2

The Decade of Nationalist Rule in Nanjing (1927/8 – 1937/8)

After Chiang Kaishek's Northern Expedition, his Nationalist government was established in Nanjing in 1928. Chiang's political authority was based on the Guomindang, which ran the Nationalist government. There were irreconcilable differences between Chiang and the Communists, led by Mao Zedong. Chiang was determined to destroy the Communists and made five campaigns to 'encircle and exterminate' them. Fighting against Chiang's forces, Mao developed the very effective strategy of guerrilla warfare. The Communists were finally trapped in their Jiangxi base, but managed to break free, and escape to the North, in the Long March. The Nationalists negotiated with the British to re-write the unequal treaties relating to customs revenue, and eventually achieved de facto customs autonomy, giving them control over a major part of their finances. For much of this period Chiang failed to resist repeated Japanese encroachments on Chinese territory, preferring to concentrate his forces on defeating the Communists.

Chiang Kai-Shek (left) and Mao Zedong *(Wikipedia*: retrieved on 17 March 2024 from https://en.wikipedia.org/wiki/Chongqing_Negotiations)

Chiang's Government in Nanjing

Chiang Kai-shek and the Guomindang

For ten years after China's 'unification' in 1928, until the start of World War II in China in 1937, the government of the Guomindang[1] (or the Chinese Nationalist Party) in Nanjing was the preponderant power that dominated China, though it did not actually rule all of China. It controlled the rich economic area of the middle and lower Yangtze valley, the Yangtze delta, and the major port cities, except Dalian which was leased to Japan. Local military authorities controlling regions outside the Nationalist core area mostly paid lip service to Nanjing's predominance. As the central government of China, it was far more credible, domestically and internationally, than the short-lived warlord-controlled regimes in Beijing. It became the centre of gravity of Chinese national politics, as well as a centre for civil administration on the national level. The Nationalist government in Nanjing was the only internationally recognized authority representing China.

Chiang Kai-shek emerged as the leader of this government through his control of the party military and the success of the Northern Expedition, which established the Nationalist government. As a relative newcomer to the Nationalist party, he needed the support of the old guard, especially Wang Jingwei from the left of the party, and Hu Hanmin from the right. Having been the highest-ranking aides and closest associates of Sun Yat-sen, these two were the most prominent political leaders of the Guomindang. Since they were rivals, Chiang easily played one against the other. He would work with one at a time and leave the other out in the cold for a while. When the two joined together for a brief spell against Chiang in 1931, they found him indispensable as the military leader. Hu's death in 1936 removed a powerful opponent to Chiang's dictatorship. After breaking with the Chinese Communist Party (CCP) in Wuhan in the summer of 1927, Wang became a rabid anti-Communist. He strongly supported Chiang's policy of war against the Chinese Communists and appeasement towards the Japanese aggressors.

Because the Nationalist party did not have sufficient military power initially to achieve the unification of China on its own, the warlords who allied themselves with the Nationalists were given high official positions in the Nationalist party and government and allowed to keep their armies and their regional power bases intact. Besides Feng Yuxiang and Yan Xishan, who joined the Northern Expedition led by Chiang in

[1] We shall use the pinyin form of the name, rather than the older form Kuomintang, often abbreviated to KMT.

1928, there were also Li Zongren and other warlords from Guangxi, who marched north with Chiang from the inception of the Nationalists' Northern Expedition. In addition to these ex-warlord generals allied to the Nationalists, there were other regional militarists based in Yunnan, Sichuan, Xinjiang, and some other provinces whose adherence to the Nationalist regime was nominal at best.

Other Chinese territories outside the control of Nanjing and its militarist allies during this period were the regional bases of the Communists in Jiangxi before 1934, and in Shaanxi after 1934. After Japan occupied Manchuria in 1931, and Rehe and Hebei in 1933, these areas were also outside the jurisdiction of the government in Nanjing.

The Communists were too weak militarily to offer a threat to Chiang, and he could maintain peace among the Chinese provided the restlessly ambitious and effectively independent ex-warlords-cum-Guomindang generals did not challenge his position. Because of Chiang's heavy reliance on the military, and his apparent lack of faith in democratic institutions, he could easily be characterized as a warlord himself, and an extremely skilful one at that, playing the warlords' games of alliance, betrayal, and other Machiavellian manoeuvres to keep his ascendancy. There were however major differences between Chiang and his warlord colleagues.

The political authority of Chiang, like other leaders of the Nanjing government, was based on the Guomindang, a disciplined, hierarchical, Leninist-style organization which branched out into provinces and regions. The party was in charge of the National government with its five *yuans* (translatable as bureaus or boards): Executive, Legislative, Judiciary, Examination, and Control. Of the five, the Executive *yuan* far outweighed the others, because attached to it were many ministries *(bu*) such as Finance, Foreign Affairs, Education, Justice, War, Navy and so on. Since the party had similar organs with similar functions, the party and the government interpenetrated one another, rather than each having a distinct existence. The Examination *Yuan* functioned like its Qing predecessor for the selection of officials, but with a far less elaborate organization. Over a sixteen-year period, less than eight thousand successful candidates, a very small part of the bureaucracy, entered government service through this route. Other officials came through recommendation and personal networking, leaving plenty of scope for nepotism and other corrupt practices. The Control *Yuan* was reminiscent of the Qing Censorate in its function. The Legislative *Yuan* was Western inspired, but the legislators, who passed laws, were party appointees rather than members of a democratically elected body responsible to its constituents at the grassroots. The Judicial *Yuan*, presiding over a three-tiered court system, was far from being an independent branch of the government immune from the interference of its political bosses. Each *yuan* had a member of the State Council at its head. The government so structured was a literal embodiment of Sun Yat-sen's idea of the '*Constitution of Five Powers*', but without the democratic heart dear to the founder of this party. While the warlords were military

dictators in the territory they occupied, Chiang's political power was founded on a more complex structure: a tripod of military, party, and government.

Nanjing's political and economic base

The key political constituents of the Nationalist government were the modernizing business communities of China's big cities, especially the treaty ports of China. It was open to Western influence, that of America in particular. Many of the high officials of this government had a Western, or more specifically an American education. It derived its financial support from the customs on foreign trade (nearly 50%), and on salt and other commercial taxes. These sources of income were supplemented by bank overdrafts and loans, raised both domestically and from foreign banks, such as the Hong Kong and Shanghai Banking Cooperation (the predecessor of the present-day HSBC), in the treaty ports. Chiang's brother-in-law Soong Tse-vung (T.V. Soong), and his wife's brother-in-law Kung Hsiang-hsi (H.H. Kung), were both adept at presiding over banks and raising loans, both domestic and foreign, and they took turns as the minister of finance in Nanjing. Because of heavy military spending, which absorbed between 35 and 50 percent of the government's income during this period, growth in revenue failed to keep up with the ever-increasing government expenditure, so that the regime had to rely heavily and perpetually on deficit financing. Between 1929 and 1937, an average of 20% of its annual expenditure was covered by borrowing. All the above set the world of the Nationalists apart from that of the regional warlords.

Chinese banks were in a period of rapid growth during this time because of the flow of capital from the interior to Shanghai, the economic centre of China. Between 1921 and 1932, the bank deposits increased by 245%. The number of banks in Shanghai rose from 34 in 1923 to 67 in 1927, and then to 164 in 1937, in spite of the fact that many Chinese banks failed between 1933 and 1934, because of the massive purchase of silver by the United States. Realizing the importance of the banking sector to the regime's finances, the Nanjing government, under the guidance of T.V. Soong, introduced the Central Bank of China in 1928, which together with three other government-controlled banks helped the Nationalist government to carry out its monetary policy. They issued notes, covered the government's financial shortfall, made good its deficit, and nationalized silver in 1935 to ensure monetary stability. In return, these banks were given special advantages and wide scope to speculate. As a result, they dominated the money market. The bonds they issued bore interest rates of between 20 and 40 percent. The main beneficiaries were high officials of the government. The Soongs, the Kungs, and the brothers Ch'en Li-fu (Chen Lifu) and Ch'en Kuo-fu (Chen Guofu), who ran the Nationalist party apparatus for Chiang, were prime stakeholders. It was a form of state capitalism, but it was prone to corruption. Although the new bourgeoisie that owned banks and business enterprises were squeezed by the regime financially, they were on the whole satisfied with a government that upheld their privileges and was opposed to class warfare.

Nanjing and rural China

Before China became a republic, it was customary for founders of new dynasties that united China after a period of destructive inter-dynastic wars to exert strong political leadership in rural reconstruction, healing and nurturing the wounded rural economy and society back to health and prosperity. Their dependence on land tax, and their role as virtuous Confucian rulers obliged, if it did not incline, them to do so. For many reasons, the leaders of the Nationalist government failed to provide such leadership.

One major reason was that Nanjing did not really rule over a united China. Only four provinces - Jiangsu, Zhejiang, Jiangxi, and Anhui - could be considered to be fully under its control. Another reason lay in the enormity of the challenge which the economically backward rural China posed to the new masters of China. Since the 1840s, China had not enjoyed long periods of peace to enable her to recover economically from almost a century of turmoil and destruction, arising from many episodes of foreign invasions and recurrent civil wars.

In addition to the damaging wars, the forced globalization of the unprotected Chinese economy, through the intrusion of the advanced economies of the West and Japan, adversely affected not only China's nascent modern industries, but also the organic rural economy. Rural cottage industries, such as spinning, weaving, and production of oil for lamps, were essential for the farming communities to generate supplementary income, besides that coming from food production, for their financial survival. These industries were ruined by the competition from cheap foreign manufactures, and other products that were imported into China at a very low uniform tariff rate, imposed by treaty on China by the importing countries. When the Chinese farmers tried to cater to demands of the world markets by producing cash crops, such as soybeans, tobacco, cotton, and silk, they were bankrupted by the world economic depression in the late 1920s. These adversities, in addition to periodic natural disasters, and the perennial problems in land distribution, rent, and taxation, together conspired to keep many peasant families desperately poor, and rural China in a general condition of dire poverty and backwardness. The prosperous eighteenth-century Chinese countryside with its burgeoning population and thriving handicraft and other subsidiary farm industries seemed a distant memory. By the early twentieth century, the economy of the Chinese countryside appeared to have seriously regressed.

Since the Nanjing government was predominately a regime of the Westernized middle-class of the treaty ports, its Western-trained officials were more at home with modern banking and finance, than with collecting grain tax from the farmers. As a central government, it was even more superficial than its Qing predecessor. While the Qing had relied heavily on the land tax, Nanjing left this tax to the regional or local authorities, largely on account of the difficulty in organizing its collection. They tried to gain administrative

control of the countryside by maintaining the old system of counties *(xian*) governed by magistrates and relying on a household responsibility system similar to the Qing's *baojia* to ensure basic level security. Their efforts amounted to little more than accepting the existing situation in the countryside. They made hardly any attempt to implement he much-needed reforms in rural landholding, non-usurious credit facilities, reasonable pricing for farm products, improvements in agricultural technology, help for crop rotation and diversification, and so on. The embattled Nationalist government, troubled by internal factions and beset by external foes, lacked a sufficiently long period of peace and security, as well as the authority over a truly unified country, to develop the Chinese rural society and economy, even if it had had the will, the resources, and the suitable personnel to do so.

Some progressive individuals such as Yen Yang-chu (James Yen) and Liang Shuming, who did not engage in radical politics, devoted themselves instead to rural reconstruction. Yen was a Christian, a teacher, and a reformer, who focused his efforts on setting up 'model villages' in Ding Xian in Hebei, concentrating on education, public health, and economic growth through combining agriculture and light industry, and self-government. Liang was a distinguished Confucian scholar, who experimented with rural reconstruction. From his position as director of the Shandong Rural Research Institute, Liang tried to improve the socio-economic situation of two counties in that province through education, mutual economic assistance, and self-government, drawing the entire community together without giving way to class struggle. But the problem of impoverished peasants labouring on plots too small for their own subsistence, while being squeezed by unaffordable rent and taxes, was too immense for a few well-intentioned individuals to tackle by themselves. The inability of the Nationalists to become seriously involved with rural reconstruction left the field wide open for the Chinese Communists to push their revolutionary agenda in the Chinese countryside.

Compared to the grimness of the underdeveloped countryside, the Chinese towns and cities appeared havens of modernity. New power stations provided street lighting and electricity to the homes. There were paved roads and automobiles. Public transport by motorized vehicles, trains, and even airplanes was possible at larger centres. Wealthier urbanites might sport radios and gramophones, and dress in fashionable business suits and short skirts. They could also send their children to modern schools and colleges with sports grounds and laboratory facilities. Modern hospitals treated patients by Western-trained doctors and imported medicines.

As a regime that aspired to modernity, Nationalist China was noticeably underdeveloped, for a nation with a population of between 400 and 500 million. During the Nanjing decade, China had less industrial production than the eight million people of Belgium, less than a third of the telegraph lines of France, less

railroad mileage than Italy or the state of Illinois, and about the same mileage of modern highways as Spain, with twenty-five million people.

