Britain's Imperial Retreat from China 1900-1931

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On 27 April 1913, in the early hours of the morning, the Hongkong and Shanghai Bank, acting on behalf of a Consortium of five western powers, and representatives of the republican government of China signed what became known as the Reorganisation Loan. They did so in conditions of the utmost secrecy since there was concern that, if word got out, anti-imperialist forces would seek to prevent its completion.⁽¹⁾ It was the culmination of a process which had begun 15 years earlier, which saw China steadily mortgaging its revenues to fund the punitive indemnities imposed following the Sino-Japanese War (1894–5) and the Boxer Uprising (1900), and to finance the building of the country's railways. To prop up Yuan Shikai's fledgling regime following the fall of the Qing in 1911, something more fundamental was required. With the Customs tariffs already used up, the salt gabelle was the only significant security left available. In return for a loan of £25 million, the Consortium assumed control over its collection and, effectively, over China's economy.⁽²⁾

This was, as most acknowledge, the high point of financial imperialism in China.⁽³⁾ However, whilst not challenging this view, Phoebe Chow contends that, as the title of her book implies, the seeds of 'imperial retreat' had already been sown in the Foreign Office mind: by 1901, there were, she says, 'subtle changes in how opinion-makers and policy-makers wrote about China' and, by 1906, Sir Edward Grey, the Foreign Secretary in the newly-elected liberal government, had become 'willing to embark on a new policy of gradual retreat from China'. It is a bold and novel thesis and one that allows for a powerful analysis of Sino-British relations in the early 20th century, and of the wider issue of how foreign policy was already being shaped by public opinion, whatever its exact form at that time.

However, her argument raises a number of questions: first, whether there were any signs of retreat as early as 1906, secondly, whilst there may have been a shift in the official approach to China at that time, whether this reflected a policy of such retreat and, thirdly, whether there was ever any such policy as opposed to an ad hoc response to events as and when they occurred. These questions are generated by Chow's own assertion that, in the first decade of the 20th century 'British policy can be seen as continuing a pattern of imperial rapaciousness' and that, between 1911 and 1918, 'ostensibly, the British resolve to maintain informal empire in China continued unabated'. If imperial rapaciousness was continuing unabated, it may be asked, how is that consistent with Britain already having decided to beat retreat? To answer this, Chow points to a number of concessions ostensibly made by Britain to Chinese nationalism, first, during the 1900s

and, then in the aftermath of the First World War.

Potentially the most significant of these related to railways and the decision to cede control over their construction and management to the Qing. However, this policy was driven by the Hongkong Bank, not by the Foreign Office, and its aim was to ensure that the Bank retained the lion's share of the lucrative loans business which underpinned railway construction. As the chief architect of that policy, the Bank's Manager in Peking, Guy Hillier, told the senior management in Hong Kong, there was no longer any need for those loans to be secured over the railway revenues: instead, 'the real security' was in 'the credit and good faith of the Chinese government and the latent wealth of the country which it needs only financial pressure and improved conditions to bring out'.⁽⁴⁾ Whilst co-operation between the powers replaced competition and thus led to a reduction in the bank's market-share, and in this sense, there was, as Chow says 'a slow retreat', this did not alter the imperial nature of the exercise. On the contrary, by making it more difficult for China to play the powers off against each other, a cartel was effectively imposed which substantially strengthened their bargaining position. Whilst the nationalisation of the Hankou-Canton railway may have been the trigger for the downfall of the Qing in 1911, it was the Western powers' strangle-hold over the country's economy that fuelled the anti-imperialist fervour.⁽⁵⁾

If, therefore, there was a degree of re-positioning, it was not part of an imperial retreat but of a strategy designed to ensure that the principal elements of imperialism remained firmly in place. If Grey and the Foreign office took some persuading about the loss of control, this was precisely because they did not want to erode Britain's pre-eminent position vis-à-vis China. As Chow acknowledges, this change of approach 'did not address the bases of informal empire. There was no questioning of British leadership of the Imperial Customs Service nor of the entire tariff system nor of extraterritoriality'.

