

in the Covenant imposes obligations upon members of the League which can not be evaded even by a great Power. It seems improbable that a member of the League will again deny the competence of the Council to inquire into a future international dispute involving, or in danger of involving, violence, when such dispute has not been submitted to arbitration or judicial settlement.

QUINCY WRIGHT.

REMISSION OF THE CHINESE INDEMNITY

On May 21, 1924, the President approved a joint resolution of Congress providing for the remission of further payments of the annual instalments due to the United States on the indemnity from China under the protocol of September 7, 1901, which settled the claims growing out of the Boxer disturbances. This joint resolution was approved almost sixteen years to the day from the time when the first step in this generous action of the Government of the United States was initiated by the approval of the joint resolution of May 25, 1908.

The original amount of the indemnity bond given to the United States by China on December 15, 1906, was \$24,440,778.81 payable in irregular annual instalments over a period extending until 1940, with interest at 4% per annum. This sum represented the fractional share allotted to the United States by the diplomatic representatives of the Powers at Peking on June 14, 1902, from the bond for the lump sum of 450,000,000 taels delivered on October 13, 1901, by the Chinese plenipotentiaries to the dean of the diplomatic corps at Peking in accordance with Article 6 of the protocol of September 7, 1901. The Chinese Government subsequently signed fractional bonds for the amounts due to each government.

In asking Congress for authority to modify the Chinese bond so as to enable the United States to return a portion of the indemnity, President Roosevelt explained in his message of December 3, 1907, that "It was the first intention of this government, at the proper time, when all claims had been presented and all expenses ascertained as fully as possible, to revise the estimates and account, and as proof of sincere friendship for China voluntarily to release that country from its legal liability from all payment in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens."

The joint resolution of May 25, 1908, authorized the President to modify the bond from China so as to limit the total payment to the sum of \$13,655,492.69, with interest at 4% per annum, and to remit the remainder of the indemnity at such times and in such manner as he shall deem just. An executive order issued by President Roosevelt on December 28, 1908, gave his consent to the modification of the amount of the bond and directed that a

certain proportion of the original annual instalments due under it from the year 1909 to the year 1940 be returned to China.¹

It seems that this method of "remitting" the cancelled portion of the indemnity to China was adopted, instead of a simple cancellation of a part of the principal debt and the proportionate reduction of subsequent annual payments, because the Chinese Government had already made arrangements to collect the annual revenues necessary to pay the full amount of the indemnity and deemed it to be not expedient, for reasons of internal administration, to attempt to modify the arrangements after they had been put into operation. It was therefore considered by China to be in her best interests not to reduce the revenues assigned to the payment of the indemnity, but to pay over to the United States the original amounts annually due and then to have the United States return a part of each annual instalment to the Chinese Government.

While the joint resolution of Congress of May 25, 1908, placed no restrictions on the use to be made of the sums thus remitted to the Chinese Government, the question of their use was carefully considered between the two governments and determined before any actual remission took place. At the time that he recommended a remission of the indemnity, President Roosevelt in his message of December 3, 1907, stated that the United States "should help in every practical way in the education of the Chinese people, so that the vast and populous Empire of China may gradually adapt itself to modern conditions. One way of doing this is by promoting the coming of Chinese students to this country and making it attractive to them to take courses at our universities and higher educational institutions." When the Chinese Government was informed of the passage of the joint resolution of May 25, 1908, its note of appreciation, sent on July 14, 1908, made reference to this desire of President Roosevelt and stated that "it has now been determined that from the year when the return of the indemnity begins 100 students shall be sent to America every year for four years, so that 400 students may be in America by the fourth year. From the fifth year and throughout the period of the indemnity payments a minimum of 50 students will be sent each year." The Chinese Foreign Office at the same time requested the American Government to render assistance in the elaboration of the plans for carrying out the scheme, and on August 3, 1908, Secretary of State Elihu Root sent a set of proposed regulations to the Chinese Government through the American Minister at Peking.²

The monthly payments of the remitted portions of the indemnity have been made at China's request to the Consul General of the United States at Shanghai and by him indorsed over for the maintenance of the college of Tsing Hua, a training school for students going to America established by the

¹ For an account of the collection and first remission of the Boxer indemnity, see editorial in this JOURNAL, Vol. 2, pp. 160-170.

² The regulations are printed in this JOURNAL, Vol. 3, pp. 455-457.

Chinese Government in accordance with Section VI of the regulations drafted by Secretary Root. This college is known in China as the "American Indemnity College," and the remitted funds support it as well as meet the expenses of the Chinese students in the United States.

