

THE CHINESE EASTERN RAILWAY
STORM CENTER IN ASIA

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INTRODUCTION

The direction of future relations between the Soviet Union and Communist China is perhaps the most important question facing the world today. The sheer size and potential power of this alliance can be grasped by merely glancing at a map. The Moscow-Peking axis has linked up a land mass extending from the Stettin-Trieste line in Europe to the Pacific Ocean, an area roughly equivalent to one fourth of the land surface of the globe. In this area live nearly 900 million people, or more than one third of the world's population.¹ The two countries individually are giants with growing power and influence, either one of which would be a terrible enemy for any group of powers ranged against it. United they represent an alliance of enormous strength which is certain to increase if both countries are willing to put aside or compromise their differences and direct themselves toward common goals.

In many ways this is an unlikely alliance, and today it is probably by no means as solid as it might appear. It has been, and it undoubtedly will be, influenced and undermined by complex factors whose relative strength and importance is difficult to estimate. One of them is population growth and geographical proximity. In 1980 the Soviet Union is projected to grow into a nation of 280 millions, but at the same time its then-industrialized Chinese neighbor will have a population of one billion people. Thus China may one day appear to the Russians as a Frankenstein monster. Furthermore, the "Asia for the Asians" concept was clearly stated by Foreign Minister Chou En-lai

at the Geneva Conference in 1954 and did nothing to comfort the Soviet leaders.² In recent months the sudden return of Soviet engineers from China and the disclosures of unrest and disagreement at the conferences in Bucharest and Moscow in 1960 point out the realities of a possible Sino-Soviet break. Their common Marxist ideology may contain as much cause for dissent as for unity. It would seem at best to be a tenuous thread between the two in the rapid economic development of both countries. International and national pressures are sure to subject the relationship to more strain in the coming years.³

Even now China is demanding primacy in the Communist world, and as it grows industrially and militarily its demands are certain to find more support in the argument that China represents one quarter of mankind and has three times the population of the U.S.S.R. Russia may well feel uneasy about a China gaining influence and impressing its culture even on the Soviet satellites in Eastern Europe for the first time since the middle ages.⁴

In attempting to gain a true perspective of Russo-Chinese relations I have examined certain historical aspects of Russia's penetration into China in both the Tsarist and Soviet periods and China's subsequent reactions in the Manchu, Kuomintang, and Communist periods. The foreign policies on both sides run from callousness and vicious self-interest to almost naive idealism. Not only Japan but most of the world powers become involved.

The Chinese Eastern Railway was chosen as a focal point in the belief that it serves as a microcosm of Russo-Chinese relations for the past sixty years and that its history helps to indicate some basic

reasons for future dissent or unity between the Soviet Union and Communist China. The qualifications of the railroad for this purpose have been summed up by Mr. David Dallin who points out, in his book The Rise of Russia in Asia, that the C.E.R. has not been merely a means of transportation but that since its construction, around 1900, it has been a constant political problem and a sensitive barometer to the changing political atmosphere of the Far East. Built on Chinese soil in the vicinity of growing Japan and adjacent to the Japanese sphere of influence in Manchuria, this railroad - the only direct and natural means of transportation between Russia's center and the great industrial part of Vladivostok and the lifeline to a new, prospering region with a considerable Russian population - has absorbed most of the problems and difficulties of international relations in the extreme Orient. Mr. Dallin believes that the history of the Chinese Eastern Railway is actually the history of the multitude of Far Eastern struggles, problems, and wars.⁵

Many historians have pondered the question of the significance of this railway since it would appear unlikely to occupy such a prominent place in Far Eastern troubles. When Russia proposed to sell her shares to Japan in 1933 C. C. Wang noted in Foreign Affairs that the C.E.R. had bred trouble ever since it was conceived of in 1896. It led to the Russo-Japanese War of 1904, it continued for over thirty years to create international suspicion, it caused the "near" war between China and the Soviet Union in 1929, and at this time it again formed a bone of contention in the Far East. Mr. Wang asks how it happens that a railway with only 1,067 miles of single track, and annual gross receipts

normally of only about 40,000,000 rubles, at the pre-war rate of exchange, should be able to stir up so much trouble. Why should Russia's proposed sale attract attention the world over?⁶

The answer lies principally in the fact that the construction of the railway was the fulfillment of part of Russia's dream of access to ice-free ports and a final step in her historical drive to the east. Furthermore, the economic penetration of North Manchuria by means of the C.E.R. meant a sphere of influence in China's richest mineral and food producing area.⁷ It actually became the pivot of the entire economic picture in the east. It served both as the main artery in supplying Russia's Far Eastern peoples with products of North China and Manchuria and as a means of carrying goods to and from Vladivostok. The administration of the railroad was of primary interest to Russia even if its political value was ignored. Therefore, although the Russians could have, and perhaps should have, pulled out several times and left the railroad to China, the question of Chinese administration was too problematical and the railroad was too important.

However, the paramount issue was the strategic location of the C.E.R. It could not be allowed to fall into alien hands without creating serious dangers to Russia. Paralleling the Siberian frontier for approximately one thousand miles, it made possible the rapid concentration of an enemy army at any vulnerable point. Furthermore, the line flanked the Maritime Province, and its seizure would lead to the isolation of this rich area and Russia's only stretch of open coastline because it would make traffic along the Amur River almost impossible. Because the C.E.R. formed an integral part of Russia's

railway system and was built to suit Russia's strategic and economic requirements, its passing into other hands would be especially dangerous.⁸

This is a brief background to a problem which was compounded by the rise of modern Japan, the collapse of the Manchu, Kuomintang, and Tsarist regimes, the introduction of Communism to Russia and China, and the two world wars. In tracing the history of the Chinese Eastern Railway my intention is to attempt to point out long range Russian and Chinese goals and policies and to relate them to the question of future Sino-Soviet relations.

I would like to express my thanks to Dr. C. W. Turner for his guidance and helpful criticism; to Mrs. Martha Cullipher and the libraries of Columbia University, the University of Pennsylvania, Duke University, and the University of Virginia. My thanks also go to Mrs. Ernest Cummings who typed the thesis.

CHAPTER I
THE TSARIST PERIOD

Russia's Drive to the East

The Russian eastward movement began as early as the 15th century, in the era of Novgorod, with raids beyond the Ural Mountains. These thrusts were sporadic and uncoordinated, however, and it was not until the following century, when Moscow had become Russia's principal city, that a more systematic colonization of the east began.⁹ In the 17th century Russia became the first European country to come into contact with the Chinese in the region of the Argun River, a tributary of the Amur. Cossacks had been as far down the river as Kharbarovsk but had been driven back and were fighting the Manchus during Kang Hsi's reign. Negotiations between the two countries resulted in the Treaty of Nerchinsk of 1689 in which, interestingly enough, China asked for and got the right of extraterritoriality for her nationals who might enter Russian territory. Russia's advance was taken up again in 1847, and by 1860 she had advanced to the Pacific and was awarded a treaty which gave her Peter the Great Bay on which was founded the city of Vladivostok.¹⁰

By this time the Crimean War had revealed the dangers resulting from the enormous expanse of Russia's dominions in the Far East and from the lack of adequate communications with the capital for economic, political or military purposes. The first of these handicaps was partly removed by the sale of Alaska to the United States and by the concentration of Russia's colonizing efforts on the Ussuri-Amur

region. The question of communications was more serious. It was natural that the suggestion of converting the Siberian postal track into a railway should arise shortly after the war. This track had been in existence as far as the Amur since the 18th century and was later extended to the ocean.¹¹

Steamers had been used on the Siberian rivers since 1843, but the drawbacks resulting from the slowness of the traffic were so obvious that already in 1875 a scheme was proposed for a railway from Nizhni Novgorod on the Volga to the Pacific Ocean.¹² The Russians were encouraged by Bismarck's attitude at the Berlin Conference of 1878 and began to seriously consider the advantages that a trans-continental line would bring, notwithstanding the great problems involved in such an undertaking.¹³

By 1890 the Russian railway system had reached the Urals with three lines, to Tumen, Zlatoust-Miassa and Orenburg. After consideration it was decided to extend the central line from Zlatoust to Cheliabinsk in Siberia. On March 17, 1891, an imperial rescript was issued announcing the decision to build the Trans-Siberian Railway. This issue was immediately given priority over all other state affairs. For this purpose a special committee was created, and at the suggestion of Count Sérgius Witte, who was at this time the Minister of Communications, the heir to the throne (the future Emperor Nicholas II) was appointed head of the committee. This appointment assured few bureaucratic obstacles to the plan. Work on the railway began on May 19, 1891, and the tracks were opened in 1898, the first train going as far as Irkutsk from Russia and as far as Kharbarovsk from Vladivostok.¹⁴