This is not to dispute her case that, during the 1900s, a wide variety of opinion-makers displayed what she calls a 'conciliatory' approach, one very different from that of the stereotypical imperialists who saw China as irredeemably weak and corrupt. But her suggestion that this approach only became manifest around 1900 is more questionable. It can be dated back to the 1860s when the legations first opened in Peking and China was encouraged to join 'the family of nations'. From then on, however imperialist the presence of Britain and the other powers, the exercise became increasingly collaborative, albeit with China as the subservient partner. To achieve that collaboration, there needed to be the sort of 'cultural sensitivity' towards China, which British officials displayed, most famously Robert Hart, Inspector-General of the Imperial Customs Service. From the early 1860s, he nurtured and advocated a belief in China and its future and repeatedly stressed to his European staff the importance of seeing the Inspectorate as 'a Chinese and not a Foreign Service' and acting at all times in its best interests.⁽⁶⁾ Similarly, the Foreign Office instructed the treaty port consuls to 'seek an easy and familiar relationship' with their Chinese counterparts and 'to do their best to break down the barriers imposed by different customs and habits of thinking'.⁽⁷⁾ Whatever difficulties there were in implementing this policy, the Chefoo Convention (1876) and the opening of China's first embassy in London the following year heralded a steady improvement in Sino-British relations. The response of the *Illustrated London News* to the arrival of the Chinese envoys reflected this mood of optimism:

the presence in London of the Ministers is another of the indications which of late years, China has given of her having awakened to a sense of her position among nations... the most favourable opinion is entertained towards the Embassy by the people of every class throughout the whole of this country ... their Excellencies must have found proof of this in the hearty welcome shown them by the cheering of the people.⁽⁸⁾

This gradual improvement in China's international standing only came to a halt in 1895 with its unexpected and catastrophic defeat by Japan. Whilst that opened the way to the West's unseemly scramble for territory and influence in the last years of the century and the resulting Boxer Uprising, Britain's policy was directed at preventing China's dismemberment in order to retain its dominant position. In the main, therefore, official policy had been 'conciliatory' since the 1860s and, if there was a greater degree of anti-imperialist sentiment

in the early 1900s, this had little influence on that policy.

As evidence of the change in public opinion towards the end of the decade, Chow cites the long-running dispute between the arch imperialist, J. O. P. Bland, and the more conciliatory George E. Morrison, Foreign Correspondent of the *Times* and sometime Political Adviser to China. However, the main power-base which was influencing British policy in respect of China from 1900, if not earlier, was the triumvirate of Peking institutions, comprising the Legation, headed by the Minister, the Imperial Customs Service headed by Sir Robert Hart, 'the most powerful Westerner in China' and his successors, and the Hongkong Bank which had become the British government's financial instrument in China. Whilst they were willing to countenance conciliation and compromise where necessary, none of these had any desire to beat a retreat from a presence which they considered to be in the long-term interests of both China and Britain.

This mix of Sino-sympathy and imperial self-confidence was embodied in Sir John Jordan, British Minister in Peking from 1906 until 1920. Soon after his appointment, he wrote to Francis Campbell at the Foreign Office, 'China is making great material and educational progress ... there is a great reserve of sense and stability ... fuelled by a well-informed and highly articulate press, there is an enthusiasm for reform [which] is infectious and touches virtually every aspect of life'.⁽⁹⁾ However, this does not mean he wanted to rein back Britain's presence. As Chow says, when Morrison challenged the terms of the Reorganisation Loan as being exploitative and 'humiliatingly severe', Jordan's hostility towards him became 'palpable'. He thus typified the unabated imperial approach. If it was less effective in the aftermath of the First World War, this was because Britain then faced a very different set of circumstances, as Chow describes in the second half of her study.

That the imperial presence slowly diminished after 1918 and finally ended in 1943 is not in dispute but how and why this came about is more controversial. Most recently, Robert Bickers has focussed on the social and political forces that mobilised within China to free the country from western domination and has shown how the international powers, including Communist Russia, a liberal-minded United States and an awakening Japan, vied to exploit those forces for their differing ends. Whilst the Goumindang increasingly looked to America for support, the delay in dismantling the imperial apparatus only served to reinforce China's sense of national humiliation and the narratives that support it to this day. If Bickers focuses less on Britain's internal politics and the agitated hand-wringing of men such as Austen Chamberlain, the Foreign Secretary in the mid-1920s, this was because, as he sees it, Britain was no longer setting the agenda.⁽¹⁰⁾

Chow, on the other hand, argues that the Foreign Office effectively orchestrated the retreat, influenced by, and responding to, the changing attitudes of British opinion-makers. At times, however, her own account seems at odds with this thesis, for example, when she explains the failure to return Weiheiwai on the grounds that 'China's internal disorder provided ample excuse and rationale for delaying the process'. In other words, the aim was to give a semblance of retreat whilst holding onto imperial power for as long as possible.

