now be done for the realisation of their wishes. Mr. Wang pointed out that of all the provinces of China, the one which was most directly affected by the Great War was Shantung, not only on account of the various problems affecting Tsingtao and the disposal of the rights and privileges formerly held by the Germans, but also because over
nine-tenths of the Chinese labourers employed in Europe during the war were natives of that province. He therefore proposed that Indemnity funds should be applied to the establishment of vocational schools in Tsingtao and Tsinan (the capital of the province), and that the primary object of these schools should be to provide educational facilities for members of the Labour Corps Association and their children. In a subsequent communication, Mr. Wang forwarded full particulars of the proposed school with an estimate of the anticipated expenditure. The estimated cost is approximately 350,000 dollars initial capital outlay and 20,000 dollars a month for maintenance. The Labour Corps Association asked, in addition, for 50,000 dollars for the construction of a building to be used as the association’s headquarters, and 10,000 dollars a year for maintenance.

Among existing technical schools in China which are doing good work shall be mentioned the Wusih Technical School and the Kiangsu Provincial Soochow Technical College, both of which have made formal applications for the grant of subsidies (see Appendix (C), 12 and 13, p. 180).

A detailed scheme for the establishment of a Textile Technical School in Shanghai was originally prepared by a Special Committee in Shanghai, composed of representatives of well-known British firms. It has been warmly commended and endorsed by Dr. Wellington Koo (then Chinese Minister for Foreign Affairs), by Mr. Chao-hsin Chu (then Chinese Chargé d’Affaires in London), by Chinese millowners, by representatives of the Lancashire cotton trade, and by the British Chamber of Commerce at Shanghai. The scheme was laid before the Advisory Committee for the Indemnity fund, some months ago, and was carefully considered by this delegation during its stay in Shanghai. Printed pamphlets, giving full details, have been distributed among those interested in industrial education in China, and will be at the disposal of the Board of Trustees. One of the guiding principles followed by those who were responsible for the scheme was that "the vital need in respect of all Chinese education at the present moment is not so much higher training in abstract studies as the direction and guidance of specific abilities towards a specific end. Thus, there are openings in China for young Chinese trained thoroughly in all the modern professions which have a direct and effective applicability to the needs of life, and still more there are openings of practically every type for Chinese with a very thorough technical training."

The object of the proposed school will be "to provide training in both theory and practice for Chinese students and mill overseers, so that a body of thoroughly trained efficient Chinese may be available to direct and assist in the development of this important industry."

Two classes of students will be provided for: (1) whole-time students, who, having graduated from a secondary school, wish to specialise in textile engineering; (2) part-time students or wage earners, who are unable to devote their whole time to further training, but desire to increase their efficiency. Each student would be required to take one or more of the following subjects: Spinning
(theoretical and practical); weaving (theoretical and practical); bleaching, dyeing and printing. The following subjects would also be taught, with special reference to textile manufacture: Mathematics, mechanics, physics, chemistry, machine drawing, technology of fibres, mill management and accounts. For part-time students the course would naturally be somewhat curtailed.

It is estimated that the initial capital expenditure necessary would be £64,000, and an annual grant for running expenses of £18,500.

(vii.) THE TRAINING OF INDUSTRIAL WELFARE WORKERS.

Now that China is beginning to be affected by modern industrialism, with its inevitable social results, the necessity of providing for the training of industrial welfare workers is becoming imperative. An interesting memorandum on this subject has been submitted to the delegation by Professor J. B. Taylor of the China International Famine Relief Commission, who points out that, "in introducing modern industry into China, it would seem desirable not only to adopt the best machinery and technical processes, but at the same time to apply those methods which the experience of a century and a half has shown to be most successful in dealing with the human element in industry. The social effects of industrial change reach much deeper and further than is commonly recognised, and consequently the importance of appropriate ways of treating this human factor is underestimated, with serious results both to industry and to the community."

Very little is yet being done in China to provide the necessary foundation for that training in social welfare work, to the need of which Dr. Taylor draws attention. He has himself kindly offered to co-operate in drawing up a detailed plan for carrying out the training suggested. Meanwhile, a valuable and interesting report has been drawn up and submitted to the delegation by Mr. M. T. Tehou and others, including the widow of the late Dr. Sun Yat-sen.*

(viii.) COMMERCIAL EDUCATION.

The advisability of developing a sound system of commercial education for China was not overlooked. A short memorandum on this subject was received from Mr. Chi-Pao Cheng, director of the Shanghai College of Commerce, which is affiliated to the National South-Eastern University at Nanking. In this document the suggestion was made that the British portion of the Indemnity should be applied to the development of the industry and commerce of China. With this end in view a part of the fund should be used to improve communications, and a part for the training of industrial and commercial experts, either by founding new institutions for such purposes, or by subsidising such existing institutions as have proved their worth.

In a subsequent letter the same writer states that China’s foreign trade is largely in the hands of Chinese merchants and compradors.

*See also Report by Dame Adelaide Anderson in Appendix (E), p. 188.
who are in general not competent for their task. Consequently "a good system of commercial education" is a fundamental need. He admits that a satisfactory beginning has been made. In Shanghai alone the "standard commercial colleges" have turned out 300 graduates in the past two or three years, and these men are now actively engaged in commercial pursuits. But a much greater development of this branch of education is necessary. It should be noted that the China National University, a private institution at Woosung, near Shanghai (of which some account will be found in Appendix (C) (4), p. 175), possesses a College of Commerce, as well as a Bureau of Statistical and Economic Research.

(ix.) The Boy Scout Movement.

An application for financial assistance was received from the Boy Scouts' Association of Kiangsu Province on behalf of the Boy Scout movement throughout China. It appears that Boy Scouts' Associations have been organised in more than ten Chinese provinces, with a total membership of nearly 40,000. The applicants pointed out that since 1911 China has spared no pains in promoting and developing Boy Scouts' work, but that the result was still unsatisfactory, largely owing to lack of funds. The present aims were to establish Boy Scouts' branch headquarters in different provinces in order to extend Boy Scouts' activities to all parts of China; to found a Chinese National Boy Scouts' Association in order to unify the spirit of the Boy Scouts in every district and thus make mutual help and co-operation easily available; to establish training schools for scout-masters, and to provide on a large scale institutions for the sale of Boy Scouts' equipment, books, magazines and other supplies. It was urged that the expansion and development of the Boy Scout movement would help to increase friendly feelings between China and foreign countries and thus be mutually beneficial to Great Britain and China.

A similar appeal for funds "for the development of the Boy Scout movement in China on strictly Chinese national lines" was received from the Commissioner of the Tien-tsin Boy Scouts' Association, who asked for "a sufficient sum (possibly £10,000 a year for ten years) to be allocated to the promotion of a Chinese Boy Scouts' Association." It was explained that the sum of money named was based on a very rough estimate of what would be required to pay for office rent, salaries of a foreign adviser, a permanent staff of translators, readers and clerks, and cost of printing.

If any scheme is adopted for the promotion of the Boy Scout movement, provision should also be made for the needs of the Girl Guides.

(x.) Libraries.

It was several times impressed upon the delegation that among the most serious needs of China in connection with education were well-equipped libraries of Chinese and foreign books, catalogued and
arranged on scientific principles. Many returned students have lamented the fact that the paucity of libraries made it impossible for them to keep up to date in their reading or even to retain the knowledge already acquired; and it has been more than once suggested that this is one of the reasons why so many returned students gradually lose their interest in the particular studies which engaged their attention while abroad, and drift into occupations (such as politics) for which they are not always suited, either by nature or by training. These facts have been fully recognised by the Board of Trustees which controls the American portion of the indemnity, for among the projects which have received the stamp of its approval is a scheme for the establishment of a first-rate national library in Peking. That a small portion, at least, of the British portion of the Indemnity should be devoted to a similar purpose has been urged by several correspondents. One of these was Mr. Koo Zee, dean of the Chinese Banking Institute at Hankow. Mr. Arundell Esdaile, of the Library Association, writing from the British Museum on the 4th March last, invited the attention of this delegation to this matter, and pointed out that to set up a scheme of education without at the same time developing a good library system is to waste much of the money spent on education, since only by the use of books can the educated mind be further educated or even prevented from relapsing. This, he says, has been proved to be the case in England, and he assumes that it will be found to be so in China.

In the American Library Association Bulletin (vol. 20, No. 2, p. 42), Dr. Arthur E. Bostwick, American Library Association delegate to China, suggested the following ways in which such funds as are available might be used for the promotion of Chinese libraries:—

1. The grant of a subsidy to the Library Association of China.
2. The construction of library buildings according to specifications laid down beforehand.
3. The buying of modern books.
4. The making good of losses due to opening up bookshelves to the public.
5. The founding and maintenance of one or more special libraries of an experimental kind.

A Chinese correspondent, writing from Yeh Hsieh on the 19th March, draws attention to the need of good educational magazines and journals dealing with different branches of science and research, and also recommends the engagement of trained scholars to translate good English and foreign books into Chinese. To a limited extent this work of translation is already in the hands of the Christian Literature Society, which has its headquarters at Shanghai; and the commercial press and a few other enterprising publishing agencies put forth a continuous stream of Western books—good, bad and indifferent—in Chinese form. It cannot be doubted, however, that a great many old and new Western books of proved excellence fail to find translators or publishers owing to
the fact that they would have a restricted market and would not be commercially profitable. The translation and publishing of such books might be moderately subsidised, with excellent educational results, though doubtless it would be more fitting to leave this work in the hands of the modern universities and the projected Institute of Research. It would in any case be necessary to consult these institutions regarding the books that it was proposed to publish.

(xii.) A TRANSLATION COMMITTEE.

In connection with projects of book translating, mention must be made of the proposal to establish a Translation Committee for the translation of Chinese books into English. The scheme, which has been drawn up by Dr. J. C. Ferguson, of Peking, and is strongly recommended and supported by the Peking Historical Association and the North China branch of the Royal Asiatic Society, would provide for the editing and translation of some of the very numerous and important Chinese books dealing with Chinese religious, ethical, philosophical and historical subjects which are still inaccessible to Western readers and likely to remain so for a long time to come if their translation is left to the unaided efforts of individual scholars. It is hoped that the proposed Translation Committee would be able to do for Chinese literature what the Pali Text Society has done and is doing for that of Buddhist India. The estimated annual cost of this project is set forth in the following table, from which it will be seen that promoters of the scheme ask for a subsidy of 75,000 dollars a year:

<table>
<thead>
<tr>
<th>Item</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>3,600</td>
</tr>
<tr>
<td>Light, water and other charges</td>
<td>1,200</td>
</tr>
<tr>
<td>Service</td>
<td>750</td>
</tr>
<tr>
<td>Four translators at 600 dollars per mensem</td>
<td>28,800</td>
</tr>
<tr>
<td>Two readers* at 600 dollars per mensem</td>
<td>14,400</td>
</tr>
<tr>
<td>Writers and secretaries</td>
<td>10,000</td>
</tr>
<tr>
<td>Books and magazines</td>
<td>600</td>
</tr>
<tr>
<td>Printing and publication</td>
<td>10,000</td>
</tr>
<tr>
<td>Incidental expenses</td>
<td>5,650</td>
</tr>
</tbody>
</table>

Total: 75,000

(xiii.) SCHOLARSHIPS AND FELLOWSHIPS FOR CHINESE STUDENTS IN BRITISH UNIVERSITIES.

Lord Buxton devoted a considerable portion of his memorandum of the 29th December, 1925, to a very comprehensive discussion of the question of subsidising Chinese students in Great Britain and the Dominions. His conclusions are, in the opinion of the delegation, most suggestive and valuable. He said:

"The general view as regards subsidised students would appear to be that there should be no wholesale subsidising of

* It is proposed to invite two distinguished Chinese scholars to co-operate with the translators in careful understanding and explanation of original texts.
students to be educated in Great Britain; that the subsidised students should be few in number, should be post-graduate and carefully selected; and that their education in England should be more cultural than technical, more university than workshop.”

With this view the delegation is in full agreement. Dr. Hu Shih recommends that about £15,000 be set apart for the founding of thirty post-graduate scholarships, each approximately of £300 per annum, and five travelling fellowships for teachers and scholars of recognised standing, each of £500 per annum. Being fixed at thirty and five respectively, no new scholarships or fellowships should be granted until there are vacancies to be filled up.

The experience of sending poor working students to France and Germany in recent years has shown beyond doubt the grave danger of young men and women being left in foreign countries without sufficient amount of money to enable them to live in decency and carry on their studies in peace. Moreover, if post-graduates are desired, the scholarships should be made attractive enough to induce them to leave possible remunerative work and study abroad.

Chinese students’ education in England, as Lord Buxton has so well said, “should be more cultural than technical, more university than workshop.” What China needs most is leaders, men and women who will lead the nation in thought and action. It is with this in view that the delegation recommends the subsidising not only of post-graduate students, but also of mature scholars of recognised standing. It is hoped that the new outlook and new insight acquired by those maturer minds (who cannot be easily “denationalised”) in a broad cultural education in the best British universities, might in some way contribute towards the making of future leadership in China.

It is further recommended that the scholarships be awarded to successful candidates in open competitive examinations, and that the travelling fellowships be awarded to persons selected from lists of names recommended to the Board of Trustees by heads of the Chinese institutions of higher learning.

The provision of a club for Chinese students in London has been strongly recommended in several quarters. The chairman of the Statutory Committee (Lord Buxton) has set forth the advantages of such an institution in the following terms:

“At present the Chinese student comes to England with no knowledge of the conditions which prevail. There is difficulty in regard to accommodation and lack of help and guidance. The provision of a hostel or club, especially if there were sleeping accommodation, would provide him with a home, where he could receive sympathetic help and advice, and would help to remove him from otherwise inevitable discomforts and temptations. The Chinese student would appreciate that he was welcome, and would not feel that he was a stranger in the land. These Chinese students, however few in numbers, exercise on their return home great influence on the attitude of Chinese towards
Great Britain. The institution of a hostel or club would therefore be mutually beneficial.

Lord Buxton goes on to point out, however, that the establishment of such a club might be attended by certain disadvantages. He notes that—

"Some objection is felt to the herding of the Chinese students together, as, by so doing, much of the advantage derived from living in England and the comradeship of English students would be lost."

The Chinese delegates, all of whom have had long experience in studying abroad, seem to agree with this view. Dr. Hu is inclined to think that the purposes of such a club might be better served by a standing committee to be composed of internationally-minded persons in the various university centres, who would see to it that Chinese students are properly accommodated and sympathetically received by the community.

In the case of women students, the delegation is in sympathy with the idea underlying such international institutions as the Crosby Hall for Women.

(xiii.) Chinese Studies in Great Britain.

A powerful appeal has been made by Sir E. Denison Ross for the endowment of Chinese studies at the School of Oriental Studies in London, which, though founded in 1917, possesses no endowed chairs, and is mainly dependent for its existence on State subvention. His proposal is that a portion of the Indemnity funds, yielding an annual revenue of, say, £2,550, be set aside for the encouragement of Chinese studies. The money would be allocated as follows:

- A professor of modern Chinese, at £1,000 per annum.
- A professor of classical Chinese, at £1,000 per annum.
- A reader in Chinese art and archaeology, at £600 per annum.
- A reader in Mandarin, at £600 per annum.
- Two Chinese assistants for Mandarin, at salaries of £400 each per annum.

The amount required for the above is £4,000 per annum, towards which the school would contribute £1,450, the amount now spent by it on the Chinese Department. This leaves a balance required of £2,550, which it is hoped may be provided by the Indemnity fund.

The Chinese Department is at present working mainly on the practical study of modern Chinese, and has not been able to develop the research side. It is with a view to the development of the latter that the present scheme has been drawn up.

In a letter to the "Times," dated the 13th March, 1925, Sir E. Denison Ross made the following remarks:

"Quite recently a Professorship of Chinese has been established, and the Chinese Department has a staff of two
English and two Chinese teachers. That there is a demand for Chinese teaching in London is proved by the fact that last session there were no fewer than seventy-four students of Chinese. Most of these students, however, are young men connected with banks and insurance companies having branches in China, and the staff is consequently fully occupied with the more or less elementary study of the Mandarin language. It is of the highest importance that the higher branches of Chinese study should find a place within the University of London; in this respect we are far behind other European countries and America, and the opportunity now certainly offers to make up for lost time. Scholars would soon be forthcoming, were proper inducements offered."

He adds that the School of Oriental Studies already possesses—thanks mainly to generous donations—a very valuable collection of Chinese books, covering all branches of Chinese literature.

In the same letter Sir Denison Ross makes the following suggestion:

"In my view, any chair established in England should have as its necessary counterpart a chair held by an Englishman in some university in China. . . . The object of this suggestion is that the intellectual relations between England and China should be fostered, and that we should not only here give facilities to our fellow-countrymen to learn all there is to be learned about the history and language of China, but also that students in China may have an opportunity of learning from first-class scholars the methods and results of Western research."

If the Board of Trustees decides to respond to the application of the London School of Oriental Studies, it should also seriously consider the necessity for adequately providing for professorships at Oxford, Cambridge and Manchester, together with Chinese assistants and the proper support of their Chinese libraries.

In connection with the proposed endowment of professorships, the suggestion of Dr. D. Macgillivray, general secretary of the Christian Literature Society of China, is interesting. His proposal is that a Professorship of the Chinese Classics should be founded in memory of the late Dr. J. Legge, formerly Professor of Chinese at Oxford, who "did more to acquaint the West with the Chinese classics than any other man of the past century."

If such a chair be established, it is suggested that Hong Kong, where Dr. Legge did more than a quarter of a century of service, would be a suitable place, especially in connection with the School of Chinese Studies now being developed in the Hong Kong University.

