

THE RUSSIAN ADVANCE
By ALBERT J. BEVERIDGE



THE RUSSIAN ADVANCE

ALBERT J. BEVERIDGE

WITH MAPS



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CONTENTS

CHAP		PAGE
I.	RUSSIA ON THE PACIFIC	I
II.	RUSSIAN EMPIRE-BUILDING IN MANCHURIA	16
III.	OTHER METHODS OF RUSSIAN ADVANCE	33
IV.	TYPES OF CIVIL AGENTS OF THE RUSSIAN ADVANCE	48
V.	THE OVERLORDS OF THE CZAR'S ADVANCING POWER IN THE FAR EAST	57
VI.	RESULTS OF RUSSIAN RAILWAY ADVANCE	68
VII.	MANCHURIAN RAILWAY RESULTS AND METHODS	81
VIII.	A DIPLOMATIC GAME FOR AN EMPIRE	93
IX.	HOW RUSSIA AT LAST REACHED THE UNFROZEN SEA	110
X.	COLLISION OF RUSSIA'S ADVANCE WITH JAPAN	122
XI.	THE SOLDIER OF THE RUSSIAN ADVANCE AND THE SOLDIER OF JAPAN	138
XII.	THE RUSSIAN ADVANCE PARALLELED BY THE GER- MAN ADVANCE	152
XIII.	A CHAPTER OF DIGRESSION: AMERICAN NEEDS IN THE ORIENT	173
XIV.	A SECOND CHAPTER OF DIGRESSION: AMERICAN PROGRESS IN THE FAR EAST	187
XV.	SIBERIA: THE HIGHWAY OF RUSSIAN ADVANCE	208
XVI.	HIGH AND LOW WATER MARKS OF SIBERIAN PROGRESS	224
XVII.	THE RED DAY OF BLAGOVESTCHENSK	242
XVIII.	RUSSIAN CAPITAL AND LABOR	254
XIX.	THE RUSSIAN WORKING-MAN	272
XX.	THE LABOR LAWS OF RUSSIA	285

CONTENTS

CHAP.		PAGE
XXI.	THE INDEPENDENT PEASANT ARTISAN	302
XXII.	FEBRUARY 19, 1861, THE BIRTHDAY OF RUSSIAN INDUSTRIAL FREEDOM	319
XXIII.	HOLY RUSSIA, THE ORTHODOX NATION	338
XXIV.	PRIEST, PEOPLE, AND CHURCH	354
XXV.	RUSSIAN NATIONAL IDEALS	367
XXVI.	RUSSIAN POINTS OF VIEW—RUSSIAN OPINIONS OF AMERICAN INSTITUTIONS	385
XXVII.	THINGS CASUALLY OBSERVED	401
XXVIII.	THE RUSSIAN COMMON SCHOOL AND COUNTRY HOSPITAL	416
XXIX.	THREE RUSSIANS OF WORLD FAME	426

APPENDIX

TREATY OF SHIMONOSEKI, BY WHICH SOUTHERN MANCHURIA WAS CEDED TO JAPAN	463
MIKADO'S RESCRIPT WITHDRAWING FROM MANCHURIA	468
THE (REPUTED) CASSINI CONVENTION	469
THE RUSSO-MANCHURIAN RAILWAY AGREEMENT	473
ANGLO-RUSSIAN AGREEMENT RESPECTING SPHERES OF IN- FLUENCE IN CHINA	481
TREATY OF OFFENSIVE AND DEFENSIVE ALLIANCE BETWEEN GREAT BRITAIN AND JAPAN	482
SPECIMEN OF THE REGULATIONS CONCERNING FOREIGN JOINT STOCK COMPANIES OPERATING IN RUSSIA	483

MAPS

HISTORIC RUSSIAN ADVANCE	Facing p. 1
RUSSIA, AND THE REMAINDER OF EUROPE AND ASIA	" 367

PREFACE

ON the author's return from a journey made in 1901 through Manchuria and the Far East, preceded by a visit to Russia and Siberia, a series of articles was published in the *Saturday Evening Post*, of Philadelphia, setting out things seen and observed in the regions of Russia's latest Asiatic advance.

A description was also given of the apparent situation of China as affected by the operations there of two or three European nations; and what then seemed to be the probable conflict between Russia and Japan was particularly pointed out, with the causes of it.

These articles form a considerable portion of this volume; and, indeed, the seeming advisability of their publication in book form, and certain requests therefor, are the occasion and apology for this work. They are reproduced practically without change.

It was believed that a more comprehensive understanding of the whole subject might be given if other chapters were added briefly describing Siberia and certain conditions and tendencies in Russia itself. These form the remainder of the book.

It has been the earnest endeavor to treat the subject with impartiality. Indeed, nothing has been essayed except to give the reader a faithful report of what any inquiring traveller may see and hear for himself if he should take the same journey.

ALBERT J. BEVERIDGE.

INDIANAPOLIS,
October 1, 1903.