Token measures such as remitting part of the Boxer Indemnity, and using the funds to set up cultural programmes, were small beer compared to the continued requirement that China meet its obligations under the Reorganisation Loan and threatening military action when repayment was at risk. Such measures were self-serving and failed to tackle the fundamental iniquity of extra-territoriality and a presence that continued to violate China's sovereignty. It took the shooting of unarmed demonstrators by the Shanghai police in 1925 and the ensuing May 30th Movement to persuade Chamberlain and the Foreign Office that it was time to make retreat official policy, but even then the FO continued to stall. Whilst Chow suggests that it was dissuaded from taking firmer action against the protesters because of increasing support amongst left wing sympathisers and missionaries, it seems more likely that it was because the foreign powers (with the exception of France), most obviously the United States, were, as she says, wholly against such action.

Whatever change of policy was in the mind of the FO – and certainly Chow shows that there were both ministers and officials, who favoured a more conciliatory approach – Britain's presence remained

unashamedly imperial; the Customs continued to be foreign-administered and there were plenty of official pronouncements about the corruption and weakness of China justifying Britain's presence and the use of force when necessary. And when trouble broke out in the British concession of Hankou, some 13000 troops were despatched to defend the International Settlement in Shanghai. Chow's analysis of the ensuing debate is enthralling with both sides assuming entrenched positions and the FO vacillating as to what action to take. Meanwhile the Guomindang could not wait for Britain to leave and, as she neatly puts it, 'now that China was "awakened", the Chinese people were no longer ignorant of or passive in response to British hypocrisy'.

However, whilst the surrender of the Hankou concession was a potentially significant step, it is difficult to see that this was part of a measured policy. Instead, as she shows, the FO wanted to exact reprisals including destruction of forts and arsenals in a way more reminiscent of the gunboat diplomacy of the previous century. With its support, Admiral Tyrwhitt, the commander-in-chief of the Shanghai Defence Force was 'impatient to act'. However, to his disappointment, the action was called off, not because public opinion was against it – the war-monger 'die-hards' were in the ascendancy and only too keen to teach China a lesson – but because 'the British found their plans circumscribed once again by the intractability of the other powers'. It was thus only outside influence that restrained a further episode of imperial aggression.

Dismantling this apparatus only seriously began when, following Britain's recognition of Chiang Kai-shek's National Government in 1928, the transition to tariff autonomy was put in hand and this is where Chow's study concludes. Although the outcome had become inevitable, it would be another fourteen years before extra-territoriality was formally ended with the withdrawal from Shanghai. Chow shows convincingly how powerful factions within Britain and treaty port China, both imperialist and liberal-mind, sought to influence the government. But, uncertain how to respond, it delayed taking any action for as long as possible, using China's internal problems to buy time. Whilst she calls this a policy of 'gradualism', in truth it was no more than a wait and see approach, reacting only when there was no other option. Along with the other Western powers, Britain's approach was to create a space which would be, as Bickers puts it, 'capacious enough to satisfy Chinese honour, but bounded enough to perpetuate foreign privilege'.⁽¹¹⁾ It seems difficult to see this as a policy of measured imperial retreat.

Moreover, had there been such a policy, it would have been evident elsewhere, notably in South-East Asia. However, in the inter-war years, within the complex web of formal and informal empire in Malaysia, the British attempted to consolidate networks of power by creating a more closely integrated political unit. Whilst there was an embryonic nationalism, there was little challenge to the imperial structures and for the British, it was 'a halcyon period'. Even after the Second War, the British clung to their imperial possession, only conceding independence after a bitter struggle euphemistically called 'the Emergency'.⁽¹²⁾ And they clung onto Hong Kong for even longer. Even as the clock ticked down for its return to China, Prime Minister, Margaret Thatcher, cheered on by the media, felt able to lecture Premier Zhao Ziyang that the British had a 'moral obligation to the people of Hong Kong which we must honour'.⁽¹³⁾ None of this suggests that China was an exception to Britain's policy in the Far East.