PART XI.—ADMINISTRATION AND CONTROL.

Those who have made themselves acquainted with the intentions of the British Government as embodied in the Act of 1925 are aware that the functions of the Statutory Committee are only
advisory, and that the actual administration of the Indemnity fund will necessarily pass into other hands. Lord Buxton, in his memorandum of the 29th December last, referred to this question, and suggested that the administrative power would presumably be vested in a Central Committee in China, of which it appeared essential that at least half the members should be Chinese. He also raised the question as to whether it was necessary for the Statutory Committee to remain in being after it had reported its proposals to the Secretary of State.

The position has been very much misunderstood in China. Both before and after the arrival of this delegation, the criticisms that appeared in the Chinese press showed that there was much dissatisfaction in Chinese circles—educational, political and journalistic—with regard to the way in which the matter of the Indemnity had been handled, or was supposed to have been handled, by the British Government. The constitution of the Advisory Committee was criticised because it contained only three Chinese members to eight British. The fact that the Advisory Committee was repeatedly brought into unfavourable comparison with the committee which had been appointed to manage the American Indemnity Funds was in itself sufficient proof that the critics did not understand what they were criticising. Otherwise they must have known that no comparison was possible between the two committees, and that the committee which would eventually deal with the British funds had not yet come into existence.

It was in the hope of removing some of the misconceptions so prevalent in China that the delegation took an early opportunity of issuing to the press the statement which has already been reproduced (see Part II, (ii), p. 52). In that statement it was pointed out that the Advisory Committee "may be dissolved when the permanent executive organisation is established for allocating and administering the funds. The character and composition of the permanent organisation constitute one of the most important questions to be considered by the delegation."

This statement did not have the result of silencing criticism; but thenceforth the attack was directed mainly against the statute itself, which, it was alleged, left the funds in the ultimate control of the British Secretary of State for Foreign Affairs. The delegation received many letters on this subject. It was pointed out in them that Chinese national feeling would be strongly opposed to any system of management or administration which vested the control of the funds in other than Chinese hands. It was also stated that the British were not really returning the Indemnity to China, as had been claimed, but were merely providing for the diversion of the funds into a certain specified channel. One such letter was addressed to the chairman of the delegation by Messrs. W. T. Tao and P. Ling, representatives of the National Association for the Advancement of Education; and a subsequent letter from the same association announced that unless the money was returned to China unconditionally, the association would oppose any schemes for the allocation of the funds that the delegation or the Statutory
Committee might recommend. Resolutions to this effect, it was intimated, had been passed at a meeting of the association, and in the course of the discussion that ensued the members of the association had declared that unless their demands were agreed to, all the Peking schools and colleges would refuse to accept any portion of the Indemnity funds, even though they might be compelled, for want of money, to close their doors.

A communication from the Chinese Engineers' Association, dated the 20th March, was similarly expressed:

"This society advises all public bodies in the country to make representations to the British Government to the effect that if it sincerely intends to return the money to China it should . . . . allow China herself to organise a committee which shall have the power to allocate the funds as well as the duty of investigating the best methods of application. As to the Indemnity delegation now visiting China, we are of opinion that they should be received with the courtesies due to foreign guests, but that we should submit to them no requests for grants or assistance from the Indemnity fund. To make such requests at the present moment would be injurious to our national dignity."

With regard to the demand for the "unconditional" return or surrender of the Indemnity, it may be pointed out that this was put forward long before the arrival of the delegation in China. The question came up for discussion in the Chinese Parliament as early as April 1924. In that month, Senator Wang Hsiang and other Parliamentarians introduced a Bill empowering the Government to enter into negotiations with the various Legations concerning the unconditional relinquishment of all the Indemnity claims. A resolution to the same effect, when introduced into the House of Representatives, was received with enthusiasm, and carried by a unanimous vote. The "Peking Leader" of the 19th April, 1924, states that a similar resolution passed in the Senate was prepared by a committee of which Dr. C. T. Wang was one of the members. Apparently the Bill above referred to never became law, but it is noteworthy that it provided for the establishment of a purely Chinese organisation to manage and allocate the remitted funds, which were to be treated as a permanent educational endowment.

As recently as the 26th April last, the following telegram was sent to the British Minister in Peking by the Educational Association of the Province of Hunan, showing that misunderstandings had not yet been removed:

"When the British Government, in a spirit of equality, decided to return the Boxer Indemnity, we were deeply moved. We learn, however, that as regards the method of returning the money, Parliament voted that its retention and distribution are to rest entirely with His Majesty's Secretary of State for Foreign Affairs. Although a Consulting Committee has been formed, it is only an advisory body, and, further, out of ten
members forming this Consulting Committee, only two
are Chinese. The result is that nominally the Indemnity
is being returned, but actually your country can still dispose
of it as it pleases. Name and reality thus, to our disappoint-
ment, do not correspond, and the position is one our countrymen
can hardly recognise. We therefore respectfully have the
honour to telegraph our real views to your Excellency with the
request that you will transmit them to your Government, stating
that we earnestly hope that the method of returning the
indemnity may be amended to correspond with the original
intention."

An equally forcible expression of opinion was contained in a
well-written memorandum submitted by the women students of
Nankai University, Tien-tsin. "From all indications," they said,
"the China Indemnity fund is really under British control. This
control may be benevolent, and we have reason to believe that it
will be so, but it is not joint Sino-British control, to say nothing
of Chinese control." They pointed out that Englishmen would
object to a foreign agency, even a friendly one, carrying on large
cultural activities in England, unless the control of such activities
rested with a British majority. "A foreign agency may compete
with the national Government and may even nullify the efforts of
the Government. If such an agency is made perpetual, the danger
is even greater." Hence the women students suggested that the
committee should have a majority of Chinese members, who should
be appointed by the Chinese Government or by Chinese public
bodies; that the committee should be responsible, not to the British
Secretary of State and through him to the British Parliament, but
to the Chinese people or Government; and that the committee,
once constituted, should be invested with large powers, any
supervision being limited to the prevention of abuses or financial
irregularities.

A similar line of criticism and suggestion was followed by the
Chinese Railway Association, which, through its representative,
Mr. K. L. Kwan, wrote to the delegation as follows:—

"The society wishes to draw the attention of the committee
to the fact that no mention of the return of the funds to China
was made in the Boxer Indemnity Act; on the other hand,
it was stated that the control and application of these funds
shall be vested in the British Secretary of State for Foreign
Affairs, and that the said funds shall be paid out from the
Exchequer in the same manner as any one of the ordinary
expenditure items. Under these conditions, it would be difficult
for China to accept the funds. In short, the society entertains
grave doubts as to the wisdom of such a policy, both for China
and for Great Britain. It has been acknowledged that the
Indemnity was a punitive measure which has long survived its
usefulness. The British nation cannot better show their
goodwill to China than by an unconditional return of the funds,
instead of vesting their control and application in the Secretary
for Foreign Affairs. It is, therefore, the earnest and sincere hope of the society that the commission will recommend to the British Government such unconditional return and the vesting of the control of the funds in hands other than Governmental Departments."

It is obvious that in this short paragraph there are errors of fact, besides evidence of misunderstanding. It is said that, under the Act of 1925, the funds are to be paid out of the British Exchequer, as in the case of any other item of expenditure. Now there is nothing at all about this in the Act. If the money is to be paid out of the British Exchequer, obviously it must first be paid in; but the money is not in the British Exchequer, and, therefore, cannot be paid out. The facts of the case are set forth in Part I (ii) of this report, where it is shown that, from December 1922, inclusive, the monthly instalments due by China to Great Britain under the Final Protocol of 1901 have been paid by the Inspectorate-General of Chinese Customs into a special Suspense Account in the Hong Kong and Shanghai Bank, there to accumulate with interest until it is finally decided how the money is to be used.

Then again, when Mr. Kwan says "it has been acknowledged that the Indemnity was a punitive measure," it is pertinent to ask by whom this has been acknowledged. Certainly not by Great Britain, especially if the term "punitive" in this connection is taken to connote "retributive" or "vindictive," which is probably Mr. Kwan's meaning. It cannot be too strongly emphasised and it is most regrettable that the point is persistently ignored by many Chinese to-day—that no punitive Indemnity was inflicted upon China. It is, of course, impossible for Great Britain to speak for the other nations concerned, because it was not her business to enquire into the bases of the claims for necessary military expenditure or for the losses of individuals upon which their respective indemnities were assessed; but it is an undoubted fact, which should not be overlooked, that the amount of the British share of the Indemnity was fixed after a rigid scrutiny and cutting down of the individual British claims for losses suffered and damage received as a direct consequence of the Boxer rising.* No "punitive indemnity" was demanded, unless by that term is understood the simple reimbursement of actual expenses and compensation for losses.

As a matter of fact, Great Britain has more than once refrained from pressing claims which would have been obviously legitimate. An incident took place about five years before the "Boxer" outbreak, which is referred to in the following quotation from "The History of the Church Missionary Society" (Vol. III, p. 587):—

"When Lord Salisbury enquired of the C.M.S. and C.E.Z.M.S. what compensation he was to press for on account of the Hwa-sang (Kuchang) massacre, both societies replied that they would accept none. Any money paid might have been

*See above, Part I (i), p. 44.
regarded in China as an indemnity for the lives of the missionaries; and both committees were anxious to avoid even the appearance of vindictiveness. In due course, Lord Salisbury wrote to the C.M.S that the Chinese authorities were much impressed by the high-minded attitude of the societies. The Tsungli-Yamen (Chinese Foreign Office) informed Sir Claude Macdonald, the British Minister at Peking, that the refusal to accept compensation commanded the Yamen’s profound respect and esteem, and that every effort would be made to prevent future disturbances."

A still more striking case of the same kind is connected with the "Boxer" outbreak itself. In 1900, 137 missionaries (including wives and children) were massacred in cold blood by Yu Hsien, then Governor of Shansi. The missionary societies concerned were subsequently invited to assess damages with a view to the claim being included in the Indemnity. The missionary societies refused to accept any compensation, but the advice of Dr. Timothy Richard was sought by the Chinese Government, and as a result a university was founded in the capital of the province, for the education of Chinese youths on modern lines. Such was the origin of the Shansi Imperial University, which, now under purely Chinese control, flourishes to this day. This may be regarded as one of the first instances, if not the first, of an indemnity remission by a foreign Power in China. It antedated the foundation of Tsinghua College by several years.

Mr. Kwan draws attention to the fact that in the statute there is no mention of the return of the funds to China.” When the word “return” is used (and it is true, as he says, that it is not used in the Act), the meaning is that Great Britain instead of applying the funds to her own national purposes, as she has the right to do, intends to apply them to the needs of China. It may be admitted that those who speak of “returning” the Indemnity use the term in rather a loose sense, mainly perhaps because it is difficult to find a single word which could take its place and express more accurately the facts of the situation.

It has often been pointed out (by British subjects) that, as Great Britain has relinquished the right to apply the money to her own purposes, it does not greatly matter to her what becomes of it, and that it would save her a great deal of trouble and annoyance if she were to cancel the Indemnity without further ado. This also might be described as “returning” the Indemnity to China, but again the term would not be strictly accurate. A creditor who writes off a debt does not in the strict sense “return” the money to the debtor, although (assuming that the debtor is solvent and is prepared to pay the debt if required) he may be said to increase the debtor’s assets to the amount of the debt. But the Chinese who criticise the British method of dealing with the Indemnity do not ask the British Government to cancel the debt outright, for they know that this would simply increase pro tanto the amount of money which the Inspector-General of Customs would be able to place at the free
disposal of the Government that happened to be in power in Peking. This again, under present conditions, would merely augment the financial strength of the particular group of militarists who happened at the moment to be controlling the Peking Government. Neither Great Britain nor the majority of her Chinese critics are willing to see the Indemnity money so misapplied, and no patriotic Chinese is likely to demand facilities for such misapplication as a sovereign right.

Thus when Mr. Kwan asks for "unconditional return" and "the vesting of the control of the funds in hands other than Governmental Departments," he evidently refers not to British "governmental departments" alone, but to Chinese "Governmental Departments" as well. It appears, in fact, that he would like to see the custody and administration of the funds vested in a committee controlled by Chinese and at the same time independent of the Chinese Government. If this is really wanted, it may be that the proposals which this delegation has now to put forward will prove much less unpalatable than Mr. Kwan and his friends have been led to anticipate.

The delegation has approached the subject of control from an entirely different point of view from theirs, and it is needless to say that none of its members, Chinese or British, entertains the slightest doubt as to the benevolent intentions and good faith of the British Government.* Working from very different premises from those which form the basis of the criticisms of Mr. Kwan and the National Association for the Advancement of Education, the delegation has arrived at conclusions with regard to the future control and administration of the British share of the Indemnity which in substance are not very different from theirs. It is unanimously of opinion that there should be a Committee of Control or Board of Trustees in China, and that a majority of its members should be Chinese; that as soon as the Advisory Committee has made its report to the Secretary of State, and the latter has sanctioned the appointment of the proposed board, the British Government should cease to exercise any control over the funds or the disposal thereof; and that neither the British nor the Chinese Government should have the right to take any active part in the proceedings or deliberations of the board, though each may be allowed to send an observer to attend its meetings.

The following draft plan will show the delegation's proposals in detail:

"Draft Plan for the Organisation of the Board of Trustees.

I.—1. In order that the object of His Britannic Majesty's Government in returning the balance of the China Indemnity to the Chinese people may be most effectively and conveniently carried out, a Board of Trustees for the China Indemnity Fund shall be established in China to which the control and administration of the said fund shall be entrusted.

* See Lord Buxton's memorandum of the 29th December, 1925. "Objects to be borne in mind," p. 28.
II. The Board of Trustees shall consist of eleven members, of whom six shall be Chinese and five shall be British, and of whom at least one shall be a woman. All the members shall be appointed in the first instance by the Chinese Government, after consultation and in agreement with the Government of Great Britain.

III.—1. Four members shall be appointed for a term of one year, four for two years, and three for three years. Lots shall be drawn at the first meeting of the board to decide each member's term of office. After the first term, the term of office of all members shall be three years.

2. Every vacancy occurring after the first regular meeting shall be filled by a vote of not less than seven members.

3. The proportion of Chinese and British members, indicated in Clause II, shall be maintained until the year 1945, before the end of which year, or at any time thereafter, the board shall have power, if it sees fit, to replace any or all of the British by Chinese members.

IV. All members shall be eligible for re-election.

V. The board shall elect its own chairman by a vote of not less than seven members. He shall serve for three years and be eligible for re-election. He may be either Chinese or British.

2. The board shall appoint its own secretary and treasurer and the necessary clerical staff.

V. For the purpose of carrying out the work of administration, an Executive Committee of five shall be formed. Of these five, two shall be British and three Chinese. All five must be resident in China.

VI. The board shall have complete power to apply the Indemnity Fund to such educational and other purposes, and to make such investments for the perpetuation of the fund, as the board may from time to time determine, in accordance with the general scheme and principles laid down by the Advisory Committee.

2. For the purpose of advising and assisting the board in making specific grants and in studying and executing specific projects, sub-committees may be formed, and competent persons outside the board may be engaged to serve on such sub-committees.

VII. The board shall hold in China two regular meetings each year. Special meetings may be called by the chairman on his own initiative, or on a written request signed by at least four members.

VIII.—1. After the end of each financial year, the board shall cause to be prepared a report of the receipts and expenditure in that year in respect of the China Indemnity Fund. A copy of this report shall be submitted to each of the Governments of China and Great Britain.
"2. The Governments of Great Britain and China may each send an observer to attend the meetings of the Board of Trustees.

"IX. All expenses incurred by the board in connection with, or for the purposes of the administration of, the China Indemnity Fund shall be defrayed out of that fund.

"X. The Board of Trustees shall have power to make its own rules and bye-laws.

"If the above scheme is approved by the two Governments, the necessary arrangements for handing over the Indemnity fund to the Board of Trustees will be made by the British Government."

Mention should be made of the fact that on the 25th May the delegation issued a public statement, directly authorised by the Statutory Committee and the Secretary of State for Foreign Affairs, in which certain of the provisions contained in the foregoing draft plan were embodied. It was well received by the press and by some of those educational bodies which had been the severest critics of what they believed to be the British intentions with regard to the question of control. The statement, as published in the "Peking and Tien-tsin Times" of the 26th May, was as follows:

"The British China Indemnity delegation, while still engaged in the work entrusted to it by the Advisory Committee appointed under the China Indemnity (Application) Act, 1925, has unanimously decided to make certain recommendations with regard to the future control and administration of the Indemnity funds, and intends to include them in its final report. The Secretary of State has been in communication with the delegation with regard to these recommendations, and has authorised the chairman to make a preliminary announcement. He empowers him to state that, if the Advisory Committee, when the final report comes before it, endorses the following proposals, he is prepared to accept the principles involved in them:

"1. In order that the object of His Britannic Majesty's Government, in returning the balance of the China Indemnity to the Chinese people, may be most effectively and conveniently carried out, a Board of Trustees for the China Indemnity Fund shall be established in China, to which the control and administration of the said fund shall be entrusted. As soon as the said Board of Trustees is organised, the present Advisory Committee shall be dissolved.

"2. The board shall have complete power to apply the Indemnity fund to such educational and other purposes and to make such investments for the perpetuation of the fund as the board may from time to time determine, in accordance with the general scheme and principles laid down by the Advisory Committee.

"3. After the end of each financial year, the board shall cause to be prepared a report of the receipts and
expenditure in that year of the China Indemnity Fund. A copy of this report shall be submitted to each of the Governments of China and Great Britain.