APPENDIX

TREATY OF SHIMONOSEKI, BY WHICH SOUTHERN MANCHURIA WAS CEDED TO JAPAN

(Signed April 17, 1895; ratified at Chefoo, May 8, 1895.)

Article I. China recognizes definitely the full and complete independence and autonomy of Korea, and in consequence the payment of tribute and the performance of ceremonies and formalities by Korea to China in derogation of such independence and autonomy shall wholly cease for the future.

Article II. China cedes to Japan in perpetuity and full sovereignty the following territories, together with all fortifications, arsenals, and public property thereon:

(a). The southern portion of the province of Feng-t'ien within the following boundaries:

The line of demarcation begins at the mouth of the river Yalu and ascends that stream to the mouth of the river Anping; from thence the line runs to Feng Huang; from thence to Haicheng; from thence to Ying-Kow, forming a line which describes the southern portion of the territory. The places above named are included in the ceded territory. When the line reaches the river Liao at Ying-Kow it follows the course of that stream to its mouth, where it terminates. The mid-channel of the river Liao shall be taken as the line of demarcation.

This cession also includes all islands appertaining or belonging to the province of Feng-t'ien, situated in the eastern portion of the bay of Liaotung and in the northern part of the Yellow Sea.

(b). The island of Formosa, together with all islands appertaining to the said island of Formosa.

(c). The Pescadores Group—that is to say, all islands lying between the one hundred and nineteenth and twelfth degrees of longitude east of Greenwich and the twenty-third and two hundred and fortieth degrees of north latitude.

Article III. The alignments of the frontiers described in the preceding article, and shown on the map, shall be subject to veri-

APPENDIX

fication and demarcation on the spot by a Joint Commission of delimitation, consisting of two or more Japanese, and two or more Chinese delegates, to be appointed immediately after the exchange of the ratifications of this act. In case the boundaries laid down in this act are found to be defective at any point, either on account of topography or in consideration of good administration, it shall also be the duty of the Delimitation Commission to rectify the same.

The Delimitation Commission will enter upon its duties as soon as possible, and will bring its labors to a conclusion within the period of one year after appointment.

The alignments laid down in this act shall, however, be maintained until the rectifications of the Delimitation Commission, if any are made, shall have received the approval of the governments of Japan and China.

Article IV. China agrees to pay to Japan as a war indemnity the sum of two hundred million Kuping taels. The said sum to be paid in eight instalments. The first instalment of fifty million taels to be paid within six months, and the second instalment of fifty million taels to be paid within twelve months after the exchange of the ratifications of this act. The remaining sum to be paid in six equal annual instalments as follows: The first of such equal instalments to be paid within two years; the second within three years; the third within four years; the fourth within five years; the fifth within six years; and the sixth within seven years, after the exchange of the ratifications of this act. Interest at the rate of five per centum per annum shall begin to run on all unpaid portions of the said indemnity from the date the first instalment falls due.

China, however, shall have the right to pay by anticipation at any time any or all of said instalments. In case the whole amount of said indemnity is paid within three years after the exchange of ratifications of the present act, all interest shall be waived and the interest for two years and a half or for any less period, if then already paid, shall be included as a part of the principal amount of the indemnity.

Article V. The inhabitants of the territories ceded to Japan, who wish to take up their residence outside the ceded districts, shall be at liberty to sell their real property and retire. For this purpose a period of two years from the date of the exchange of the ratifications of the present act shall be granted. At the expiration of that period, those of the inhabitants who shall not have left such territories shall, at the option of Japan, be deemed to be Japanese subjects.

Each of the two governments shall, immediately upon the exchange of the ratifications of the present act, send one or more com-

APPENDIX

missioners to Formosa to effect a final transfer of that province, and within the space of two months after the exchange of the ratifications of this act such transfer shall be completed.

Article VI. All treaties between Japan and China having come to an end in consequence of war, China engages immediately upon the exchange of the ratifications of this act, to appoint plenipotentiaries to conclude, with the Japanese plenipotentiaries, a treaty of commerce and navigation and a convention to regulate frontier intercourse and trade. The treaties, conventions, and regulations now subsisting between China and European powers shall serve as a basis for the said treaty and convention between Japan and China. From the date of the exchange of the ratifications of this act until the said treaty and convention are brought into actual operation, the Japanese government, its officials, commerce, navigations, frontier intercourse and trade, industries, ships, and subjects, shall, in every respect, be accorded by China most favored-nation treatment.

China makes, in addition, the following concessions, to take effect six months after the date of the present act:

First. The following cities, towns, and ports, in addition to those already opened, shall be opened to the trade, residence, industries, and manufactures of Japanese subjects, under the same conditions and with the same privileges and facilities as exist at the present open cities, towns, and ports of China:

1. Shashi, in the province of Hupeh.
2. Chung-King, in the province of Szechuan.
3. Suchow, in the Province of Kiang-Su.
4. Hangchow, in the province of Chekiang.

The Japanese government shall have the right to station consuls at any or all of the above-named places.