However, even if some of Chow's arguments are not wholly convincing, the value of this study lies in its analysis of the various strands of public opinion, and the differing perceptions of China, which emerged during this period, and of the links between those opinions and official policy, however tenuous they may have been. In particular, her account of the heated debates in the 1920s between the die-hard imperialists, urged on by the *Daily Mail*, and the moderate conciliators both in and out of Parliament, is fresh and engaging, and has a distinctly familiar ring; Hong Kong's Governor, Sir Cecil Clementi, and his wife, complaining that the Foreign Office had gone 'completely off the rails in China' and was 'more hostile to British interests than the enemy', and concluding with the imperial mantra, 'conciliation is misunderstood by Orientals, almost always'. How much ice this cut with the Foreign Office is possibly less important than the light it throws on Britain's imperial psyche. Whilst making links between opinion and policy is complex and inevitably speculative, it is important for a proper understanding of such forces and of why events unfold in the way that they do. At a time when government policy is increasingly shaped by the shallow populism of much of the press, the importance of such studies is self-evident.

Notes

1. Frank King, *The Hongkong Bank in the Period of Imperialism and War, 1895-1918*, Wayfoong, *The Focus of Wealth*, ii, *The History of the Hongkong and Shanghai Banking Corporation* (Cambridge, 1988), p. 501.[Back to \(1\)](#)
2. For an overview of the period covered by this review, see Odd Arne Westad, *Restless Empire: China and the World since 1850* (London, 2012).[Back to \(2\)](#)
3. J?rgen Osterhammel, 'Britain and China, 1842-1914', in *The Oxford History of the British Empire*, iii. *The Nineteenth Century*, ed. Andrew Porter (Oxford, 1999), pp.146-69, at pp. 164-8.[Back to \(3\)](#)
4. Letter, E.G. Hillier to Townsend, 12 July 1907, HSBC Archive, SGH 277b, p.12, King, *Hong Kong Bank* ii, pp. 364-72, 388-95 and 418-34.[Back to \(4\)](#)
5. King, *Hongkong Bank*, II, pp. 439-50 and 462-3.[Back to \(5\)](#)
6. Richard S. Horowitz, 'Politics, power and the Chinese maritime customs: The Qing Restoration and the ascent of Robert Hart', *Modern Asian Studies*, 40 (2006), pp. 549-81, at p. 557; Circular No. 8/1864, *Documents Illustrative of the Origin, Development and Activities of the Chinese Customs Service*, vol.1/37 (Shanghai, 1936-40), Catherine Ladds, *Empire Careers: Working for the Chinese Customs Service, 1854-1949* (Manchester, 2013), pp. 24-48.[Back to \(6\)](#)
7. P. D. Coates, *The China Consuls: British Consular Officers, 1843-1943* (Oxford, 1988), pp. 188-9.[Back to \(7\)](#)
8. *The Illustrated London News*, 70 (24 February 1877), p. 171.[Back to \(8\)](#)
9. Letter, Jordan to Campbell, 16 September 1906, TNA FO 350/4/3.[Back to \(9\)](#)
10. Robert Bickers, *Out of China: How the Chinese Ended the Era of Western Domination* (London, 2017), especially pp. xxi-xli, 62-7, 104-27 and 245-73.[Back to \(10\)](#)
11. Bickers, *Out of China*, p. 44.[Back to \(11\)](#)
12. A. J. Stockwell, 'Imperialism and Nationalism in South-East Asia', *The Oxford History of the British Empire*, iv, *The Twentieth Century*, ed. in Judith M. Brown and Roger Louis (Oxford, 1999), pp. 465-89, at p. 469 and T. N. Harper, *The End of Empire and The Making of Malaya* (Cambridge, 1999), pp. 18-35 and *passim*.[Back to \(12\)](#)
13. Bickers, *Out of China*, p. 385.[Back to \(13\)](#)

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