"The Secretary of State, while desirous of further demonstrating British goodwill to, and trust in, the Chinese nation as a whole, feels that it must be made clear that, as this change will make it necessary to amend the Act, his assent must be expressed as subject to the approval of Parliament, which he will do his best to secure."

PART XII.—SUMMARY AND CONCLUSION.

It remains only to summarise very briefly the general conclusions at which the members of the delegation have arrived, and the advice which they are prepared to give to the Advisory Committee, as a result of their tour in China, the investigations which they have conducted, and the recommendations and suggestions which it has been their privilege to receive from various organisations, institutions and responsible individuals.

1. They advise that a sum of £350,000 annually be made available for carrying out the general recommendations hereinafter described.

2. They advise that the above-mentioned sum be allocated to the following main heads: Agricultural Education and Improvement; Scientific Research; Education in Medicine and Public Health; Other Educational Purposes.

3. They advise that "Agricultural Education and Improvement" should include forestry and sericulture, famine relief and rural co-operative credit; that "Scientific Research" should include provision for an institute of science; that "Medicine and Public Health" should include hospitals; and that "Other Educational Purposes" should include expenditure on general educational grants, and perhaps increased grants in aid of the above-mentioned objects. The expenses of the Board of Trustees (hereinafter provided for), and the fees of technical and other advisers and experts, will also be chargeable to this last head.

4. They advise that the percentages of the available funds, which they estimate at £350,000 a year, to be allocated to each of the main heads, be as follows:

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<th>Category</th>
<th>Per cent.</th>
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<tr>
<td>Agricultural education, &amp;c.</td>
<td>30</td>
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<tr>
<td>Scientific research</td>
<td>23</td>
</tr>
<tr>
<td>Education in medicine and public health and</td>
<td>17</td>
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<tr>
<td>grants to hospitals</td>
<td></td>
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<tr>
<td>Other educational purposes, administrative</td>
<td>30</td>
</tr>
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<td>and other expenses</td>
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These four main heads may be also grouped as follows: (a) Agriculture, 30 per cent.; (b) scientific research and medicine, 40 per cent.; (c) other educational purposes and administration, 30 per cent.
5. They advise that these percentages be taken by the Board of Trustees as intended for their general guidance; but they consider that the board should not be debarred from transferring a portion of the money available for expenditure under one head to one of the other heads named, if the board consider such transfer desirable in the best interests of the Chinese people.

6. They advise that the necessary financial arrangements be made to raise a sum not exceeding £5,200,000 and not less than £3,500,000 during the years 1927–31 for investment in some constructive work in China beneficial to the people; the proceeds from such investment to be devoted to the purpose of carrying on in perpetuity, after the complete amortisation of the China Indemnity in 1945, the educational and other work which it is proposed to subsidise, support or encourage. (See Dr. C. C. Wang's table in Part III, p. 62.)

7. They advise that the work in question be railway-construction, and among the railway projects which have been brought to their notice they consider that the one which should be preferred, provided political and other difficulties are not found to be insuperable, should be the completion of the Hankow–Canton Railway.

8. They advise that, if for any cause this railway project has to be abandoned, the money available for investment be devoted to conservancy work; and of the various schemes submitted they consider that the most deserving of support are: (1) The Chihli River Conservancy; and (2) the Huai River Conservancy.

9. They are of opinion that no railway or conservancy scheme should be definitely adopted, until it has been favourably reported upon by impartial experts as being feasible, as a reasonably safe investment for trust funds, and as likely to produce a steady and adequate return on the capital invested.

10. If it be found that, by using the proposed endowment portion of the Indemnity fund as collateral security, or by other means, it is possible safely to undertake more than one of the enterprises named, the members of the delegation are of opinion that it should be open to the Board of Trustees to adopt such a plan.

11. If the impartial experts referred to in paragraph 9 submit unfavourable reports regarding both railway and conservancy enterprises, or if the Board of Trustees itself considers that political or other conditions in China are such as to make these undertakings unduly speculative, the delegates advise that the money to the credit of the Indemnity fund, lying at the Hong Kong and Shanghai Bank, should at once be invested in approved trustee-stock in China or abroad; and that the sum in excess of the £350,000 to be spent annually for the other purposes named be similarly invested and added to this capital sum, with the interest annually accruing; always provided that if and when conditions in China so far improve as to justify investment in, or expenditure on, one or more of the above-named projects, the Board of Trustees may consider itself at liberty to take appropriate action.

12. They advise that a Board of Trustees be established in China
to control, administer and allocate the Indemnity funds in general conformity with the principles laid down in this report; that its constitution, functions and responsibilities be in accordance with the draft plan set forth in Part XI of this report; and that after it has been organised the Advisory Committee be dissolved.

In submitting their conclusions, with the advice which is based on them, for the consideration of the Statutory Committee, the members of the delegation wish to state that these conclusions have been arrived at unanimously.

The British members of the delegation are fully alive to the fact that a general criticism of this report may probably be made, namely, that, if the general condition of China is so bad, if the country is without a Government, and if civil wars are bringing it into a state of bankruptcy and chaos, surely the wisest plan would have been to put all this money aside, and let it accumulate until such time as a more stable condition of things is re-established.

It might also very truly be said that, owing to the terrible state of the people in many parts of China, due to the entire lack of discipline among most of the troops, and to the constant raids of bandits, it would have been better to spend the money on the relief of these poor people rather than on the erection of a great research institute, or by distributing the funds in the manner suggested.

The reply of the British delegates to these criticisms must be that, with their Chinese colleagues, they have endeavoured to carry out the instructions they were given by the Advisory Committee, namely, to suggest the allocation of this money for education and other purposes, but to keep education chiefly in view; and these instructions they have always borne in mind in working out their schemes.

The condition of China at the moment leads one at times almost to despair of its future; but the delegates have seen in their travels splendid and devoted service being done for the country, both by British and Chinese, notwithstanding all their troubles; and this leads them to hope that the results of their labours may be of real value to the people in future years.

The delegates wish to express their warm appreciation of the courtesy and hospitality with which they have been treated by the Chinese civil and military officials and ex-officials in every part of China which they have visited. Among those to whom thanks are specially due must be mentioned Marshal Wu Pei-fu, Marshal Chang Tso-lin, Marshal Sun Ch’uan-fang, General Ch’en Chia-mu, Civil Governor Hsia Chao, Military Governor Lu Hsiang-ting, Civil Governor Ch’en T’ao-yi, General Chang Hsueh-liang, Mr. Kung Hsin-chan (lately Minister of Communications), Mr. Tong Shao-yi (formerly Premier), Dr. W. W. Yen, Dr. Wellington Koo, Mr. Hsiung Hsi-ling, Mr. Hsu Yuan, Commissioner for Foreign Affairs at Shanghai, Mr. Hu, of the Office for Foreign Affairs, Hangchow, Mr. Kiang Wen-yu, Commissioner of Education of Kiangsu, and the other commissioners of the province, and Mr. Liu Shi-shan, English secretary to Marshal Wu Pei-fu.

Among the educationalists, medical men, agriculturists, men of
science and other non-official Chinese who showed a welcome readiness to co-operate with the delegates and give them the benefit of their local knowledge and experience, were Dr. Ts'ai Yuan-p'ei, chancellor of the National University of Peking, Mr. Ling Hung-shun, president of Nanyang University, Mr. Liu Chieh, president and dean of Peiyang University, Mr. Ho Chieh, president and dean of Peiyang University, Mr. Wong, president of Shansi University, Mr. Yuan Tso-tao (formerly Vice-Minister of Education) and Mr. Huang Yen-pei (formerly Minister of Education) of the Kiangsu Educational Association, Mr. Chiang Wei-chiao, acting chancellor of the National South-Eastern University, Mr. P. W. Tsou, dean of the Agricultural College of the South-Eastern University, Mr. T. S. Kuo, dean of the Agricultural Department of the University of Nanking, Mr. Cheng Tsung-hai, director of the Chekiang Provincial Middle Normal School for Girls, Dr. Chang Po-lin, president of the Nankai University, and Dr. Chang Peng-chun of the same university, Dr. Y. T. Cheng, director of the Wu-Han Hospital and of the Academia Medica of Hupeh; and Dr. M. T. Ting of Tien-tsin.

The British and other foreign residents in China—officials, missionaries, educationalists, doctors, merchants and others—to whom thanks are due, were so numerous that the following names must be taken as merely representative: Sir Ronald Macleay, K.C.M.G., His Majesty's Minister at Peking, and the members of the Legation staff, Sir Cecil Clementi, K.C.M.G., Governor of Hong Kong, Mr. Sidney Barton, C.M.G., His Majesty's consul-general at Shanghai, Mr. W. P. Ker, C.M.G., His Majesty's consul-general at Tien-tsin, Mr. H. Goffe, C.M.G., His Majesty's consul-general at Hankow, Mr. A. H. George, vice-consul at Shanghai, Mr. Ogden, His Majesty's consul at Kiukiang, Mr. W. P. W. Turner, His Majesty's consul at Peking, Sir Francis Aglen, K.B.E., Inspector-General of Customs, Mr. E. W. Mead, of the Chinese Salt Inspectorate, Mr. F. Hussey-Preke, of the Chihli River Commission, Mr. H. T. Shaw and other representatives of Messrs. Butterfield and Swire, Dr. Duncan Main, of Hangchow, Mr. W. H. Steele, C.B.E., traffic manager of the Peking-Mukden Railway, and Major Bassett and other representatives of the British-American Tobacco Company.

To Colonel P. C. Young, C.B.E., manager of the Kailan Mining Administration, the chairman and delegates are indebted for many courtesies, including the loan of spacious offices for the use of the delegation while resident in Tien-tsin.

The chairman also wishes to thank his colleagues, British and Chinese, for the loyalty and zeal with which they have co-operated with him in the work of the delegation, and thus rendered possible the presentation of an unanimous report. He is also desirous of making a grateful acknowledgment to his gifted colleague, Dr. Hu Shih, for the admirable manner in which he acted as his interpreter on many public occasions. He further desires to say that during his sojourn in China he has remained in touch with Lord Buxton, chairman of the Advisory Committee, and has received from him and from the other members of the committee in England much
sympathetic support and encouragement. The memorandum on the China Indemnity question, which was drawn up by Lord Buxton in December last, has been most useful to the members of the delegation, who have appreciated its breadth of view and its comprehensive statement of the various problems with which they have had to deal.

The members of the delegation wish very particularly to express their appreciation of the valuable services rendered to them during their enquiry by their secretary, Mr. R. F. Johnston, C.B.E. His long and varied experience of affairs in China, both in an official and non-official capacity, his wide knowledge of the country and its people, and the ease and ability with which he speaks and reads the Chinese language, have been of the greatest assistance. He has throughout undertaken his onerous duties with a zeal and devotion for which all members of the delegation wish to express their very sincere acknowledgments.

To Mr. G. V. Kitson, too, of the consular service, the members wish to offer their sincere thanks for the efficient manner in which he has carried out his duties.

WILLINGDON, Chairman.
ADELAIDE M. ANDERSON.
HU SHIH.
Wm. E. SOOTHILL.
V. K. TING.
C. C. WANG.

R. F. Johnston (Secretary).

June 18, 1926.

Note by Chairman.

Owing to my appointment as Governor-General of Canada, which necessitated my return to England earlier than I had anticipated, the work of the delegation was completed and the report signed at Peking. This made it impossible for the members of the delegation to visit Manchuria, as they had fully intended to do; but on my way home by the Siberian Railway I had the opportunity of making the acquaintance of Marshal Chang Tso-lin at Tien-tsin, and also of visiting and seeing something of Mukden and Harbin. I wish to express to the marshal himself and to all his officials my very deep sense of appreciation for the courtesy and hospitality shown to me during my journey through Manchuria. While my visit to Mukden was all too short, I saw enough to realise the great signs of progress, development and enterprise that were evident on all sides in regard to the administration of that city, and while I was unable to visit the various educational, medical and other institutions there, I feel certain that any future Board of Control of the Indemnity funds will give equal consideration to the needs of Manchuria as to any other part of China.

WILLINGDON.

(A.)—Dr. V. K. TING’S TABLE.

This is put forward as an alternative to Dr. C. C. Wang’s table (Delegation’s Report, p. 61) if the proposed Canton-Hankow Railway cannot be built.

(Unit = £1,000.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance</th>
<th>Instalment</th>
<th>Investment</th>
<th>Money Available</th>
<th>Interest on Loans</th>
<th>Redemption</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926</td>
<td>1,700</td>
<td>...</td>
<td>- 713</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1927</td>
<td>1,700</td>
<td>+ 413</td>
<td>- 713</td>
<td>- 350</td>
<td>- 12</td>
<td>...</td>
</tr>
<tr>
<td>1928</td>
<td>1,050</td>
<td>+ 413</td>
<td>- 713</td>
<td>- 350</td>
<td>- 64</td>
<td>...</td>
</tr>
<tr>
<td>1929</td>
<td>400</td>
<td>+ 413</td>
<td>- 813</td>
<td>- 350</td>
<td>- 112</td>
<td>...</td>
</tr>
<tr>
<td>1930</td>
<td>267</td>
<td>+ 413</td>
<td>- 355</td>
<td>- 93</td>
<td>133</td>
<td>...</td>
</tr>
<tr>
<td>1931</td>
<td>981</td>
<td>+ 413</td>
<td>- 355</td>
<td>- 92</td>
<td>152</td>
<td>...</td>
</tr>
<tr>
<td>1932</td>
<td>1,852</td>
<td>+ 600</td>
<td>- 350</td>
<td>- 81</td>
<td>158</td>
<td>...</td>
</tr>
<tr>
<td>1933</td>
<td>1,719</td>
<td>+ 600</td>
<td>- 350</td>
<td>- 69</td>
<td>169</td>
<td>...</td>
</tr>
<tr>
<td>1934</td>
<td>1,567</td>
<td>+ 600</td>
<td>- 350</td>
<td>- 57</td>
<td>181</td>
<td>...</td>
</tr>
<tr>
<td>1935</td>
<td>1,400</td>
<td>+ 600</td>
<td>- 350</td>
<td>- 43</td>
<td>193</td>
<td>...</td>
</tr>
<tr>
<td>1936</td>
<td>1,240</td>
<td>+ 600</td>
<td>- 350</td>
<td>- 29</td>
<td>207</td>
<td>...</td>
</tr>
<tr>
<td>1937</td>
<td>1,059</td>
<td>+ 600</td>
<td>- 350</td>
<td>- 12</td>
<td>221</td>
<td>...</td>
</tr>
<tr>
<td>1938</td>
<td>865</td>
<td>+ 600</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1939</td>
<td>659</td>
<td>+ 600</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1940</td>
<td>438</td>
<td>+ 600</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1941</td>
<td>200</td>
<td>+ 600</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1942</td>
<td>50</td>
<td>+ 413</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1943</td>
<td>110</td>
<td>+ 413</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1944</td>
<td>170</td>
<td>+ 413</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>1945</td>
<td>230</td>
<td>+ 413</td>
<td>- 350</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

£3,665

It will be seen that according to this plan there is a favourable balance of £290,000 at the end of 1945, so the money that can be spent on permanent investment should be about £3,895,000.

(B.)—MEDICAL INSTITUTIONS AND HOSPITALS.

1. Shantung Road Hospital, Shanghai.
2. The Mackenzie Memorial Hospital, Tien-tsin.
3. The Pelyang Women’s Hospital, Tien-tsin.
4. The British Charitable Hospital, Peking.
5. The Mukden Medical College and Hospital.
6. Hangehow Hospital and Medical Training College.
7. The Alice Memorial and Affiliated Hospitals, Hong Kong.
8. The London School of Hygiene and Tropical Medicine.

(The above list consists of those medical institutions which have applied for relief, and is obviously not comprehensive. There are numbers of other institutions of the same kind, both British and Chinese, which are doing admirable work in all parts of the country, and which deserve, and will no doubt after investigation receive, full consideration from the Board of Trustees. The same observation applies to the list of educational institutions in (C) of this appendix. A comprehensive list of the British medical institutions in China has been prepared by Dr. James L. Maxwell, and will be at the disposal of the Board of Trustees.)
1. The Shantung Road Hospital, Shanghai.

This institution, which enjoys a very high reputation among Chinese and foreign residents in Shanghai for the excellent work it is doing, was initiated as long ago as 1843 by Dr. William Lockhart, an agent of the London Missionary Society, and occupied quarters near the South Gate of the Chinese city. In spite of the anti-foreign feeling that was then so strong, no fewer than 19,000 patients were attended to in the first two and a half years of the hospital's existence. A new building was erected on a purchased site in 1846. This hospital may be regarded as the oldest British medical institution now carrying on work in China. It is intended primarily for the needs of poor Chinese, and is supported by voluntary contributions from British, Chinese and other nationals. It is owned and held in trust by British trustees, and its work is directed by a representative General Committee, consisting of the trustees and other members elected at an annual general meeting. During the past eighty-two years it has done an incalculable amount of good in the relief of suffering, the healing of disease, the saving of life and the spreading of Western knowledge and teaching in the spheres of medicine, public health and sanitation.

There is a proposal to develop a scheme which would have for its object the establishment of a great medical school in China. If this scheme takes practical shape, the hospital will possibly unite or co-operate with the Union Medical School (in connection with St. John's University and St. Luke's Hospital) and the Women's Medical School at the West Gate, which specialises in the training of Chinese female doctors and nurses. The Shantung Road Hospital also has its own school for Chinese nurses, and this institution is capable of great development.