The tracing of the railway line beyond Lake Baikal became the subject of hot discussions and several variations of the original plan were proposed. When one official suggested the abandonment of Vladivostok as the terminal and the deviation of the line via Kiakhta and Mongolia to Peking Witte came out violently against this plan. He saw clearly enough that the whole of Europe would oppose a Russian venture which made the capital of China the terminus of a Russian owned and controlled railway.¹⁵ He particularly stressed the point that the railway had not been constructed for military or political purposes but was primarily aiming at economic considerations. Witte did, however, approve of the idea of passing through Chinese territory and offered the suggestion of avoiding the great curve of the Amur by cutting straight across a part of Mongolia and North Manchuria to re-enter Russian territory not far from Vladivostok. He knew that the Chinese had been concerned about the railway potential of Manchuria and North China and had already employed British engineers to study this problem.¹⁶ Witte calculated that this direction would shorten the line considerably and greatly simplify its construction. The Amur route presented considerable technical difficulties and would also compete with the steamships operating on the river. The Manchurian route economized 514 versts (about 360 miles), and in comparison to the Amur region this area offered the advantages of a more productive soil and a milder climate. The problem then, consisted in obtaining from China the permission for carrying out this plan.¹⁷

After the initial thrusts to the east the aim of the Russian government was to secure Siberia from seizure or invasion from with-

out and to establish better communications between St. Petersburg and this part of the empire. With the building of the Trans-Siberian Railway, however, economic development became a prime motive. This change of policy coincides with the beginning industrial revolution in Russia. Thus the 1890s were a turning point not only as regards Siberian and Russian economic development but also Russian foreign policy in Asia and on the Pacific.¹⁸

The Battle for Concessions

Unexpected developments in the Far East helped Russia to obtain the concession for the railway which became known as the Chinese Eastern Railway. Korea, which had been a vassal state of China and a focal point of conflict between China and Japan for over a thousand years, was the immediate cause of the trouble. This ancient Kingdom was subject to westernizing influences by Japan and was torn by political unrest. The conservatives were opposing all innovation and looking to China for support while the liberals were seeking aid and protection from Japan to carry out reforms. Therefore, both Japan and China were involved in Korean affairs, and both sides agreed to notify the other should the sending of troops become necessary.¹⁹ Russia, alarmed by these disturbed conditions on the border of her Maritime Province, massed troops on the frontier, and England immediately seized Port Hamilton. The unrest led to open insurrection which broke out in May, 1894, against the Korean King who then appealed to China for aid. Two thousand Chinese troops were landed in Korea on June 10th,

and the Japanese were notified according to treaty provisions. Japan, however, claiming that notification came late, sent twelve thousand men. The Japanese suggested several times joint action for reform, but the Chinese took the stand that they alone would deal with the situation. War became inevitable and led to a crushing defeat for China.²⁰

The Sino-Japanese War ended in 1895 by the Treaty of Shimonoseki, which greatly altered the balance of power in the Far East. The stern conditions which Japan imposed in this treaty were in some respects even more distasteful to Russia than to China, especially the demand for the cession of the Liaotung Peninsula. At a meeting of ministers in St. Petersburg the affair was discussed, and it was decided that Russia's policy in these circumstances would be to maintain China's integrity at all costs and not to allow Japan to take any Chinese territory. Since Japan had won the war, however, she had to be compensated, and consequently China was induced to pay a heavy indemnity. China could not raise the money, and an international loan guaranteed by Russia was to be raised for that purpose. France and Germany both endorsed the Russian plan and on April 23, 1895, two weeks before the ratification of the Treaty of Shimonoseki, the three European Powers made strong representations to Japan, inducing her to give up all claims on Liaotung in return for an indemnity of 230,000,000 taels.²¹ The Japanese would also get Formosa and the Pescadores Islands. Japan was forced to accept these conditions as she was in no position to enter a new war. China got a loan of 400,000,000 francs, floated for the most part in France, under Russian guaranty.²²

Grateful for Russian intervention, China sent an embassy under her greatest statesman of the day, Li Hung-chang, to Russia for the coronation of the Emperor Nicholas II. Li's opinion of Russia is of special interest:

"I knew that Russia was a far reaching Empire, but I had to travel fully to know how immense and solid it is. There are vast plains and tremendous mountains, but there are no seas nor oceans coming in between, and I cannot help thinking how much more solid and substantial this Empire must be than the British Empire with its possessions and islands scattered like fowl over a large barnyard.... If Russia did not want to control us in all our home affairs what a strong alliance would be possible between us."²³
(underlining mine)

Because the money to pay the Sino-Japanese war indemnity had come from Paris, China was obliged to grant a concession to a French company for the extension of the Indo-China Railway into South China. This set the stage for Russia to obtain a similar concession in the North. There was a precedent, and this is what Russia required for the complete accomplishment of her plans.²⁴ There was also a rumor circulating at this time, which official denials seemed to strengthen, that Russian influence was behind the Belgian syndicate which procured the railroad concession from Peking to Hankow, the theory being that Russia's design was to use this as a lever to gain her own concessions.²⁵ Great Britain was also sufficiently aroused to send two parties to China to consider the building of a railroad in her own "sphere of interest".²⁶

With Li Hung-Chang a guest in Russia, this was clearly the moment for raising the question of a railway through Manchuria. When Witte

approached Li Hung-Chang with his plan, Li warned the Russian statesman not to try to go south of the line along which the Trans-Siberian Railway ran. He feared both international repercussions and the hatred of the ignorant Chinese masses for white intruders.²⁷ Witte was persistent, however, and Li finally gave in. Although Witte later ardently denied that Li Hung-Chang had been bribed, some writers maintain that he authorized Prince E. E. Ukhtomski, A. Rothstein, and P. M. Romanov to sign a protocol promising Li three million rubles, the first million to be paid when the concession was approved by the Emperor of Russia.²⁸ At any rate, negotiations began conducted by Prince A. B. Lobanov and Witte on one side and Li Hung-Chang on the other and resulted in the treaty of 1896 known as the Li-Lobanov Treaty. The treaty itself was kept secret, but on October 30, 1896, the North-China Herald published what came to be known as the Cassini Agreement, named for Count A. P. Cassini, the Russian Minister to Peking. This agreement, however, was actually no more than the ratification in Peking of the railway agreement of September 8, 1896.²⁹ In order to avoid the appearance of China's having entered an alliance with Russia, or of having been pressured by that country, the contract was signed at Berlin on September 8, 1895. Article I declared that in case of Japanese aggression against China or Siberia both parties were to help each other with all available military resources, and Article II stated that no treaty of peace was to be concluded by either party without the consent of the other. Chinese ports were to be open to Russian warships. By Article IV, Russia obtained the right to build the projected railway across Manchurian territory to Vladivostok "in

order to facilitate access for the Russian land forces, to the points menaced".³⁰ China, as was customary at this time, offered to build the railway with Chinese money, but this was declined. The Russians, on the other hand, carefully stipulated that the military alliance only became effective when the railway features of the treaty were confirmed by the Emperor of China.³¹ The right of transportation for Russian troops was accorded for peace time as well as for war time, but the function of this railway with the railways of Russia was not to serve as a pretext for any encroachments on Chinese territory. The military and political importance of such a line was obvious, however, Russian offices had to be set up in Manchuria, and an armed railway guard had to be stationed there. The treaty clearly opened the door to the penetration of Manchuria by Russia, even though the Russians professed purely economic and strategic aims which would not in any way endanger Chinese sovereignty.³²

It was in order to avoid international problems that Witte and Foreign Minister V.N. Lamsdorff tried to promote economic expansion in Manchuria without interfering with Chinese rights. They tried to keep foreign industrial investments out of Manchuria. They considered the building of a railroad as far south as Peking, and they sought to obtain from China as much land as possible around the Chinese Eastern Railway. They insisted on keeping Russian armed guards and officials in all the settlements along the railway and, they wished, if possible, to draw out the occupation of Manchuria until the railway was completed.³³

The contract for the construction of the railway was signed in September, 1896. The Chinese government was to share in the expenses

to the amount of 5,000,000 Kuping taels. The railway was to be completed in six years and to be of Russian railway gauge. The land over which the railway was to pass would be furnished by China, and the railway company was to have the complete right of administration of this territory including the erection of buildings and the establishment of telegraph lines. Merchandise being shipped from one Russian station to another was to be exempt from duty and Russian troops being transported on the line were not to be stopped on the way. The railway was to be built and operated by the Chinese Eastern Railway Company, established by the Russo-Chinese Bank, and the president and other high officials of the company were to be appointed by the Chinese government. The clause concerning the bank was inserted at the insistence of China so that the railway would not be operated by the Russian government, but Russia evaded the clause by the Russian Finance Ministry acquiring the controlling interest and also the shares of the bank.³⁴ The Russians were careful about extending a too-obvious influence over the railway, and it was not until 1902 that the Russian government purchased enough shares to control 53 per cent of the company.³⁵ In many cases, however, the Chinese were actually prevented from purchasing shares in the railway since these shares were printed in St. Petersburg and were bought up by the Tsar's agents as soon as they came off the press.³⁶ The contract also stated that by fully repaying the capital invested in the railway, the Chinese government reserved the right of buying back the line after thirty-six years although the Russians calculated that in order for China to redeem the railroad after this period of time she would have to

pay a sum not less than 700 million rubles.³⁷

M. A. Gerard, who was at this time the French Minister to China, saw the entire treaty in the spring of 1897 and considered it a virtual surrendering of China to the benevolently despotic military protection of Russia.³⁸

Rewards and Broken Promises

The building of the C.E.R. was difficult due to a total lack of reliable geographical and topographical data; yet it took less than five years to construct and equip this complicated line. An American observer of the construction of this railway noted that there was no wasting or scattering of Russia's forces or energies. From the aspect of money spent and results accomplished, Russian attainments vastly exceeded those of all the other nations combined who were building railroads in China.³⁹ 28,562,600 rubles were spent in the construction of the railway, and about 4,000,000 rubles was spent for surveying.⁴⁰ The entire line is 1,073 miles in length, branching from Harbin to Changchun to join the South Manchurian Railway, the branch line measuring 202 miles. The western section of the C.E.R. from Manchuli to Harbin is 584 miles long; the eastern section from Harbin to Kwanchengtzu, 148 miles; and the colliery line to Chalanor is five miles in length.