Chiang's struggle for dominance

Peace after the unification of 1928 did not last long. In a bid to consolidate his hold on power, Chiang tried to take away the power of his military rivals - the Guangxi clique of Feng Yuxiang and Yan Xishan - by calling a conference, in January 1929, on unifying the command and the disposal of the nation's armed forces. At the same time, he tried to diminish the power of Wang Jingwei and the Western Hills Group, who opposed him from within the Nationalist party by giving their support to Chiang's military rivals. Unable to reach a settlement at the conference, both sides prepared for war. Between March and April 1929, the conflict opened with Chiang's forces defeating those belonging to the Guangxi clique. After defeating the armies of two other militarists during the same year, Chiang gathered many troops, preparing for a showdown with Feng, Yan, and the Guangxi clique on the North China Plain. Between May and October 1930, over one million troops from both sides engaged in fierce combat, wounding or killing 30,000. After Zhang Xueliang's troops entered the fray in support of Chiang, the war ended in October 1930, with Feng defeated, the power of Yan and that of the Guangxi clique diminished, and the political alliance between these ex-warlords and Chiang's civilian political opponents inside the party broken.

After weakening his opponents, Chiang decided that it was opportune for him to introduce a set of 'laws governing the period of tutelage', designed to provide the legal basis for one party rule and personal dictatorship. In February 1931, when Hu Hanmin, the most senior National party leader besides Wang Jingwei, and the head of the Executive *Yuan,* opposed this move, he was put under house arrest. Then Chiang called a national conference in May to get these laws passed. Chiang's autocratic tendency was becoming increasingly apparent.

On the military front, he now turned his attention to combat another internal enemy: the Chinese Communists.

Mao Zedong and the Communists

The building of the rural soviet

After a series of failed insurrections during the second half of 1927, the Communists were on the run. In October 1927, Mao Zedong retreated with about one thousand troops, who survived the Autumn Harvest Uprisings, into the remote Jinggang Mountains along the border between Hunan and Jiangxi provinces. (As

in dynastic times, rebels often found safe havens in the relatively unguarded areas, bordering two or three provinces.) At that point, he probably had not received the news that the CCP had dismissed him from the post he held at the Central Committee of the CCP and had stripped him of his membership of the Hunan Provincial Committee. This was a punishment for the failed putsch, though he had undertaken it in response to the CCP's demand for stirring up revolution in the countryside. Hunted by the Nationalists and their militarist allies, Mao was preoccupied with physical survival, though that was not necessarily a separate consideration from revolutionary activities. To survive, he had to improvise, investigate the socio-economic conditions of his rural base, and act pragmatically in the light of his knowledge and experience, even though he had to pay lip service to ideological considerations when reporting to his CCP superior.

In the Jinggang Mountains, Mao absorbed into his army two bandit chiefs with their six hundred followers, who were drawn largely from the dispossessed and most despised members of society. Mao recognized the potential of these desperately poor people as fighters and supporters of the revolution. Realizing that the rich and middle-income peasants were the stalwarts of rural society, whose support he needed at that point, he decided not to confiscate their land. He revised the law on land reform in the Jinggang Mountains from 'confiscate all lands' to 'confiscate common and landlords' land'. For pursuing this land reform policy, he was later attacked by the more orthodox urban-based CCP leaders as a 'right opportunist'.

Another tenet of Communist orthodoxy was that the workers or urban proletarians must lead the revolution. Years of persecution and attack had reduced the labour union members still loyal to the Communist cause to less than 32,000 in the entire country. By 1929, there were only about 1,000 proletarians among the members of the CCP, according to Zhou Enlai. Despite the paucity of the proletarians and the absence of a revolutionary tide in the cities, Li Lisan, the returned student from France, who succeeded Qu Qiubai as secretary general of the CCP in 1929, slavishly followed Stalin's instructions to incite armed insurrections, and set up soviets under the leadership of the proletariat. When Mao tried to present a strong case to Li to give more weight to the peasant revolution, he had to acknowledge the orthodoxy by saying that the 'peasant struggle must always fail without the leadership of the workers'.

In April 1928, Zhu De and Chen Yi joined Mao in the Jinggang Mountains with their remnants from the failed Nanchang Uprising of August 1927. This important event not only augmented Mao's small force: it gave him a professionally trained commander to help him train new soldiers and defend his base with new military tactics. The cat and mouse game, between the better equipped and more numerous forces sent against them by the Nationalists and their militarist allies, helped Mao and Zhu to develop a strategy described as guerrilla warfare. This strategy required familiarity with the terrain in a rural setting, and the support of the local people, who would provide food and shelter and could not be distinguished from the fighters. The users of this strategy would typically try to avoid frontal engagements with a stronger enemy.

Instead, they used tactics that Mao summed up as follows: ‘when the enemy advances, we retreat; when they rest, we harass; when they are exhausted, we fight; when they retreat, we pursue’. Together they laid the foundation of the Red Army.

During the Sixth CCP Congress held in Moscow during the summer of 1928, Mao was elected a member of the Central Committee. Zhu De rapidly rose from being a general to commander-in-chief of the Red Army. In January 1929, military pressure from the Nationalists prompted Mao and Zhu to move to a mountainous area on the border of southern Jiangxi and Western Fujian, where they settled in the town of Ruijin. This was to be the base of their Jiangxi Soviet.

In June 1929, Mao was briefly ousted from his party secretary’s post in the military, because of differences between him and some military leaders on the relationship between the CCP and the Red Army. A few months later, he won this battle when the principle of CCP leadership and control of the military was established at a military conference of the CCP. His position as a party leader among the military was restored. This was an important advance, for civilian control of the military was the key difference between the Red Army and the army of a militarist, or even of Chiang Kai-shek’s army. The generals of the Red Army were committed, like those in Western countries, to carry out the orders or policies of the civilian leaders of the party and government in power, while the officers of a militarist followed the personal command of the militarist, from personal loyalty or other personal ties or obligations.

Although there were a number of other rural Communist bases scattered over China which survived attacks from local militarists and the Nationalists, the Jiangxi Soviet developed by Mao grew to be the largest. Land reform was a core issue in the peasant soviet. To avoid a doctrinaire approach, Mao stressed understanding of the actual socio-economic conditions of the Chinese countryside as a prerequisite for implementing land reform. This line of thinking led him to investigate, beginning in 1927, villages and rural townships in a number of counties in Hunan and elsewhere, and to report his findings to the party leaders. These detailed factual reports included analysis of the local socio-economic situation, and policy recommendations in connection with peasant-based soviets.

From his experiences in building rural soviets and developing the Red Army and guerrilla warfare, Mao arrived at a prophetic vision of how a Communist takeover of China might be achieved. The process would begin with the use, by the CCP, of the Red Army and guerrilla warfare from peasant soviets, to promote a revolutionary high tide throughout China. The Communists would proceed to occupy the countryside, then encircle and engulf the cities, before finally taking over the government of China. Mao was an effective writer, in addition to being a practical man of action with strong leadership qualities. He was able to produce within a brief period a considerable body of topical essays and reports, which he communicated to his colleagues to promote his ideas, strengthen his position, and enhance his influence within the party.

Mao's success in consolidating the Jiangxi Soviet and expanding the Red Army to 100,000 strong led Li Lisan to order him, after a Political Bureau meeting of the Central Committee of the CCP in Shanghai, in June 1930, to lead his troops to fight positional warfare against the Nationalist strongholds in Changsha and Wuhan. Li also organized uprisings in Nanjing and Wuhan, as well as a workers' strike in Shanghai. By August 1930, news of defeats and setbacks in all these cities prompted the Comintern to order the insurrections to stop. After sustaining losses, the Red Army retreated to Ruijin. After this debacle, Li admitted that he had made the mistake of 'left adventurism' and departed to Moscow to report to the Comintern. Remaining in Moscow for another 15 years, he had no opportunity for either making further mistakes, or participating in the long CCP fight to take over China. New leaders despatched by Moscow, known as the 'returned Bolsheviks' because of their highly doctrinaire and dogmatic approach to the revolution in China, were at a loss to know how to save the crushed Communist-led movements in these cities.

Chiang's five campaigns to 'encircle and exterminate' (wei jiao) the Communists

In October 1930, Chiang started his first military campaign by despatching 100,000 troops against the Jiangxi Soviet to 'encircle and exterminate' the Chinese Communists. Using guerrilla warfare, the Red Army led the Nationalist forces into a trap that killed a tenth of the enemy's forces. In April and June 1931, Chiang launched two more such campaigns, involving an increasing number of troops, 200,000 and 300,000, respectively. Using guerrilla tactics again, Mao's forces defeated the Nationalist army. As the Red Army ranged far and wide during these campaigns, the Communist controlled area increased by incorporating another rural soviet and the territory in between them. From this point onwards, Mao's Jiangxi Soviet became the centre of the Chinese Communist revolutionary movement until 1934. It was dignified with the name of the Chinese Soviet Republic. In 1931, Mao was appointed the Chairman of the Central Executive Committee of this republic.

Mao's ascent into the higher ranks of CCP leadership was not always smooth. Young Chinese Communists with a Moscow connection, like Qu Qiubai and Li Lishan, had a much easier time going straight to the top. Wang Ming, a 'returned Bolshevik', became the leader of the CCP after Li Lishan, through Comintern support. During the fourth plenary meeting of the Sixth National Congress of the CCP in Shanghai in 1931, Wang Ming strongly expressed his opposition to Mao's ideas, his vision of the Communist revolution in China, and the guerrilla strategy and tactics used in the revolutionary wars. Wang and his supporters criticized Mao's theories as being based on 'narrow experiences' and characterized his approach to land reform as the 'rich farmers' line'. Mao's policy was attacked as an example of 'right opportunism'. Wang believed that the Red Army ought to be used to capture cities and occupy one province at a time, until China was entirely taken over.

As the Nationalists and their allies turned the heat on the Communists in the cities with arrests and executions in 1931, many senior Communist leaders in Shanghai retreated to the Jiangxi Soviet. In October 1932, a party conference at the Jiangxi Soviet targeted Mao for criticism, and relieved him of his political leadership of the Red Army. After this setback, Mao used his time to conduct more investigations on village communities and draft reports instructing others on how to analyse rural class structure and explaining his basic policy on agrarian revolution.

From June 1932 to March 1933, after gathering an army of 600,000, Chiang Kai-shek resumed his fourth major military campaign against the Chinese Communists, shortly after concluding a ceasefire agreement with the Japanese, who had invaded Shanghai on 28 January 1932. Like his Qing predecessors, Chiang put fighting internal rivals for power ahead of resisting foreign invaders. Before attacking the Jiangxi Soviet, Chiang's army first attacked a group of Communists at a rural soviet at the junction of Hubei, Henan, and Anhui provinces, causing them to move to another area between Sichuan and Shaanxi. Chiang once more suffered defeat, after his forces fell into a trap prepared for them by Zhu De and Zhou Enlai, using guerrilla tactics.

In September 1933, Chiang launched the fifth extermination campaign against the Chinese Soviet Republic with a massive force of nearly one million, using an economic blockade and a more systematic military encirclement devised with the help of his German military advisers, led by the Nazi general Hans von Seeckt. The new strategy was to surround the soviet area with blockhouses or stone forts in ever-tightening encirclements. The local people that could provide shelter and support for the Communists outside the encircled areas were moved away.

On the Communist side, the control of strategic decisions and troop deployment against the Nationalists during this campaign was in the hands of Bo Gu, a 'returned Bolshevik' and Otto Braun, a German ex-general turned Comintern agent, who was smuggled into the Jiangxi Soviet in September. They deployed the carefully nurtured Red Army of 180,000 in positional warfare, defending their cities and towns against the Nationalists. Although Mao and Zhu De were strongly opposed to this military strategy, they lacked the power to intervene. After a year of fighting, the Red Army sustained heavy losses, with the base of the soviet shrinking continually. Faced with possible annihilation, the Chinese Communist leaders, including Otto Braun, decided to break out of Chiang's ever-tightening noose with the bulk of the military and civilian personnel of the soviet republic. Since, on a recent raid in Shanghai, the Nationalists had seized the broadcasting equipment which the CCP used for contacting Moscow, the decision on evacuation of their base, and other details, had to be made without consultation with the Comintern leaders in Moscow. It was heart-rending for those who had laboured steadfastly and fought bravely during the previous seven years to build their Jiangxi base, and then be forced to abandon it.

Once the decision was made, the action plan concerning the withdrawal had to be carried out with speed and secrecy. After some probing, a direction to the southwest was chosen for the breakout, because troops guarding this area belonged to the former regional militarists from Guangxi and Guangdong, and they were relatively less disciplined than Chiang's own troops led by Whampoa officers. Despite this relative weakness, there were still four north-south lines of defence spread over 150 miles to be breached. Zhou Enlai was given the job of coordinating the execution of the evacuation plan.

The breakout involved a total of 80,000 men, of whom 70,000 were combatants, but not all were well armed, because of a shortage of guns and ammunition. They were divided into several army corps: front, left and right flanks, and rear to protect a 'command column' of members of the Central Committee, intelligence staff and an anti-aircraft unit, and a 'support column' of other government personnel together with porters moving field-hospital units, printing equipment, machinery for making simple arms and ammunition, and other necessary supplies and provisions. There were about 10,000 non-combatants in these columns. Only thirty-five women were evacuated, Mao's pregnant second wife Yang Kaihui among them. Leading at the front were two of the CCP's ablest generals, the twenty-seven-year-old Lin Biao, who commanded the First Army Corps of 15,000 combat troops, and the thirty-six-year-old Peng Dehuai, who commanded the Third Army Corp of 13,000. Their battle-hardened veterans were to provide the thrust and clear the path for the others.