Second. Steam navigation for vessels under the Japanese flag for the conveyance of passengers and cargo shall be extended to the following places:

1. On the upper Yang-tse River, from Ichang to Chung-King.
2. On the Woosung River and the Canal, from Shanghai to Suchow and Hangchow.

The rules and regulations which now govern the navigation of the inland waters of China by foreign vessels shall, so far as applicable, be enforced in respect to the above-named routes, until new rules and regulations are conjointly agreed to.

Third. Japanese subjects purchasing goods or produce in the interior of China or transporting imported merchandise into the interior of China, shall have the right temporarily to rent or hire warehouses for the storage of articles so purchased or transported without the payment of any taxes or exactions whatever.

APPENDIX

Fourth. Japanese subjects shall be free to engage in all kinds of manufacturing industries in all the open cities, towns, and ports of China, and shall be at liberty to import into China all kinds of machinery, paying only the stipulated import duties thereon.

All articles manufactured by Japanese subjects in China shall, in respect of inland transit and internal taxes, duties, charges, and exactions of all kinds, and also in respect of warehousing and storage facilities in the interior of China, stand upon the same footing and enjoy the same privileges and exemptions as merchandise imported by Japanese subjects into China.

In the event additional rules and regulations are necessary in connection with these concessions, they shall be embodied in the Treaty of Commerce and Navigation provided for by this article.

Article VII. Subject to the provisions of the next succeeding article, the evacuation of China by the armies of Japan shall be completely effected within three months after the exchange of the ratifications of the present act.

Article VIII. As a guarantee of the faithful performance of the stipulations of this act, China consents to the temporary occupation by the military forces of Japan, of Wei-Hai-Wei, in the province of Shang-Tung.

Upon the payment of the first two instalments of the war indemnity herein stipulated for and the exchange of the ratifications of the Treaty of Commerce and Navigation, said place shall be evacuated by the Japanese forces, provided the Chinese government consents to pledge, under suitable and sufficient arrangements, the Customs Revenue of China as security for the payment of the final instalment of said indemnity.

It is, however, expressly understood that no such evacuation shall take place until after the exchange of the ratifications of the Treaty of Commerce and Navigation.

Article IX. Immediately upon the exchange of the ratifications of this act, all prisoners of war then held shall be restored, and China undertakes not to ill-treat or punish prisoners of war so restored to her by Japan. China also engages to at once release all Japanese subjects accused of being military spies or charged with any other military offences. China further engages not to punish in any manner, nor to allow to be punished, those Chinese subjects who have in any manner been compromised in their relations with the Japanese army during the war.

Article X. All offensive military operations shall cease upon the exchange of the ratifications of this act.

Article XI. The present act shall be ratified by their Majesties the Emperor of Japan and the Emperor of China, and the ratifi-

APPENDIX

cations shall be exchanged at Chefoo, on the eighth day of the fifth month of the twenty-eighth year of Meiji, corresponding to the fourteenth day of the fourth month of the twenty-first year of Kuang Hsu.

In witness whereof, the respective plenipotentiaries have signed the same and have affixed thereto the seal of their arms.

Done at Shimonoseki, in duplicate, this seventeenth day of the fourth month of the twenty-eighth year of Meiji, corresponding to the twenty-third day of the third month of the twenty-first year of Kuang Hsu.

COUNT ITO HIROBUMI.
VISCOUNT MUTSU MUNEMITSU.
LI HUNG CHANG.
LI CHING-FONG.

SEPARATE ARTICLES

Article I. The Japanese Military Forces which are, under Article VIII. of the Treaty of Peace signed this day, to temporarily occupy Wei-Hai-Wei, shall not exceed one brigade, and from the date of the exchange of the ratifications of the said Treaty of Peace, China shall pay annually one-fourth of the amount of the expenses of such temporary occupation—that is to say, at the rate of 500,000 Kuping taels per annum.

Article II. The territory temporarily occupied at Wei-Hai-Wei shall comprise the island of Liu Kunk and a belt of land five Japanese ri wide along the entire coast-line of the bay of Wei-Hai-Wei.

No Chinese troops shall be permitted to approach or occupy any places within a zone five Japanese ri wide beyond the boundaries of the occupied territory.

Article III. The Civil Administration of the occupied territory shall remain in the hands of the Chinese authorities. But such authorities shall at all times be obliged to conform to the orders which the Japanese army of occupation may deem it necessary to give in the interest of the health, maintenance, safety, distribution, or discipline of the troops.

All military offences committed within the occupied territory shall be subject to the jurisdiction of the Japanese military authorities.

The foregoing Separate Articles shall have the same force, value, and effect as if they had been word for word inserted in the Treaty of Peace signed this day.

In witness whereof, the respective plenipotentiaries have signed the same and have affixed thereto the seal of their arms.

APPENDIX

Done at Shimonoseki, in duplicate, this seventeenth day of the fourth month, of the twenty-eighth year of Meiji, corresponding to the twenty-first year of Kuang Hsu.