Economically the railway proved to be of great importance to Russia. When traffic was opened in 1902 there was approximately a quarter of a million tons of merchandise transported. By 1912 the

figure had risen to about one million tons per year. Two hundred thousand Russians settled in the zone, and this resulted in the founding of various industrial and commercial enterprises, including thirty-three mills. Also, by two agreements between Russia and the Chinese provincial administration of Heilungkiang and Kirin in 1907, details were worked out for the exploitation of coal mines, gold mines and forests in the region of the line, and the railway was provided with coal from the Dalai Nor coal fields.⁴¹

The C.E.R. also served as a powerful attraction for Chinese immigration. The Chinese introduced agriculture and helped to make the formerly deserted Northern Manchuria one of the most flourishing regions of the Far East. The railway attracted a seasonal migration of 150,000 unskilled laborers. These were followed by permanent settlers who started moving northward into the more deserted parts of Manchuria beyond the railway zone. They were penetrating dangerously into the region where China curves into Siberia. Russia had thus created for herself a potential problem for the future.⁴²

Even before the completion of the railway, Russia's policy toward China became erratic, and she took a leading role in the disgraceful "grab-and-take" period. Every excuse was used to extend the meanings of the Li-Lobanov Treaty. In his Memoires, Witte admits the shameful way in which the Tsarist government began to freely break Russia's promises to China. Following the entry of a Russian squadron into Port Arthur, Russia suddenly demanded a twenty-five year lease on Port Arthur and the neighboring city of Talienswan and the right to build a branch of the Chinese Eastern Railway southward to these two

cities. She also turned her attention to the question of the administration of the railway zone. She first demanded the right to collect taxes and try the legal cases of her own citizens. Later, however, she attempted to extend this right not only to Chinese citizens but also the citizens of other nations. Because of American, British, and French opposition she was forced to modify these demands and come to an agreement with each country.⁴³ China fared badly. Li Hung-Chang, who at the time of the conclusion of the treaty of 1896 had warned Russia of the danger of going south in Manchuria, strenuously opposed these new demands. China finally had to give in, however, and Russia secured the new concessions by an agreement signed on March 15, 1898.⁴⁴

The clause of the agreement concerning the railway gave Russia the right to construct a line from Talienswan and Port Arthur to a station on the Trans-Siberian line. This became the South Manchurian branch of the Chinese Eastern Railway and subject to the agreement between China and the Russo-Chinese Bank of 1896; it was to cost about 375,000,000 rubles. The Russians apparently intended, in the extension of the C.E.R. through Manchuria, to use it as a means not only to peacefully penetrate China but also to prevent any other power from gaining a foothold of any nature, economic or political, in any of the Chinese provinces bordering on Russia.⁴⁵

The shameless Western attitude toward China had a deep effect on the feelings of her people. The Chinese, having seen their country more and more encroached upon by foreigners, responded by the uprising known as the Boxer Rebellion. The Boxers attacked the South Manchurian

branch of the C.E.R., which was under construction, and the Manchu general stationed at Aigun assaulted Blagoveschensk, a Russian city across the Amur River. The Russians later retaliated here by forcing 3000 Chinese into the Amur to drown.⁴⁶ This insurrection played right into Russia's hands. The revolt and the destruction of part of the railway led to the military occupation of Mukden and Newchwang. As many as 180,000 Russian troops were immediately poured into Manchuria. With the foreign legations in danger, troops were also moved rapidly from Port Arthur to Peking. The European powers were now in the paradoxical position of encouraging Russia's advance in China in view of the danger to Europeans there.⁴⁷ Manchuria was now treated virtually as a conquered country. In December, 1900, an agreement was signed in accordance with which the Chinese disbanded their forces in Manchuria and gave up all military posts and arsenals there. Russian influence had greatly increased.⁴⁸

Japan Halts Russian Expansion

After the settling of the Boxer crisis the question arose concerning the evacuation of the regions in Manchuria occupied during the emergency. Alarmed by Russia's imperialistic attitude, Britain and Japan signed the Anglo-Japanese Alliance in London on January 30, 1902. Its reception caused Russia to modify her position in Manchuria very seriously. The Russian and Chinese Governments came to an agreement on April 8, 1902. Chinese authority in Manchuria was to be restored as it existed before the occupation; China was to protect the Chinese

Eastern Railway, to observe all obligations in accordance with the Li-Lobanov Treaty, and guarantee the safety of all Russian subjects in Manchuria.⁴⁹ Russia was to evacuate Manchuria in three stages, each to last six months if there was no trouble and no interference from any foreign power. This last clause served as a pretext for delaying the evacuation.⁵⁰ Finally, Sino-Russian cooperation was to take place during and after the evacuation period.

Japan, who had long been watching with suspicion Russia's moves in the Far East, suddenly, without any declaration of war, attacked the Russian fleet at Port Arthur Feb. 6, 1904 and the Russo-Japanese War began. This resulted in a disaster for Russia and evidenced the near moral breakdown of the country. Russian military forces did not score a single victory. The discouraged and ineffectual Nicholas II sued for peace at a particularly inopportune moment, and it took the combined skill of Witte and President T. R. Roosevelt to secure tolerable peace conditions. The Treaty of Portsmouth, which Roosevelt called only a truce, signed on September 5, 1905, recognized Japan's special interest in Korea and Russia and Japan both promised to evacuate Manchuria simultaneously except for the leased Liaotung Peninsula where Japan took over Russia's rights. Among other concessions, the southern branch of the Chinese Eastern Railway between Changchun and Port Arthur with all mining and other rights was handed over to Japan.⁵¹ The dispute and the settlement between Russia and Japan took place without the least regard for China's rights. Manchuria was, in effect, looked upon as a no-man's land. China was not even consulted about the annexation of the southern branch of the railway.⁵²

Russia Consolidates Her Position in the Far East

Russian prestige suffered greatly because of her defeat by an Asiatic country, but her Far Eastern policy began to follow a wiser course. Through conventions with Japan and England in 1907 she clarified her position in Asia and contented herself with her own sphere of influence. She even considered selling the Chinese Eastern Railway. Some months after the signing of the Portsmouth Treaty, American businessmen were approached by Russian officials of the C.E.R. with the suggestion that Russia might consider selling this line. Japan, however, proved unwilling to sell the South Manchurian Railway even if Russia were to sell the C.E.R.⁵³ The plan was dropped when in 1909 Secretary Knox proposed that both the C.E.R. and the S.M.R. be internationalized.⁵⁴ At the same time an Anglo-American consortium had obtained a concession from China for a railway cutting across the Chinese Eastern Railway to Aigun on the Amur River. The consortium was reportedly also considering the purchase of both the C.E.R. and the S.M.R. This caused Russia and Japan to come closer together, and the Russo-Japanese Convention of 1910 was the result. The maintenance of the status quo, as set by the Agreement of 1907, and the promise of mutual non-interference was ardently stressed.⁵⁵

Russia ultimately reserved for herself the northern part of Manchuria, through which passed the Chinese Eastern Railway, and the adjoining Outer Mongolia. She consolidated her position in the zone of the railway by occupying the area with a corps of about thirty thousand men camouflaged as frontier police and customs guards. She undertook to make the best of the privileges of the railway contract

of 1896 and reasserted her rights with regard to the administration of the railway zone.⁵⁶

Russia's rights in Manchuria, legally a province of China, were based solely on the agreement concerning the Manchurian railroads by which China had agreed to cede to Russia, for the duration of the Russian ownership of the railroads, lands necessary for the building, maintenance, and guarding of the lines; the lands to be free from estate taxes, and the companies to possess the exclusive rights to administer its lands.⁵⁷ China had been generous at the beginning and agreed to lease to Russia a large belt of land along the railroad tracks, especially at points where stations were to be built. This leased territory was so extensive that cities of considerable size soon emerged in the Russian-owned areas. The situation had become paradoxical: all the cities in this part of China stood on Russian soil, and there were no cities which did not adjoin the Russian railroad tracks.⁵⁸