28,000 troops were left behind, 20,000 of which were wounded. Most women, children, and the sick, who could not make the forced march, also had to remain. Some of the troops left behind were to fight as a rear-guard, while others were to scatter far and wide as guerrilla units or go underground until the return of the Communists at some future date. When the Nationalists overran the old quarters of the Communists later, the chances of survival for those captured as Communists were very low indeed.

The Long March of the Communists

On 16 October 1934, under cover of darkness, the Communists broke out of Jiangxi Soviet and started on their epic 'Long March'. Their leading army corps successfully breached the four rings of defence lines and held the enemies at bay, to let the slow-moving central column through. With their enemies in close pursuit, they allowed themselves four hours of rest alternating with four hours of marching, often through difficult terrain where no roads existed. After reaching Hunan province in the middle of December, Mao persuaded the other leaders not to try to link up with the other Red Army groups in central China, but to go west to weakly defended Guizhou. In this province, the Communists had a breathing spell to regroup their columns and replenish their supplies. Marching in a northwest direction, they crossed the wide Wu River safely,

after the First and Third Army Corps demolished the enemies' defensive positions along the banks of this river. On 7 January 1935 the Communists advanced into the prosperous city of Zunyi in Guizhou province, where they seized an enormous supply of food and clothing.

In Zunyi, the troops had an opportunity to rest. The leaders prepared themselves for an intense three-day conference, from 15 to 17 January 1935, which included all members of the ruling Politburo, in addition to the top army leaders and the Comintern agent, Otto Braun. This meeting was pivotal to Mao's career and the future direction of the CCP. The conference reviewed the experience of the five 'encirclement and extermination' campaigns conducted against their base by the Nationalists. It concluded with resolutions supporting the strategy and tactics of guerrilla warfare developed by the Red Army, and criticizing the serious mistakes made by those who applied 'left adventurism' to the military. These resolutions essentially endorsed Mao's views on warfare and invalidated the military approach used by Bo Gu and Otto Braun. They both lost the authority they had had on military decision-making, after being criticized for letting the enemy take the initiative through a passive defensive strategy, instead of using mobile warfare. They were also accused of pointlessly sacrificing the lives of their troops in unnecessary engagements, which led to the reduction in the military strength and the territory of the Communists' base, culminating in their having to flee in panic. Mao was elected a member of the Politburo at this meeting. Mao, Zhou Enlai, and another of their colleagues constituted the leadership core guiding the military affairs of the CCP, without being influenced by the Comintern in Moscow, since wireless communication remained severed between them.

As the Communists moved into the border regions of Guizhou, Yunnan, and Sichuan provinces, Mao used highly mobile tactics to confuse, evade, and out-manoeuvre the armies of Chiang Kai-shek and his regional warlord allies in these provinces. This area of the upper Yangtze River was full of treacherous rapids flanked by lofty gorges. When Mao's marching column reached the Jinsha (Golden Sand) River at the border between Yunnan and Sichuan provinces, they found that all the bridges were guarded by their enemies, and the ferryboats had been withdrawn to the other side of the bank. Meanwhile, Chiang's forces were closing in, hoping to wipe out the Communists once and for all. To save themselves, the Communists devised a clever stratagem that had to be executed with speed and audacity. A Communist commando unit went far into Yunnan, out of sight of their enemies, and built a bamboo bridge to cross to the other side. Then they doubled back at great speed under the cover of darkness and seized a small enemy garrison by stealth. Dressed in the uniform of Nationalist soldiers, they persuaded troops on the opposite bank to send over ferryboats, which they used to cross over at night and seize a fort, to secure a route through which their army escaped into Sichuan.

The Long March (*A. Edward Williams*: retrieved on 11 November 2023 from https://academic.mu.edu/meissnerd/longmarch.htm)

During May, they marched north in a wild and mountainous part of Sichuan. When they reached the swiftly flowing Dadu River, they were faced with another severe challenge. The only crossing on this river was a chained suspension bridge, the planks of which had been removed by their enemies, who were waiting on the opposite side ready to fire on those who dared to cross. Twenty of the bravest Communist soldiers, armed with hand grenades, crawled over the chains and destroyed the enemy positions on the opposite side. Their bravery and sacrifice enabled the rest to cross the river safely by the end of May. Otherwise, the Red Army would most likely have perished in the snow of the Tibetan highlands.

There followed an endurance test of climbing range after range of the Jade Dragon Snow Mountains in western Sichuan, which included a pass at 16,000 feet above sea level. Lin Biao had fainting spells from

the thin air, and soldiers with severe frostbite had to have leg or foot amputations. Suffering from recurrent malaria, Mao sometime had to be carried in a litter. Hundreds of draft animals as well as the people on the march fell and never got up. On top of such hardship, they were harried by Tibetan troops and bombed intermittently by Chiang's air force.

In July 1935, the survivors found succour in the rich Mougong area, before entering the Songpan region of eastern Tibet. Here the First Front Red Army led by Mao (down to about 40,000 men at this point) linked up with the Fourth Front Red Army of about 50,000 men commanded by Zhang Guotao. Zhang had led his forces here after abandoning the soviet he had built in eastern Sichuan. Like Mao, he was also a member of Li Dazhao's study group that had introduced Marxism to China at Peking University in 1921. Their meeting should have been an exhilarating event, but because of their differences in strategy and rivalry in leadership, it developed instead into a tense struggle between the two.

Zhang wanted Mao to go south with him to form a defensible soviet, representing the CCP centre in a remote area on the border between Sichuan and what was then the province of Xikang (near Tibet). Mao and the other CCP leaders proposed instead to march north to Shaanxi and Gansu, to set up a new base and form a united national defence government to fight the Japanese. The two sides could not agree. When Zhu De tried to persuade Zhang to join Mao rather than set up a rival soviet, he was prevented from returning to his camp by the rising water of the river that divided the two armies. In the end Mao and Zhang split up, after merging their forces temporarily and exchanging some troop units.

Progress was slow and painful as Mao's troops continued to march north into an area of gloomy forests and miasmic man-trapping swampland, where many warring minority tribes lived. Those who survived the natural hazards found themselves being ambushed by hostile minority tribesmen, who took no notice of the Communists' policy of equality for all minority people in China. By late August, they emerged into the empty Great Grasslands bordering Qinghai and Gansu provinces. Perpetual rainfall created deep swamps, passable through narrow footholds known only the natives, whom they captured as guides. A false step would lead to being swallowed by the sea of grass, with no hope of rescue. Many animals were lost. Food consisted of wild vegetables and herbs. No trees could be found to shelter them from rain and hailstorms. At night they huddled together on top of bushes tied together on waterlogged ground. Thousands died of sickness and exhaustion.

By the time they reached the Gansu plain, their numbers were reduced to 7,000. As they moved through the Liupan Mountains near a bend of the Yellow River, they had to break through the cordons of Muslim cavalry. In October 1935, they reached Wuqi County in northern Shaanxi, not far from Yan'an, the new headquarters of the CCP base in Shaanxi and Gansu. In Wuqi County, they linked up with a north Shaanxi Communist guerrilla army. During the following year, the Fourth Route Red Army led by Zhang Guotao

and Zhu De, after being decimated by heavy fighting against the Nationalists, and by the arduous trek north, joined up with the First Route Red Army and another Communist force in Gansu.

Although the Long March began as a strategic retreat, or even a rout, those who made it to the end arrived in triumph, and the Chinese Communists won a new lease of life in their northern sanctuary, helped by the outbreak of the Second Sino-Japanese war. To the rank and file, the belief that they were advancing to lead a sacred war of national salvation against the Japanese must have sustained them psychologically, during this most arduous of journeys that lasted 368 days. During this time, they covered 6,000 miles – twice the width of the United States - on foot, averaging twenty-four miles per day, over hazardous terrain. They crossed twenty-four rivers and scaled eighteen mountain ranges, five of them perennially snow-capped. In addition to the natural obstacles, they broke through the armies of fifteen provincial warlords trying to surround them, and outmanoeuvred or defeated Nationalist troops numbering more than 300,000, fighting an average of nearly one skirmish a day. The current and future core leaders forged from this crucible - Mao Zedong, Zhou Enlai, Zhu De, Peng Dehuai, Lin Biao, Deng Xiaoping, and Liu Shaoqi - had demonstrated their toughness, cohesiveness, and tenacity to face the future with confidence under Mao's leadership, to wage war against Japan, and perhaps to unite China under their rule. Taking refuge in a relatively poor and underdeveloped area of China, the Chinese Communists gained at least a breathing spell from Chiang's extermination champaigns against them. Before very long, they were able to seize opportunities to reduce Chiang's military pressure against them even further.

The Nationalists and the Foreign Powers

Chinese nationalism and the retreat of British imperialism, prior to 1928

Up until 1926, the Guomindang was regarded by the major foreign powers in China as an insignificant regional authority on the fringe of Chinese politics. Its acceptance of Soviet advisers and Chinese Communists, together with its militant anti-imperialism, made it anathema to the foreign powers. Its resurgence was watched with a good deal of anxiety by the powers, especially the British, who had the largest foreign trade and investment in China. From the beginning of 1924 to the spring of 1927, the rising Guomindang, by stoking the fire of popular anti-imperialist and militant labour movements, had captured the leadership of these movements. In southern China, these movements were directed chiefly against the British, partly because of the May Thirtieth Movement and the Shakee Massacre of June 1925, but mainly because Britain was the chief architect of the hated unequal treaty system, which the nationalistic Chinese dearly wanted to dismantle.

During the first nine months of the year-long Nationalist-led strikes and boycotts that started soon after the Shakee Massacre, the volume of trade in Hong Kong decreased by more than 25,000,000 GBP. As a result of this, the colonial government was forced to ask the British Treasury for a subsidy when its budget went from surplus to deficit. In many southern ports, such as Swatow (now Shantou) and Canton (now Guangzhou), British trade was at a standstill for months at a time. An extensive seamen's strike hit British shipping in this region badly. For a while, the British press and some British officials were inclined to blame the Bolsheviks for the British troubles in China, but a more balanced judgment, though admitting Communist influence, associated the anti-imperialist movement with an awakening spirit of nationalism in China.

Since the treaty system was imposed on China by force, it would need to be maintained by force if challenged. Up to the middle of the 1920s, the British and other treaty powers, including America, were ready to use force, or to threaten its use, to support the integrity of this system. The May Thirtieth Movement and the Shakee Massacre demonstrated to the British that violence against Chinese anti-imperialist agitators only made matters worse for them. The British recognized that military action was not going to provide a basic solution to Chinese anti-imperialism. The use of force against the Nationalists was also ruled out. First, the kind of military action contemplated, such as the massing of naval forces at certain strategic ports for brief periods to inflict sharp blows to the Chinese positions there, which had worked well under the Qing, would not have destroyed the Guomindang. Secondly, military action against a popular nationalistic movement would have only antagonized the Chinese public, whose good will was needed if Sino-British trade were to prosper.

Britain wanted to avoid a possible development where she would have to station a large number of troops for long periods in China to protect her trade. She certainly did not want to commit vast resources to engage in a prolonged land war in China. Considerations such as these led the British government to adopt an extremely cautious policy with respect to the use of force in China, after re-examining its policy towards China in the light of the changed circumstances there. Despite pressure from British residents and officials in China to use force, the British Foreign Office drew the line on the use of force, with some exceptions, at the protection of lives and the defence of Shanghai, where 75% of the total British investment of roughly 200,000,000 GBP was concentrated. Shanghai was Britain's financial, commercial, and industrial base on the Asian mainland. The British residents there were as determined to retain their special privileges as the Chinese were to recover their rights.

This did not mean that Britain was ready to give up all the rights and privileges she had acquired in China through the unequal treaty system. Instead of military coercion, Britain would resort to diplomacy to find solutions to conflicts, to defend what she could, and give up what she must. For example, the foreign-

managed MCS could no longer expect Britain to defend it by a naval demonstration, as Britain (together with some other powers) had done on one occasion in 1923 when the Guomindang threatened, after being refused a share of the 'customs surplus', to take over the Guangzhou Customs. Still considered a vital British interest, the MCS was to be protected through diplomatic and other peaceful means.

Having abandoned military coercion as a way of exercising pressure on the Chinese, the British consular authority in Guangzhou, and the Hong Kong government, were obliged to negotiate, from the summer of 1925, with the Nationalist government in Guangzhou, as the *de facto* regional power, for ending the trade boycott against Hong Kong and south China. After a year of difficult and intermittent talks, the two parties reached no agreement. With the rapid advance of the Nationalists' Northern Expedition, the British were afraid that the trade boycott against them might spread to the Yangtze River valley and delta, where the core of their investment lay. Out of desperation, they threatened military action against the Nationalists even though they had already viewed such a military action as too risky or counterproductive. Unwilling to go to war with the British, the Nationalists promised to end the boycott on or before 10 October, the anniversary of the Republic. The British were relieved at being able to withdraw from the brink.

As a part of the settlement, the Guomindang government sought British acquiescence in its imposition of certain new taxes, using the need to provide financial compensation to the strikers as a pretext. The 2½ % surtax on imports and the 5% surtax on imported luxuries this government introduced were, in effect, the Washington surtaxes. These and two other surtaxes were to be collected by a taxation bureau set up by the government. This bureau located its branch offices next to the foreign-managed customs houses and made use of many of the facilities of the older customs establishments.