COUNT ITO HIROBUMI.
VISCOUNT MUTSU MUNEMITSU.
LI HUNG CHANG.

MIKADO'S RESCRIPT WITHDRAWING FROM MAN- CHURIA. (*May 10, 1895.*)

We recently complied with the request of China, and in consequence appointed plenipotentiaries and caused them to confer with the plenipotentiaries appointed by China and to conclude a Treaty of Peace between the two Empires.

Since then the governments of their Majesties the Emperors of Russia and Germany and of the Republic of France have united in a recommendation to our government not to permanently possess the peninsula of Feng-t'ien, our newly acquired territory, on the ground that such permanent possession would be detrimental to the lasting peace of the Orient.

Devoted as we unalterably are and ever have been to the principles of peace, we were constrained to take up arms against China for no other reason than our desire to secure for the Orient an enduring peace.

Now the friendly recommendation of the three powers was equally prompted by the same desire. Consulting, therefore, the best interests of peace and animated by a desire not to bring upon our people added hardship or to impede the progress of national destiny by creating new complications and thereby making the situation difficult and retarding the restoration of peace, we do not hesitate to accept such recommendation.

By concluding the Treaty of Peace, China has already shown her sincerity of regret for the violation of her engagements, and thereby the justice of our cause has been proclaimed to the world.

Under the circumstances we can find nothing to impair the honor and dignity of our empire if we now yield to the dictates of magnanimity and, taking into consideration the general situation, accept the advice of the friendly powers.

Accordingly we have commanded our government, and have caused them to reply to the three powers in the above sense.

Regarding the arrangements by which we will renounce the

APPENDIX

permanent possession of the Peninsula, we have specially commanded our government that the necessary measures shall be made the subject of future negotiations and adjustment with the government of China.

Now, the exchange of ratifications of the Treaty of Peace has already been effected, the friendly relations between the two Empires have been re-established, and cordial relations with all other powers are also strengthened.

We therefore command our subjects to respect our will; to take into careful consideration the general situation; to be circumspect in all things; to avoid erroneous tendencies; and not to impair or thwart the high aspirations of our empire.

[IMPERIAL SIGN MANUAL.]

[COUNTERSIGNED BY ALL MINISTERS OF STATE.]

THE (REPUTED) CASSINI CONVENTION

TEXT PUBLISHED BY THE NORTH CHINA "DAILY NEWS" AS
THAT OF AN AGREEMENT CONCLUDED AT PEKIN BY
COUNT CASSINI, THE RUSSIAN MINISTER,
IN 1895

His Imperial Majesty, the Emperor of China, having received the various benefits arising from the loyal support of his Imperial Majesty, the Emperor of Russia, at the close of the late war between China and Japan, and being desirous that the communications between the frontier territories of their respective empires and the international commerce of the two countries should be managed to their mutual advantage, has commanded the mutual settlement of certain matters in order the better to consolidate the basis of friendship between the two empires. In this connection, therefore, his Imperial Majesty, the Emperor of China, has specially appointed the Imperial High Commissioners, the Princes and great officers of the Crown, composing the Imperial Chinese Ministry of War, with plenipotentiary powers, to confer and agree upon certain matters, at Peking, with his Excellency, Count Cassini, Envoy Extraordinary and Minister Plenipotentiary of H.I.M., the Emperor of Russia, to the Court of China, concerning the connecting of the railway system of the three Eastern Provinces (Feng-t'ien, Kirin, and Hei-Lung-Kiang) with that of the Imperial Russian Railway in the province of Siberia, with the object of facilitating the transport of goods between the two empires, and of strengthening the frontier defences and sea-coasts. And,

APPENDIX

furthermore, to agree upon certain special privileges to be conceded by China to Russia as a response to the loyal aid given by Russia in the retrocession of Liaotung and its dependencies:

1. Owing to the fact that the Russian Great Siberian Railway is on the point of completion, China consents to allow Russia to prolong her railway into Chinese territories (a) from the Russian port of Vladivostock into the Chinese city of Hunchun, in the province of Kirin, from thence northwestward to the provincial capital of Kirin, and (b) from a railway-station of some city in Siberia to the Chinese town of Aigun in Hei-Lung-Kiang province, from thence southwestward to the provincial capital of Tsitsihar, and from thence to the town of Petunê in Kirin province, and from thence southeastward to the provincial capital of Kirin.

2. All railways built by Russia into the Chinese provinces of Hei-Lung-Kiang and Kirin shall be built at the sole expense of Russia, and the regulations and buildings thereof shall be solely on the Russian system, with which China has nothing to do, and the entire control shall be in the hands of Russia for the space of thirty years. At the end of the said period China shall be allowed to prepare the necessary funds wherewith, after proper estimation of the value of the said railways, she shall redeem them, the rolling-stock, machine-shops, and buildings connected therewith. But as to how China will at that date redeem these railways shall be left for future consideration.