The main railroad offices were located in Harbin, and before long they developed into a sort of Russian government of Northern Manchuria. New departments for schools, health, and churches were opened as well as a foreign office. New high schools were opened, a university was established at Harbin, and three Russian newspapers were published.⁵⁹

Chinese control over Manchuria lessened and Russian influence increased between 1900-1911. New pressures were exerted and new privileges were granted. In connection with coal mining, all mines on both sides of the tracks for a distance of 19 kilometers were re-

CHAPTER II

THE C.E.R. AFTER THE REVOLUTION

The Bolsheviki Seize and Lose Control of the Railway

When World War I broke out, it was estimated that as many as 60,000 Russian troops were illegally stationed along the Chinese Eastern Railway in addition to 30,000 more in Harbin.⁶³ During the course of the war a large portion of these troops were transferred to the western front and only about 10,000 were left to guard the line. Following the Revolution there was a split in allegiances among the remaining troops, and General Horvath, the White Russian manager of the railway, established in the railway zone, in Chinese territory, a Russian Provincial Republic, assumed governmental functions, and arrogated to himself the title of President of Russia. He intended to use North Manchuria as a base of operations against the Bolsheviki.⁶⁴

The political struggles which had developed in Russia were reflected in the east. There were revolutionary groups among the workers and intellectuals of North Manchuria, and the political strikes, street demonstrations, and arrests which occurred there were on the Russian pattern.⁶⁵ Horvath began to have trouble with the pro-Soviet troops and the railway workers. A Soviet of Russian soldiers stationed in the region had emerged in Harbin at the beginning of the Revolution. This Soviet participated in the Russian Soviet congresses and, during 1917, evolved, as did most of the soviets in large Russian

cities, from moderate socialism to the left. On December 12, 1917, on general instructions from Russia, a group of Bolshevik agents, including worker's and soldier's delegates, managed to seize power in the region, take over the administration of the railway, and dismiss the former officials of the company. The C.E.R., which dominated the political and economic life of North Manchuria, became the object of a struggle between the Soviets and the Whites.⁶⁶

As soon as it had become evident that General Horvath's authority over the railway was crumbling, the foreign consular body in Harbin, on November 22, 1917, had drawn up a formal program of allied military intervention in case Chinese military police proved unable to handle the situation. The Chinese Government, fearing that the Soviets would conclude a separate peace with the Central Powers, informed the consular body that China would not allow Bolshevik participation in the administration of the railway zone. Prompted by the foreign consuls, China sent 7,000 troops to the region. The Chinese still hesitated, however, and the British, French, American and Japanese representatives called upon the local Taoyin to demand action.⁶⁷ Finally on December 18, 1917, Chinese officials in Manchuria seized part of the C.E.R. and sent 3,500 troops to Harbin to protect the de facto railway management.⁶⁸ The Governor of Kirin Province sent an ultimatum to the delegates asking them to surrender full control of the railway and disarm themselves. The ultimatum was accepted and the Bolshevik troops were deported to Siberia. Despite Soviet protests, the Chinese Government immediately established military police throughout the Russian settlement, set up bureaus for the examination

of passports at Harbin and at frontier stations, and laid an embargo on exports from Manchuria into Asiatic Russia.⁶⁹ On January 2, 1918, Kuo Hsiang-hsi, the Governor of Kirin, was appointed President of the C.E.R.

Leon Trotsky, then Commissar for Foreign Affairs, issued a vigorous protest against the Chinese military occupation of the railway zone. From the legal point of view, however, the railroad might have passed to China after the 1917 Revolution. When the Soviets took power, they disowned all treaty privileges and obligations entered into between the defunct monarch and other countries. Thus when no treaty governed the Chinese Eastern Railway, the Chinese Government could have been justified in taking back the line by assuming all obligations to her creditors, notably the Paris bankers. However, even when the Bolsheviks dismissed Horvath it was declared that the official functions of the railway were to be discharged by China according to her previous treaties.

Allied Intervention and the Inter-Allied Board

In May, 1918, Japan proposed to land a force in Siberia to check Bolshevik influence there. The other Allied nations had no alternative but to send their own forces to maintain a check on one another's interest and influence in China. The Japanese had not viewed China's taking over of the C.E.R. with comfort, for they did not believe that the Chinese troops would be able to maintain order in the railway zone. Although Japan had obvious imperialistic designs on Manchuria she entered into a military alliance with China which seemed to condone Jap-

anese militarism in the Chinese Eastern Railway zone.⁷⁰

The administration within the zone itself proved to be exceedingly difficult because of the scarcity of competent Chinese officials and because of the movement of 60,000 Japanese troops into North Manchuria whose presence was justified by the terms of the Sino-Japanese military conventions.⁷¹ When the Japanese could not reach an agreement with Horvath, they entered into negotiations with cossack groups in Siberia. Their aim was to set up a strong anti-Bolshevik government and to stop all Bolshevik propaganda. In Manchuria the Japanese troops seized China barracks and attempted to displace the Chinese forces which had been guarding the Chinese Eastern Railway for several months.⁷²

In the meantime, Colonel John F. Stevens and his party of two hundred American railway engineers had been waiting to be called to take over the management of the Chinese Eastern Railway and the Siberian lines. Stevens had originally been invited by the Kerensky government to reorganize the railway and to manage it until a government recognized by the Allies could be established. He and his group arrived in Harbin in March, 1918. Stevens' efforts were obstructed by Harvath and by the Japanese who refused to approve this arrangement and began an anti-American propaganda campaign. Japan began to ship goods duty free on the C.E.R. and on the Siberian railways. In Washington the United States Government protested these actions through the Japanese ambassador, and for a time war between the two countries hung in the balance. The conservative elements in Japan, however, refused to risk a war and Japan soon complied with the plans

of the Allies.⁷³

In order to counteract the confusion and intrigue in the Far East, the Inter-Allied Board was organized. Represented at its formation in January, 1919, were China, France, Great Britain, Italy, Japan, White Russia, and the United States. Actually, there were two boards, one to study technical problems, the chairman of which was Colonel Stevens. The other was a military board headed by Major General Shibo of the Japanese army. The Allied governments reached an agreement concerning supervision of the entire Siberian railway system, including the C.E.R. Since the route for the Allied expedition into Siberia had been the Chinese Eastern and the Ussuri Railways by way of Vladivostok, it was proposed that these railways plus the Siberian lines be placed under Allied management.⁷⁴ In April the Allied commanders meeting at Vladivostok agreed to apportion the responsibility for the military protection of the railways. Chinese troops were to guard the entire C.E.R. from Nikolsk to Manchuli and from Harbin to Changchun in the south. One thousand American troops were also to be sent to Harbin. Japan, however, retained her forces in the railway zone, and it became increasingly apparent that she was eager to succeed to Russian rights of control over the railway. At Versailles V. K. Wellington Koo objected to the presence of the large number of Japanese troops in Manchuria, but the Japanese claimed that this was in accordance with the Sino-Japanese agreements of 1918 and promised to withdraw the troops as soon as it was safe to do so.⁷⁵ It took the combined opposition of the Allied Technical Board, in actual control of the railway, and a formal warning by the representatives of Great

Britain, France, and United States, China, Russia, and Czechoslovakia to thwart the Japanese ambitions.⁷⁶

No matter how efficient, China did not like the Allied administration of the C.E.R. She felt that only herself and Russia could claim a true legal interest in the railway. It was also feared that this control over the railway could lead to international control over all of China's railways. Although the Chinese certainly wanted to take over the line at some future date, they were moodily willing to admit that because of Russian economic interests this ultimate control would have to be postponed for a time.⁷⁷

An attempt was made at the Washington Conference to solve the question of the Chinese Eastern Railway. Two sub-committees were organized to study the problem and to make reports. The members of the Technical Committee clashed with Chinese members when it was decided that the status of the railway was determined by the 1896 agreements. The report held that since the necessary funds for the construction of the C.E.R. were furnished by the Russian Government and it was built under the direction and supervision of that government, acting through the railway company, the line was, in effect, the property of Russia.⁷⁸ The Soviets, ironically enough, protested the question of the C.E.R. even being taken up at the Washington Conference. In a note of December 8, 1921, the Soviet government declared that the affairs of the railway concerned only the Soviet and the Chinese Governments and that former agreements would remain in force until new agreements were reached.⁷⁹

It was decided at the Conference that the Inter-Allied Agreement

CHAPTER III

RUSSIA'S CHANGING FORTUNES

The Benevolent Soviets

It was at the darkest moment of her existence, when she was isolated, encircled, boycotted, and attacked by the Western Powers and Japan, that Soviet Russia tried to embrace China in a hug of friendship. The principal gesture was made by Leo Karakhan, Deputy Foreign Commissar, on July 26, 1919, in the form of a declaration addressed to the people of China and to the governments of North and South China. Concerning the railway the declaration read: "The Soviet government returns to the Chinese people, without demanding any kind of compensation, the Chinese Eastern Railway, as well as all the mining concessions, forestry, gold mines, and all the other things which were seized from them by the government of the Tsars."⁸¹