The Nationalists' levy of these surtaxes by a new tax agency was tantamount to their seizure of the Washington surtaxes, or tariff autonomy, as well as the right to manage their own customs collection. This put Britain in a quandary. If the British gave in to these illegal exactions – illegal from the point of view of the treaties – the other Chinese regional regimes might also be encouraged to try to impose all and sundry taxes on foreign trade. If not, they were afraid that the boycott might be renewed. They were also concerned that this might spell the end of the MCS, which they still regarded as an important asset. The British tried to persuade the Americans and the Japanese to agree to the collection of these taxes by the MCS but were unsuccessful. While the British Consul General in Canton (Guangzhou) acquiesced in the surtaxes, the British Minister in Beijing, Sir Ronald Macleay, joined his American and the Japanese colleagues in signing a protest against these levies. In fact, the British Minister misunderstood London's instruction to protest not against the surtaxes per se, but against their collection by any organization other than the MCS. The Nationalists ignored the protests and got away with collecting the surtaxes, helped by the lack of strong resistance from the powers.

Towards the end of 1926, as the Guomindang extended the area under its control into the Yangtze River valley, the British government saw an urgent need to publicize their policy of conciliation in order to placate the Chinese and forestall the spread of the Chinese anti-British propaganda into this region and beyond. On 18 December 1926, the British delivered a memorandum to the Diplomatic Corps in Beijing, expressing British sympathy with China's nationalistic aspirations, admitting that the treaty system was anachronistic, and offering to negotiate treaty revisions as soon as a Chinese government with the authority to do so emerged. Publishing this memorandum on Christmas day, the British disclaimed any intention to perpetuate imperialism in China and pledged to meet the legitimate aspirations of the Chinese people.

To show that they were prepared to back up words with deeds, and to save the MCS from destruction, the British proposed to grant not only the Washington surtaxes immediately and unconditionally to China, but also to return tariff autonomy to China. These taxes were to be collected by the MCS, but the revenue so collected was to be disposed by the authorities in control of the ports at which these taxes were collected. This meant no more foreign control of the use or distribution of Chinese revenue. The British also communicated to the Chinese governments (both northern and southern) a document containing a number of 'Measures for Treaty Modifications' that touched on the exercise of extraterritoriality and municipal administration, in the foreign concessions of the treaty ports. Although these and other British concessions would make only a small dent in the treaty system and did not come close to the Russian Karakhan Manifesto that renounced czarist gains from the unequal treaties in China, it represented a considerable shift on the part of the British government towards meeting the Chinese demands for equal treatment and full sovereignty.

The British policy of conciliation, as embodied in their 'Christmas Declaration', was hailed by liberal-minded Chinese moderates like Hu Shih as a real breakthrough in Sino-British relations. The reaction of the Chinese, according to a report from the British Legation to London, was 'as favourable as could be expected'. The immediate reactions of the Chinese to whom it was chiefly directed, the Guomindang and the militant nationalists, were less favourable. Some radical press opinions dismissed it as sheer propaganda. The British failed to anticipate the extremely hostile reaction of the Nationalists to their initiative on the granting of the Washington surtaxes. The Nationalists were already collecting these surtaxes under another name, and without the dubious benefit of their being sanctioned by the powers. They feared that legalization would lead to the collection of their taxes being undertaken by the MCS, which would, according to the established practices, channel the additional revenue to their northern enemies, who controlled the Beijing government. According to an estimate of the Guomindang, two-thirds of the surtaxes would go to the Beijing, if the MCS were to collect them.

The Minister of Foreign Affairs of the Republic of China (ROC), Eugene Chen, appealed to the government of the United States not to support the British position on the surtaxes. The Nationalist government contended that if the British proposal on the Washington surtaxes were accepted, there would be a number of undesirable results: (1) it would give Zhang Zuolin, who controlled the Beijing government at that point, not only additional revenue, but gilt-edged security for fresh loans; (2) treaty ports would become objects of military plunder; (3) it would step up the military struggle for Shanghai, from where 40% of the total surtax was to come. The net result would be a prolongation of the civil war, and foreign domination in China. Before the various parties involved resolved their different positions on these surtaxes, a crisis developed at a major treaty port along the Yangtze River.

This first major test for the British policy of orderly retreat from the treaty system came on 3 January 1927 in Hankou, after the arrival of the forces of the Nationalist Northern Expedition. On that day, an excited crowd of Chinese, under the influence of the left wing of the Guomindang, tried to break into the British concession and pelted the British marines there with bricks and stones. When the agitations continued for two more days, the Nationalist forces there could not, or would not, maintain order. When the British marines could no longer hold back the extremely violent agitators without firing at them, the British Consul and the senior British naval officer ordered the marines to withdraw. Before this occurred, all foreign women and children had been evacuated downriver to Shanghai, and the men gathered in buildings near the shore ready to escape, if necessary. A similar situation took place in Jiujiang during the same month.

It looked as though the local British authorities had abandoned the Hankou concession. The British Minister at Beijing was angry, and informed London that the British position in China had been undermined. The British government had the choice of recovering the concession by force, doing nothing, or accepting the Nationalist *fait accompli* by relinquishing this treaty port through negotiation. The British Minister in China, Sir Miles Lampson, urged Britain not to negotiate, but to leave the city in the Nationalists' 'unlawful' possession until they realized that they could not properly administer it. Furthermore, Shanghai might be endangered if the Chinese were to see Britain as a paper tiger. The Foreign Office instructed Lampson to come to terms. Negotiations started in January 1927 between Eugene Chen, the Nationalist Foreign Minister, and Owen O'Malley, the Counsellor of the British Legation.

Chen presented the Chinese views as follows:

"The system of international control in China, known as foreign imperialism, has necessarily involved such limitation of Chinese sovereignty, economic, judicial, and political, that anything like real and full independence has not been enjoyed by China since England imposed on her the Treaty of Nanking (Nanjing) which inaugurated the system.

In a very real sense, therefore, it is historically true to state that the British, having defeated China in the opium wars, deprived her of her independence. Englishmen of the present generation born since that dark transaction may not remember; but Nationalist China with the old iron of defeat in its flesh must needs remember. This is the Nationalist view; and unless it is grasped, one of the dominant aims of Chinese nationalism will not be understood.

On this occasion, Britain has the chance to prove whether she really intends to bind China with the atavistic treaty system or to act on her policy of orderly retreat from imperialism in keeping with her Christmas message."

The Chen-O'Malley agreement, concluded on 19 February 1927, essentially granted Chinese control over the British concession in Hankou, with many safeguards for the British residents and businesses there. This represented a step in the direction of treaty revision between China and Britain. The disorderliness and malpractices, predicted by the British critics of their government's policy of 'capitulation', or 'humiliating surrender', did not materialize, after this treaty port reverted to Chinese administration in Nationalist China. In the judgement of the officials of the British Foreign Office, their negotiators had carried out the original intention of their 'December memorandum and treaty alteration proposals'. They believed that the Hankou settlement had not only enabled Britain to maintain her commercial supremacy on the Yangtze River; it also placed Britain in a position of moral and tactical advantage by comparison with the other treaty powers. It became a test case of how returning treaty ports to Chinese control would fare for future reference. After Hankou, Jiujiang (Kiukiang) and Qinjiang (Chinkiang) were also restored to Chinese control by the same agreement of 1927.

In addition to the above talks, from January 1928 the British Minister and a representative of the Nationalist government began negotiations on treaty revision. Early in the course of their meeting, a violent event took place in Nanjing. On 24 March 1928, the Nationalist troops on their northward march sacked the city and pillaged the American, British, and Japanese consulates. They killed three British subjects and wounded the Consul General. Some foreign women were robbed and rudely treated. The Americans, treated almost as badly, were able to send a signal to the British and American warships nearby in the Yangtze River, which proceeded to bombard the city. On the next day, a landing party evacuated the consular groups. After this incident, the negotiations virtually ceased, with the Sino-British relationship reaching a very low point. The British cabinet considered the question of retaliation against this outrage, and possibly even the earlier one at Hankou, but decided that no advantage could be gained from firing shots against Chinese targets. Winston Churchill, the Chancellor of the Exchequer, remarked out of frustration: 'Punishing China is like flogging a jellyfish'.

Inaction turned out to have been the best course. Soon a split between the right and left wings of the Nationalist party came out into the open. The British Foreign Secretary, Sir Austen Chamberlain, was overjoyed at the news of Chiang Kai-shek's bloody purges against the Communists from March 1927 onwards. 'The real offenders - the Chinese agitators - have been punished by the Chinese Nationalists themselves with an effectiveness of which no foreign power was capable.' Holding the Comintern agents as ultimately responsible for the Chinese anti-imperialism, he was pleased that they were discredited, and expelled from China in the summer of 1927. Anti-imperialist agitations directed against the British subsided from this time onwards. After Chiang had been shown to be strongly anti-Communist, the relationship between the British and the Nationalists became more friendly. A fresh British assessment of the Guomindang as a party of Chinese bourgeoisie also helped. In August 1928, the two governments closed the Nanjing incidents by an exchange of notes. Negotiations on treaty revision resumed in earnest with the British Minister Sir Miles Lampson representing Britain, and Chengting Thomas Wang (C.T. Wang) representing the Nationalist government at Nanjing.

The Nanjing government and the unequal treaties

The ultimate goal of Chinese nationalists was to free China of all the fetters of the unequal treaties, and to see China emerge as a fully independent and sovereign nation. To achieve this goal, the Chinese needed a strong national government to represent them. Unfortunately, the Chinese regime in Nanjing was not seen in such a light. Since the British were not ready to abandon entirely a system that had served their interests so well at this point, the Chinese negotiators had to accept what was practically achievable. The British Minister had a well-ordered scheme concerning the rights and privileges in connection with the British interests, and where a line would be drawn between the nonessential ones he would concede to China, and the vital ones he would fight to keep. The extraterritorial status of Shanghai and, to a lesser extent, Tianjin, was something he and the British business community in China wanted to defend strongly. During three years of negotiation, from January 1929 to January 1930, the talks were bogged down in endless wrangling over details on many treaty provisions, instead of – for example - focusing on abolishing extraterritoriality itself as a principle governing the relationship between Britain and China.

By January 1930, the British had made a number of small but significant adjustments to the treaties, as concessions to the Chinese. The one that was important financially to the Nationalist government was the payment of regular and legal Chinese taxation, such as consumption taxes and stamp duties, by British subjects. These taxes were levied on both Chinese and foreign goods. This amounted to the retrieval of tariff autonomy by the Nationalist government, in the absence of a new treaty between Britain and China that acknowledged the Chinese government's right to collect these taxes on British subjects in China. The others included giving up special treaty privileges possessed by British missionaries, and changes in the

governance of the British leased territories. In Tianjin, the constitution of the British Concession was modified to allow Chinese to vote on equal terms with foreigners, and to provide for an increase of Chinese representation on the Municipal Council. Later that year, five Chinese were to sit on the Shanghai Municipal Council to balance the five British members. The British government accepted that cases brought by British plaintiffs against Chinese, on Chinese soil, would be tried in Chinese courts without attendance by a British representative. Extraterritoriality would continue for a maximum of ten years in Shanghai, and five years in Tianjin.

During 1930 pressure intensified on the negotiators to satisfy the Chinese aspirations on extraterritoriality. A year later, Lampson agreed to surrender most of Britian's extraterritorial rights in the Extraterritorial Treaty of June 1931, which was never signed. This unsigned treaty nevertheless represented Britain's willingness to abandon the unequal treaties. Without concluding the treaty that would formally end extraterritoriality, the British in China could continue ton live and do business in the manner to which they were accustomed. The aggressive pressure of the Japanese on China likely contributed to the Chinese government directing its attention away from treaty revision. The Nationalist government began to take an interest in cultivating friendly relations with Britain. They hoped that the presence and interests of the Western imperialist powers would provide checks against Japan's expansionist activities.

The Nanjing government and the foreign-managed MCS

The autonomous foreign-controlled MCS was an important infringement on China's sovereignty and administrative integrity, not touched by treaty revision between Britain and China. After the British government declared in its Christmas declaration that it was ready to grant China the Washington surtaxes, provided that the MCS undertook their collection, the Beijing government jumped at the offer and ordered I.G. Francis Aglen to enforce the collection, starting on 1 February 1927. Although the other Washington powers were prepared to go along with this British initiative, America and Japan opposed it for reasons of their own. Around that time Aglen was away from Beijing, visiting the southern ports. He adamantly opposed assuming this new responsibility, with the argument that these surtaxes were illegal, because not all the Washington powers had agreed to their collection, and the MCS must not be involved in illegal acts. The real reason behind his refusal to collect was the opposition of the Nationalist government to these taxes, and to their collection by the MCS. The arrival of the Nationalist Northern Expeditionary forces in the Yangtze valley prompted Aglen to make an effort to establish contact with, and to come to some understanding with, the leaders of southern government. In an interview with Eugene Chen, Aglen was warned that if the MCS were to undertake the collection of the Washington surtaxes, the Guomindang would break his organization. Caught between the frying pan and the fire, Aglen apparently decided that it

was safer to defy the Beijing government than to ignore the Nationalists' threat. Before Aglen had time to return north, Beijing dismissed him on the ground of disobeying the government's order.