3. China is now in the possession of a railway, which she intends to extend from Shanhaikwan into the provincial capital of Feng-t'ien—namely, Mukden (Shengking), and from Mukden to the provincial capital of Kirin. If China should hereafter find it inconvenient to build this road, she shall allow Russia to provide the funds to build the railway from the city of Kirin on behalf of China, the redemption of which road shall be permissible to China at the end of ten years. With reference to the route to be taken by this railway, Russia shall follow the surveys already made by China in connection therewith, from Kirin to Mukden, New-Chwang, etc.

4. The railway to be built by China, beginning from Shanhaikwan, in Feng-t'ien, to New-Chwang, to Kaiping, to Chinchou, to Lushunk'ou (Port Arthur), and to Talienhwan and their dependencies, shall follow the Russian railway regulations, in order to facilitate the commercial intercourse between the respective empires.

5. With reference to the railways to be built by Russia into Chinese territory, the routes along which the said roads shall pass

APPENDIX

must be protected, as usual, by the local, civil, and military officials of the country. They shall, moreover, afford all facilities and aid to the civil and military officials of Russia at the various railway-stations, together with all the Russian artisans and laborers connected therewith. But, owing to the fact that the said railways will pass, for the greater part, through barren and sparsely inhabited territory, in which it will be difficult for the Chinese authorities to be always able to grant the necessary protection and aid, Russia shall be allowed to place special battalions of horse and foot soldiers at the various important stations for the better protection of the railway property.

6. With reference to the customs duties to be collected on goods exported from and imported into the respective countries by the said railways, they shall follow the regulations provided by the Treaty of Commerce between China and Russia, ratified in the first year of the reign of Tung Chin, fourth day, second moon (20th of February, 1862, O. S.), regulating overland transit of goods between the two empires.

7. There has always been in existence a rule prohibiting the exploitation of the mines in Hei-Lung-Kiang and Kirin provinces, and in the Ch'angpai mountains (Long White mountain range). After the ratification of this Treaty, Russians and subjects of the Chinese Empire shall be permitted hereafter to exploit and open any of the mines therein mentioned; but before doing so they shall be required first to petition the Chinese local authorities on the subject, who, on the other hand, shall grant the necessary commissions (huchas) in accordance with the mining regulations in force in China Proper.

8. Although there exist certain battalions of foreign-drilled troops (Lienchun) in the three Eastern provinces, yet the greater portion of the local territorial Army Corps thereof still follow the ancient regulations of the empire. Should, therefore, China in the future require to reform, in accordance with the Western system, the whole army organization of the said provinces, she shall be permitted to engage from Russia qualified military officers for that purpose, and the rules for the guidance of this arrangement shall be in accordance with those obtaining in the Liang-Kiang provinces in regard to the German military officers now engaged there.

9. Russia has never possessed a seaport in Asia which is free from ice and open all the year round. If, therefore, there should suddenly arise military operations in this Continent, it will naturally be difficult for the Russian Eastern Seas and Pacific Fleets to move about freely and at pleasure. As China is well aware of this, she is willing to lease temporarily to Russia the port of Kiaochou,

APPENDIX

in the province of Shan-Tung, the period of such lease being limited to fifteen years. At the end of this period China shall buy all the barracks, godowns, machine-shops, and docks built there by Russia (during her occupation of the said port). But, should there be no danger of military operations, Russia shall not enter immediately into possession of the said port, or hold the important points dominating the port, in order to obviate the chance of exciting the jealousy and suspicions of other powers. With reference to the amount of rent and the way it is to be paid, this shall form the subject of consideration in a Protocol at some future date.

10. As the Liaotung ports of Lushunk'ou (Port Arthur) and Talienhwan and their dependencies are important strategical points, it shall be incumbent upon China to properly fortify them with all haste, and to repair all their fortifications, etc., in order to provide against future dangers; Russia shall, therefore, lend all necessary assistance in helping to protect these two ports, and shall not permit any foreign power to encroach upon them. China, on her part, also binds herself never to cede them to another country, but if, in future, the exigencies of the case require it, and Russia should find herself suddenly involved in a war, China consents to allow Russia temporarily to concentrate her land and naval forces within the said ports, in order the better to enable Russia to attack the enemy or to guard her own position.

11. If, however, there be no danger of military operations in which Russia is engaged, China shall have entire control over the administration of the said ports of Lushunk'ou and Talienhwan; nor shall Russia interfere in any way therein. But, as regards the building of the railway in the three Eastern Provinces, and the exploitation and opening of the mines therein, they shall be permitted to be proceeded with immediately after the ratification of this Convention, and at the pleasure of the people concerned therein. With reference to the Civil and Military officers of Russia and Russian merchants and traders travelling (in any part of the territories herein mentioned), wherever they shall go, they shall be given all the privilege of protection and facilities within the power of the local authorities; nor shall these officials be allowed to put obstructions in the way or delay the journeys of the Russian officers and subjects herein mentioned.