The declaration was enthusiastically received by the Chinese people, especially by the intelligentsia. At that time China was smarting under the Treaty of Versailles, which assigned to Japan the former German interests in the Chinese province of Shantung. They were disappointed by the West, and caught on the rebound by the declaration, naturally felt warmly toward Russia which offered to treat their country on the basis of justice and equality. The offer concerning the railway was particularly sensational since it was interpreted as restoring full Chinese control over the strategic zone that cut across North Manchuria and lessening the effects of Russian colonization, which had continued for twenty years.⁸² The Chinese Govern-

ment, however, assumed a skeptical attitude, and one reason was that by March, 1920, Peking had already recovered effective control over the C.E.R. which had come back under Chinese protection and control even earlier. Other reasons were that the Sino-Japanese pact of 1918 prevented China from acting on it, and also, there was sure to be Allied opposition if she did.⁸³

The great mystery over the Karakhan Declaration began when it was published in Izvestia on August 26, 1919, and the C.E.R. was not even mentioned. The Soviets started to deny the statement immediately after it was made. This proved to be difficult to do because there had already been a precedent to this offer. In July, 1918, Chicherin, at that time Commissar for Foreign Affairs, announced that:

"We have notified China that we relinquish the conquests of the Tsarist government in Manchuria, and that we recognize Chinese rights in this territory, where the principal trade route runs, namely, the Chinese Eastern Railway. The railroad, which is the property of the Chinese and Russian peoples, has already devoured millions of the money of the peoples, and therefore of right belongs to these peoples and to nobody else. More than this, we are of the opinion that as the Russian people advanced funds to defray part of the expenses of this railroad, these should be repaid and China buy the railroad outright, without waiting for the terms embodied in this particular treaty violently imposed upon China."⁸⁴

Exactly why the Russians began to deny the original statement is not quite clear, but it is certain that during the year following the dispatch of the Karakhan Declaration, the Soviet Union had undergone definite changes for the better. When she took steps toward a Sino-Soviet rapprochement she had already freed herself from foreign mil-

something is missing and something added to the original declaration. There is no mention of returning the Chinese Eastern Railway without compensation and there is a demand for attention to the needs of the U.S.S.R. and the participation of the new Far Eastern Republic at any settlement.

Prior to the Second Karakhan Declaration other Russian officials made statements in which the changed tone of Soviet proposals could not be mistaken. G. Medvedev, President of the Provisional Government of Vladivostok, said of the Chinese Eastern Railway:

"The Republic repudiates in their entirety the imperialistic aims of the former Tsarist government in the matter of the C.E.R., particularly the scheme of colonization and Russification of Chinese territory in Manchuria through the agency of the railway. The Chinese Government must prevent reactionary elements from using Harbin and the headquarters of the railway as a base for counterrevolutionary moves directed against the Provisional Government. Russia's financial and economic interests, with regard to the C.E.R., must be maintained."⁸⁸

This is significant because it is the first public reversal of the "hands off" policy of the holdings outside of Russian boundaries. It had not been suggested formerly that Russia's interests would have to be guaranteed by China before she could assume full control of the line.

Why the change and was there actually a change? In 1924 an Izvestia commentary explained that the original Sovnarkom decree had been drawn up at a meeting of Chinese workers in Moscow and had been re-edited there. This is quite improbable because no meeting of Chinese workers was reported in the middle of 1919 except that at which the statement had been read, a month after it had been drafted.⁸⁹

The prestige of Soviet Russia was never so high in China as in 1919. Only the Soviet Government itself could destroy this prestige and this it did. Tsarist imperialism was transformed into a Red imperialism.⁹²

Diplomatic Missions: Failure and Success

Despite the definite improvements in her internal and foreign affairs, the Soviet Union was aware of the need to actively woo China. However, missions headed by experienced diplomats Ignatius Yourin and Alexander Paikes failed chiefly because developments in Mongolia, where the Soviets had supported the drive for Mongolian independence, had shattered China's faith in the sincerity of the Soviet Government.

When Paikes departed from China, the Genoa Conference, convened solely for the purpose of discussing the issue of Soviet repudiation of Tsarist debts, had just broken down. The failure of this conference constituted a serious block to recognition of the Soviet Union by other countries and was an added reason for the eagerness of the Soviets for the recognition of Far Eastern countries.

Shortly after Paikes return, Moscow appointed another diplomatic mission to China, this time under the direction of Adolph Joffe, one of the foremost Soviet diplomats. Unlike his predecessors, Joffe was authorized to settle all major questions with China including that of the Chinese Eastern Railway. Joffe was amiable and popular with the Chinese intelligentsia, but his stand on Mongolia and his statements concerning the C.E.R. made any official agreement impossible. In a note to the Waichiaopu he charged that K. Ostroumov the General

Manager of the C.E.R., had been guilty of corrupt practices and demanded that he be arrested and brought to trial. The attacks on Ostroumov were obviously of purely political motives, and the charges made against him were part of a Soviet attempt to intimidate China into substituting a Moscow nominee for the post.⁹³ Regarding the rumors that Soviet troops were massing on the frontier to seize the C.E.R., Joffe denied them and added: "for one reason, if for no others, that, in its actual state, the Red Army needs no preparations to occupy the Chinese Eastern Railway".⁹⁴

The Russian press, however, explained Russia's interests more thoroughly than did Joffe's speeches. Izvestia showed concern for both the political and the economic advantages to be gained by reaching a settlement:

. . . "Russia is materially interested in settling the question of the C.E.R. which has cost Russia almost 500,000,000 gold rubles. In the past, the C.E.R. was a costly and criminal venture. Now it is a sad heritage of Tsarism which involves not only the outlay of money for equipment, rolling stock etc., but also hundreds of thousands of Russian colonists in Manchuria who serve the needs of the C.E.R. and to whose future and interests Soviet Russia cannot at all be indifferent.... Soviet Russia continues to stick to the viewpoint of the necessity of settling the question of the C.E.R. to the interests of both China and Soviet Russia, because only from the same point of view can the most expedient solution of the question of the C.E.R. lead to equal and normal Russian-Chinese relations in Manchuria."⁹⁵

After five months of futile negotiations, Joffe left Peking and proceeded to Shanghai where he had conferences with Dr. Sun Yat-sen concerning the future of Communism in China.⁹⁶ These meetings with Dr. Sun resulted in a non-official statement which became known as

Railway were seized after being charged with Communist propaganda activities. In September General Chang ordered the river flotilla belonging to the railway seized on the grounds that nothing but the railway proper was to be controlled jointly under the Mukden Agreement. In December he had the educational fund of the railroad divided between himself and the Russians. Under Chinese pressure, Lashevich, the new general manager, also agreed to have the dividends of the railway divided in accordance with Chinese wishes.¹¹¹

With Chang Tso-lin trying to restrict the influence of the C.T.R. in Manchuria, the success of the Soviet mission under Borodin proved to be the cause of its own undoing. The Asiatic nationalist revolutionary movements had come under the leadership of moderate elements representing the middle class intelligentsia. These were anxious to secure Soviet technical aid, but on the other hand, were fully aware of the danger of anarchy resulting from the penetration of Communist ideas among the masses. Thus, seeing that Soviet aid also meant a dangerous undermining of the social structure, they turned against the Communists.¹¹²

Chiang Kai-shek, now Commander in Chief of the Kuomintang, had acquired sufficient strength to attempt to overthrow the domination of the left wing of the party. Accusing the Soviets of intrigue and of attempting to use China for their own end and of fostering a world revolution, he staged a bloody coup against the Communists on December 15, 1927. Diplomatic relations with Soviet Russia were severed, and all Soviet citizens were expelled from South China. The Soviet Consul General was arrested and the Vice-Consul was shot. Similar

and an order was issued to cease the raising of the railway flag, which was a combination of the Chinese and Soviet flags. With the death of the moderate Chang Tso-lin, the Russian position in the railway zone had become precarious.¹¹⁶

Relations between the Soviets and the Manchurian Government became more strained when, in March, 1929, Chang Hsueh-liang refused to negotiate with the Soviet Consul General Melnikov without the participation of Chiang Kai-shek's government which the Russians detested. On May 27, Russian and Chinese officials were arrested in the offices of the Soviet Consulate in Harbin. The Foreign Office in Moscow issued a sharp warning against such outrages, but the Chinese, as in a raid before Chiang's coup in 1927, announced that Communist literature had been found on the raided premises, and that Soviet officials in Manchuria were engaged in propaganda. Foreign diplomats viewed this action as a clear pretext for taking over the Chinese Eastern Railway, and the American Consul at Harbin reported that there was much talk to this effect. He believed that the Japanese would try to stop this move since it could be used as a precedent against the Japanese lines.¹¹⁷

In July, 1929, Chiang Kai-shek, Chang Hsueh-liang, and a number of officials met in Peking. It was apparently decided to seize the railway and instructions were sent out to the Chinese generals in North Manchuria. On July 10, the Chinese took over the railway, the Russian general manager was removed from his office, the railroad worker's union was banned, and several Soviet offices were closed down. A Soviet ultimatum that all Russian citizens should be released

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APPENDIX A

CONTRACT FOR THE CONSTRUCTION AND OPERATION
OF THE CHINESE EASTERN RAILWAY

SEPTEMBER 8, 1896

Between the undersigned, His Excellency Shu King-Chen, Minister Plenipotentiary of His Majesty the Emperor of China, at St. Petersburg, acting by virtue of an Imperial Edict, dated Kuang Hsu, 22nd year, 7th Month, 20th day (August 16/28, 1896), of the one part, and the Russo-Chinese Bank of the other part, it has been agreed as follows:

The Chinese Government will pay the sum of five million Kuping taels (Kuping Tls. 5,000,000) to the Russo-Chinese Bank, and will participate in proportion to this payment in the profits and losses of the bank, on conditions set forth in a special contract.