Sir Francis Aglen had, on many previous occasions, disobeyed the command of his superiors; why was he dismissed on this occasion? There could be no doubt that the Washington surtaxes were important to the Beijing government, which was anxious to have the additional revenue, not only for administrative expenses but also for military preparations against the threat from the Guomindang-led Northern Expedition. But the main reason, as explained by a high Beijing official, lay in his dictatorial attitude, his control of the customs surplus, and his attempt to administer the Customs in a 'watertight compartment', more or less independent of the Chinese government, and with the foreign legations looming large in the background. It was his general insubordination that led to his dismissal, as well as his recent independent approach to the Guomindang, something that was said to have angered Marshal Zhang Zuolin, the warlord who controlled Beijing at that point.

The British minister, Sir Miles Lampson, sprang into action at the news of Aglen's dismissal. He reminded the Chinese government of the late-Qing treaty on an Anglo-German loan that required the *status quo* of the MCS to be preserved for the duration of the loan from 1898-1945. Lampson also argued that China's credit might suffer if Aglen were to go. He claimed that Aglen's dismissal was contrary to the assurance given by the Chinese delegates at the Washington Conference, where 'China voluntarily declares that she is not contemplating to effect any fundamental changes in the present system of customs administration, or to disturb the devotion of the customs revenue to the services of the foreign loans secured thereon'. As Lampson tried to use his influence to get Aglen reinstated, he was held back by adverse publicity in the Chinese press, and by the British Foreign Office's opposition to his interference. Aglen's hope that the Chinese bankers would come to his rescue did not materialize to any significant extent. The Beijing government stood firm on Aglen's dismissal, arguing that the replacement of one Englishman by another did not constitute altering the status of the MCS, or the basis of the security of the foreign loans.

In the end, Lampson decided to accept a compromise solution that involved Aglen being given a year's leave while retaining his I.G. title and pay and being allowed to name a successor. It was presumed that at the end of that period he would voluntarily withdraw from the organization, to regularize his successor's position. With Lampson's approval, Aglen chose his young British Chief Secretary, Arthur H. F. Edwardes to succeed him. After being appointed as Officiating Inspector General (O.I.G.) by the Beijing government on 11 February 1927, Edwardes proceeded to take over all his predecessor's responsibilities, including those in connection with the existing domestic loans secured on the MCS revenue. With the support of the Diplomatic Corps, Lampson prevailed upon the Beijing government not to insist on the collection of the

Washington surtaxes by the MCS. He also extracted a promise form the Beijing government exempting the O.I.G. from having to take responsibility for all new domestic loans.

As the Guomindang established itself as a Yangtze power during the spring of 1927, Edwardes, ensconced in his headquarters at Beijing, became concerned about the security of the customs south of the Yangtze, because the security of this geographically extended organization now depended on the protection of the local Chinese authority, rather than on foreign military force as had been the case previously. After Aglen's dismissal, the Nanjing government refused to recognize Edwardes' appointment as his successor. Notwithstanding the lack of recognition of Edwardes' authority, the Nationalist government nevertheless pressed certain claims upon Edwardes, among which was a demand for jurisdiction over the MCS, on the ground that Nanjing was the legitimate government of China. They argued that since the major portion, 65% according to their calculation, of the customs revenue was collected in their territory, the customs administration ought to be attached to the Nanjing rather than the Beijing government.

Their other claims were mostly financial. The Nanjing government demanded a *pro rata* share of the tonnage dues, and other administrative grants given to organs of the Beijing government. The Nationalists also demanded to be given all customs grants for various government agencies in their territory, for distribution by the Nanjing Ministry of Finance. Edwardes' refusal to agree to any of these demands placed further obstacles to the building of good relations between his administration and the Nationalists.

As the Nationalists continued to pursue a policy of non-recognition of Edwardes, they brought all questions concerning customs administration that arose in their territory to the attention of Frederick Maze, the Commissioner of Customs in Shanghai. Since Shanghai, being the largest Chinese port, was the most important centre for customs administration outside Beijing, and since Maze was among the most senior and experienced of the customs administrators, their approach to him did not appear unreasonable. Maze's competent and adroit management of customs affairs, and his ability to establish good personal as well as working relations with the Nanjing leaders, led them to treat him as the unofficial head of the MSC in the area under their jurisdiction. At one point they even offered him the position of Southern Inspector General, which he refused, in order not to split up the MCS.

After Beijing fell to the forces of the Nationalist alliance in June 1928, the Nanjing government possessed the undisputed authority to appoint the Inspector General of Customs. However, owing to the strenuous opposition of the British minister, Maze did not receive an immediate appointment to this office. While he remained the Nationalist candidate for this post, Edwardes was also kept in the running through strong official British support. Each of the two contestants for the post of Inspector General also drew opposition or support from other quarters.

Besides the British Legation, the British press and commercial interests supported Edwardes' candidacy. His foreign supporters looked upon him as a staunch defender of the entrenched foreign interests and privileges in connection with the MCS. He stood for a continuation of the MCS as a virtually independent organization controlled by a foreign administration working closely with the ministers of the foreign diplomatic corps in Beijing, the British in particular. He was expected to withstand Chinese pressure for changes in the customs administration. As the Chinese also saw him in the same light, many, apart from certain prominent members of the Guomindang, opposed him. An article in a major Shanghai newspaper called for Edwardes' dismissal, detailing certain incidents in the past when Edwardes defied the Nationalists. The paper, calling Edwardes an enemy of the Nationalist government and revolution, suggested that Edwardes' support for tariff autonomy could not be counted on.

There was, however, one group of Chinese who supported him: the Chinese bankers who stood to benefit from Aglen's domestic loan policy. Edwardes was committed to upholding the policy of using the customs surplus for the service of certain Chinese domestic loans. The British Foreign Office disapproved of Aglen's control of this money and regarded Edwards' continuation of his predecessor's policy as unwise.

Maze' supporters were virtually confined to the Chinese. Besides the Nationalist officials who had dealings with him, many nationalistically minded Chinese interested in customs affairs supported him as a known moderate and fair-minded foreigner, who was sympathetic towards Chinese aspirations and cooperative with the Nanjing government. Chinese merchant associations, shipping interests, and the staff of the MCS also favoured him. Maze strove to avoid confrontation with the Nationalist authority in political or administrative matters. He also took great care to avoid being seen by the Chinese as imperialistic, or as a tool of the foreign powers. Regarding the customs surplus, Maze took the position that the money belonged to the Chinese government, which alone had the right to decide on the uses of this fund. During the Nationalist advance, Maze played a vital role in guiding the Yangtze and coastal customs houses to weather the storm, when instructions from Beijing were delayed or unavailable, or problems needed urgent solutions. To the British minister and other conservative British residents in China, who were looking for a strong champion of foreign rights, Maze seemed too weak and too pro-Chinese for this role. Lampson was particularly concerned about the possibility, if Maze became I. G., of decline in the British character of this institution, leading to a lowering of British prestige.

As for the Chinese Nationalists' aspirations towards the MCS, these could have been nothing less than the ultimate restoration of this organization to Chinese management. Although 'customs autonomy' was one of their publicized goals during the phase when the Guomindang existed as a militantly nationalist regional authority, their actual conduct towards the MCS after their government assumed responsibility for China was characterized by moderation and restraint. In fact, it appears to have been governed largely by

pragmatic considerations of public administration, finance, and foreign relations, although the new government also desired a certain amount of reform in the customs administration, to bring it more in line with modern China's needs and aspirations.

The possession of an effective fiscal administration such as the MCS was no doubt a great asset to a Chinese government that had only a rudimentary civil service, without sufficient financial resources. Therefore, it was against the Nationalists' interest to weaken this organization in any way. During the late 1920s, as they were bringing about the restoration of tariff autonomy, they were understandably reluctant to allow the future of the MCS to become an international issue, hindering their negotiations with the powers on this matter.

Moreover, they needed an efficient and experienced customs organization to help them to implement their new tariff policy. There is little doubt that they laid great store by what the increased maritime customs collection would do for their straitened finances, after the removal of the treaty restrictions on the customs tariff. To what extent the MCS could be of service to them in terms of financial administration depended largely on the cooperativeness of the foreign I.G. Thus, the appointment of a foreign I.G. amenable to their control was a matter of the utmost importance to them. If they were to run into serious difficulty with a foreign I.G., the appointment of a Chinese I.G. was not entirely ruled out, in view of the great Chinese financial interests involved.

The lack of agreement between the Nationalist government and the British Legation on the choice of the two British candidates for the Inspector General post kept the question of the I.G. appointment unsettled for several months after the Nationalist unification of China. The British minister, who remained adamantly opposed to Maze as I.G., was determined to obtain this post for Edwardes. Lampson was able to persuade T.V. Soong, the Nationalist Minister of Finance, to back Edwardes, who also had the support of some prominent Shanghai bankers. Although many high-ranking Nationalists regarded Edwardes as a *persona non grata*, they were so strongly desirous of British friendship and goodwill that they did not stop T.V.Soong from obliging Lampson, by offering Edwardes, sometime in September 1928, when he was visiting Shanghai, the post of Officiating Inspector General (O.I.G.), for a probationary period of six months, during which time the headquarters of the MCS was expected to be relocated to Shanghai. Between Soong and Edwardes, the hope was expressed that Maze would provide the solution by withdrawing voluntarily himself. Edwardes returned to Beijing after expressing his willingness to accept this offer.

Edwardes' appointment as O.I.G. did not lead to the end of Maze's career in the MCS. Many prominent Nationalist officials rallied to his support. Chang Fu-yun, the Director General of *Guanwu Shu* (Customs Bureau), the Nationalist organ that took responsibility for customs affairs, arranged an interview between Maze and Hu Han-min, the head of the Guomindang. The Shanghai Superintendent of Customs promised

to ‘fight for justice’ for Maze. A secret Guomindang document that attacked Edwardes made a case for rewarding Maze with the Inspector General post for his meritorious service to the Nationalist government. Such a show of support might have contributed to Maze’s appointment as Deputy Inspector General (D.I.G) shortly after Edwardes’ appointment.

Personal friendship and sentiments aside, Maze’s usefulness probably provided the strongest motivation for his retention by the Nationalist government. While Edwardes was ensconced at the Inspectorate General of the MCS in Beijing after the fall of the Beijing government, Maze continued to work closely with the Nationalists in Shanghai, rendering them much needed services. Finding it difficult to accept Maze as D.I.G., Edwardes kept on pressing Soong, without success, to permit him to send Maze away on a year’s leave with retirement at the end of the period, or to transfer Maze to Beijing after he himself moved the Customs’ headquarters south. Maze was too valuable to the Nationalists for them to allow him to be pushed aside, particularly at a time when tariff autonomy was in the process of being restored to China. Before the end of October 1928, Edwardes was persuaded by his supporters to go to Shanghai to take up his post of the O.I.G.

Finding his position untenable there, Edwardes communicated to Lampson his desire to resign unless something was done quickly to alter the situation of ‘dual control’. Lampson decided to urge his government to give him a free hand, and tell the Nationalists that Maze was a *persona non grata* with the British government, and that the British would not accept his appointment either as D.I.G. or as I.G. Having resolved to adhere to a policy on non-interference, the leaders of the Foreign Office reminded Lampson that Maze was ‘a servant of the Chinese and not His Majesty’s Government’, and warned him that ‘an official intimation of this nature from a foreign power would have constituted an unwarrantable interference in Chinese internal affairs and invited a challenge’.

The China specialists at the British Foreign Office realized that Edwardes was unacceptable to the Nationalists on many counts. They noticed that he was not able to get on good terms with Chinese Nationalist officials. They perceived that, to the Guomindang, Edwardes represented the hated old regime of foreign control of Chinese customs revenue by the Inspector General, in conjunction with the diplomatic corps and the foreign custodian banks. They understood the Nationalists’ reluctance to appoint a foreign I.G., whom they feared might not obey their orders when the outcome of their negotiations with Japan on tariff autonomy remained uncertain. They also doubted Edwardes’ ability to keep his post even if he were appointed I.G., on account of his tendency to clash with the Nationalist authorities. If Maze were also eliminated, the post might go to a Chinese or possibly Japanese I.G. Whatever shortcomings Maze had, his appointment would at least keep the I.G. in British hands. For these reasons, they would not give Lampson the permission to force the Chinese to accept Edwardes through eliminating Maze.

Edwardes resigned on 1 January 1929. Shortly before and after his resignation, Lampson and the British Foreign Office made a last-minute desperate attempt to find a third British candidate in order to stop Maze from becoming I.G. These efforts were in vain, because the foreign I.G was such a critically important post to the leaders of the Nationalist government that they were not willing to give it to anyone who had not demonstrated to them his capacity and suitability for the job. Within six months of the Nationalist unification of China in the summer of 1928, the Nanjing government concluded bilateral preliminary commercial treaties with the Western nations – Britain, the United States of America, Germany, Sweden, Norway, Belgium, Luxembourg, Italy, Demark, Portugal, the Netherlands, Spain, and France - with which China had unequal treaties. The new treaties abolished all previous tariff restrictions due to the old treaties and restored to China the right to determine freely her own rates of customs tariffs on foreign trade. In short, tariff autonomy was restored to China. It was the job of the foreign I.G. to implement the new national tariffs in consultation with the *Guanwu Shu* (Customs Bureau) of the Nanjing government. Maze was the only member of the foreign-managed MCS who had demonstrated the capacity to do the job, and he had earned the Chinese government's trust to assume this responsibility. On 9 January 1929, Nanjing appointed Maze as the I.G. of the MCS.