With regard to the needs of this hospital, which form the basis of its claim to generous treatment at the hands of those who will administrate the Indemnity fund, the following official statement gives the necessary information:

"Entire rebuilding is absolutely essential for any proper development, the present quarters being quite inadequate as to size, condition and environment. And unless considerable funds for rebuilding are forthcoming very shortly, it is feared that this British institution may lose its pride of place. A hospital in the centre of the city fully and properly equipped with 300 beds is urgently needed, together with a convalescent home somewhere in the country close by. Still heavier demands on the institution are anticipated in the future, so that development is necessary in order that the hospital can play its rightful part for the good of the people."

For reconstruction it is estimated that 1 million taels are required. The expenditure will be allotted as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Tael.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of land in the country</td>
<td>100,000</td>
</tr>
<tr>
<td>for a convalescent home</td>
<td></td>
</tr>
<tr>
<td>Building of convalescent home</td>
<td>150,000</td>
</tr>
<tr>
<td>Building of hospital of 300 beds at</td>
<td>750,000</td>
</tr>
<tr>
<td>Shantung Road</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
</tr>
</tbody>
</table>

In addition to the above, it is estimated that 1 million taels should be earmarked for endowment and to meet the irrecoverable expenses of a small medical school. The sum estimated for endowment is arrived at after allowing for charitable and other support from foreigners and Chinese.

The foregoing figures are given as a rough guide to the probable cost of putting the Shantung Road Hospital in such a position that it could cope satisfactorily with any normal demands made upon it. The question of a large scheme, including a good medical school or medical university, has not been taken into consideration.

It may be added that during 1925 the in-patients numbered 2,983; the out-patient visits, 91,892.
2. The Mackenzie Memorial Hospital, Tien-tsin.

The Executive Committee of this hospital has applied for a grant of money in aid of the building fund.

The hospital is an old-established institution. Its history goes back to 1868, when the London Missionary Society, with the co-operation of the British army doctors in Tien-tsin, began to give medical attention to the poorer classes of Chinese in that city.

In 1879 Dr. J. Kennett Mackenzie was appointed to the charge of the hospital. The work done by him and his staff attracted the attention of the great Chinese statesman, Li Hung-chang, then Viceroy of Chihli, whose wife owed her recovery from a severe illness to Dr. Mackenzie's ministrations. The Viceroy subscribed to the building of a new hospital on Taku Road in 1880, and also appointed Dr. Mackenzie principal of a medical school to train Chinese surgeons for the Chinese Government Service. This was the first Government school of Western medicine in China. Dr. Mackenzie died in 1888, but his name is still held in grateful remembrance by the people.

On the 11th September, 1924, the control of the hospital was transferred by the London Missionary Society to an Executive Committee consisting of subscribers to the hospital.

The pressing need of this institution is for new buildings to take the place of the old ones, which are falling into decay and are totally inadequate to its ever-growing needs. The out-patient block of the new hospital was erected in 1923 and the service block in 1924; but the building of the proposed main hospital block of three storeys, to accommodate eighty-six beds, has had to be postponed owing to lack of funds. It is estimated that 250,000 taels are required to complete the building scheme. The expenditure of this sum could be spread over a period of two or three years.

The interesting letter in which the needs of this admirable institution were brought to the notice of the delegation is signed by twelve members of the Executive Committee, which comprises nine foreigners (including the British consul-general at Tien-tsin, who is chairman) and three leading Chinese residents. They call attention to the fact that Chinese and British medical men co-operate most harmoniously on the staff and on the governing body.

The claims of the hospital to a share in the Indemnity fund are strongly urged by prominent local Chinese. One letter on the subject has been received by the delegation from the Chinese Chamber of Commerce of Tien-tsin, another from the Compradores' Association, two bodies which are adequately representative of Chinese opinion. The following is a translation of the letter received from the second of the two bodies named:—

"We, the representatives of the Tien-tsin Compradores' Association, have the honour to request your Lordship's kind consideration of our proposed allocation of a part of the British Boxer Indemnity Fund for the completion of the building scheme of the Mackenzie Memorial Hospital, Taku Road, Tien-tsin.

"The Mackenzie Memorial Hospital is a pioneer institution of charity in China, established entirely through British efforts. It has done inestimable good work among the Chinese residing in the foreign concessions, and the work done by this hospital has always been much appreciated by the local community.

"In recent years, owing to the frequent occurrence of civil wars in the vicinity of Tien-tsin, the population of the foreign concessions has been ever on the increase, entailing much heavy work, which the hospital, with its present limited building and equipment, can hardly cope with. Thus, the addition of a new building to the hospital becomes a thing of urgent necessity.

"As one of the best uses the Boxer Indemnity Fund may be put to is to devote a part of it to the administration of charity through which the relations of the people of Great Britain and China may be greatly improved, we venture to solicit your kind assistance in recommending our proposal to the favourable consideration of the authorities concerned, believing that, when the building scheme is eventually materialised, the usefulness
of the work done by the hospital will be felt not only by the sick people, but also by the whole community, as a medium through which infection may be avoided when an epidemic prevails.

"We are, &c.

"Tu Tu Ming (Chairman),

"K. S. Sheh (Vice-Chairman).

3. Peiyang Women's Hospital, Tien-tsin.

This hospital was founded towards the close of last century when Yuan Shih-kai was Viceroy of Chihli, and it was through his influence that the necessary funds were obtained and the work inaugurated. In its early days it was managed by the well-known Yamei Kin, one of China's most distinguished pioneer women doctors. It was then the only charitable hospital for women and children in Tien-tsin. In 1915 it had to be closed for lack of funds, but two years later it was reopened as a result of the efforts of Mr. Yen Van-sun and other members of the board, and Dr. Ida Kahn was placed in charge. She was succeeded in the following year by Dr. Li Yuin Tsao, who had already had six years of hospital experience at Nanking. Under her superintendence the hospital entered upon a very successful career, and it extended its ministrations to women and children of all classes. Fees are taken only from those who can afford to pay them, and the income from this source is still small. After Dr. Tsao's death in August 1922 the hospital passed under the management of Miss M. I. Ting, a lady who had had a distinguished career as a student of medicine in the United States.

The work of the hospital, and its expansion, have been greatly hampered by lack of funds. The staff is small, consisting only of two doctors, two graduate nurses, two pupil nurses, and a druggist. As an annex to the hospital, a workshop has been opened for poor women and girls, most of them being discharged patients.

New buildings are greatly needed for this hospital. During a recent rainy season two of its side buildings collapsed, and a considerable part of its slender resources has to be spent in repairs. Dr. Ting is very anxious to extend her work to the surrounding villages. "We are seeing daily," she says, "handicapped boys and girls who will have to grow up as unfit citizens of society. Ignorance of right living is seen everywhere, and we are seeing wrecks of humanity daily. We Chinese have violated biological laws, therefore we are in extreme poverty." Hence come, she says, "the physical, mental and moral diseases which are shaking the foundation-stone of our civilisation."

Undoubtedly the institution is one that is well deserving of support.

4. The British Charitable Hospital, Peking.

This hospital, which is the only British charitable hospital for the Chinese in Peking, was started in 1900 in connection with the British Expeditionary Force, and has been developed under British Legation auspices from a very modest beginning into a well-known institution with thirty-eight beds and an average of 40,000 out-patients annually.

It caters for the Chinese poor, and, while in certain cases patients or their employers are expected to pay for the food consumed, and occasionally for the anaesthetics, treatment is, broadly speaking, gratuitous, large numbers being unable to pay anything at all.

Since 1902 the hospital has been under the control of Dr. G. Douglas Gray, but it is now passing into the hands of Drs. J. G. Cromack and W. H. G. Aspland, by whom Dr. Gray has been succeeded in his functions as medical officer to the Legation. These are ably assisted by Dr. Margaret Phillips (women and children) and Dr. Pai Tzu-ming (eye, nose and throat). There is a resident staff of fourteen, including Mr. Wu Han-san, a hospital assistant, who is experienced and very competent.

It is characteristic of the economical lines on which, as his private enterprise, Dr. Gray has conducted the hospital, that the premises—a converted
temple—are held for the trifling rent of 28 dollars monthly; this advantage is, however, offset by the heavy cost of repairs, which averages out at rather more than the rent, the impossibility of heating economically in winter so extensive a suit of straggling separate buildings, and the numerous other drawbacks arising from the fact of these buildings not having been originally designed for their present purpose.

As to the finances, the gross annual expenditure may be taken as in the neighbourhood of 15,000 dollars, against which, roughly, 7,500 dollars can be reckoned on in the form of payments by or on behalf of patients, plus certain fairly constant sums from other sources, including His Majesty's Minister, the Peking-Mukden Railway (which regularly sends a number of patients), and the Chinese police (in consideration of street-accident cases treated), leaving 7,500 dollars, of which some 2,000 dollars represents new expenditure involved by staff changes Dr. Gray found it necessary to make just before his departure, while of the remaining 5,500 dollars, the greater part would formerly have been met by private practice fees turned over to the hospital by Dr. Gray, together with donations from certain Chinese and other gentlemen which were more or less in the nature of personal compliments to himself. Dr. Gray never appealed to the public for funds, but, as a step in the direction of meeting the deficit which would be caused by his absence, upwards of 3,000 dollars has now been subscribed by local British residents and firms. Unless a further 4,500 odd dollars can be raised the hospital will be placed in a very serious difficulty.

It is hoped, therefore, that the following plans will be considered worthy of attention:

(a.) To make a grant to the hospital of a sum, say, 200,000 dollars, which, invested in some safe manner, would yield it an annual income of 12,000 dollars. This, it is estimated, would place the hospital on a sound financial basis, by making it independent of the fluctuating and uncertain sources of income (which will, in any case, always remain eminently utilisable); allow of the engagement of the full-time services of a competent Chinese doctor; enable various improvements to be made in equipment and arrangements; and perhaps leave a small surplus against eventual expansion of the work.

(b) In addition to the above, to make a grant of 150,000 dollars for the erection of new premises on a site in the same neighbourhood as that of the existing hospital.

3. The Mukden Medical College and Hospital.

The appeal for assistance that comes from these well-known institutions is very strongly supported by influential Chinese who are acquainted with the value of its work.

(1.) The Hospital.

Medical work on Western lines was begun in Mukden by Dr. D. Christie, C.M.G., in 1883. During many epidemics of cholera and other diseases, in the deadly visitation of pneumonic plague, and in Red Cross work during war time, the hospital has rendered valuable service which has more than once been officially recognised, and for which the Chinese Government has tendered its thanks. In the course of its long existence the hospital has grown in size and expanded the sphere of its activities. The women's hospital works in co-operation with the men's, and together they form a fine clinical field for the medical college. During 1925 there were 2,440 indoor patients and 64,600 out-patient visits. In addition to the work within the walls, successful efforts have been made to spread a knowledge of the principles of hygiene and public health.

Among the pressing needs of the hospital are buildings for the out-patients' department; new buildings for the men's hospital; improved equipment; an increase in the number of Chinese doctors with post-graduate training; a
well-staffed and equipped school for women nurses, which would supply both hospitals and other smaller institutions throughout Manchuria, and would also provide for private nursing in homes; and a sanatorium for the treatment of tuberculosis.

Apart from the expenditure on these developments, a grant of £3,000 or £4,000 a year would enable the hospital to keep up to date in efficiency and equipment.

The funds for all the requirements named above would be as follows:

<table>
<thead>
<tr>
<th>Capital grants—</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out-patient building</td>
<td>10,000</td>
</tr>
<tr>
<td>Men's hospital</td>
<td>20,000</td>
</tr>
<tr>
<td>Additional equipment</td>
<td>3,000</td>
</tr>
<tr>
<td>Nursing school</td>
<td>2,500</td>
</tr>
<tr>
<td>Sanatorium</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40,500</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual requirements—</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospitals</td>
<td>4,000</td>
</tr>
<tr>
<td>Nursing</td>
<td>1,000</td>
</tr>
<tr>
<td>Sanatorium</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,500</strong></td>
</tr>
</tbody>
</table>

(2.) The College.

The Mukden Medical College was established in 1912 by Dr. Christie at the request of the Viceroy of the Manchurian provinces, and in connection with the medical mission carried on in Mukden during the past forty-two years by the United Free Church of Scotland. The object of the College is to give to Chinese young men and women a thorough training in medicine and surgery, with the view of having a college ultimately controlled, staffed and financed by the Chinese. It is managed by a board consisting of Chinese and foreigners, of whom Chinese will form the majority in the near future. It is registered by the Board of Education in Peking and is officially recognised by the Provincial Government. The buildings and equipment are good as far as they go, but much remains to be added to the latter. The staff consists of ten foreign experts and four Chinese graduates. The students seeking admission have always been more than could be admitted. At the beginning of 1926 the students in attendance numbered 101, of whom four were women. The curriculum covers six years and is practically the same as that of the Scottish University. It is the only medical school in Manchuria in which the teaching is in the Chinese language.

Apart from a grant of 2,000 dollars from the Provincial Government and fees from the students, the college is entirely dependent for its support on friends in Scotland.

If financial help were forthcoming from the Indemnity fund, great improvements could be made in plant, equipment and staff. A good reference library, a graduation hall and a gymnasium are badly needed. Scholarships to enable distinguished students to go to Great Britain for special study would secure a supply of suitable men to choose from in adding to the number of the Chinese staff. Provision for post-graduate courses, held in the Chinese language, to which the graduates scattered over Manchuria could be called in, would be of inestimable value.

6. Hanchow Hospital and Medical Training College.

This hospital and college were established by the Church Missionary Society, and for many years have been under the management of Dr. D. Duncan Main. The training college, which was the outcome of a gift from Lord Maclay of £10,000, has been completely equipped with laboratories, lecture rooms, anatomical theatre, museum, &c., and accommodates 135
students. The hospital has 500 beds, and about 40,000 patients are treated annually. The foreign teaching staff is British. One of the urgent needs of the hospital is a large staff of British-trained nurses, but no funds are available for the development of the school of nursing. The hospital buildings are old and decaying, and their rebuilding is becoming an urgent necessity. This especially applies to the buildings connected with the women's hospital.

"The hospital is conducted primarily as a Christian institution, and seeks to build up the moral, physical and spiritual welfare of all those who come under its influence."

7. Alice Memorial and Affiliated Hospitals, Hong Kong.

These hospitals have applied for a grant-in-aid of 450,000 dollars, or £50,000. They include the following institutions:—

(1.) The Nethersole Hospital for Women and Children is the chief object on behalf of which an appeal is made. It was opened in 1893.
(2.) The Alice Memorial Maternity Hospital, opened in 1904.
(3.) The Ho Min Ling Hospital, for men only, opened in 1906.
(4.) The Training Institute for Nurses and Midwives, opened in 1914.
(5.) The Alice Memorial Hospital Dispensary, opened in 1923.

The original Alice Memorial Hospital was erected in 1887 by the late Sir Kai Ho Kai, for many years a Chinese representative on the Legislative Council of Hong Kong. Since 1887 there has been "a continuous joint effort of British and Chinese to provide institutions which, while aiming at a high standard of medical efficiency, are yet conducted on sympathetic lines, which specially appeal to Chinese patients." This joint effort resulted in the establishment of the institutions above-named. For many years past they have been the means of providing medical and surgical relief, on European lines, for a very large number of Chinese sick people, many of whom have come from the neighbouring Chinese provinces. In them Chinese and British practitioners have worked together in a spirit of mutual goodwill. A special feature of their work is that every European member of the staff is acquainted with the Chinese language, and is thus able to communicate with the patients direct. The Training Institute for Nurses and Midwives, in conjunction with the Nethersole and the Alice Memorial Hospitals, is "accomplishing a work of great value to the Chinese community by training a number of Chinese women as expert nurses and midwives for work among their own compatriots."

The present needs of these institutions fall under two heads: (a) The rebuilding of the Nethersole Hospital on an enlarged scale; (b) the provision of a largely increased endowment and maintenance fund for the future carrying on of the work of the five institutions.

A modern building of the kind required for the Nethersole Hospital would cost 400,000 dollars, towards which the Hospital Committee have only 96,000 dollars, leaving a deficit of over 300,000 dollars. The existing endowment fund is altogether inadequate, as it brings in an income of 5,500 dollars a year. It is, therefore, hoped that an addition to the endowment fund of 150,000 dollars will be granted out of the Indemnity fund. Hence the appeal for a total of 450,000 dollars.

8. The London School of Hygiene and Tropical Medicine.

This school was constituted under charter on the 1st April, 1924, and absorbed the London School of Tropical Medicine on the 1st August in that year. There are Chinese students in the school, and for this reason, as well as for the great intrinsic value of the work it is doing in connection with the study of diseases prevalent or endemic in China, it is a deserving applicant for support from the Indemnity fund. The original London School of Tropical Medicine was founded by Mr. Joseph Chamberlain in 1899, on the initiative of Sir Patrick Manson, who became its first director. The school has despatched expeditions to all parts of the world for the study of tropical diseases, with results of great and permanent value.
Since the war twenty-one Chinese students have completed courses of instruction in the school, and twenty-six other students have gone out to China, and are there applying the knowledge gained in the school. All students are qualified medical practitioners at the time of admission. During 1925 a member of the staff, Professor Hindle, was seconded for service with the Royal Society’s expedition to China for an investigation into Kala-Azar.

(C.)—EDUCATIONAL INSTITUTIONS.