The Chinese Government having decided upon the construction of a railway line, establishing direct communication between the city of Chita and the Russian South Ussuri Railway, intrusts the construction and operation of this railway to the Russo-Chinese Bank upon the following conditions:

1.- The Russo-Chinese Bank will establish for the construction and operation of this railway a company under the name of the Chinese Eastern Railway Company.

The seal which this company will employ will be given to it by the Chinese Government. The statutes of this company will be in conformity with the Russian usages in regard to railways. The shares of the Company can be acquired only by Chinese or Russian subjects. The President of this company will be named by the Chinese Government, but paid by the Company. He may have his residence in Peking.

It will be the duty of the President to see particularly to the scrupulous fulfillment of the obligations of the Bank and of the Railway Company towards the Chinese Government; he will furthermore be responsible for the relations of the Bank and of the Railway Company with the Chinese Government and the central and local authorities.

The President of the Chinese Eastern Railway Company will likewise be responsible for examining all accounts of the Chinese Government with the Russo-Chinese Bank.

To facilitate local negotiations, the Russo-Chinese Bank will maintain an agent in Peking.

2.- The route of the line will be determined by the deputies of the President (named by the Chinese Government) of the Company, in mutual agreement with the engineers of the Company and the local authorities.

In laying out this line, cemeteries and tombs, as also towns and villages, should as far as possible be avoided and passed by.

3.- The Company must commence the work within a period of twelve months from the day on which this contract shall be sanctioned by Imperial decree, and must so carry it on that the whole line will be finished within a period six years from the day on which the route of the line is definitely established and the lands necessary therefore are placed at the disposal of the Company. The gauge of the line should be the same as that of the Russian railway (five Russian feet, or about four feet two and one-half inches Chinese).

4. - The Chinese Government will give orders to the local authorities to assist the Company to the extent of their ability in obtaining, at current prices, the materials necessary for the construction of the railway, as also laborers, means of transport by water and by land, the provisions necessary for the feeding of men and animals, etc.

The Chinese Government should, as needed, take measures to facilitate such transportation.

5.- The Chinese Government will take measures to assure the safety of the railway and of the persons in its service against any attack.

The Company will have the right to employ at will as many foreigners or natives as it may find necessary for the purpose of administration, etc. Criminal cases, law suits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.

6.-The lands actually necessary for the construction, operation, and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, etc. will be turned over to the State: if they belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors at current prices. The lands belonging to the Company will be exempt from all land taxes.

The Company will have the absolute and exclusive right of administration of its lands.

The Company will have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraph necessary for all the needs of the line.

The income of the Company, all its receipts and the charge for the transportation of passengers and merchandise, telegraphs, etc., will likewise be exempt from any tax or duty. Exception is made, however, as to mines, for which there will be a special arrangement.

7.- All goods and materials for the construction, operation, and re-

pair of the line will be exempt from any tax or customs duty and from any internal tax or duty.

8.- The Company is responsible that the Russian troops and war material, dispatched in transit over the line, will be carried through directly from one Russian station to another, without for any pretext stopping on the way longer than is strictly necessary.

9.- Passengers who are not Chinese subjects, if they wish to leave the territory of the railway, should be supplied with Chinese passports. The Company is responsible that passengers who are Chinese subjects, should not leave the territory of the railway if they do not have Chinese passports.

10.- Passengers' baggage, as well as merchandise dispatched in transit from one Russian station to another, will not be subject to customs duties; they will likewise be exempt from any internal tax or duty. The Company is bound to dispatch such merchandise, except passengers' baggage, in special cars, which, on arrival at the Chinese frontier, will be sealed by the office of the Chinese Customs, and cannot leave Chinese territory until after the office of the Customs shall have satisfied itself that the seals are intact; should it be established that these cars have been opened on the way without authorization, the merchandise would be confiscated.

Merchandise imported from Russia into China by the railway, and likewise merchandise exported from China into Russia by the same route, will respectively pay the import and export duty of the Chinese Maritime Customs, less one-third.

If merchandise is transported into the interior it will pay in addition the transit duty - equivalent to a half of the import duty collected - which frees it from any further charge.

Merchandise not paying the transit tax will be subject to all the barrier and likin duties imposed in the interior.

The Chinese Government must install customs offices at the two frontier points on the line.

11.- The charge for the transportation of passengers and of merchandise, as well as for the loading and unloading of merchandise, are to be fixed by the Company, but it is obliged to transport free of charge the Chinese official letter post, and, at half price, Chinese land or sea forces and also Chinese war materials.

12.- The Chinese Government transfers to the Company the complete and exclusive right to operate the line on its own account and risk, so that the Chinese Government will in no case be responsible for any deficit whatsoever of the Company during the time allotted for the work and thereafter for a further eighty years from the day on which the line

is finished and traffic is in operation. This period having elapsed, the line, with all its appurtenances, will pass free of charge to the Chinese Government.

At the expiration of thirty-six years from the day on which the entire line is finished and traffic is in operation, the Chinese Government will have the right to buy back this line upon repaying in full all the capital involved, as well as all the debts contracted for this line, plus accrued interest.

If- in case the profit realized exceeds the dividends allowed to the shareholders - a part of such capital is repaid, that part will be deducted from the price of repurchase. In no case may the Chinese Government enter into possession of this line before the appropriate sum is deposited in the Russian State Bank.

The day when the line is finished and traffic is in operation the Company will make to the Chinese Government a payment of five million Kuping taels Kuang Hsu, 22nd year, 8th month, 2nd day.

Shu

Berlin, August 27/September 8, 1896
RUSSO-CHINESE BANK ROTHSTEIN, PRINCE OUKHTOMSKY

APPENDIX B

THE TREATY OF PORTSMOUTH

SEPTEMBER 5, 1905

ARTICLE VI - The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Changchun (Kuan-cheng-tze) and Port Arthur and all its branches, together with all rights, privileges and properties appertaining thereto in that region, as well as all coal mines in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.

The two High Contracting Parties mutually engage to obtain the consent of the Government of China mentioned in the foregoing stipulation.

APPENDIX C

THE 1920 AGREEMENT BETWEEN CHINA AND THE RUSSO-ASIATIC BANK

1. The Chinese Eastern Railway shall refund to the Chinese govern-

ment, with compound interest at six percent per annum till the year 1920, in the form of railway bonds, the five million taels that had been deposited with the Bank since the commencement of work of the line and which should have been returned to the Chinese government on the opening to traffic of the line. From the year 1921 onwards five per cent interest per annum on the total amount should be paid half-yearly to the Chinese government. The railway bonds served on the floating capital and immovable property of the railway may be amortised by the time China recovers the railway or accepted by Russia as payment.

2. The Board of Trustees to be composed of nine persons, four Russians and five Chinese, one of whom shall be the Director-General who has the right to a decisive vote in case of a tie vote between the Chinese and Russian Trustees.
3. The quorum to consist of at least seven persons. All decisions to have effect must have the unanimous approval of the seven persons.
4. Of the five Censors of the railway, China to nominate at least two of them and the chief censor must be Chinese.
5. An equal number of Chinese and Russians shall be employed who shall receive equal treatment.
6. The Railway Company shall entirely devote itself to the operation of the line as a commercial enterprise and no more hereafter to involve itself in politics.
7. Provisions in former agreements not in conflict with the present one shall continue to have full force and effect. There were two notifications made by the Bank relative to the employees of the railway.

APPENDIX D

AGREEMENT ON GENERAL PRINCIPLES FOR THE SETTLEMENT OF THE QUESTIONS BETWEEN THE REPUBLIC OF CHINA AND THE UNION OF SOVIET SOCIALIST REPUBLICS, May 31st, 1924.

Article IX.- The Governments of the two Contracting Parties agree to settle at the aforementioned Conference the question of the Chinese Eastern Railway in conformity with the principles as hereinafter provided:

(1) The Governments of the two Contracting Parties declare that the Chinese Eastern Railway is a purely commercial enterprise.