Reform of the MCS under Maze

The appointment of Maze, against the opposition of the British minister, was a step in the direction of China recovering a certain degree of control over an administrative organ of her government that had been placed under foreign management as a part of the unequal treaty system. However, this organization remained a foreign managed one, with most of the higher posts still in foreign hands. As this virtually independent administrative entity became anchored in the Chinese central government in Nanjing, changes and reforms were a part of the adjustments that were necessary to be made. Other important changes were introduced for meeting the needs of collecting the new and greatly increased customs tariff, imposed by the Nationalist government in connection with the restoration of tariff autonomy, and the abolition of the old transit taxes, including the *lijin*.

Maze's most immediate task after he became I.G. was to restore the battered morale of the foreign staff of the MCS. He tried to dispel their sense of insecurity with regard to their future in the organization by issuing official circulars, with the approval of the *Guanwu Shu*, assuring them that the Chinese government intended to adhere to a policy of employing foreigners in the Chinese Customs, with the same favourable conditions of employment as formerly, as long as they continued to work as 'loyally and efficiently in the future as in the past'. Maze persuaded the Nationalist government not to abandon the principle of foreign

employment in the MCS in the interest of protection of the revenue. On his representation, some foreign staff were taken on during 1929-1930.

Next, he turned his attention to re-establishing discipline among the Chinese staff. The triumph of the Nationalists had apparently led many members of the Chinese staff, particularly those among the lower ranks, to expect instant emancipation from foreign control. There had been times when the foreign leaders of the MCS found it necessary to relax discipline and tolerate even politically oriented 'union' activities, to avoid dangerous clashes with the Chinese staff. By the time Maze became I.G., he saw that the time was ripe for the customs administration to return to its traditional prohibition of political agitation and 'union' type of associations among customs employees. Maze's policy had the support of the Chinese government.

Although the Nationalist Revolution did not bring the Chinese customs staff the instant emancipation hoped for, they could no longer accept the institutionalized inequality between themselves and the foreign staff in the MCS. Since many Chinese staff in the 1920s received their training in China's new secondary schools or universities, or in the Customs College itself, they could not be barred from holding responsible posts on account of lack of foreign language, educational, or other professional qualifications. Their movement for improving their own conditions of service was supported by the Nationalist government, the Chinese public, and the I.G. himself.

However, before Maze made any move, the *Guanwu Shu* took steps to set up a commission, with participation by the staff of the MCS, on the reforms needed to be made on the personnel structure of this organization, and on its emoluments, pensions, benefits, medical care, retirement age, and so on. The changes introduced equalized, by and large, the conditions of employment and career prospects of the Chinese and foreign staff. Regarding pay, it was decided that since the scale of pay of the Chinese staff was already high in comparison with the prevailing scale of pay of other departments of the Chinese government, it should not be revised upwards to equal that of the foreign staff. The apparent inequality was removed by giving both the Chinese and foreign staff the same basic salary for the same rank. On top of this salary the foreign staff were given an Expatriation Allowance to compensate them for living away from home and serving an alien government. The commission recommended cessation of further recruitment of foreign staff, except in circumstances where it was necessary to employ foreigners for their special skills.

Although the reforms guaranteed equality of opportunity and conditions of employment to the Chinese, for the foreseeable future the MCS was to remain dominated by foreigners, the British above all. Since most of the higher posts were already filled by foreign officers, and since the Chinese could only be promoted to these posts in competition with other foreigners of the same standing when the incumbents retired or withdrew, the process was bound to be slow. There was no immediate massive Chinese takeover of the higher posts. During 1929, five Chinese were promoted to the position of Commissioner of Customs,

making a total of seven Chinese in this position, out of forty-seven Commissioners. In the long run, the reforms represented indeed the beginning of the gradual rendition of the MCS to Chinese management. By 1949, foreign employees had been reduced from the high point of 1400 in 1929 to 250, and during the same period the number of Chinese staff increased from 6,000 to 7,600. By that date, Chinese occupied the majority of the leading positions from Deputy Commissioner upwards.

Other changes introduced during the Maze administration involved shedding functions that were not directly connected with customs administration. As the Chinese government underwent modernization, many of the functions traditionally undertaken by the MCS, such as hydrographic surveying, quarantining, registering, and certifying the physical soundness of Chinese ships, and measurement of the tonnage of vessels, were all transferred to other specialized agencies of the Nationalist government. Maze's appeal to this government enabled the MCS to continue to administer harbour conservancy and the lights and aids for navigation.

Tariff autonomy and the MCS

China recovered her tariff autonomy through the bilateral treaties with the Western powers as mentioned above. 1 February 1929 was the date fixed for the enforcement of her first national tariff. The schedule for this tariff closely approximated to the interim surtaxes recommended by Great Britain, America, and Japan at the Special Tariff Conference at Beijing in March 1926. This schedule divided imports to China into seven classes, on which tariff rates ranging from 7 1/2 to 27 1/2 per cent of the value of the goods were levied according to class. The British treaty contained a clause that bound China to keep to the new duty schedule for one year without further increases, beginning from the date when this treaty came into effect.

The negotiation for a Sino-Japanese treaty did not get under way until the spring of 1930, on account of Japan's refusal to negotiate until all the outstanding issues between the two countries were settled. Of these issues, the most difficult ones pertained to the arrangement to be made for the repayment of the unsecured or poorly secured Japanese debts. A combination of pressure and inducement – widespread boycotts against Japanese goods, together with the Nationalist government's willingness to set aside funds for Japanese debt repayment - moved Japan to conclude a commercial treaty with China on 6 May 1930. The Sino-Japanese treaty required China to maintain the tariff rates (as fixed in the original national tariff schedule) on certain imported articles of special interest to Japan for a period of one to three years, starting from the conclusion of the treaty. In return, Japan agreed to reduce the Japanese tariffs on certain Chinese products to that country.

Prior to the enforcement of the new tariff schedules, all surtax bureaus were abolished, and were taken over by the MCS. A new department, the Tariff Secretariat was introduced in July 1929, as a central office for setting standards and providing guidance on classification, valuation, and examination of goods for all the ports. During the latter part of 1929, a Tariff Board of Inquiry and Appeal was created in Shanghai to provide expert advice to the Chinese Customs Bureau on the technical details of the new tariff, and for settling disputes between merchants and the customs authority on duty assessments.

To fulfil China's promise to the powers to link tariff autonomy to the abolition of *lijin* as well as to foster internal commerce, on 1 January 1931 the Nanjing government abolished this tax, together with various other internal transit dues and coast trade duties.

Tariff autonomy enabled Nanjing to put on a sounder basis the currency in which the Customs duty was levied. Since the beginning of the twentieth century, China had been wanting to change the Haikwan (customs) tael, the unit of account based on silver for customs collections, to a gold-based currency, since the continued decline in the exchange rate of silver currency against that based on gold greatly increased the burden of China's gold foreign debts. The opposition of the powers had prevented China from doing so. Since the powers no longer had any voice in the matter, the Nationalist government was able to introduce the Customs Gold Unit, calculated on the basis of the established rates of exchange between it and other currencies, as the new monetary basis on which all customs were to be levied. To facilitate the payment of customs duty on this basis, the government gave the Central Bank of China the right to sell gold unit credits, and to issue gold unit notes, to merchants.

Notwithstanding the restrictive clauses in the Sino-British and the Sino-Japanese commercial treaties, the enforcement of the Chinese National Tariff Schedule greatly increased the revenue from the duty of Sino-foreign trade. The following table shows the total revenue collected by the MCS from the period of 1927 to 1931 in Haikwan tael.

1927	1928	1929	1930	1931
77,630,232	89,857, 314	163,106,590	198,049,392	263,782,940

Of course, not all the revenue collected by the MCS was available to the Nanjing government. This authority only received the surplus after deducting certain foreign and domestic debt payments, plus the cost of maintaining the MCS and some other government agencies. Because the customs revenue had grown so large after 1919, even after these deductions, which absorbed over a quarter of the revenue, the amount of money available to Nanjing was still considerable.

In 1928, the central government at Nanjing decided to leave all the land tax to the local authorities and keep for itself the commercial and consumption taxes such as the maritime customs duty and taxes on tobacco, spirits, and kerosene. After ending foreign supervision of the Salt Revenue Administration, the central government also had use of the income from the salt tax. Overall this division of revenue worked, although there were a few incidences of rebellious local authorities seizing the maritime customs revenue collected at ports in areas under their control.

As the Chinese customs tariff on imports increased, duty evasion became an attractive gamble. The introduction of the Chinese national tariff schedules was accompanied by substantial increases in smuggling. Not long after the imposition of the new schedules in 1929, the MCS discovered that its existing preventive measures were unequal to the task of controlling the growth of organized wholesale smuggling by small crafts along the length of the Chinese coast. The existence of the foreign-controlled territories of Hong Kong, Guangzhou Bay (near French controlled Vietnam) and Taiwan (controlled by Japan) provided havens or bases for these crafts and enabled them to prosper and elude Chinese control. To control the smuggling, a new department was established, which had a fleet of preventive vessels guarding new customs barriers and territorial waters and enforcing tighter regulations against smuggling. In addition to the efforts made to prevent maritime smuggling, this department also strengthened provisions against smuggling across China's land frontiers. Some successes were attributable to these efforts, but the loopholes were too great for a single department of the Chinese government to address fully.

As regards the lodging and disbursement of the customs revenue, there was no wholesale reversal back to the pre-1912 practice of giving these responsibilities to the Chinese Superintendent of Trade at each port. Nanjing preferred to let the MCS be the responsible party to collect and remit the customs revenue, and until 1932, the I.G. retained control of that portion of the customs revenue, which was equivalent to the old 5% tariff, for meeting China's foreign financial obligations, and for maintaining the MCS and some other government agencies. Unlike his predecessors Aglen and Edwardes, Maze dissociated himself from the disposal of the customs surplus, as well as the management of the domestic loans, which became the responsibility of the Ministry of Finance.

The practice, as required by the 1912 Agreement, for lodging all the customs revenue in foreign custodian banks was no longer necessary, after Chinese delegates extracted from the powers, at the Special Tariff Conference, a recognition of the right of the Chinese banks to have custody of this revenue. When the Nationalists assumed control of China, the official Central Bank of China at first shared with the Hong Kong and Shanghai Banking Corporation the custody of the customs revenue. (After China ceased dealing with the Deutsch-Asiatische Bank in 1917, and after the Russo-Asiatic Bank went into liquidation, only the Hong Kong and Shanghai Banking Corporation remained as the custodian bank in 1929.) Early in 1932,

the Nanjing government instructed the I.G. to deposit all the customs revenue in the Central Bank of China, where the MCS's own funds were also to be kept. As for the payment of the foreign indemnity and loans, namely the Boxer Indemnity and the pre-1900 Anglo-German Loans, the I.G. was authorized by the government to draw the required amount of money at the appointed time from the Central Bank of China and transfer this sum to the British bank.

Under the Chinese Nationalist government, while the I.G. of the MCS was less independent, possessed fewer financial powers, and lacked a significant political role, he assumed far greater administrative responsibility in connection with the enforcement of the collection of the Chinese national tariff, which became the mainstay of the central government's revenue. Maze regarded some of the changes, such as giving up the control of the customs surplus, the power to appoint Commissioners of Customs, and the removal of inequalities in the conditions of employment between the Chinese and the foreign staff, as reasonable and just, even though it represented an advancement of Chinese interests in connection with the MCS. Other changes, such as the creation of the additional departments, he regarded as strengthening the organization. He accepted the limitation placed on his own authority by the *Guanwu Shu*, for he saw this development as inevitable. But the curtailment was moderate and restrained. He was sufficiently realistic to see that his Chinese official superiors would not intrude unduly into his management of the MCS and its work. He correctly foresaw that the usefulness of the MCS, and its importance to the finances of the Nanjing government, would ensure him such freedom from 'interference'.

The changes did not sacrifice the foreign financial interests attached to the MCS, because the I.G. remained responsible for the service of the foreign indemnity and loans secured on the customs revenue. His freedom to communicate with the diplomatic and consular officials of the foreign governments was undiminished. Furthermore, the changes did not undermine the institutional character of this organization, which was a fear expressed by the British minister. The MCS remained a modern Western administrative organ. The British authorities made no objections to the innovations and changes in the MSC. The British Foreign Office had turned from opposition to approval of Maze, when they appreciated that his moderate and accommodating position towards the Chinese Nationalists was calculated to prolong the life of the MCS, and to preserve the foreign interest attached to this foreign institution. This was in accord with their policy of conciliation towards the Guomindang and Chinese Nationalism. Although this policy led to the voluntary British surrender of certain treaty rights and privileges between 1928 and 1931, it was, at the same time, moderated by the British endeavour to retain as many rights and privileges obtained by the equal treaties as possible, for as long as possible, in China.

The Chinese Nationalist government was apparently satisfied with the degree of reform and changes that had been accomplished regarding the MCS. This government could, on the one hand, proclaim to its

nationalistic public that it had achieved the promised 'customs autonomy', i.e. the retrieval of China's right to control the MCS. On the other hand, it avoided changes, such as integrating it with its own still formative system of government, which might reduce the functional effectiveness of one of its most important and mature fiscal agencies. Having provided for the supervision and control of this organization by the *Guanwu Shu*, the Nanjing government was now assured that its interest attached to the MCS would be safeguarded.