1. The Chunghua University, Wuchang.
2. The Wusih Middle School, Kiangsu.
3. The Kiangsu Marine Products College, Woosung.
4. The China National University, Woosung.
5. Tsingtao University.
6. The Weihaiwei Middle School.
7. The School for Overseas Chinese.
8. The Nankai University, Tien-tsin.
10. The University of Hong Kong.
11. The Yenching School of Chinese Studies.
12. The Kiangsu Provincal Soochow Technical School.
14. Medhurst College, Shanghai.
15. Shansi University, Taiyuan.
16. The Central China University, Wuchang.
17. I Fang Collegiate School for Girls, Changsha (see Delegation’s Report, Part X (iii)).

(As in the case of the list of medical institutions in (B) of this appendix, this list of educational institutions merely consists of those which have applied for financial assistance, and is obviously not comprehensive.)

1. Chunghua University, Wuchang, Hupeh.

This university was visited by the delegates on the 31st March. It was founded in 1911, a few months before the outbreak of the revolution, by Mr. S. K. Chen. There is a large staff of professors and lecturers. It comprises a primary school (with 121 pupils), a middle school (1,600 pupils) and a college (with 380 students). The pupils and students come from thirteen provinces, including the most remote, such as Kirin, Shensi and the Canton Province. Its resources consist of an annual subsidy from the Provincial Government (31,000 dollars), tuition fees (38,000 dollars) and interest from an endowment fund (6,000 dollars). This total income of 75,000 dollars is exceeded by the annual expenditure to the extent of 11,000 dollars, for which the President (now Mr. Shuuchen S. Chen) is responsible. The cost of the erection of new buildings (on a site given by the gentry of Wuchang) and that of maintenance and repairing of the old building are estimated at 120,000 dollars, which is being raised by the President, the Board of Trustees and the Alumni. It is hoped to establish buildings for a college of applied science and a college of medicine on the new site, and for a college of commerce in Hankow. Of special interest is the information which has been supplied to the delegates with regard to the professions and occupations followed by the 2,703 graduates of the university. No less than 37 per cent. proceeded to other colleges, either in China or abroad, to complete their education; 21 per cent. have devoted themselves to educational work; 7 per cent. are lawyers; 6 per cent. are in the Government civil service; 5 per cent. are in the army; 5 per cent. are described as "legislators," and 2 per cent. are bankers. Eight per cent. are said to be "without definite occupation."
This school applied, through its principal, for a grant of 20,000 dollars for building a new dormitory, and an annual subsidy of 10,000 dollars for the extension of the library and science laboratories. It also asked for an endowment for three scholarships, tenable in Great Britain.

3. The Kiangsu Marine Products College, Woosung.

Mr. C. H. Hou, acting president of the Kiangsu Marine Products College at Woosung, near Shanghai, called the attention of the delegation to the work done by this institution. He explained that it offered instruction in fisheries, navigation and food technology, and was the highest educational institution of its kind in China. It was founded by Mr. Chang Chien of Nantungchow, and had been in existence about twenty years. Expansion and reforms in various directions were greatly needed, but all developments were hampered through lack of funds. The people dependent on the fishing industry in China were very numerous, and the improvement of their industry and the conditions under which they lived and worked would promote their efficiency and well-being, and be of benefit to China as a whole. With financial assistance, the college would be able to found an institute of oceanography, and hoped to acquire a ship for survey purposes. Very little had yet been done in research work with regard to the investigation of the temperature, salinity, currents and biology of this side of the Pacific. It was also hoped to establish an aquarium for the exhibition and study of the aquatic plants and animals of the Far East, and for the improvement of the existing methods of food production and manufacture. Mr. Hou believed that an appropriation of from 5 to 10 per cent. of the available funds could be well spent in educational and research work in fisheries, navigation and food technology, and he expressed the hope that the delegation would consider the possibility of providing the necessary funds. Perhaps, however, a good deal of the research work undertaken by this college might be entrusted to the Research Institute (Report, Part VIII).

The " Bulletin of Information " (1926), in Chinese and English, relating to the work of the Marine Products College, is among the papers and documents in the hands of the delegation and available for future use.

4. The China National University, Woosung Ports, near Shanghai.

This university (a private institution) is an applicant for subsidies from the Indemnity fund in aid of certain branches of its work.

It was founded in 1905 as a higher normal school and middle school. In 1912 it was reorganised and became a college, with departments of political science, economics, law and commerce. In October 1922 a decree of the Board of Education elevated it to the status of a university, and it was endowed by Government with a fund of 1 million dollars in national bonds. At present it devotes special attention to its college of commerce and its school of economics and political science. Its buildings will accommodate 700 students, and it possesses land and buildings to the estimated value of 500,000 dollars. The students have been drawn from every province in China, and it is co-educational. Its supporters describe it as "really a China in miniature." It has started a bureau of research in statistics and economics, and the information it collects is placed at the disposal of industrial and commercial circles in Shanghai and elsewhere. It is now contemplating the foundation of a museum of commercial products. This museum, we are informed, will "exhibit all important Chinese and foreign commodities which may be of practical help to students of commerce as well as to business men who come to Shanghai from the interior of China or from foreign countries."

The university asks for financial help from the Indemnity fund in aid of the bureau of statistical and economic research, the projected museum of commercial products, the library, the foundation of three professorships (to be held by British subjects) in commerce, political science and economics, and the foundation of scholarships to be held by qualified students of the university proceeding to England for post-graduate study.
Among the documents relating to this university, which will be available for the information of the Board of Trustees, is a full descriptive account of the bureau of statistical and economic research.

5. Tsingtao University.

This university asks for funds to facilitate and expedite the expansion of its work. It is a recent foundation, having come into existence in 1924. It aims at being "a training school for China’s future leaders in the field of commerce and industry," and models itself "after the higher technical institutes found in the Western countries." It already has over 100 students on its books, and they come from fourteen different provinces, besides Korea and the Straits Settlements. Its revenues are derived from the Kiao-Tsi Railway, supplemented by grants from the local administration, but the funds at its disposal are not sufficient to admit of the expansion of which the institution is capable. The university asks for a capital grant of 129,000 dollars for the installation of laboratories and workshops, and for a library. It is pointed out that the library will be a valuable possession for the Tsingtao people as a whole, for, although the city has a population of over 100,000, there is no public library. Besides the capital grant of 129,000 dollars the university asks for an annual subsidy for fifteen years; 14,860 dollars is needed for the fiscal year 1926-27; 25,960 dollars for 1927-28; 44,220 dollars for 1928-29; 61,640 dollars for 1929-30; 74,300 dollars for 1930-31; 75,900 dollars for 1931-32; and the same amount (75,900 dollars) for the next nine years. The total sums required for annual subsidies and a capital grant would amount to 979,980 dollars.

Among other developments which these grants would render possible are an agricultural and forestry department. It is hoped that from 1931 onwards there will be four regular classes for each of the five departments, namely, the civil engineering, the commercial, the agricultural and forestry, the mechanical and the electrical, in addition to twelve classes in the higher middle school. A detailed schedule of anticipated expenditure has been submitted, and may be consulted by the Board of Trustees.

6. Weihaiwei Middle School.

This school was founded under British official encouragement, and was granted by the British Government the use of certain buildings which had once formed a part of the barracks of the British-officiered Chinese regiment of infantry. Apart from a very small annual grant from the Government, this school has always had to rely for support on private subscriptions, which come almost entirely from the small farmers and merchants of the village of Port Edward and its vicinity. As the British Government has announced its intention of returning Weihaiwei to China, and rendition is likely to take place in the near future, there is a strong feeling among the Chinese residents that Great Britain’s friendly act of renunciation should be commemorated in some permanent manner, and that no more suitable form of commemoration could be devised than the endowment of this school out of funds which are also being relinquished by Great Britain in favour of China. Both the rendition of the territory and the return of the balance of the Indemnity are acts which Great Britain has voluntarily undertaken to carry out, in order to show its goodwill to China, and it would be highly satisfactory if these two voluntary acts of renunciation could be linked together in some such striking and appropriate manner as that suggested. A detailed statement of the amount required to provide the school with suitable buildings and equipment, and to pay the salaries and working expenses, has been placed on record among the various documents which will be at the disposal of the Board of Trustees.

7. The School for Overseas Chinese.

An institution exists in Shanghai for the purpose of educating the sons and daughters of “overseas Chinese”—those who reside in Hong Kong, Singapore, Malaya, Burma, Canada, India, and other parts of the British
Empire, as well as in other countries. It is stated to have at present an enrolment of more than 600 pupils of both sexes, over 200 of whom come from the British Empire. English is taught as well as Chinese, and special stress is laid on the history, geography, laws, government, commerce, industry, and social conditions of the various countries in the South Seas. The institute contains three departments: the normal school, the school of commerce and the school of liberal arts and sciences. The school of commerce is regarded as the most important from the point of view of the institute's aims and policy. Owing to financial stringency, the Government has been unable to provide the institute with the funds that are necessary for its proper development, and an appeal is therefore made for a subsidy from the Indemnity funds. The president of the institute, Mr. G. Chiang, in submitting this appeal, points out that one of its main objects is to promote international trade, as well as to foster friendly relations between China and the British Empire, and the other countries in which Chinese colonists are engaged in commercial pursuits.

8. Nankai University, Tien-tsin.

This institution, which was visited by the delegation on the 26th May, comprises the university, a boys' middle school and a girls' middle school. All owe their origin to two men who were ardent reformers during the last few years of the Ch'ing dynasty and who saw the great need of putting the scholastic system of the country through a process of Westernisation. These were Dr. Chang Po-ling, who is still president of the institution, and Mr. Yen Shiu, in whose house it was first opened as a small school, which, in spirit and method, was a mixture of the old and the new. This took place in 1898. The middle school made steady progress during the years that followed; but it was not till eight years after the revolution of 1911 that the university was established. Shortly afterwards, it was placed on a fairly strong financial basis by benefactions and bequests, and steps were soon taken to erect new buildings on a site of 120 acres, two miles to the south of Tien-tsin. At present the Nankai Schools and University have over 2,000 students, coming from all parts of China, and courses are provided in arts, science, commerce and mining. Its growth has been remarkable, but its president states that it is still in its adolescent stage. "To reach its manhood," he says, "it must be both more critical and more creative—more critical in that the best elements of Western culture from whichever country should be studied comprehensively from their original sources; more creative in that a new intellectual life should be developed in line with the best national traditions and in direct contact with the present national needs."

To accomplish its aims, the university requires a much larger endowment. Its library must be largely increased, and must be adequately housed; it must make provision for the study of the social sciences; its staff must be strengthened, and it must afford opportunities for research.

With a view to the fulfilment of these needs, the university asks for a grant of 200,000 dollars (to be paid up in two years) as a building fund for a new library; and an annual subsidy of 84,000 dollars, which would be expended as follows:

<table>
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<th>Dollars</th>
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<td>Social investigation, including salaries of a director and three assistants, publications, and investigation trips</td>
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<tr>
<td>Four travelling fellowships at 5,000 dollars each</td>
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<tr>
<td>Four permanent professorships in economics, political science, Western history (including English constitutional history), and Western philosophy, at 4,000 dollars each</td>
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<tr>
<td>One visiting professorship (to be held by a foreigner), perhaps in English Literature</td>
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<tr>
<td>Library endowment fund yielding an annual income of</td>
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<td><strong>Total</strong></td>
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This college was founded in 1902, and owing to its twenty-four years of successful work has acquired the reputation of being one of the best schools in China. Its professed aim is “not so much to give instruction to a large number, as to bring the highest influences to bear upon those over whom it has charge,” and so to make the institution “a training ground for men of character.” However, its situation in what is now a busy commercial quarter in the French concession in Tien-tsin has tended to prevent proper growth and readjustment. There is no available land in the neighbourhood for the necessary additions to buildings or for athletics. Those who are interested in the school are, therefore, anxious to see it removed to a site which would allow for expansion and which would also enable it to preserve an academic atmosphere of quietness and dignity. A suitable piece of land has been acquired about eight miles from Tien-tsin, near the first station of the Tien-tsin–Mukden Railway, and if the necessary support can be obtained from the Indemnity fund it is proposed to erect there a group of new buildings which have been designed with a view to creating an institution similar in character and aim to the public schools of England. Plans and specifications have been prepared for the use of the Board of Trustees.

It is by no means impossible that this scheme of creating a model public school of the English type would contribute something to the solution of some of the educational difficulties that China finds herself involved in to-day. An interesting memorandum published as recently as April last by the Tien-tsin British Committee of Information on the subject of “The Importance of Education on Chinese Affairs” deals with this matter in a very instructive way. It is there pointed out that “what Britain has sought and found is precisely what China needs to-day, namely, men—men of culture, but still more of character, men fit to lead because their sterling worth compels a ready obedience, men on whom the burden of the State can rest even when this entails loss and impoverishment.” Our English leaders, it is pointed out, came from the public schools. Why should not China have its own public schools? “Many forms of education have been tried, and many types of schools and colleges; but this experiment of a public school has not been made.”

It will be said, of course, that this would mean the introduction of a new alien element into China’s educational life, and that this would be strongly resented and resisted by those in whom the new national spirit is active. But, as the writer of this memorandum rightly shows, there need be nothing alien in the scheme provided it is capable of adaptation to Chinese needs and characteristics.

It is interesting to note that independent Chinese testimony to the value of the English system of public school education reached the delegation in the form of a letter from a group of Chinese graduates and teachers in various middle schools and universities. They recommend the foundation of a new university on English lines, with faculties of art, sciences and engineering, at some central city such as Wuchang or Nanking; and the establishment of middle (secondary) schools at suitable places, on the model of the English public schools, “but perhaps with some modification to suit the life and needs of the Chinese.” They also recommend the foundation of a number of scholarships for those Chinese who have the wish and qualifications to continue their studies at British universities, such as Oxford, Cambridge, London and Edinburgh.

To return to the subject of the Tien-tsin Anglo-Chinese College, a scheme of a less ambitious character than that referred to above has been submitted, to be adopted as an alternative if it is found impossible for lack of financial support to carry out the major scheme. The proposal (as outlined by Dr. Lavington Hart, principal of the college) is to rebuild the present institution on a larger and more suitable site within the foreign concession area.

10. Hong Kong University.

An application has been received from this university for financial assistance. The university, which was opened in 1912, is residential and is open
to students of both sexes. Its declared objects are "the promotion of arts, science and learning, the provision of higher education, the conferring of degrees, the development and formation of the character of students of all races, nationalities and creeds, and the maintenance of good understanding with the neighbouring country of China." It has three faculties—medicine, engineering and arts. The degrees conferred on graduates in the faculty of medicine are recognised by the General Medical Council for registration in Great Britain. The faculty of engineering provides a four years' course in practical and theoretical engineering, leading to the degree of B.Sc. The faculty of arts includes departments of pure arts and science, education (including practical teaching) and commerce. The course is in all cases one of four years and leads to the degree of B.A. For post-graduate work the degree is M.A. The degree of L.L.D. is also conferred by the university honoris causa. The officers of the university are the chancellor (the Governor of the Colony holds this position ex officio), the vice-chancellor, who is the chief administrative officer, the treasurer, the dean of faculty and the registrar.

The Rockefeller Trustees have given the university great encouragement by their generous gift of 750,000 dollars for the endowment of three chairs in the medical school; and other valuable donations have been made from time to time by Chinese and British residents, by the Government of Canton, by the Central Government of China, by overseas Chinese and by British firms such as Messrs. Butterfield and Swire. The revenue of the university is, however, inadequate for its present needs and quite insufficient to allow of the expansion and development that are necessary if the university is to justify its name.

In a letter to the chairman of the delegation, Sir Cecil Clementi, K.C.M.G. (Governor of the colony and chancellor of the university), made the following interesting observations:—

"The University of Hong Kong started with the idea that China's greatest need was scientific and technical training; the university was to become a force in the Far East by producing qualified engineers and skilled doctors. The training of engineers and doctors is still necessary—and the medical school of the university, which has three chairs endowed by the Rockefeller Trust, is distinctly promising—but it is now realised that the university, if it is to justify its existence as the only British university in the Far East, must do far more than impart technical and professional competence. There must be in it teachers who are capable of interpreting the West to China and China to the West. The Chinese have a traditional respect for learning, and the presence in the University of Hong Kong of British teachers training young men to think out honestly the vital problems, political, social, financial and domestic, with which China is now beset would be a moral asset of incalculable imperial value.

It has been realised that Chinese studies in the university have been rather neglected, and the present plan for development, if the necessary financial support is forthcoming, includes the foundation of a new department for Chinese studies, this department to be associated with a special middle vernacular school in Hong Kong, in which an attempt will be made "to combine the effective teaching of English as a medium of thought and expression with an adequate grounding in the Chinese classics." This aim of the new department of Chinese studies will be mainly critical—"the application of the wisdom of China to the vital Chinese problems of to-day." It is also intended to make a Chinese language school an integral part of the university.

Full detailed schemes outlining and explaining the future developments which the hoped-for financial assistance from the Indemnity fund will render practicable have been prepared by the university authorities and are now in possession of the delegation. They will therefore be immediately available for the consideration of the future Board of Trustees, whose duty it will be to decide upon the relative claims of the different educational institutions which have applied or may apply for assistance from the fund.
11. The Yenching School of Chinese Studies.

This institution was founded in 1910 as the North China Union Language School by the late Dr. W. Hopkyn Rees, of the London Missionary Society. It is managed by a board of directors consisting of representatives of the British and American Legations, chambers of commerce and missionary societies. The school offers consular and army officers and business men, as well as educationalists and missionaries, opportunities for the study of the Chinese language, literature, arts and institutions. More than 1,800 students have been enrolled during the past ten years.

The school possesses a good library of European books on China, and a beginning has been made of a Chinese collection.