The Governments of the two Contracting Parties mutually declare that with the exception of matters pertaining to the business operations

which are under the direct control of the Chinese Eastern Railway, all other matters affecting the rights of the National and the Local Governments of the Republic of China - such as judicial matters, matters relating to civil administration, military administration, police, municipal government, taxation, and landed property (with the exception of lands required by the said Railway)- shall be administered by the Chinese Authorities.

(2) The Government of the Union of Soviet Socialist Republics agrees to the redemption by the Government of the Republic of China, with Chinese capital, of the Chinese Eastern Railway, as well as all appurtenant properties, and to the transfer to China of all shares and bonds of the said Railway.

(3) The Governments of the two Contracting Parties shall settle at the Conference, as provided in Article II of the present Agreement, the amount and conditions governing the redemption as well as the procedure for the transfer of the Chinese Eastern Railway.

(4) The Government of the Union of Soviet Socialist Republics agrees to be responsible for the entire claims of the shareholders and creditors of the Chinese Eastern Railway incurred prior to the Revolution of March 9th, 1917.

(5) The Governments of the two Contracting Parties mutually agree that the future of the Chinese Eastern Railway shall be determined by the Republic of China and the Union of Soviet Socialist Republics, to the exclusion of any third party or parties.

(6) The Governments of the two Contracting Parties agree to draw up an arrangement for the provisional management of the Chinese Eastern Railway pending the settlement of the questions as provided under Section (3) of the present Article.

(7) Until the various questions relating to the Chinese Eastern Railway are settled at the Conference as provided in Article II of the present Agreement, the rights of the two Governments arising out of the Contract of August 27th (September 8th), 1896, for the construction and Operation of the Chinese Eastern Railway, which do not conflict with the present Agreement and the Agreement for the Provisional Management of the said Railway and which do not prejudice China's rights of sovereignty, shall be maintained.

(Seal) V.K. WELLINGTON KOO
(Seal) L.M. KARAKHAN

APPENDIX E

AGREEMENT FOR THE PROVISIONAL MANAGEMENT
OF THE CHINESE EASTERN RAILWAY

The Republic of China and the Union of Soviet Socialist Republics mutually recognizing that, inasmuch as the Chinese Eastern Railway was built with capital furnished by the Russian Government and constructed entirely within Chinese territory, the said Railway is a purely commercial enterprise and that, excepting for matters appertaining to its own business operations, all other matters which affect the rights of the Chinese National and local Governments shall be administered by the Chinese Authorities, have agreed to conclude an Agreement for the Provisional Management of the Railway with a view to carrying on jointly the management of the said Railway until its final settlement at the Conference as provided in Article II of the Agreement on General Principles for the Settlement of the questions between the Republic of China and the Union of Soviet Socialist Republics of May 31st, 1924, and have to that end named as their Plenipotentiaries, that is to say:

His Excellency the President of the Republic of China: Vi Kyuin Wellington Koo;

The Government of the Union of Soviet Socialist Republics: Lev Mikhailovitch Karakhan,

Who, having communicated to each other their respective full powers, found to be in good and due form, have agreed upon the following Articles:

Article I.- The Railway shall establish, for discussion and decision of all matters relative to the Chinese Eastern Railway, a Board of Directors to be composed of ten persons, of whom five shall be appointed by the Government of the Republic of China and five by the Government of the Union of Soviet Socialist Republics.

The Government of the Republic of China shall appoint one of the Chinese Directors as President of the Board of Directors, who shall also be the Director-General.

The Government of the Union of Soviet Socialist Republics shall appoint one of The Russian Directors as Vice-President of the Board of Directors, who shall also be the Assistant Director-General.

Seven persons shall constitute a quorum, and all decisions of the Board of Directors shall have the consent of not less than six persons before they can be carried out.

The Director-General and Assistant Director-General shall jointly manage the affairs of the Board of Directors and they shall both sign all the documents of the Board.

In the absence of either the Director-General or the Assistant Director-General, their respective Governments may appoint another Director to officiate as the Director-General or the Assistant Director-General (in the case of the Director-General, by one of the Chinese Directors, and in that of the Assistant Director-General, by one of the Russian Directors).

Article II.- The Railway shall establish a Board of Auditors to be composed of five persons, namely, two Chinese Auditors, who shall be appointed by the Government of the Republic of China, and three Russian Auditors, who shall be appointed by the Government of Soviet Socialist Republics.

The Chairman of the Board of Auditors shall be elected from among the Chinese Auditors.

Article III.- The Railway shall have a Manager, who shall be a national of the Union of Soviet Socialist Republics, and two Assistant Managers, one to be a national of the Republic of China and the other to be a national of the Union of Soviet Socialist Republics.

The said officers shall be appointed by the Board of Directors and such appointments shall be confirmed by their respective Governments.

The rights and duties of the Manager and the Assistant Managers shall be defined by the Board of Directors.

Article IV.- The Chiefs and Assistant Chiefs of the various departments of the Railway shall be appointed by the Board of Directors.

If the Chief of Department is a national of the Republic of China, the Assistant Chief of Department shall be a national of the Union of Soviet Socialist Republics, and if the Chief of Department is a national of the Union of Soviet Socialist Republics, the Assistant Chief of Department shall be a national of the Republic of China.

Article V.- The employment of persons in the various departments of the Railway shall be in accordance with the principle of equal representation between the nationals of the Republic of China and those of the Union of Soviet Socialist Republics.

Article VI.- With the exception of the estimates and budgets as provided in Article VII of the present Agreement, all other matters on which the Board of Directors cannot reach an agreement shall be referred for settlement to the Governments of the Contracting Parties.

Article VII.- The Board of Directors shall present the estimates and budgets of the Railway to a joint meeting of the Board of Directors and the Board of Auditors for consideration and approval.

Article VIII.- All the net profits of the Railway shall be held by

the Board of Directors and shall not be used pending a final settlement of the question of the present Railway.

Article IX.- The Board of Directors shall revise as soon as possible the statutes of the Chinese Eastern Railway Company, approved on December 4, 1896, by the Tsarist Government, in accordance with the present Agreement and the Agreement on General Principles for the Settlement of the questions between the Republic of China and the Union of Soviet Socialist Republics of May 31, 1924, and in any case not later than six months from the date of the constitution of the Board of Directors.

Pending their revision, the aforesaid statutes, insofar as they do not conflict with the present Agreement on General Principles for the Settlement of the questions between the Republic of China and the Union of Soviet Socialist Republics and not prejudice the rights of sovereignty of the Republic of China, shall continue to be observed.

Article X.- The present Agreement shall cease to have effect as soon as the question of the Chinese Eastern Railway is finally settled at the Conference as provided in Article II of the Agreement on General Principles for the Settlement of the Questions between the Republic of China and the Union of Soviet Socialist Republics of May 31, 1924.

Article XI.- The present Agreement shall come into effect from the date of signature.

In witness whereof the respective Plenipotentiaries have signed the present Agreement in duplicate in the English language and have affixed thereto their seals.

Done at the City of Peking this Thirty-first Day of the Fifth Month of the Thirteenth Year of the Republic of China, which is, the Thirty-first Day of May One Thousand Nine Hundred and Twenty-four.

(Seal) V.K. WELLINGTON KOO

(Seal) L.M. KAPAKHAN

APPENDIX F

THE KHARBAROVSK AGREEMENT DECEMBER 22, 1929

(1) The first point of the preliminary conditions of the Soviet Government is understood by both parties, in full conformity with the telegram of M. Litvinoff, Acting Commissar for Foreign Affairs, of November 27 and the Nikolsk Ussuriisk Protocol of December 3, as the restoration of the situation existing prior to the dispute and based

upon the Mukden and Peking Agreements.

All outstanding questions which arose during the period of joint Soviet-Chinese management of the railway are to be solved at the forthcoming Soviet-Chinese conference. In view of this conference the following measures are immediately to be carried out:

(a) The restoration, on the basis of the old Agreements, of the activities of the Board of Management of the Chinese Eastern Railway and resumption of their duties by the Soviet members of the Board. Henceforth, the Chinese Chairman of the Board must act only jointly and in conformity with Point 6, Article I, of the Soviet-Mukden Agreement.

(b) The restoration of the former proportion of offices held by Soviet and Chinese citizens and the reinstatement (or immediate appointment of new candidates should such be recommended by the Soviet) of Soviet citizens in the offices of heads and assistant heads of departments.

(c) Orders and instructions on the railway issued on behalf of the Board of Management and the Administration of the Chinese Eastern Railway as from July 10, 1929, are considered to be invalid unless properly confirmed by the local management and administration of the railway.

(2) All Soviet citizens without exception arrested by the Chinese authorities in connexion with the dispute since May 1, 1929, will be immediately released without division into any categories, including Soviet citizens arrested during the search of the Harbin Consulate on May 27, 1929.