There were additional incentives for Nanjing to accommodate to, and retain the foreign character and leadership of, the MCS. Since it was well known that the British attached much importance to maintaining the British character and leadership of the MCS, the Chinese government was very reluctant to jeopardize the good relations between China and this leading Western power, by imposing radical changes on this organization. With growing Japanese aggression, the Chinese authorities expected an internationally staffed organization, supported by the Western powers, to be a more effective agency than a purely Chinese one for controlling Japanese merchants and shipping. After the terrible clash between Chiang's Northern Expeditionary Army and Japanese troops in Jinan in 1928, Chinese anti-imperialist boycotts turned their focus away from Britain, and to Japan instead.

During the late 1920s to the early 1930s, in response to pressures from Chinese nationalism, the Western imperialist powers, particularly Britain, which had introduced the unequal treaty system, had shown willingness to accommodate, to some extent, Chinese nationalistic aspirations through treaty revision. However, even after Chinese pressure for treaty revision, many of the major treaty provisions that infringed on China's sovereignty, such as extraterritoriality, the foreign concessions or leased territories, foreign troops on Chinese soil, and gunboats on Chinese inland waters, still remained operative. The foreign-managed MCS was also an example of this unfinished business. Had the Nationalists presided over a truly united and strong China with a modern legal system, they might have been able to recover China's lost sovereignty and rights through concluding new treaties as equals with the old treaty powers. China's weakness, and Japan's aggressive design on her during this time, postponed the day of China's emergence as an independent unified nation until after the end of World War II.

The relationship between Nanjing and the United States

The United States was not a target of Chinese anti-imperialism during 1925-1927, and by the end of 1926 the U.S. government adopted an even more liberal position than that of the British, on the question of the use of force in defence of its interests in China. By then, the official American line limited the use force to protecting American lives, as in the case of the bombardment of Nanjing mentioned above. In case of Chinese attack on foreign settlements such as the Legation Quarters in Beijing and the Shanghai

International Settlement, the American policy was to evacuate rather than defend these areas. After the Nationalist-led unification of China in the summer of 1928, the United States agreed to grant China tariff autonomy by the signing of a bilateral commercial treaty with the Nanjing government, as already mentioned. In Washington's view, the signing of this treaty in the summer of 1928 signified American recognition of the Nationalist government, and its ratification by the Senate in February 1929 confirmed it. Shortly thereafter, representatives of the two governments began talks on the ending of extraterritoriality for Americans in China. Although Nanjing issued new civil and criminal codes and succeeded in placing many minor foreign nationalities under its jurisdiction, the major foreign powers retained extraterritoriality until 1943.

As a government with a Western orientation, Nanjing tried to maintain good relationships with America and other western countries. Chiang Kai-shek's marriage to Soong Meiling, and his conversion to Christianity in October 1930, helped his regime to win good American opinions. He and his wife supported American missionary work, which, in addition to evangelism, also strongly emphasized social welfare through involvement in education, medical care, rural improvement programmes, famine relief, and social-service oriented movements, such as the YWCA and the YMCA.

The growth in the number of American (mostly Protestant) missionaries (from 1,000 or so in 1900 to over 3,000 in 1930) was reflected in the increase in Chinese converts from less than 100,000 to over half a million by 1936. The dozen or so universities established by American Protestant societies became well-respected institutions of higher education for both men and women in China. Many of their graduates, together with returned students from universities in America, became influential figures in Chinese society. They carried with them the seeds of goodwill between the United States and China, and sometimes functioned as links, in many different capacities, between the two countries. Hu Shih, H. H. Kong, C.T. Wang, Dr. James Y.C. Yen, and Eugene Chen were a few of the prominent examples.

Chiang and his German advisers

Despite Germany's defeat in World War I, the Chinese retained a great admiration for this nation's high cultural attainments, and for its scientific, technological, and military expertise. During the post-war years, many Chinese went to Germany as students. In the early 1920s, Sun Yat-sen sought the help of German advisers for his government at Guangzhou, but the scale of the Russian aid soon overshadowed the influence of a dozen or so Germans. After the Nationalists split with the Communists, the idea of having German advisers resurfaced.

In late 1926, Chiang obtained the service of Max Bauer, a former German military official. Besides advising Chiang on military and industrial matters, he also procured munitions and equipment for the Chinese government, until he died of smallpox in 1929.

During Chiang's fourth 'bandit suppression' or 'extermination' campaign against the Jiangxi Soviet in 1933, he felt the need for a high-calibre German adviser he could really trust and rely on, like Bauer. A distinguished World War I veteran commander, General Hans von Seekt, who built the Germany army during the 1920s into a disciplined and well-equipped force, briefly filled this role. The general drew up a plan for the training of an elite army corps, emphasizing the quality rather than the number of the combatants. In 1934, he returned to China with a barter deal, apparently authorized by the German government, with Nationalist China. The deal involved exchanging Chinese ores, such as antimony and tungsten, which were essential for modern warfare, for German help in building a military industrial complex in China, with modern plants for processing ores, making steel and chemicals, manufacturing munitions, equipment, and other military-related products, and even assembling trucks and aircraft. German industrial giants, such as Krupp, Daimler Benz, Siemens, and I.G. Farben, were signed on as suppliers.

The importance of this exchange prompted the German War Ministry to take over the private trading that was to manage the business of selling the German plants and materials to China. On the Chinese side, a National Resources Commission was formed, dedicated to this barter trade, which was linked through the National Military Council to Chiang Kai-shek himself. In 1936, Nanjing set up a monopoly bureau for these two minerals, and put forward a three-year plan for heavy industry, centred on the German supply. Hitler put an end to this project abruptly in 1936, when he was about to form an anti-Comintern pact with Japan against the Soviet Union, and he encouraged German commercial interests to shift their focus to the puppet Japanese regime in Manchuria instead.

The 1931 'Mukden Incident' and Beyond

Background

Following the Meiji restoration of 1868, the modernized military forces of Japan emerged with a high degree of autonomy, and a great potential for exercising political power, under the nominal authority of the emperor. On becoming a modern economic and military power, Japan lost no time in endeavouring to join the club of Western imperialist nations, by taking over a weaker country (Korea), and a part of the territory of another (China) through military actions (the Sino-Japanese War of 1894-95, described in volume 1).

Ceding the Liaodong Peninsula, or southern Manchuria, to Japan was a part of the price China had to pay for losing that war to Japan. Although Germany, France and Russia together forced Japan to give up southern Manchuria, in exchange for 30,000 taels of additional indemnity from China, Japan took over the Russian lease of this territory, together with the Russian-built railway up to Changchun, after defeating Russia in the Russo-Japanese War of 1904-05.

The Russo-Japanese convention of July 1907, though publicly supporting China's independence and territorial integrity, secretly agreed to divide Manchuria into a northern sphere for Russia and a southern one for Japan. World War I in Europe, and China's political disintegration, gave Japan opportunities to carry out further encroachment on China, while the Bolshevik Revolution in 1917 removed Russia as a rival to Japan in Manchuria.

From 1914 onwards, Japan pursued a policy of rapid economic expansion in China. In 1914, Japanese investment, at 219.6 million US dollars, was 13.6% of total foreign investment in China. It ranked after Russia (16.7%), Germany (16.40) and Britain (37.7%), which, having invested 607.5 million US dollars in China, ranked number one. In 1931, the Japanese invested 1,136.9 million U.S. dollars, or 35.1% of the total foreign investment in China. Their investment was slightly less than that of the British, which was still number one. By 1936, Japanese investment in China surpassed that of the British by several percentage points. The bulk of the Japanese investments went to Manchuria, a region of China that had become, like Korea, a special target of Japanese overseas expansion from the early years of the twentieth century, if not before.

Soon after World War I, the Japanese felt their interests in China threatened by the rising tide of Chinese nationalism, particularly expressed as anti-Japanese imperialism associated with the May Fourth Movement. Their sense of insecurity grew with the rise of the CCP-allied National Party, which at first strongly supported anti-imperialism. Since Japan was seen as an aggressively imperialistic nation towards China, Chinese anti-imperialistic boycotts and strikes were often directed against Japanese interests in China.

During the decade of the Warlord Era (1917-1927), the Japanese tried to exploit China's troubled waters by supporting or bribing warlords, like Duan Qirui, with poorly secured loans to gain their political ends in China. In Manchuria, they manipulated Zhang Zuolin, the warlord who controlled China's three northeast provinces of Liaoning, Jilin, and Helongjiang as their puppet. In June 1928, when the Nationalist-led Northern Expedition was about to capture Beijing, Zhang happened to be at the head of the Beijing government at that point. The success of the Nationalist drive to unify China posed a critical new challenge to the Japanese overseas expansionists at home, and especially to the field-grade officers of their Kwantung Army stationed in Manchuria. Like the samurai reformers who, as junior members of the Japanese

aristocracy, had led the Meiji Restoration, these relatively junior military officers took the lead in the Japanese empire-building at this point. Their government was left with little choice other than to support their actions as a *fait accompli*. Finding Zhang insufficiently docile, officers of the Japanese Kwantung Army that were stationed in Manuchuria had him killed on his retreat to Manchuria, hoping their action would trigger further disorder in north China, and thereby invite direct military intervention by their home country. Instead, they found that Zhang Xueliang, the son and successor of Zhang Zuoling, had successfully pulled together the three provinces in Manchuria, together with an army of around 400,000, and brought them to join Chiang Kai-shek in a nominally united China under the Nationalist government in December 1928, despite Japan's strong objection to such a move.

The world economic depression that brought hardship to many in Japan undermined Japanese faith in the world economic order and the comity of nations led by the Western democracies, just when these nations were challenged by the rise of fascism in Germany and Italy. Fascism offered an alternative to democracy in building a modern nation. A world order guided by this ideology sanctioned the military buildup of strong nations for the purpose of conquering and ruling the weaker ones, for the benefit of the strong and aggressive. The fascist vision of the world rendered imperialism as developed by the Western democracies into an extremely virulent form. These developments reinforced the argument of those in Japan who favoured active acquisition of overseas bases for raw materials and markets. Seeing that Manchuria stood close to being lost to Japan, two young officers of the Kwantung Army, Colonel Itagaki and Lieutenant Colonel Ishiwara plotted, late in August 1931, to provoke an incident in Manchuria. Not deterred by the cautious stance of their civilian government in Tokyo, they intended to proceed with their plot, since their military superiors, both in Tokyo and in Manchuria, expressed no objection after they revealed their plans to them.

Japanese actions and Chinese reactions

On 18 September 1931, as night fell, they set off explosives on the tracks of the Japanese railway line north of Mukden (Shenyang), near a major barracks of Chinese troops stationed there. During the turmoil that ensued, more bombs exploded and fighting broke out between the Japanese and Chinese troops. The desired crisis duly emerged, enabling Colonel Itagaki to order a full-scale offensive against the Chinese barracks and the walled city of Mukden itself. On hearing of the crisis, General Honjo called out the Kwantung Army he commanded, and the Japanese commander in Korea independently ordered his forces to cross into southern Manchuria.

Japanese troops entering Mukden 18 September 1931 (*Wikipedia*: retrieved on 17 March 2024 from https://www.google.com/url?sa=i&url=https%3A%2F%2Fen.wikipedia.org%2Fwiki%2FMukden_incident&psig=AOvVaw1lBfkCSRoqJ6RVdOtg51_I&ust=1710793303931000&source=images&cd=vfe&opi=89978449&ved=0CBMQjRxqFwoTCPDhgeuP_IQDFQAAAAAdAAAAABAE)

In terms of the political situation in China, the Japanese could not have chosen a better moment to launch their aggressive actions. From May 1930, over one million Chinese armed forces had been involved in a war on the North China Plain, as a result a power struggle between Chiang Kai-shek on one side and the former warlords, Yan Xishan, Feng Yuxiang and Li Zongren, who had participated in the Nationalist-led Northern Expedition, on the other. These ex-warlords had the support of Chiang's rival Wang Jingwei inside the Nationalist party. The war ended in October 1930 in Chiang's favour, after Zhang Xueliang, who had been watching on the sidelines, threw in his Manchurian forces on Chiang's side. Soon afterwards, still in 1930, Chiang launched his first encircle-and-exterminate campaigns against the CCP's rural soviet in Jiangxi, as discussed previously. This was followed by two other such campaigns in April and June 1931.

As a result of the civil wars, a large portion of Zhang Xueliang's troops, having moved to northern China, were not available to defend their home base when the Japanese launched their attacks. In any case, defending Manchuria against the Japanese was not a part of Chiang's plan. After the start of the Mukden Incident, Chiang ordered Zhang Xueliang to withdraw all his troops to south of the Great Wall, so as to avoid the risk of having to confront the Japanese in battle, while he himself continued to focus on destroying his Chinese Communist enemies. Even when the Japanese broadened the war to areas beyond the South Manchurian Railway zone, Chiang remained unwilling to change the priority of his policy of 'first securing internal peace before resisting external foes'. Instead of a military response to the Japanese aggression, he appealed to the League of Nations, which sent a commission led by the British stateman, Lord Lytton, in

November 1931, to investigate the situation. While the Lytton investigation slowly took its course, the Japanese army advanced rapidly without hindrance to occupy all of Manchuria by the end of 1931.