Of the principal amount retained by the United States under the joint resolution of May 25, 1908, \$2,000,000 was reserved by the resolution for the payment of certain outstanding claims of Americans against the indemnity fund which had not been adjusted at the time of the passage of the resolution. These claims were subsequently paid, and the balance of the \$2,000,000, amounting to \$1,175,835.64 remitted to China under authority of the joint resolution of 1908.

The joint resolution of May 21, 1924, recites that the unpaid balance of the indemnity fund amounts to \$6,137,552.90, and proposes that it be remitted "as a further act of friendship" and "in order further to develop the educational and other cultural activities of China." The President is accordingly authorized, in his discretion, to remit all further annual installments of the indemnity, at such times and in such manner as he shall deem just. The text of the joint resolution is as follows:

*Joint Resolution to provide for the remission of further payments of the annual installments of the Chinese indemnity.*³

Whereas by authority of a joint resolution of Congress approved May 25, 1908, the President of the United States was authorized to remit unto China the sum of \$11,961,121.76 of the Boxer indemnity fund accredited to the United States, which sum the President on December 28, 1908, duly remitted and which, at the request of China, was specified to be used for educational purposes; and

Whereas it is deemed proper as a further act of friendship to remit the balance of said indemnity fund amounting to \$6,137,552.90 in order further to develop the educational and other cultural activities of China: Now therefore be it

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

Approved, May 21, 1924.

In acknowledging the receipt of the foregoing joint resolution, transmitted by the Secretary of State on June 14, 1924, the Chinese Minister at Washing-

³ Public Resolution No. 21, 68th Congress.

ton on the same date, after stating that "the Chinese nation will ever hold this generous action on the part of the United States in grateful remembrance," said:

The first remission by the American Government in 1908 enabled the Chinese Government to devote the annual payments of the indemnity thus set free to educational purposes. The results of the experiment have convinced the Chinese Government of the wisdom of the step taken in this direction. It is the purpose of the Chinese Government to continue the policy with the further payments remitted by the present act of the American Government with such modifications as experience and the demands of the times may dictate. As the demand for scientific education has in recent years been increasingly urgent in China my Government now proposes to devote the funds thus made available by the generosity of the American Government to educational and cultural purposes, paying especial attention to scientific requirements. Moreover, it is the intention of my Government to entrust the administration of the funds to a board which shall be composed of Chinese and American citizens as members, and also to avail itself of the services of experts in working out the details along the lines indicated. Upon the formulation of some definite plan I shall take pleasure in laying it before you for your consideration.⁴

In its report recommending the passage of the joint resolution by the House of Representatives,⁵ the Committee on Foreign Affairs states that "Great Britain, Japan, France, Italy, and Belgium have either announced their intention to cancel or remit the balance of the indemnity or are contemplating an early remission of a sort similar to that which the United States had initiated in 1908." In elaboration of this statement, it appears from the argument before the committee by Mr. John V. A. MacMurray, Chief of the Division of Far Eastern Affairs of the Department of State, that the British Government has announced in Parliament its intention to cancel or to remit the balance of the indemnity due to Great Britain; that it is understood that the Japanese cabinet has decided that the whole of the Japanese share of the indemnity now outstanding shall be remitted to China for cultural purposes of mutual benefit to China and Japan; that the French Government two years ago entered into an agreement with the Chinese Government by which the entire balance of the French share of the indemnity is to be devoted to certain specified objects, *i.e.*, the rehabilitation of the Industrial Bank of China, a French institution which went bankrupt a few years ago, and the balance to be used for cultural purposes; and that it is generally understood by the diplomatic body in Peking that the Italian and Belgian Governments are contemplating an early remission of their shares of the indemnity and are waiting to see what is done by the other Powers just mentioned.

⁴ Press notice of the State Department, June 27, 1924.

⁵ H. Rept. No. 600, 68th Cong. 1st Sess.

In discussing the effect of the action of the United States in remitting a portion of the indemnity in 1908, Mr. MacMurray stated to the Committee:

The effect that that has had in China, as many of those who have testified have told you, has been altogether inestimable. It has placed the United States, in the minds of the Chinese, in a category entirely different from that of any other nationality. . . . There cannot be any question of the extraordinary result it has produced upon our relations with China, or perhaps I should put it upon China's relations toward us. That has been so much the case that other nations have regarded our action with a certain degree of what might almost be termed jealousy, a feeling that we had rather stolen a march on them—that our action had been so much more foresighted and so much wiser than theirs. There has been this feeling almost of resentment in the past toward the action that we took in 1908. But that feeling has given way to a desire to emulate the example that we set, and hence the efforts of the other Powers that I have sketched out to you to try and place themselves in the same position.⁶

GEORGE A. FINCH.

⁶ H. Rept. No. 600, 68th Cong. 1st Sess.