The American groups interested have contributed 700,000 dollars towards expenses, besides annual grants of 16,000 dollars. No British money has yet been given either for equipment or for current expenses, though the advantages of the school are shared by large numbers of British subjects, official and non-official. In spite of the lack of financial support from British sources, the Americans generously refused to agree to a decrease in the British representation on the board of management. It is suggested that a grant of 150,000 dollars from British sources, or from the Indemnity fund, would be no more than Great Britain's proportionate share in the expenses of this joint enterprise, and would enable the school to complete the building fund and greatly to improve the library.


This college has a textile engineering department, opened in 1911, the courses in which are so arranged as to give the students a good foundation for meeting the requirements of Chinese mills. Special attention is given to the practical working of fancy weaving and silk-throwing and spinning. The theoretical side of cotton-spinning is also taught, but the absence of a cotton-spinning workshop makes it difficult to give the students practical training in this subject. There is also a civil engineering department, the course in which is intended to provide a broad general foundation for the professional work of a civil engineer. Emphasis is laid on railway, municipal, topographic and conservancy engineering. The chemical engineering department is in need of an advanced physics laboratory, a research laboratory for industrial chemistry, and a general chemical engineering laboratory, and extensive equipment for other branches of research and experiment. The architectural engineering department wants, inter alia, new buildings, collections of historical examples, material specimens, constructional models, &c. After summarising the needs of the college, the principal states that it has a record of steady progress in the past and bright prospects for the future, and "should be ranked among the best educational institutions of its kind." With an additional fund of 500,000 dollars it could give its students twice as much technical training as it is able to give now.


Wusih is a great industrial centre, and the technical school was founded, partly with the aid of American money, for the purpose of training industrial experts. Since its foundation in 1922 it has had a very successful career, but its expansion has been hindered by want of funds. Details of present requirements will be available for inspection by the Board of Trustees.

14. Medhurst College, Shanghai.

This college was named after a distinguished Sinologist, who was sent to Shanghai in 1843 to start missionary work, when the port was first opened to foreign trade. The aim of the college is described in its prospectus as follows:--

"Medhurst College, as being founded and supported by the London Missionary Society, exists to provide a sound education, under Christian
influences, such as will fit its students either for the professional or business world, or to enter a university. Students will be encouraged to use the opportunities afforded by the college in games and other activities to develop esprit de corps, and the idea of the college will be to inculcate that moral character which is the only satisfactory foundation for a happy and useful life, either for individuals or for the nation."

In accordance with the "self-denying ordinance" passed by this and other missionary bodies, no application for financial aid has been received from this college.

15. Shansi University, Taiyuan.

This university (to which a reference is made in Report, Part XI) was founded as a direct consequence of the "Boxer" rising and the massacre of missionaries under General Yu Hsien, and the refusal of the missionary societies to accept monetary compensation for the deaths of the 137 victims. Its principals, while it remained under British control, were Dr. Timothy Richard, Dr. Duncan and Professor W. E. Soothill. It was finally handed over to the Chinese nine years after its foundation, one year before the period originally stipulated. The first batch of students to be sent to Great Britain were forty-three in number, and one-third of the professors at present in the universities were British returned students. The present needs of the university include a library, new science laboratories, a geological research department, and funds for an increase in the foreign staff, for rebuilding work, and for the purchase of engineering equipment. The total cost of these needs is estimated at £65,000 capital expenditure and an annual expenditure of £5,000. The university received a grant from the Provincial Government of 12,800 dollars a month, of which only 60 per cent. had been paid for the past three months.

16. Central China University.

This university has been formed in consequence of the visit of the Right Rev. Lord William Gascoigne-Cecil (now Bishop of Exeter) to China and the consequent formation of committees in the Oxford and Cambridge Universities, and later in other universities in England, Canada and the United States. In 1912, Sir Edward Grey requested the Treasury to remit £400,000 for the purpose of founding this university. The Treasury at that time was unable to assent, but Professor Soothill, the president-elect, obtained contingent promises sufficient to found the university, when the war put a stop to the enterprise. Recently it has been formed by a union of American and British effort, and is now at work in premises lent by Boone College. The delegation recommends that the Board of Trustees consider the possibility of strengthening the British and Chinese faculty of this university.

17. 1 Fang Collegiate School for Girls.

(See Report, Part X, pp. 137-139, and Appendix (D) below, pp. 183 and 187.)

(D.)—REPORT BY DAME ADELAIDE ANDERSON, D.B.E., ON THE EDUCATION OF GIRLS AND WOMEN IN CHINA.

The principle of co-education for men and women, and in some degree for boys and girls, has become gradually recognised in China during the past fourteen years since the beginning of the republic. At the same time, there is, in practice, in addition to privately conducted girls' schools and colleges, a separate arrangement for education of girls in middle schools and normal colleges under the Provincial Governments, in certain Christian university colleges (Yenching at Peking, 1908, Ginling at Nanking, 1915, and Hwa Nang at Foochow, 1914) and in a Central Government institution for higher education in the Peking Teachers' College for Women, which enrolled 236 students
in 1922, and supplies teachers of higher grade to a small extent to the pro-
vincial middle schools and normal colleges for girls, who are evidently needed,
for men teachers appear to be more numerous than women teachers in the
girls' schools visited. Further, there is the more recently founded "New
University for Women," which is housed in buildings belonging to the
Ministry of Education at Peking.

Some of the Christian colleges, hitherto exclusively for men, have within
the last few years opened their doors to women, e.g., Yale-in-China, Boone,
Canton Christian College, Shanghai Baptist College. It is chiefly since 1919
that important national universities have been thrown open to women, possibly
a consequence of the students' movement of 1919.

In 1920 the South-Eastern University, Nanking, and the National
University of Peking began to admit women. In 1921, Nankai College, Tian-
tsin, followed suit, and the movement has extended to practically all large
universities and colleges.

This co-educational movement is of the highest importance for the requisite
maintenance for women of the higher tests and standards in academic educa-
tion, and for enabling women duly to share in the higher branches of learning
and research. At the same time, there is evidence of authoritative belief
among Chinese educational leaders that, as in Western countries, there is
indisputable need for the foundation of at least some special colleges and other
institutions for women. Unavoidably, the greater part of education for pro-
fessional and vocational life in universities and colleges must conform for
these purposes to types and standards best suited to preparation of men, who
are, and will be, the great majority. A higher proportion of the much smaller
number of women students must, on the other hand, enter different walks of
life—foremost, marriage, home-making, and the training of children; secondly,
constructive social welfare work and auxiliary health work, in addition to
the work of fully qualified medical women. Those great matters—the home
and social welfare work—call for special thought in the interests of the whole
community, as well as for their natural appeal to high qualities of mind and
character in women as individuals.

Further, says Mrs. C. Y. Tang, M.A., in the bulletin (No. 9, Vol. II)
issued by the Chinese National Association for the Advancement of Education,
which she has presented to the delegation for consideration—

"The girls of conservative families are often deprived of the opportunity
of going to co-educational colleges, no matter how talented they are. . . .
Some families are not willing to send their girls to these institutions.
"The Committee for Women's Education in the National Association
for the Advancement of Education has already proposed to the trustees
a definite plan of establishing a national university for women, and the
plan has been endorsed.
"With a college education a woman will be able to shoulder more
weighty responsibilities. With liberal education and professional training
she will be more qualified to respond to the many calls of her community
and nation.
"One of the important professions, besides that of teaching, is working
in the field of social service. . . . Such problems as child labour,
women's employment, long hours, low wages and poor working conditions
should be analysed and, if possible, solved. In the community the
improvement of housing, diet and public health should engage the most
serious attention of social workers. Without doubt, there are a great many
girls whose interests and talents qualify them to be professional social
workers, and, to meet such needs, high schools, colleges, universities, and
particularly vocational schools, should offer courses in theoretical and
applied sociology and technique of social service."

These are reasonings used by a Chinese woman of university degree,
educated in America, yet experience in Great Britain reinforces them.
Although academic degrees and institutions in Great Britain have been thrown
open long since to women, it is still indispensable to continue the higher resi-
dential colleges for women at Oxford, Cambridge and London universities and
elsewhere, in addition to developing university hostels for women in such
universities as Birmingham, Bristol, Manchester, &c., presided over by women of ripe experience of life, as well as high academic qualifications. And special courses in sociology at Bedford College for Women, and at King's College, London, in domestic science and in the technique of institute management, have long offered just such higher teaching in various branches of social service as the women of China now urgently need.

Not only is such special higher technological teaching needed in modern industrialised countries, e.g., for women sanitary inspectors, health visiting, industrial welfare superintendence, as well as hospital nursing. In China the demand also for collegiate education for girls additional to co-educational opportunities is evidenced by the successful I Fang Collegiate School for Girls, founded and carried on by Miss Tseng Pao-shen, its principal, a B.Sc. of London University, and a great-grand-daughter of the Marquis Tseng Kuo-fan, in the Memorial Temple to the Marquis at Changsha. The aims of the school and college are "to train young women capable of taking a leading place in the family and society," and the extension of an outlook towards a stable social life, and the cultivation of international sympathies. Miss Tseng states that "each year at least three times as many students as can be accommodated sit for the entrance examination." Extension of both the middle school and the college is, she says, much to be desired. She has a strong conviction that English educational methods can with great advantage be adapted by Chinese guidance to the needs and ideals of Chinese life. In no country have such colleges been possible without endowments, and Miss Tseng appeals for aid from the Indemnity fund.

It is urged also by Miss Ting Shu-ching, the secretary of the National Y.W.C.A. of China, in a letter on behalf of the association, that provision be made—aided by the Indemnity fund—for women's higher specialised education, for girls' normal schools and for women's industrial education.

Over and against ideas of the kind briefly indicated above, the present actual position of girls' education, and of the higher education for women, in China clearly shows how very little has yet been accomplished, and how insignificant—relatively to the need—are the opportunities practically available to Chinese girls. The number of girls' schools and of girl students, whether in co-educational or special schools, is very far behind that of boys.

In 1922-23 the National Association for the Advancement of Education shows that there were 1,161 Hsiens having no girls in higher primary schools, and 423 Hsiens having no girls in lower primary schools—this in a total of 1,811 Hsiens.

In Nanking, an educational city in one of the co-educationally advanced provinces, a special investigation was made for the National Association by Director Tao Tchi-shin, which showed the percentages of girls in primary schools to be only 19 per cent. of the total; in middle schools, only 15 per cent.; and in universities and colleges to be only 9 per cent. of the total. Thus, the higher the grade of education, the lower the percentage of girl students.

An investigation in Peking showed the percentage of girls in national schools in 1922 as 13·17 per cent., in private schools as 19·87 per cent., and in mission and foreign schools as 21·81 per cent. of the total. The figures seem to suggest that parents and guardians often favour institutions for girls that give most individual care. This is frequently the case in other countries; it certainly is sometimes so in England. It all China it was found that the average percentage of girls in lower and higher primary schools was only 6·31 per cent.

The number of girls in middle schools, and the number of schools (though probably increased since 1923 in the more peaceful parts of China) seem to be totally inadequate. As Mrs. Tang says: "If we pay attention only to girls' elementary education and to co-educational colleges, and neglect girls' secondary education, it is like expecting a person to go to the top floor of a building without a stairway." In such a state of affairs, the eloquent appeals made by Dr. Tseo Pang-yuen at Nanking and by Dr. M. I. Ting, Medical Superintendent of the Peiyang Women's Hospital, Tien-tein (see above, p. 170, Appendix (B)), to the delegation on behalf of medical education for women, and for the development of dispensaries, hospitals and maternity
clinics by medical women seems to have but small chance of realisation unless the building of the "stairway" of secondary education can be greatly furthered.

The small number of girls entering primary schools, as shown above, gives special point to the evidence of women in Hankow, and to Miss Ting's memorandum to the delegation, in favour of attention by the delegation to the masses and the poor of China.

It has been urged before the delegation that there is no greater need in China than adequate education for girls and women. This can be seen in the oral evidence of Father Galvin, and in the memorandum submitted by Mr. Cheng Tsung Hai, formerly Professor of Education in the South-Eastern University, now principal of Chekiang Girls' Middle and Normal School at Hangchow. Other evidence in support of their exceptionally pressing appeal is not lacking.

It is urged by Mrs. C. Y. Tang, for example, in bulletin No. 9, vol. II, of the Chinese National Association for the Advancement of Education, of which she submitted a copy to the delegation, that, "unless all women are able to read, children's opportunity to read would be greatly handicapped and illiteracy difficult to eliminate"; that the "scope of women's education must be widened to meet the growing needs of China's social reforms"; that "no woman can be suffered to remain ignorant without affecting the experience and lives of China's millions"; and so on, with illustrations, to similar effect. Mr. Cheng Tsung Hai, in weighing the multitudinous possible alternative claims on the Indemnity fund for education, presents three criteria, namely:

1. Whether it is important;
2. Whether it will reach a majority or large part of the people;
3. Whether it is feasible.

His conclusion is that the fund by all these tests should be specially applied to the secondary education of girls in China. Taken by itself, it is as important as the education of boys, for every individual is "entitled to an opportunity commensurate with natural endowment," and he gives strong testimony to the "great innate powers and qualities in the girls." Taken in regard to its "radiant effects on home life and humanity as a whole," he considers the education of girls as even more important than that of boys. Mr. Cheng gives expression to comment as strong as that of Mrs. Chindin Yiu Tang on the present grave relative inadequacy of attention to education of girls, as compared with that of boys, in China.

In the Province of Chekiang, with a population of 30 millions, he says there is "only one provincial middle school for girls, and, while all the provincial boys' schools have their own building, this girls' school has been left with no building of its own. In districts accessible to outside influence, families send their daughters to elementary schools . . . . not many to secondary schools, still fewer to colleges." He calls upon Englishmen to give a great new impetus to this "much-neglected, yet noble, cause," possibly on some "sort of grant system, roughly on the pattern of the Board of Education," particularly to secondary schools for girls, because it is (a) a more practicable scheme for the fund than giving aid to elementary schools; (b) even more vitally needed and more seriously lacking than higher education. The pupils go on either to teaching in elementary schools, or to higher institutions already accessible, or enter the matrimonial state with home-making as its contingent work. To these considerations we may add an appeal made to the delegation by the highly representative group of educated Chinese ladies in Hankow, on behalf of Chinese women of the middle classes, who are widowed and without means. Through lack of any education, sometimes even elementary, more frequently lacking secondary or vocational training, these poor women are unable to find suitable means of support, and they are often driven down to lower manual occupations, when their social position and mental gifts would qualify them for more valuable service to the community. They also made it evident that the present co-educational development does not by any means furnish all the conditions necessary to enable even qualified Chinese young women to utilise the openings into colleges and universities.
They pointed to the need of high-grade appropriate hostel accommodation under well-qualified women's care, both for girls travelling to distant educational institutions and on arrival at and during their stay in the institutions. These Chinese ladies of culture strongly and independently reinforced a representation made to the Indemnity Advisory Committee, Foreign Office,* by Miss Catherine Mackinnon, Secretary for Student Work, Y.W.C.A. (who has considerable experience of teaching English in co-educational institutions in Wuchang, China), as to the need of making special provision for training and equipping educated women of experience for the office of Dean of Women in such institutions. She spoke of the need of a higher college of women to do not only this work, but also to increase the number of women able to fill responsible posts in middle schools for girls. The need of more such women was made clear to members of the delegation when visiting provincial normal schools. Miss Mackinnon suggests that there are already teachers in primary schools who have shown themselves capable of doing good work, yet lacking a general education—e.g., in Chinese literature and history, general history, science and sociology—which would fit them for the more widely responsible posts and for leadership.

Mrs. Ho., a graduate of Bryn Mawr College, U.S.A., spoke with the full concurrence of the Hankow group of women on the great need of postgraduate scholarships for women, whereby they can enter British universities and fit themselves for further leadership in things that China very greatly needs, e.g., a higher hygiene of domestic life, and maternal, infant and adolescent welfare. These three ultimately are dependent, as the evidence of Mrs. Tang and Dr. Tse Pang Yuen suggests, on the development of local administration of public health, with the special aid of medical women; the great extension of competent midwifery, nursing and health work; a better hygiene of school life; a better hygiene and welfare superintendence of industry, both great and small; a better hygiene of human life in agriculture, which affects the lives of the great majority of the Chinese people, and is now seriously handicapped by occupational diseases. Mrs. C. Y. Tang says, with reference to the need for women students to study abroad, that "to secure the exchange of oriental and occidental ideals, to obtain the best results in economic intercourse, and to promote friendship in the family of nations, education is the most effective medium." She shows how inadequately young women have hitherto shared in the Tsing Hua scholarships for study abroad. As compared with 986 boy students, of whom 455 went abroad, until 1923 only fifty-nine girls, of whom twenty-one went to America, had benefited. Mrs. Tang gives the percentage of girls' scholarship expenditure as 3:03 of the total sum; and she says: "It has been amply proved that, as a rule, the girl students studying abroad are eager and quick to learn." This proportion was raised in 1923 after representations from various institutions.

While pointing out instances of failure or serious delay adequately to extend modern educational opportunities to Chinese women, Mrs. Tang also points to the historical records of high distinction attained by Chinese women in various important fields of human endeavour. Their achievements as poets, writers, teachers, historians and social reformers assure us, she says, that considerable opportunities existed in the past for the education of individual gifted women.

Dr. Alfred Sze, no less emphatically than some of the other witnesses before the delegation, has publicly testified both to the ability and to the responsiveness to education of Chinese women. And he has directly attributed the long-enduring strength of the Chinese Empire and nation in no small degree to the high qualities of Chinese womanhood.