In contrast to the military, the conquest of Manchuria was planned by, or was a policy of, the civilian-led Japanese government. Because of disagreements among its leaders, Tokyo failed to take effective action to rein in its army's political assertiveness. The Japanese government's wish to limit hostilities was soon trumped by the blitzkrieg on the ground in Manchuria, and by the political initiative of the Kwantung Army, which installed the last emperor of the Qing, the twenty-five-year-old Xuantong Emperor Puyi, who was living in the Japanese concession in Tianjin, first as the chief executive of the Japanese puppet state of Manchukuo (Manchuria) in March 1932, and later its emperor in 1934. In August 1932, the Japanese government recognized the state of Manchukuo. Before this occurred, political turbulence in Japan led to the 'patriotic assassinations' of some high officials of the Japanese government. Around that time, the Lytton report, which condemned Japan as an aggressor, was published. In February 1933, Japan left the League of Nations, when this organization endorsed the Lytton report.

Japan's further expansion into China: the January 28th incident and other Japanese intrusions

While Chiang Kai-shek would not resist Japanese aggression, on 28 January 1932 the Chinese people started so fierce a boycott against Japanese goods that it aroused the foreign leaders of the Shanghai International Settlement to call a state of emergency and deploy troops to defend the various foreign concessions. During that night, there was an exchange of fire between the Japanese marines, who went on shore, and the Chinese Nationalists' Nineteenth Route Army in Chapei (Zhabei), a poor Chinese neighbourhood. Denouncing this encounter as an 'insult' to the Japanese empire, the Japanese Navy bombed Chapei the next day. World outrage at the death of innocent civilians did not stop the Japanese from launching a large-scale attack, with three divisions of their forces, against the Chinese defenders, the Nineteenth Route Army. The courage and tenacity of this Chinese army, and another one, fighting against the Japanese in Heilongjiang did little to change the overall picture of the Japanese over-running large areas of China.

Not satisfied with taking over Manchuria, the Japanese army expanded into the Chinese province of Jehol (Rehe), southwest of Manchuria, in January 1932. By April it occupied Jehol entirely, as well as the strategic Shanhai Pass at the end of the Great Wall. From this point, troops could be transported readily to Tianjin and Beijing via a modern railway line. To consolidate their gain in northern China, in May 1932

the Japanese sent their troops into Hebei province and pushed the Chinese forces there to the Bai River located between these two cities.

Chiang at the helm in Nanjing

In the face of the continuing Japanese aggression, the Chinese leaders in Nanjing were so engrossed in their internal power struggles that they simply ignored the external threat from Japan. After Chiang's victory in the military showdown between him and his warlord rivals for power on the North China Plain late in 1930, he tried to concentrate power further into his own hands. Hu Han-min, one of Chiang's most senior rivals as well as a supporter in the Guomindang, strongly opposed Chiang's move to create a constitution for the tutelage period, to enshrine his dictatorial power legally. Chiang thereupon put Hu under house arrest. Chiang's other important opponents, and some of the defeated ex-militarists inside the Guomindang, rallied to Hu's support, and together they forced Chiang to resign his chairmanship of the Nationalist government and other important posts, around the middle of December 1931. The caretaker government, without Chiang and the support of the financial experts, and of the Whampoa generals loyal to Chiang, was powerless to face the Japanese onslaught.

About one month later, in January 1932, Chiang returned to lead the military side of the government, sharing power with Wang Jingwei, who took over the Executive Yuan and the Ministry of Foreign Affairs. Wang was a rabid anti-Communist and exceedingly well-disposed towards the Japanese. Seeing Communism rather than Japanese aggression as the greatest threat to China, Wang strongly supported Chiang's policy that committed huge manpower and material resources to the encirclement campaigns of exterminating the Chinese Communists in their Jiangxi Soviet. Neither would lift a finger to resist the Japanese. In the face of intensified Japanese aggression, they pursued a policy of endless appeasement, authorizing their local representatives to sign agreements on a ceasefire or truce on terms dictated by the Japanese.

Early in May 1932, Wang and Chiang authorized their local representatives to submit to the Japanese their demand for a neutral zone around Shanghai, and for the signing of a ceasefire agreement with the Japanese. Regarding north China, a demilitarized zone northeast of the Bai River was marked out by the Tangku (Tanggu) Truce, concluded between the Chinese authorities and Japan at the end of May 1933. In exchange, the Japanese troops were to withdraw to behind the Great Wall, except for those guarding the approach to Tangku for safe access to Beijing, an arrangement that had been laid down by the Boxer Protocol in 1901. Not satisfied with what they already had, the Japanese successfully pressed the Nanjing government to agree to pull its troops out of Hebei and Chahar provinces in June 1935. Later, in December 1935, again yielding to Japanese pressure, Nanjing established an 'Autonomous Political Council' to govern these two

provinces by a politically neutral Chinese general, meaning that he was neither a Nationalist official nor a Japanese puppet. Although none of the agreements in response to the Japanese demands recognized Manchukuo officially, nor ceded any Japanese-occupied Chinese territory to Japan, they demonstrated the Nanjing leaders' willingness to negotiate with these relentless aggressors, tolerating their *de facto* control of a large part of their country, without making any effort to organize resistance against them. Chiang and Wang's policy of appeasing the Japanese aroused strong opposition in China and resulted in further disunity and civil wars among Chinese leaders.

Anti-Japanese movements

Although Hu Han-min left Nanjing after Chiang released him from house arrest, he remained an active opponent of Chiang inside the Nationalist party. Hu characterized Chiang's policy of 'first securing internal peace before resisting external foes' as suicidal. He severely criticized Chiang's espousal of fascism for the purpose of strengthening his personal dictatorial rule. He exposed Japan's call for Chinese cooperation to build a 'Greater East Asia Co-Prosperity Sphere' as thinly veiled propaganda for Japanese imperialist aggression. In 1934, Hu and other influential 'patriotic' Chinese, like Sun Yat-sen's widow, Soong Qing-ling, urged the Chinese to go to war against Japan. The Japanese political initiatives to detach Inner Mongolia from China, and to extend the demilitarized zone set up after the Tangku Truce to the whole of Hebei province, prompted massive Chinese student protests and anti-Japanese demonstrations all over China in December 1935. Although the government did not put the influential people in prison for their anti-Japanese agitations, many others, including the student demonstrators, were locked up.

Acting on similar patriotic impulses, Feng Yuxiang in northwest China mobilized the people in his region to form a fighting force against the Japanese. After Chiang Kai-shek moved the Nineteenth Route Army away from Shanghai to Fujian because it showed too much determination to fight the Japanese, its leaders organized an independent government in Fujian that stood for uniting with the Communists against Chiang Kai-shek to fight Japan. Between 1934 and the middle of 1936, Chiang moved troops loyal to him to suppress these and other anti-Japanese military forces that challenged his leadership. As a result of Chiang's policy of fighting internal enemies instead of external foes, China was mired in civil wars, while Japan seized Chinese territory with impunity. Chiang's endlessly patient and yielding attitude towards Japan seemed to have exacerbated rather than softened her aggressive drive against China. During the winter of 1936, a fresh round of Japanese offensives brought troops from the Japanese puppet states in Manchuria and Mongolia, supported by Japanese planes and tanks, to Suiyuan, where the provincial Chinese troops put up a heroic fight to halt this invasion. The relentless Japanese military expansion into China, without

any formal declaration of war, made the Chinese at all levels of society realize that their nation was in grave peril, and that there was an urgent need for them to unite to resist a common enemy. These were the conclusions drawn by the Chinese Communist leaders in Yan'an, by Zhang Xueliang, and by many others.

The Xian Incident, and the Nationalist-Communist truce of 1937

Having lost the three northeast provinces after the Mukden Incident in 1931 and then Rehe in 1932 to the Japanese, Zhang Xueling was ordered by Chiang, in 1934, to lead the army which retreated from Manchuria against the Chinese Communists, first in central China and later against the Shaanxi Soviet with its headquarters in Yan'an. Although he was staunchly anti-Communist, he became unhappy at Chinese fighting each other, while making no move to defend China against Japanese aggression. The CCP's call for all Chinese to unite to fight a war against Japan touched a chord in him. Instead of fighting the Communists, Zhang had lengthy conversations with Zhou Enlai in the spring of 1936. Zhou convinced Zhang of the need to cease civil war, and to collaborate, even with Chinese Communists, to resist Japan. However, Chiang Kai-shek was still the head of the nominally united China, and his determination to annihilate the Chinese Communists before dealing with the problem of Japan remained the principal roadblock to this line of approach. To turn Chiang around, Zhang and some other generals hatched a risky plot, which they proceeded to carry out during Chiang's visit to Xi'an, where Zhang's forces were based. The purpose of Chiang's visit was to organize a military assault that would wipe out the Chinese Communists in Ya'nan once and for all.

On the night of 11 December 1936, units of Zhang's army raided Chiang's headquarters in the hills outside Xi'an, killing many of his bodyguards, and captured Chiang, in his night clothes, shaken and wounded, hiding in a cave nearby. In the morning of 12 December Zhang and his collaborators in Xi'an, issued a circular telegram to China's leaders of government, both central and provincial, the press, and various mass organizations, listing the important demands they had put to Chiang. They wanted Chiang most of all to stop the civil war and save the nation with a more broadly representative government in Nanjing. In addition, they wanted the Generalissimo to guarantee freedom of assembly, to encourage patriotic movements, to release political prisoners, including student demonstrators, to carry out the will of Sun Yat-sen, and to convene a National Salvation Conference immediately. At the same time, Zhang tried to strengthen his military position.

The Communist leaders in the Shaanxi Soviet were excited by the news of Chiang's kidnapping. While some wanted to see him killed, others regarded it as an opportunity to persuade him to form a united front

with the Communists once more, this time for the sake of resisting Japanese aggression. They sent a telegram to Stalin seeking guidance. With the Anti-Comintern Pact between Germany and Japan directed against Russia, Stalin wanted to see the emergence of a strong and united China as a counterweight against Japan. Stalin did not think highly of Zhang Xueliang, but favoured Chiang Kai-shek as the only man with the 'prestige' to lead a united front embracing the CCP and the Nationalists. Overlooking Chiang's implacable hatred of Communism and his campaigns to destroy the CCP and exterminate its members, Stalin advised the CCP to work towards Chiang's release.

After news of Chiang's captivity in Xi'an reached Nanjing, the reactions of the leaders there were divided between those who were inclined to secure Chiang's release through conciliatory negotiations, and those who advocated punitive military action against Zhang. In the end both these approaches were followed. On 14 April 1937, T.V. Soong, Madame Chiang's brother, spoke with journalists in Shanghai, assuring them that Chiang was not personally in danger in Xi'an; however, he stressed the importance of finding a resolution in the shortest possible time. Being related to Chiang by marriage and at the same time a friend of Zhang Xueliang, Soong was in a position to make such a statement. On 20 April, he flew to Xi'an to join the Chiangs. He flew back to Nanjing shortly after seeing Chiang, to reassure the government that the Generalissimo was safe and well. Then he returned to Xi'an on 22 April, to represent his brother-in-law in the negotiations.

On the punitive side, Zhang was dismissed from all his official positions, and was to be put on trial. On 16 April General He Yingqin (also Ho Ying-chin) was appointed as Commander-in-Chief, with instructions to assemble a special anti-rebel force to attack the rebel-held areas, which the air force was to bomb. However, on 18 April General He received a handwritten note from Chiang, commanding him to stop the attack. Meanwhile, 275 young generals, all graduates of Whampoa Academy, who claimed to represent 70,000 other graduates, sent a telegram to Zhang, warning him that should he harm their leader, they 'would not live under the same sky and sun with him'.

So that Zhou Enlai could participate in the negotiations, on 16 April Zhang sent a plane to fly him and some other CCP leaders to Xi'an. During the talks, Zhou presented a strong case for a national united-front government under Chiang's leadership, and this corresponded with the position taken by Stalin. On 19 December, the CCP issued a public declaration, calling for a national conference, with CCP participation, to take place preferably at Nanjing to thrash out the critical issues. As the talks continued, Chiang resolutely refused to put his signature to any written agreement. Chiang was released on Christmas day, after he gave his verbal assurance to the participants to stop the civil war, and to unite the Chinese to resist Japan. To show that his action was motivated by patriotism rather than opposition to Chiang, and perhaps to hold Chiang to his verbal commitments, Zhang flew to the Nationalist capital with Chiang's party on 26

December 1936. Zhang was court-martialled in Nanjing and put under house arrest for the next 50 years by Chiang, even after the Nationalist government moved to Taiwan.

Zhang found solace in religion and the arts, spending his time studying the Bible (he became a Baptist) and Ming dynasty literature, and collecting a large body of works of art by celebrated Chinese artists, who were either his fans or friends. Although mainland China hailed him as a patriotic hero, he never set foot in the Communist People's Republic of China (PRC) established in 1949, claiming that he wished to maintain his neutrality between the Nationalist and the Communist regimes. After gaining his freedom, he and his second wife settled in 199, in Honolulu, Hawaii, where he died at the age of 100 (or 101, if counted in the Chinese way that reckons a person's age as one year old at birth.)

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