The Soviet Union Government will also immediately release all the Chinese citizens without exception, arrested in connexion with the dispute, and interned Chinese soldiers and officers.

(3) All workers and employees of the Chinese Eastern Railway, citizens of the U.S.S.R., who were discharged or resigned as from July 10, 1929, shall be given the right and opportunity immediately to return to the positions they held prior to their discharge and to receive any money owing to them from the railway. Those persons who were discharged or resigned who fail to exercise this right must immediately be paid the full wages, pensions, dues, &c., owing to them.

Vacancies may be filled only by proper order of the lawful Board of Management and administration of the Chinese Eastern Railway, and all former Russian citizens or non-citizens of the U.S.S.R. employed by the railway during the dispute must be summarily and immediately discharged.

(4) The Chinese authorities shall immediately disarm the Russian White Guard detachments and deport from the three Eastern Provinces their organizers and inspirers.

(5) Leaving open the question of full diplomatic and consular rela-

tions between the U.S.S.R. and China until the Soviet-Chinese Conference, both parties consider possible and necessary the immediate restoration of Soviet consulates in the territory of the three Eastern Provinces and of Chinese Consulates at their respective seats in the Soviet Far East.

In view of the fact that the Union Government declared on May 21, 1929, that 'Since the Chinese authorities proved by all their actions clear unwillingness and inability to reckon with the generally accepted principles of international law and custom, it on its part does not henceforth regard itself bound by these principles in relation to Chinese representation in Moscow and the Chinese Consulates in Soviet territory and that this representation and these Consulates will no longer enjoy the extra-territoriality to which international law entitles them', and that both parties intend to restore consular relations between them on the basis on conforming with the principle of international law and custom, the Mukden Government declares that it undertakes to assure the Soviet Consulates on the territory of the three Eastern Provinces full inviolability and these privileges. On its part the Union Government will discontinue the special regime established by it between May 21, 1929 and the rupture of relations for Chinese Consulates and will grant these Consulates which are to be restored by virtue of the first clause of this section in the territory of the Soviet in the Far East all privileges and the full inviolability to which international law and custom entitle them.

(6) With the restoration of the Consulates an opportunity shall immediately be given for the resumption of the normal activity of all Soviet business organizations existing before the dispute within the three Eastern Provinces. A similar opportunity shall be offered to restore the Chinese commercial enterprises which existed within the U.S.S.R. whose operations were discontinued in connexion with the dispute regarding the Chinese Eastern Railway.

The question of commercial relations between the two countries as a whole shall be settled by a Soviet-Chinese conference.

(7) The question of real guarantees for the observance of agreements and the interests of both sides shall be solved at the forthcoming conference.

(8) The Soviet-Chinese Conference to regulate all outstanding questions shall be held in Moscow on January 25, 1930.

(9) The peaceful situation of the frontiers of China and the U.S.S.R. shall be restored immediately with the subsequent withdrawal of the troops on both sides.

(10) This Protocol enters into force at the moment of its signature.

Signed at Kharborovsk, December 22, 1929.
The Plenipotentiary of the Chinese Republic,
TSAI YUN-SHENG,
Commissioner for Foreign Affairs.

The Plenipotentiary of the U.S.S.R.,
SIMANOVSKY,
Agent of the Commissariat for Foreign Affairs,
(refers to preceding Treaty)

APPENDIX G

THE SINO-SOVIET TREATY OF FRIENDSHIP
AND ALLIANCE AND RELATED AGREEMENTS
AUGUST 14, 1945

I. Agreement on the Chinese Changchun Railway

Article 1. After the Japanese armed forces are driven out of the Three Eastern Provinces of China the main trunk line of the Chinese Eastern Railway and the South Manchurian Railway from Manchuli to Suifenho and from Harbin to Dairen and Port Arthur united into one railway under the name "Chinese Changchun Railway" shall be in joint ownership of the U.S.S.R. and the Republic of China and shall be operated by them jointly.

There shall be joint ownership and operation only of those lands acquired and railway auxiliary lines built by the Chinese Eastern Railway during the time of Russian and joint Sino-Soviet administration and by the South Manchurian Railway during the time of Russian administration and which are designed for direct needs of these railways as well as the subsidiary enterprises built during the said periods and directly serving these railways. All the other railway branches, subsidiary enterprises and lands shall be in the complete ownership of the Chinese Government.

The joint operation of the aforementioned railway shall be undertaken by a single management under Chinese sovereignty and as a purely commercial transportation enterprise.

Article 2. The High Contracting Parties agree that their joint ownership of the railway shall be in equal shares and shall not be alienable in whole or in part.

Article 3. The High Contracting Parties agree that for the joint operation of the said railway the Sino-Soviet Company of the Chinese Changchun Railway shall be formed. The Company shall have a Board of Directors to be composed of ten members of whom five shall be appointed by the Chinese Government and five by the Soviet Government. The Board of Directors shall be in Changchun.

Article 4. The Chinese Government shall appoint one of the Chinese directors as President of the Board of Directors and one as the Assistant President. The Soviet Government shall appoint one of the Soviet directors as Vice-President of the Board of Directors, and one as the Assistant Vice-President. Seven persons shall constitute a quorum. When questions are

decided by the Board, the vote of the President of the Board of Directors shall be counted as two votes.

Questions on which the Board of Directors cannot reach an agreement shall be submitted to the Governments of the Contracting Parties for consideration and settlement in an equitable and friendly spirit.

Article 5. The Company shall establish a Board of Auditors which shall be composed of six members of whom three are appointed by the Chinese Government and three appointed by the Soviet Government. The Chairman of the Board of Auditors shall be elected from among the Soviet auditors, and Vice-Chairman from among the Chinese auditors. When questions are decided by the Board the vote of the Chairman shall be counted as two votes. Five persons shall form a quorum.

Article 6. For the administration of current affairs the Board of Directors shall appoint a manager of the Chinese Changchun Railway from among Soviet citizens and one assistant manager from among Chinese citizens.

Article 7. The Board of Auditors shall appoint a General Comptroller from among Chinese citizens, and an assistant General Comptroller from among Soviet citizens.

Article 8. The Chiefs and Assistant Chiefs of the various departments, Chiefs of sections, station masters at important stations of the railway shall be appointed by the Board of Directors. The Manager of the Railway has right to recommend candidates for the above-mentioned posts. Individual members of the board of Directors may also recommend such candidates in agreement with the Manager. If the Chief of a department is a national of China, the Assistant Chief shall be a national of the Soviet Union, and vice versa. The appointment of the Chiefs and Assistant Chiefs of departments and Chiefs of sections and station masters shall be made in accordance with the principle of equal representation between the nationals of China and nationals of the Soviet Union.

Article 9. The Chinese Government will bear the responsibility for the protection of the said railway.

The Chinese Government will also organize and supervise the railway guards who shall protect the railway buildings, installations and other properties and freight from destruction, loss and robbery, and shall maintain the normal order on the railway. As regards the duties of the police in execution of this Article, they will be determined by the Chinese Government in consultation with the Soviet Government.

Article 10. Only during the time of war with Japan the railway may be used for the transportation of Soviet troops. The Soviet Government has the right to transport by the above-mentioned railway for transit purpose military goods in sealed cars without customs inspection. The guarding of such military goods shall be undertaken by the railroad police and the Soviet Union shall not send any armed escort.

Article 11. Goods for through transit and transported by the Chinese Changchun Railway from Manchuli to Suifenho or vice versa and also from Soviet territory to the ports of Darien and Port Arthur or vice versa shall be free from Chinese Customs duties or any other taxes and dues, but on entering Chinese territory such goods shall be subject to Chinese Customs inspection and verification.

Article 12. The Chinese Government shall ensure, on the basis of a separate agreement, that the supply of coal for the operation of the railway will be fully secured.

Article 13. The railway shall pay taxes to the Government of the Republic of China the same as are paid by the Chinese state railways.

Article 14. Both Contracting Parties agree to provide the Board of Directors of the Chinese Changchun Railway with working capital the amount of which will be determined by the Statute of the Railway.

Profits and losses and exploitation of the railway shall be equally divided between the parties.

Article 15. For the working out in Chungking of the Statutes of joint operation of the railway the High Contracting Parties undertake within one month of the signing of the present Agreement, to appoint their representatives—three representatives from each Party. The Statute shall be worked out within two months and reported to the two Governments for their approval.

Article 16. The determination, in accordance with the provisions in Article 1, of the properties to be included in the joint ownership and operations of the railway by China and the U.S.S.R. shall be made by a Commission to be composed of three representatives each of the two Governments. The Commission shall be constituted in Chungking within one month after the signing of the present Agreement and shall terminate its work within three months after the joint operation of the railway shall have begun.

The decision of the Commission shall be reported to the two Governments for their approval.

Article 17. The term of this present Agreement shall be thirty years. After the expiration of the term of the present Agreement, the Chinese Changchun Railway with all its properties shall be transferred without compensation to the ownership of the Republic of China.

Article 18. The present Agreement shall come into force from the date of its ratification.

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