12. After this Convention shall have received the respective signatures of their Imperial Majesties (the Emperors of China and of Russia) the articles included therein shall go into immediate force, and, with the exception of the clauses regarding Port Arthur, Talienhwan, and Kiaochou, shall be notified to the various local authorities of the two empires. As to the place for the ex-

APPENDIX

change of ratifications, it shall be left to be decided at some future time, but the exchange shall take place within the space of six months.

It has, furthermore, been agreed upon between the respective Plenipotentiaries of the High Contracting Powers to make this Convention out in three languages—namely, Chinese, Russian, and French, one copy of each language to be held by the respective High Contracting Parties, after the signing and sealing thereof. And it has, furthermore, been shown, upon comparison, that the contents of the documents, as given in the three languages aforesaid, tally with each other in all respects; but in case of dispute, in the future, the wording of the French copy shall be deemed the correct version.

THE RUSSO-MANCHURIAN RAILWAY AGREEMENT

STATUTES OF THE CHINESE EASTERN RAILWAY COMPANY

Section 1. On the strength of the Agreement concluded on the 27th August (8th September), 1896, by the Imperial Chinese Government with the Russo-Chinese Bank, a Company is formed, under the name of the "Eastern Chinese Railway Company," for the construction and working of a railway within the confines of China, from one of the points on the western borders of the Province of Hei-Lung-Kiang to one of the points on the eastern borders of the Province of Kirin, and for the connection of this railway with those branches which the Imperial Russian Government will construct to the Chinese frontier from Trans-Baikalia and the Southern Ussuri lines.

The Company is empowered, subject to the sanction of the Chinese Government, to exploit, in connection with the railway, or independently of it, coal-mines, as also to exploit in China other enterprises—mining, industrial, and commercial. For the working of these enterprises, which may be independent of the railway, the Company shall keep accounts separate from those of the railway.

The formation of the Company shall be undertaken by the Russo-Chinese Bank.

With the formation of the Company all rights and obligations are transferred to it in regard to the construction and working of the line ceded in virtue of the above-named Agreement of the 27th August (8th September), 1896.

The Company shall be recognized as formed on the presentation to the Minister of Finances of a Warrant of the State Bank, certify-

APPENDIX

ing the payment of the first instalment on the shares. In any case, such payment must be made not later than two months from the day of confirmation of the present Statutes.

The succeeding instalments on the shares shall be paid in such order of gradation that the shares shall be fully paid up at their nominal value not later than one year from the day of formation of the Company.

Owners of shares of the Company may only be Russian and Chinese subjects.

Section 2. In virtue of the Agreement with the Chinese government, the Company shall retain possession of the Chinese Eastern Railway during the course of eighty years from the day of the opening of traffic along the whole line.

Section 3. In recognition that the enterprise of the Chinese Eastern Railway will be realized only owing to the guarantee given by the Russian Government in regard to the revenue of the line for covering working expenses, as well as for effecting the obligatory payments on the bonds (sections 11, 16), the Company on its part binds itself to the Russian Government, during the whole term of the Concession, under the following obligations:

(A) The Chinese Eastern Railway, with all its appurtenances and rolling-stock, must be always maintained in full order for satisfying all the requirements of the service of the line in regard to the safety, comfort, and uninterrupted conveyance of passengers and goods.

(B) The traffic on the Chinese Eastern line must be maintained conformably with the degree of traffic on the Russian railway lines adjoining the Chinese line.

(C) The trains of all descriptions running between the Russian Trans-Baikal and Ussuri lines shall be received by the Chinese Eastern Railway and despatched to their destination, in full complement, without delay.

(D) All through trains, both passenger and goods, shall be despatched by the Eastern Chinese Railway at rates of speed not lower than those which shall be adopted on the Siberian Railway.

(E) The Chinese Eastern Railway is bound to establish and maintain a telegraph along the whole extent of the line, and to connect it with the telegraph wire of the Russian adjoining railways, and to receive and despatch, without delay, through telegrams sent from one frontier station of the line to another, as also telegrams sent from Russia to China, and conversely.

(F) Should, with the development of traffic on the Chinese Eastern Railway, its technical organization prove insufficient for satisfying the requirements of a regular and uninterrupted passen-

APPENDIX

ger and goods traffic, the Chinese Eastern Railway shall immediately, on receipt of a notification on the part of the Russian railways to augment its capacity to a corresponding degree, adopt the necessary measures for further developing its technical organization and the traffic on it. In the event of a difference of opinion arising between the above-mentioned railways, the Chinese Eastern Railway shall submit to the decision of the Russian Minister of Finances. If the means at the command of the Chinese Eastern Railway prove insufficient for carrying out the necessary work of its development, the Board of Management of the railway may at all times apply to the Russian Minister of Finances for pecuniary assistance on the part of the Russian Government.

(G) For all transit conveyance of passengers and goods, as also for the transmission of telegrams, there will be established by agreement of the Company with the Russian Government, for the whole term of duration of the Concession,

¶ Maximum Tariffs, which cannot be raised without the consent of the Russian Government during the whole term above referred to. Within these limits the Tariffs of direct communication, both for railway carriages and telegrams, will be fixed by the Board of Management of the Company on the strength of a mutual agreement with the Russian Minister of Finances:

(H) The Russian letter and parcels post, as also the officials accompanying the same, shall be carried by the Chinese Eastern Railway free of charge.