The present position and the tremendous problems of China, while emerging from a medieval into a modern industrialised form of civilisation, make an entirely new call on the character and trained faculties of thought and action of all its citizens. The complexity and magnitude of the changes are probably more exacting for China than were those earlier revolutionary changes for England and Europe that occurred at the close of the eighteenth and opening of the nineteenth centuries, with the passing from small industry to

*See Lord Buxton's memorandum for the delegation, p. 35.
great industry and mechanical transport—following on the application of science to extractive industries and factory production and transport.

There has been in China a lack of the intervening stages of this development that makes the present inevitable economic and social changes all the more difficult for a conservative people; yet China has an accompanying advantage. She has before her the experimental proof of the human risks and their remedies in the new order, made by the nation which first had to meet these risks, and which worked out the relevant legislative, administrative and educational measures. In all the countries which entered the new industrialised order of civilisation—Anglo-Saxon, Scandinavian and Teutonic, and in a lesser degree Latin—it was found that women had to play a new part in the national life. This part has been specially prominent in education and public and local administration. In new ways, industrially and professionally, women had to come out of their homes as bread-winners during and following the “industrial revolution.” There followed on this in England the renaissance of education for girls and women, and the necessary claim for a share in representative government.

This movement in Europe gained its strongest conscious development during and following the Great War. There, again, the immediate cause was probably the greatly intensified demand for the services of women in national production and in the professional ranks. With heightened intensity the essential part that women are bound to play in preserving and maintaining national health and a higher sanitation of home and child life became clearer to the peoples as a whole.

The striking report submitted to the delegation by the Society for the Advancement of Public Health in China, through its secretary, Mr. S. P. Chen, on the need for the organisation of public health in China, brings home to the mind the urgency of new provision for those arts and sciences that concern the nurture of human life. At the heart and centre of these arts and applied sciences potentially stands the womanhood of any country.

In China, the report shows us that, as compared with England and America, there is an unexampled drain in progress of the life forces of the people of China through preventable disease. It shows that there is an annual excess mortality of not less than 6 millions, and an annual excess of severe illness of over 20 millions. This represents “untold suffering and misery through bread-winners becoming incapacitated and families bereaved, besides which all the famines and floods from which the country may have suffered in the past fifty years pale into insignificance.”

“The necessity of health conservation in a community increases in direct proportion to its civilisation,” says that report, and, “if this lack be not shortly remedied, the changing conditions will result in health evils seriously retarding the progress of the country.”

The lesson is further brought home by a report of the Council on Health Education, issued in 1926 at Shanghai by its director, Dr. Peter. “In no other great country do communicable diseases have such undisputed right of sway as in China. Even in backward countries in the Orient health-conserving governmental machinery is to be found. In India, the Philippine Islands, Siam and Japan splendid beginnings have been made. Only China has nothing. The span of life is short. The average person does not live long enough to make much of a contribution to society... The turnover of human life in China is too great and too rapid. Continue this over a period of years and you have gradual national decay.” “The same factors which worked for the destruction of Greek and Egyptian civilisation are at work undermining Chinese civilisation. China is looked upon in some lands as the fountain-head of epidemic diseases... Since those ancient civilisations were destroyed, modern medical science has come into being... China must apply the life-saving remedies provided by modern science or perish.”

Educate the coming mothers of the race, and the direct and indirect forces for its preservation and its health will be multiplied incalculably. A new power of public opinion will come into operation, making for right organisation and administration of public health measures, quite apart from the direct
gains in care of maternal, infant and adolescent welfare, great reduction of excessive infant mortality and improved hygiene of home life.

Train women in adequate numbers, not only as doctors of medicine and surgeons, but also as ancillary health workers, and in all the varieties of social welfare work that rural and urban conditions require. Then even the present menacing forces of disease can, with adequate aid of scientific and national research work, be brought under control by statesmen in China within a single generation.

To sum up, first let us remember (a) that with a largely illiterate and uneducated motherhood, as at present, it will be almost impossible to acquire a literate and educated nation, even so far as its manhood is concerned; and (b) that until the intelligent and educated co-operation of the whole womanhood of the nation is secured, the degree of health requisite for China to take her equal place among the great modern industrialised nations and to control the present devastating forces of disease is not possible.

For these things, co-education of men and women, alone, without some special provision to suit women’s special needs and responsibilities and to draw in all of their best leaders of every degree, is held by competent Chinese opinion, as well as by experience of other nations, to be insufficient.

The following is a suggested illustrative programme, in aid of the necessary special education for girls and women, which should be supplementary and additional to a full co-educational programme for higher education in China:

1. First and foremost, fresh stimulus is needed for the effectual development of secondary education for girls, with a sufficiently widespread net of primary education to feed these secondary schools with the best girlhood of the nation.

For effectual development of these things, i.e., increased secondary education for girls and adequate preparatory primary education to lead up to that, higher normal college education needs to be increased both extensively and intensively (perhaps by special grants-in-aid to a few colleges), so that new leadership may come from women themselves in the spread of secondary education for Chinese girls.

Probably a great stimulus would be given by a few special scholarships for post-graduate study in one or other of the best training colleges for primary or secondary education in Great Britain, such as Whiteland’s College, Chelsea (in which John Ruskin took a particular interest and which maintains a high level). Perhaps a scheme could be devised for encouraging an extension of girls’ primary education in a bieu that is backward in this respect and by grants-in-aid in a primary school in a factory district (see 4 below).

2. Stimulus should be given to development of original leadership among women by grants-in-aid to such independent efforts as are shown in I Fang Girls’ Collegiate School at Changsha; in Gining College; in Yenching College, Peking, with its technological as well as its higher academic sides, and any specially good women’s hostels under women’s superintendence in connection with co-educational higher education. It is important that modern physical training should receive some encouragement which would lead to its fuller inclusion in secondary and normal education.

3. Special encouragement should be given to strengthen the contribution that can be given towards national health by medical women (a) by scholarships for post-graduate study at the leading medical schools and clinics in Great Britain and Dominions, (b) by grants to maternity hospitals already successfully superintended by Chinese medical women, e.g., at Nanking, Tien-tein and Shanghai, and for the training of midwives and hospital nurses. A new stimulus might be given to promotion of infant and child welfare work by scholarships for a few medical women and suitably trained nurses to visit New Zealand (where Dr. Truby King, medical officer to the Government of New Zealand, has done work of world-wide repute in these matters) and Great Britain to study the methods effected under well-known medical officers of health to borough and county local authorities, following which great reductions in infant mortality have been achieved, particularly in the last ten to fifteen years.

4. As a direct encouragement to further development of primary education,
where it is most urgently needed, a model experimental elementary school with kindergarten or nursery school or schools should be set up in one of the largest Chinese mill centres in a textile area, where young children, predominantly girls, are drawn into both cotton spinning mills and silk factories. A special feature should be that one good meal a day, perhaps cooked by the older girls, be provided for the children attending such a school. The direction of the school should be under the Provincial Education Association, and trained women teachers should be mainly employed. The school should be in an easily accessible industrial centre, so that students and teachers under governmental college training should be able to make practical acquaintance with its methods and results.

5. Some provision should be made, in connection with existing universities, for higher vocational and professional education for (women) health and welfare workers, future factory inspectors, &c., on behalf of manual labourers, in agriculture, factory industry, mining, as might be determined by the Board of Trustees of the B.C.I. Fund. Full grants or grants-in-aid might be given for professorships, lecturerships and scholarships in departments of colleges or universities for sociology and economics, provided arrangements are made for some practical experience as well as purely theoretical teaching. There should be co-operative arrangements between agricultural, general and medical colleges in this training for health and social welfare workers, and a close relation with the National Research Institute and its Sociological Department.

The wonderful success that has attended the growth of rural "women's institutes" in countries so widely varying as Canada, Belgium and England, in furthering intelligent life, welfare and happiness in agricultural village and community organisation, should be borne in mind in this connection. Chinese Gild life history suggests that they might prove a powerful aid for health and welfare of agriculture in China also.

Trained social welfare work, as a branch of national service being peculiarly suited to women—as Chinese women have testified, thus supporting Western experience—it should be made a condition of any grants from the B.C.I.F., that the opportunities in scholarships and other openings should be allotted to the extent of not less than half to women, whenever women candidates of sufficient ability and promise are applying.

Proposed Amount of Expenditure of Fund on Girls' and Women's Education.

An equal proportion of the grants made for general secondary education and for any stimulus to primary education should be applied to the education of girls.

Higher education, so far as co-educational, will apply equally to men and women, but a much smaller number of women candidates can from the nature of the case present themselves. Grants should be made liberally to women's special higher and vocational education, whether scholarships or foreign study, having full regard to the importance of women's higher education to the life of the nation.

ADELAIDE M. ANDERSON.

(E.)—REPORT BY DAME ADELAIDE ANDERSON, D.B.E., ON LABOUR CONDITIONS IN CHINA: EDUCATION AND RESEARCH IN RELATION THERETO, AND THE TRAINING OF WELFARE WORKERS AND EMPLOYMENT MANAGERS.

No educational proposals that omitted to take into account the state of labour in manufacturing industry—as in agriculture—in so large, and at the same time so changing an industrial country, could be complete.

In fact, the attention of the delegation has been drawn directly and indirectly to the subject, and valuable memoranda and notes have been received from several witnesses on some of its many-sided aspects.

For example, the need has been strongly urged of comparative study and research in the field of economic and industrial organisation of the country and its people, with special reference to rising modern industry; of more and
higher teaching on the fundamental conceptions and principles of modern economic life, not only so far as it is the same in all countries, but also in relation to the particular conditions already developed in China, and to the parallel conditions in other Eastern countries, especially in Japan. (See memorandum from Professor J. B. Tayler, Yenching University, on Promotion of Economic Science, &c.)

The attention of the delegation has also been drawn with emphasis to the part that is actually being played in the life of the nation by the present industrial revolution that is in progress in treaty ports, especially in Shanghai, Tien-tsin and Hankow, and in many other and more completely Chinese centres, for example, Wusih, Wuchang, Tsinafu, &c., in the midst of large and apparently almost untouched survivals of old-world forms of productive industry and transport. (Incidentally, it should not be forgotten that in China lies a great field for exploration of the old industrial life that has vanished in Western Europe, in some ways far more readily comparable with the Western than are the survivals of domestic industry in India.) The industrial transformation exercises influences so far beyond what appears to be its actual scope that it is said, by some of those who have presented material to the delegation, that it is "playing a vital rôle in the regeneration of the nation."

It is pointed out by this group of writers—Mr. M. T. Tehou, Mrs. Sun Yat-sen, Mr. Fong F. See and others—that increasing numbers of the people are being drawn into industrialised areas, with the result that China is being faced with large social, hygienic, housing and various economic difficulties resembling those which have fundamentally altered national life and international relationships of the West in the past century and a half.

These writers select for the special consideration of the delegation, with a view to grants-in-aid from the British China Indemnity Fund, a few of the leading problems that now arise in China, as they invariably have done in the other countries that have passed from the stage of domestic and village industry, for home markets, to power-driven industry in factories and large works, for world markets. Since China has come, of choice as much as through Western influence, into the earlier phases of this world-wide movement, it is of great interest to note the sequence of subjects in the statement of problems by those Chinese writers. They follow the sequence in which these problems were dealt with, administratively, in Great Britain first and then throughout the West:—

2. Education.
3. Working conditions of labour.
4. Hygiene of industry.
5. Housing and social condition of labour.

And why does child labour appear first on the list? Certainly not because it was first imported into industry by the factory system, as a good many writers have tended to assume. As can be seen anywhere in China—in Peking as well as in Tien-tsin, in Wusih as in Shanghai, in Wuchang as in Hankow, and so on—it is customary for children to be put to work at a very young age, as it was in any European country before the Industrial Era, where the standard of living was low and parents very poor. And so the report of the Child Labour Commission of Shanghai, published in July 1924, said—

"There is no doubt that it is the general practice for the vast majority of Chinese children to be made by their parents or others having authority over them to commence work at the earliest age possible, having regard to the nature of the work available. Where the family is engaged in tilling the soil there is little harm, except upon educational grounds, in this practice, as it is unlikely that the child will attempt or be made to attempt tasks beyond its capacity. This statement, however, is not true where the work in question has to be performed under less hygienic conditions, and still less is it true where it involves long hours and monotonous operations. This general practice obtains in the Shanghai district equally with the rest of China. The causes of its existence are economic, social and absence of educational facilities, but, in the opinion of the commission, the first named is the primary cause."
Thus when the question of the protection of young children employed for long hours in monotonous factory work arose in Shanghai and it was agreed by Chinese and foreigners who petitioned the Municipal Council, and by Chinese and foreign members of the Child Labour Commission, that practical regulation ought to be attempted in the settlement, they were reminded by the Chinese Manufacturers' Association of the widespread Chinese feeling that "the employment of children by mills is a matter of charitable nature towards the parent workers."

It is recognised naturally by the writers above referred to that to a large extent the fundamental remedies for the ills and disorders they describe, associated with the changing order of industry, should come as they did in other countries through legislation and administration for factories and for education. And this although the conditions for governmental regulation are not yet within reach nor likely to be at any date that present can be forecast. Meanwhile, they ask for measures that will spread knowledge of the matters at stake; for aid in university teaching (beginning at Shanghai) of social sciences, especially in relation to industry and labour; for an industrial library, under expert guidance, to create intelligent public opinion and for a provision for exchange of visits of industrial leaders between Great Britain and China in these matters.

The one real remedy for child labour in the factory system is its "abolition," and, simultaneously, an adequate provision for the education of children in schools that will fit them for the work of life at an age that is suitable for an industrialised country. And this step also—as England's experience shows—is the first indispensable one prior to the building up of any good and efficient working conditions, inclusive of wages, for adult and adolescent workers in modern industry. It is encouraging to remember that the most highly industrialised province of China, Kiangsu, is also educationally the most developed.

One might perhaps feel inclined to say that, seeing the impossibility at the present time in China of vigorous prosecution of a national programme for legislation and administration of modern factory standards in the rising, technically modernised industries of China, it is well that the vicissitudes and delays of civil war impose a physical restraint on rapid increase in the number of factories; for modern, reliable methods of transport are a pre-requisite of progressive development of industrialised production. That idea cannot be entertained more than momentarily—even by those who are concerned chiefly for the welfare of the worker and not for the wealth and efficiency of the nation. In many ways the conditions of work and hygiene, apart from long hours and night work in the modern factories, such as cotton-spinning, cigarette-making, food-preserving, are far ahead of the conditions in the old domestic workshops, for all except young children. (See the memorandum on "Need of a Public Health Organisation in China," in its Appendix E, pp. 103-104). Adequate lighting, space, ventilation, mechanical removal of dust and noxious fumes are attainable and often attained in power-driven factories in ways unknown in the old type of workshops, such as the hand rug-making workshops of Tien-tsin and Peking, of which a deplorable picture can be seen in the study by Messrs. C.C. Chu and T. C. Blaisdell, published by the Chinese Social and Political Science Association of Peking. There grave injury is being wrought for young boy workers, through excessive dust, bad lighting, lack of ventilation, strain of the work on eyes, use of workrooms as sleeping and mess-rooms. The ills of both systems of industry seem to meet in the half-industrialised work-places, such as these workshops, now producing for foreign markets, and in silk reeling and lucifer-match making. In the last two named mechanical power has been only partially applied to machine processes which are often being carried on in improvised workrooms in old dwelling houses and offices. A vivid description of the injurious conditions and their effects on the workers can be read in the first few pages of the report of the Child Labour Commission, and in the memorandum above cited on "Need of a Public Health Organisation," p. 104.*

* Not printed; the memorandum is published by, and can be obtained from, the Association for the Advancement of Public Health in China, Peking.
It is not the coming of the factory system, with its great social and economic potentialities in the way of multiplied and cheapened production, and all that it may bring in the way of improved clothing, housing and food for the poorest workers, and its potentialities in the way of lightening the severest physical toil for manual labourers, and its essential accompaniment of quickened transport—it is not this that brings unhygienic conditions of labour. It is the slowness of the human mind when rushed into the entirely new order of industry to realise its implications and conditions of success, the need for a wider socialising of the service of production, and the urgency of regard for the welfare of the delicate "human machine," when it is linked up to the power-driven machine. It is here that the industrial welfare movement, spoken of in the memorandum of Professor J. B. Taylor on "A Plan for the Training of Industrial Welfare Workers and Employment of Personnel Managers in China" and in the memorandum on behalf of Workers' Welfare submitted by the group headed by Mr. M. T. Tehou, already cited, has its great significance.

And reference must also be made to the arguments for education in social and political science quoted in our report above under Education, Part X. In England the industrial welfare movement, indeed, began with pioneering employers of labour, such as Robert Owen, at the beginning of the 19th century, but found its crowning development only after a century of national factory legislation and administration, which laid the needed legal foundations for national standards of health and safety in factory industry. It came to its recent position of authority in England through one of the lessons of the Great War: that the effective productive service of labour is really national and international service.

In China, in the absence of any immediate possibility of formal legal foundation for hygiene and safety in factories, the voluntary welfare movement, which has begun among a few employers, Chinese and Anglo-American, the more urgently needs the backing of public opinion that can be aroused through university education, scientific research and political training.

For this reason the memoranda above referred to need the special, sympathetic consideration of the Board of Trustees for the Indemnity fund; not least, the matter in Mr. Tehou's memorandum relating to: demonstration school centres (also recommended in the Memorandum on Education of Girls and Women in Appendix (D) (p 181)); medical care for the workers, also advocated by the Association for Advancement of Public Health; and his important section relating to the housing conditions following on the influx of workers and their families into urban centres.