For this purpose the Company shall set apart in each ordinary passenger train a carriage compartment of three fathoms in length. The Russian postal authorities may, moreover, if they deem it necessary, place on the line postal carriages, constructed by them at their own cost; and the repair, maintenance (interior fittings excepted), as well as the running of such carriages with the trains, shall be free of charge and at the cost of the railway.

The above-mentioned engagements—by which, as already stated, the grant of a guarantee by the Russian Government is conditioned, and the consequent realization of the enterprise of the Chinese Eastern Railway—shall be binding on the railway until the same, after the expiration of the eighty years' term of the Concession shall, without payment, become the property of the Chinese Government (section 29). The redemption of the line from the Company before the above-mentioned term, in accordance with section 30 of the present Statutes, shall not in any way diminish the effect of the above-specified engagements, and these latter, together with the railway, shall be transferred to its new proprietor.

In the same manner, during the course of the whole eighty

APPENDIX

years' term of the Concession (§ 2), the following privileges granted to the railway by the Imperial Chinese Government shall remain in force:

(a) Passengers' luggage, as also goods, carried in transit from one Russian station (? to another) shall not be liable to any Chinese customs duties, and shall be exempt from all internal Chinese dues and taxes.

(b) The rates for the carriage of passengers and goods, for telegrams, etc., shall be free from all Chinese taxes and dues.

(c) Goods imported from Russia into China by rail, and exported from China to Russia in the same manner, shall pay respectively an import or export Chinese duty to the extent of one-third less as compared with the duty imposed at Chinese seaport custom-houses.

(d) If goods imported by the railway are destined for conveyance inland, they shall in such case be subject to payment of transit duty to the extent of one-half of the import duty levied on them, and they shall then be exempted from any additional imposts. Goods which shall not have paid transit duty shall be liable to payment of all established internal carrier and lits-zin (? likin) dues.

Section 4. In regard to the place of acquisition of materials for the requirements of the railway, the Company shall not be liable to any limitations. If materials be obtained beyond the confines of Russia, they shall, on importation through Russian territory, be freed from payment of Russian customs duties.

Section 5. The breadth of the railway track must be the same as that of the Russian lines (five feet).

The Company must commence the work not later than the 16th August, 1897, and conduct it in such a manner that the whole line shall be completed not later than six years from the time when the direction of the line shall be finally determined and the necessary land assigned to the Company.

When tracing the line of the railway, cemeteries and graves, as also towns and villages, must, so far as possible, be left aside of the railway.

When effecting the connection, in accordance with section 1 of these Statutes, of the Chinese Eastern Railway with the Russian Trans-Baikal and South Ussuri lines, the Company shall have the right, with a view to reduction of expenditure, of abstaining from building its own frontier stations and of utilizing the frontier stations of the above-named Russian lines. The conditions on which they shall be so utilized shall be determined by agreement of the Board of the Company with the Boards of the respective railways.

APPENDIX

Section 6. The tariffs for the carriage of passengers and goods, as also for supplementary carriage rates, shall be determined by the Company itself, within the limits indicated in section 3.

Section 7. Crimes, litigation, etc., on the territory of the Chinese Eastern Railway shall be dealt with by local authorities, Chinese and Russian, on the basis of existing Treaties.

In regard to the carriage of passengers and goods, the responsibility of such conveyance, the lapse of time for claims, the order of recovering money from the railway when adjudged, and the relations of the railway to the public shall be defined in rules drawn up by the Company and established before the opening of the railway traffic; and these rules shall be framed in accordance with those existing on Russian railways.

Section 8. The Chinese Government has undertaken to adopt measures for securing the safety of the railway and of all employed on it against any extraneous attacks.

The preservation of order and decorum on the lands assigned to the railway and its appurtenances shall be confided to police agents appointed by the Company.

The Company shall, for this purpose, draw up and establish police regulations.

Section 9. The whole amount of the capital of the Company shall be determined according to the cost of construction calculated on the basis of estimates framed when the survey of the line was carried out. The foundation capital shall be charged with (a) the payment of interest and amortization of the foundation capital during the construction of the railway; (b) the purchase from the Russian Government of the results of the surveys of the direction of the railway to Manchuria which were made by Russian engineers; the sum payable for these surveys will be determined by agreement of the Russian Minister of Finances with the Company.

The capital of the Company shall be formed by the issue of shares and bonds.

Section 10. The share capital of the Company shall be fixed at 5,000,000 nominal credit rubles, and divided into 1000 shares at 5000 nominal credit rubles.

The shares are to be issued at their nominal value.

The guarantee of the Russian Government does not extend to them.

Section 11. The remaining portion of the capital of the Company will be formed by the issue of bonds. The bonds will be issued in measure of requirement, and each time with the special sanction of the Minister of Finances. The nominal amount and value of each separate issue of bonds, the time and condition of

APPENDIX

the issue, as also the form of these bonds, shall be subject to the sanction of the Minister of Finances.