It is not always recognised that employment in factories not only causes unrest where housing conditions are bad, but also that it tends to loosen family ties, at least economically, where young workers can earn independent wages—and a young girl's earnings may, in some places, in a cotton mill amount to as much in a week as those of her father, who is a ricksha coolie.

The problems arising out of the position of the industrial workers in urban centres, their efficiency and welfare in China—and equally so the problems concerning employers of labour in modern industry—really form what should be recognised as an integral part of that Chinese search for knowledge, referred to in the foregoing report, Part X, pp. 132, 133, "which is, in fact, a painful search for national equilibrium in the conditions of the modern world." And this memorandum, summing up as it does some of the material presented to the delegation by applicants for grants, and linking it up with other official material, is made at the request of the chairman of the delegation with the aim of conveniently presenting some of the grave social and economic issues involved to the Board of Trustees. It relates to one of the great historical changes in human life that constrain leaders of civilisation to think out their meaning and consequences, if the best of the old social order and the best obtainable of a new order are to be preserved for humanity.

The linking up of mechanical power to the uses of human energy of mind and body in industry—that is, to human labour and craft—may be turned, as the memorandum signed by Mr. Tehou, Mrs. Sun Yat-sen and others points out, into "a blessing to the world or a curse." Very much depends for the
world on what is done: "while China's factory industry is still in its infancy and while the situation is yet plastic." Much every way may be achieved by research and the spread of knowledge about it. The nature of the new mechanical system and its need of national regulation of the conditions of labour is even less understood by the so largely illiterate people of China than it was in England 150 years earlier. They have not the help of trade union organisation, for it has barely begun, and it has neither safe legal standing nor power to build up funds. It is highly important for the future possibility of Chinese factory legislation that inclusion is made of the social and economic sciences in the plans of the delegation for endowment of research through the foundation of an Institute of Scientific Research.

One of the chief handicaps mentioned by the Commission on Child Labour appointed by the Municipal Council of the Foreign Settlement of Shanghai was the entire absence of systematic statistical records by which they could test their own observations and conclusions. The same difficulty met the investigators for the Industrial Committee of the National Christian Council of China, of which the writer of this memorandum was one, as also a co-opted member of the Child Labour Commission. Valuable sectional material is being gathered by the Chinese Government Bureau of Economic Research, as also by the China Year Book, and all such endeavours may be furthered through the National Research Institute. Yet it needs completion by systematic preparation of statistical records on lines that are comparable with those in other countries. With such aid and their access already to the records of the International Health and Labour Offices of the League of Nations, it should become evident in China, as it has in England, to use the words of Sir Charles Macara in connection with the work of the International Cotton Federation, that without international co-operation it is "impossible for the peoples of the world to be supplied with the necessaries of life, food and clothing."

This being one accompaniment of the "industrial revolution," it is necessary to the peace of the world that there should be international recognition of another evident truth, well expressed by the Hon. W. L. Mackenzie King, C.M.G., Prime Minister and former Labour Minister of Canada, some years ago, that "the well-being of the workers in one part of the world is bound up with the well-being of workers everywhere, and the maintenance of labour standards in any one country comes, sooner or later, to depend upon their extension to all." In this truth lies the ultimate reason for the foundation and development of the International Labour Conference and Office at Geneva, as part of the work of the League of Nations. The reality and force that lies in it partly may be seen in the British consular reports on "Labour Conditions in China," laid before the British Parliament in 1925 and printed and published by the British Stationery Office, under the heading, "China, No. 1 (1925)," (Cmd. 2442), Price 2s. 6d. It has begun to be thought of in China, as may be seen in the unrealised schemes of the Peking Provisional Factory Regulations of 1923, the draft Child Labour Bye-Laws of the International Settlement of Shanghai, 1925, and the unfulfilled Ordinance of the Civil Governor of Kiangsu, for the setting up of a Child Labour Commission for his province, dated the 20th May, 1924, to function on lines similar to those of the commission for Shanghai. It may also be seen in various resolutions passed by chambers of commerce, Chinese and foreign; in studies, reports and resolutions passed by the National Christian Council of China and its Industrial Committee, which, from 1922 onwards, linked together and led the Secretaries of the Y.W.C.A. and Y.M.C.A. who had been earlier at work in this field; and in various publications, including studies of welfare work done in individual factories, both Chinese and foreign.

In the absence of any exact record of the extent of the "industrial revolution" in China, an illuminating summary of its scope may be gathered.

* The Peking Provisional Factory Regulations, promulgated March 29, 1923, have not the force of law and are not administered; they show recognition of the need of such law and doubtless have influence on the ideas of good employers.
from an article by Dr. V. K. Ting, published in the "North China Daily News," Sixtieth Anniversary Number, July 1924:—

"Industrialisation, based on modern science, enables us to develop and utilise our natural resources on a large scale. . . . Even to a casual observer the phenomenal growth of the cotton industry must attract attention. Twelve years ago there were barely 500,000 spindles owned and operated by Chinese companies. These again were practically confined to treaty ports, Nantunghow being almost the only exception. At present there are about 2,500,000 spindles in operation in 180 Chinese mills, scattered through fifty cities, many . . . . right in the interior. In time China will be able to produce most of the yarns she needs.

"The silk factories have a similar story. . . . The cotton and silk factories are undoubtedly the largest industrial concerns, but they represent only one phase of the general tendency of industrialisation. . . .

"There are, for example, more than 100 flour mills and seventy oil mills in operation. The Chihsing Cement Company . . . . now compete with cement produced in Shanghai and Nanking, and very soon Shantung, Honan and Manchuria will each have a cement works of its own. The Yungli Alkali works represents the beginning of a chemical industry with promising possibilities. We now refine our own sugar and salt, saw our wood, and hull our rice with steam power . . . . and more than 200 cities are lighted with electricity. . . .

"In 1911 there was not a single (coal) mine financed with Chinese capital and operated with Chinese engineers. . . . At present there are more than a dozen prosperous companies owned and operated by Chinese, with an aggregate capital of 60 million dollars, and a capacity of producing 8 million tons per annum."

If the Board of Trustees will place alongside of this picture the details given in Part I of the Report of the Child Labour Commission about the hours and other conditions of employment of women and children, as well as men, in textile factories (cotton and silk), match and other factories, and the conditions revealed in a letter received January 1924, addressed by some workers in a large Chinese works to the writer of the present memorandum (who visited the works and found that they actually applied to the sub-contracted male workers), it will be clear how great is the need for the application of modern factory legislation in China. The material sentences—which were more fully published in an article in the "International Labour Review" for May 1925—ran as follows:—

"We saw in the newspapers that you came to our country to investigate conditions concerning Chinese workers, so we wish to say a few words to you with frankness. . . . Among us are coppersmiths, machinists, electricians, stokers and others . . . . totalling over 1,000 workers. . . . We have never enjoyed the happiness of having holidays or Sundays, national anniversary day, &c. . . . . We work twelve-hour shifts, day and night. Including the time coming and going from the factory we spend fourteen hours a day. . . . . When we change over from day to night shift we have to work sixteen hours. . . . . Because of earning a poor-mouthful of rice we are unable to . . . . enjoy those rights which are inherent to human beings. . . . . We have not any time to do anything that is beneficial to the public. . . . . We do not wish to do anything that is beyond us. But we are pressed by circumstances, so we plead you, Dame, to say a word of justice for us."

ADELAIDE M. ANDERSON.
Appendices to the Report of the Advisory Committee.

(i.)

NOTE BY SIR FRANK HEATH, K.C.B., ON THE PROPOSED RESEARCH INSTITUTE FOR CHINA.

A careful reading of the evidence of Dr. Ts'ai and of Dr. V. K. Ting, on which the recommendations of the Willingdon Delegation on Scientific Research are largely based, indicates that both these distinguished Chinese men of science had in mind the applications of science to practical problems as the main purposes of the proposed Research Institute rather than the prosecution of research in pure science. Dr. Ts'ai says: "It will be set up in order to create a spirit of reverence for science and industrial arts," and proposes it should include a museum as an important if not predominant feature. His ideas are curiously parallel to those of the late Prince Albert, who thought of the South Kensington estate, purchased from the profits of the Great Exhibition, as the home of the applied sciences and the industrial arts—as it has indeed become. Dr. Ting, who is a geologist, defines geology, zoology and botany in his draft estimate (p. 125) in terms that indicate his grasp of the importance of the practical side of the work. He is most specific in his own science, and only less so in the two sciences which lie nearest to his own. But in dealing with physics, chemistry and the social sciences he naturally avoids definition. Yet these are as capable of a practical bias as the rest.

Research in pure science—research, that is, which is undertaken for its own sake because the worker is attempting to extend our knowledge of nature without any regard to the usefulness of his discoveries—can only safely be made the aim of an institute, or indeed of any organisation—if there is a large and well-established provision for the highest education. Universities not only give opportunities for men of the highest originality to obtain the sound foundations of scientific training which is a necessary preliminary of original work—the creative kind in modern science—but more important still they are the only means of establishing standards of equipment and attainment adequate as some indication of capacity for original work of the highest type. Humboldt's "Akademie der Wissenschaften" was the crown of a wide-flung University system in Prussia, and without it could not have secured the status it has. A Research Institute for pure science would be likely to find itself "in the air" in China to-day. It is noticeable that Dr. Ts'ai lays stress on the "training of men" as China's most urgent need, and in view of the difficulty of introducing a system of scientific education into his country, he contemplates that the Institute will best accomplish this task "by lectures, publication and research."

If, on the other hand, the main object of the Institute were research with a view to the development of the natural resources of the country, as seems to be contemplated by Dr. Ting in geology, botany and zoology, the work would make a more direct appeal to a people beginning to find their way into Western science and would be easier of accomplishment in the earlier years. The fundamental discoveries in pure science wherever made would be available for application to the special problems of China, and while the methods of the worker would be the same as those adopted by the seeker after knowledge for its own sake, there would not be the same demand upon the creative imagination. The young investigator would have his feet firmly planted on the ground, and he would be guided by a purpose that both he and public opinion could understand. To take a single example:—Tung oil, which is a valuable product for the manufacture of paints, since it has a drying power much higher than linseed oil, and was till recently produced only in China, has recently been successfully produced in the United States. The American oil is better than the Chinese and the American nuts are made to produce
34 per cent. of oil as compared with 20 per cent. extracted in China. This double improvement is entirely due to the discovery that the oil should be extracted by cold pressing when the nut is fresh.

Experience in other lands has shown, on the other hand, that important research in pure science is the work of a relatively small number of highly equipped minds who, for the most part, have been trained in the national universities. The supply of such men in China will naturally be small at first. But there is a wealth of fruitful results to be won in applied science by men of capacity who have had some scientific training if their work is directed by research leaders of high standing. In the early years of the Institute it would be wise to place the leadership in the hands of Europeans, or at least of men who have had the best training Europe can give and have shown their power to profit by it. The rapid success of Japan in the Western arts has been largely due to the adoption of this policy, while a principal reason for the success of Germany and the United States in productive industry is their appreciation of the value of using organised teams of well-trained men of science in the attack on industrial problems.

If this were the policy of the new Institute, the same practical aims would be found in its Department of Economics. This Department should begin by a careful survey of the export trade of China with a view to selecting those materials and products for scientific study which are most hopeful and important. The lesson of Tung oil would indicate the method of approach. The Department would no doubt go on to consider on a statistical basis the directions in which, with the help of science, waste could be avoided in production or marketing, with a view to ameliorating the poverty of the people. From these concrete studies economic generalisations would in time emerge which would put economics in China upon a sound basis of ascertained fact.

It is not suggested that "pure science" should be excluded from the Institute. If men capable of adding to knowledge in this way should appear, they should be encouraged and not excluded—for all "useful" knowledge is based upon the work of such men. It is here only a question of what the primary purpose of the Institute should be. The purposes of the Imperial College of Science and Technology are those we have in mind—interpreted in a similarly liberal spirit.

(ii.)

LETTER FROM Dr. W. H. WONG (OF THE GEOLOGICAL SURVEY OF CHINA) AND OTHERS REGARDING THE ESTABLISHMENT OF A NATIONAL INSTITUTE OF SCIENCE AND TECHNOLOGY.

To the British China Indemnity Delegation, Peking.

Dear Sirs,

Peking, June 6, 1926.

The undersigned have the honour to submit for your consideration a memorandum on the use of a portion of the Returned Indemnity Fund for the establishment of a national institute of science and technology.

Trusting that the scheme will receive your favourable consideration.

We beg to be, dear Sirs,

Yours very faithfully,

WONG WEN-HAO,

CHEN SHIH-CHANG.

And about a dozen others.

Memorandum on the Establishment of a National Institute of Science and Technology.

The generosity of the British people and Government in returning to China the Indemnity Fund imposes upon the Chinese the duty to devise the best means to utilise this fund for the greatest benefit of the Chinese people, so that such generosity may not be wasted. In this spirit, the undersigned
beg to call special attention of the British China Indemnity Delegation, and the full board which it represents, on the scheme for the establishment of a National Institute (or Research Institute) of Science and Technology.

I.—Object.

The object of such an Institute is to be threefold:

1. Research.—The importance and necessity of scientific and technical researches are too evident to need any explanation. The organisation of research laboratories is, however, especially urgent in China, as we have immense natural resources awaiting to be developed not only for the benefit of China, but for the world at large. To develop such natural resources it requires, first of all, full investigation and studies. It is true there exists in China already a number of universities and technical colleges, but they offer little opportunities for original research. There are also students of pure and applied sciences who return every year from Europe and America, and most of them are prepared to pursue the study on their special lines. Therefore, the establishment of research laboratories will greatly assist both the cultural and economic development of this country.

2. Exploration.—There is no doubt that China offers unusual opportunity for scientific discoveries. The remarkable results attained by the occasional foreign expeditions and a few Chinese institutions working in most unfavourable conditions warrant best success of more systematic explorations. A number of scientific problems are waiting for solution from local studies in China; and many a part of this immense country and its dependencies have scarcely been touched by scientific investigation. Field study shall be, therefore, systematically carried out in order to fully investigate the hitherto imperfectly known resources and eventually to discover unknown ones. Better knowledge cannot fail to bring about better use.

3. Exhibition.—In conjunction with the above work, museum or museums should be organised to exhibit specimens of natural and industrial products of various provinces with explanations and illustrations so as to be useful to both special students and the general public. Exhibition may be also made of the scientific and technical instruments with practical demonstration of their uses. A well-arranged exhibition is always the best thing for popularising scientific knowledge, and a good combination of the museum with laboratory and field work will give it still more living interest and higher scientific value.

II.—Scope.

The proposed institute shall include the following divisions:

1. Department of Physics and Chemistry.—These are the basic sciences which have the greatest need of organised effort and adequate equipment in China. Besides the theoretical problems of general interest, special attention shall be paid towards matters of practical utility and local problems. An ideal plan would be to establish some such organisation as the Physico-Chemical Institute in Japan.

2. Department of Botany and Zoology.—This will include botanical and zoological gardens, marine biological stations and agricultural experimental stations, &c. Besides the systematic faunal and floral survey of the country, improvement of seeds, fighting of plant diseases and insect devastation, experiment on fertilisers, study of oil-bearing plants, scientific method of breeding, &c., are but the few practical problems which can be immediately thought of and which would help most materially to increase the national prosperity.

3. Department of Geology and Mineralogy.—The richness of Chinese coal resources is well known, but still imperfectly surveyed. There are metallic mines, such as antimony, tungsten, manganese, &c.,
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discovery of which dates back only a few decades or even a few years; yet this industry assumes already a world-wide importance. Fuller investigation cannot fail to result in more discoveries and better utilisation.

4. Department of Technology.—Under this department there shall be special laboratories for fuel technology, metallurgical experiment and public assay, material testing and standardisation, and various industrial researches the importance of which needs no comment.

III.—Organisation.

Whatever is the name to be adopted for the institute, it shall consist of a central administrative body destined to assure the co-operation between the various departments above outlined. The Imperial Institute or the Department for Scientific and Industrial Research in England may be taken as models of organisation.

To study and execute the scheme, a special technical committee should be formed with competent experts appointed by the Board of Trustees of the Indemnity Fund. On the completion of their task, the committee shall be reorganised and a permanent governing body is to be formed under such name as Board of Directors, with which will be invested the central and financial control.

The scientific and technical work shall be in the hands of the directors of each department or other sub-organisation. Each department or other sub-organisation is an independent body by itself in its own administration and shall have full freedom to carry on its work to its best ability.

Full encouragement shall be given to and best use shall be made of the existing efficient institutions so as to increase and co-ordinate their activity.

The central and most of the sub-organisations shall preferably be established in and near Peking, where various universities and colleges may utilise the equipment and the exhibition as places of practical study and reference for professors and students. But a number of laboratories or stations may also be established in other suitable places in China.

The institute as a whole must be national in its character, but foreign experts may be appointed when necessary.

IV.—Financial Appropriation.

What is the exact financial appropriation needed for adequate execution of the present scheme depends on the concrete plan of the individual departments or other sub-organisations which has yet to be worked out. But some ideas of magnitude can be formed with the following figures.

In England, where many important research institutions have already been in existence, the Department for Scientific and Industrial Research was created by Acts of Parliament in 1916 with an initial grant of £1 million, and a yearly expenditure of about £500,000. The United States of America spends over 1 million gold dollars a year for the geological survey alone, while the Carnegie Institution of Washington has an annual income of 1 million dollars for physical research only. The Japanese Physico-Chemical Institute is endowed with approximately 2½ million gold dollars for a period of ten years. Speaking in round figures, and to begin with rather modest scale, an initial grant of 4 million dollars Chinese currency and a yearly appropriation of 2 million dollars seem to be necessary for the proper execution of the present scheme.