The Russian Government will guarantee the interest on and amortization of the bonds.

For the realization of these bonds the Company must have recourse to the Russo-Chinese Bank, but the Russian Government reserves to itself the right of appropriating the bond loan at a price which shall be determined between the Company and the Bank, and to pay to the Company the agreed amount in ready money.

Section 12. As payments are received for bonds guaranteed by the Russian Government, the Company shall be bound to keep such sums, or interest-bearing securities purchased with the same by permission of the Russian Minister of Finances, under the special supervision of the Russian Ministry of Finances.

Out of the above receipts the Company shall have the right to make the following payments:

(a) According to actual fulfilment of the work in progress and execution of orders, and at the time when various expenditures shall become necessary, such payments to be made on the scale and on the conditions specified in the working estimates.

(b) During the construction of the line, of interest, as it becomes due, on the bonds issued by the Company, subject to the conditions of their issue, and the Company shall pay the sums necessary for the above purpose within the limits of the amount realized by it in the emission of its bonds.

Section 13. On the payment of the first allotment on the shares, the founders shall receive temporary certificates, on which, subsequently, when the Board of Management of the Company shall have been formed, the receipt of the further instalments on the shares will be inscribed.

When the shares shall be fully paid up, the temporary certificates issued to the founders shall be replaced by shares.

The shares of the Company are issued to bearer, under the signature of not fewer than three members of the Board of Management. To the shares will be attached a coupon-sheet for the receipt once yearly under them of any dividend that may be payable. On the coupon-sheets becoming exhausted, new sheets will be issued. A dividend on the shares out of the net profits of any year, supposing such accrue, shall be payable on the adoption by the general meeting of shareholders of the annual report for that year, and the dividend shall be payable at the offices of the Company, or at such places which it may indicate.

The Company shall notify, for general information in the Official Gazette and in the *Finance Messenger*, as also in one of the Chinese newspapers, the extent and place of payment of the dividend.

APPENDIX

Section 14. The reserve capital is destined

(a) For the capital repair of the railway, its buildings and appurtenances.

(b) For defraying extraordinary expenditure of the Company in repairing the railway and its appurtenances.

The reserve capital of the Company is formed out of annual sums put aside from the net profits of the working of the railway (section 17).

The reserve capital must be kept in Russian State interest-bearing securities, or in railway bonds guaranteed by the Russian Government.

At the expiration of the term of possession of the railway by the Company, the reserve capital shall be, first of all, employed in the payment of the debts of the Company, including among them sums due to the Russian Government, if such exist; and after the debts of the Company shall have been paid, the remainder of the reserve capital shall be divided among the shareholders. In the event of the redemption of the railway by the Chinese Government, the reserve capital becomes the property of the shareholders.

Section 15. The net revenue of the Company shall be the remainder of the gross receipts after deduction of working expenses. Under these expenses are classed:

(a) General outlays, including assignments towards pension and relief funds, if such be established on the line.

(b) Maintenance of the staff of the Board of Management, and of all the services, as also the maintenance of employes and laborers not on the permanent list.

(c) Outlays for materials and articles used for the railway, as also expenditure in the shape of remuneration for using buildings, rolling-stock, and other various requisites for the purposes of the railway.

(d) Outlays for the maintenance, repair, and renewal of the permanent way, works of construction, buildings, rolling-stock, and other appurtenances of the railway.

(e) Expenditure connected with the adoption of the measures and instructions of the Board of Management for insuring the safety and regularity of the railway service.

(f) Expenditure for the improvement and development of the railway, as also the creating and developing its resources.

Section 16. Should the gross receipts of the railway prove insufficient for defraying the working expenses and for meeting the yearly payments due on the bonds, the Company will receive the deficient sum from the Russian Government, through the Russian Minister of Finances. The payments referred to will be made

APPENDIX

to the Company as advances, at a rate of interest of six per cent. per annum. Sums paid in excess to the Company in consequence of its demands and on account of the guarantee will be deducted from succeeding money payments.

On the presentation to the general meeting of shareholders of the annual report of the working of the railway for a given year, the Company shall at the same time submit to the general meeting, for confirmation, a detailed statement of the sums owing by the Company to the Russian Government, with the interest that has accrued thereon. On the confirmation of this statement by the general meeting, the Board of Management shall deliver to the Russian Government an acknowledgment of the Company's debt, to the full determined amount of the same, and this acknowledgment, until its substitution by another, shall bear annually interest at the rate of six per cent.

The acknowledgment above mentioned, given by the Board of Management to the Russian Government, shall not be subject to bill or deed stamp tax.

Subjects of minor importance are dealt with in the following sections:

Section 17. Distribution of net profits of the railway.

Section 18. Functions of Board of Management, the seal of which will be at Pekin and St. Petersburg.

Section 19. Constitution of the Board, which is to consist of nine members elected by the shareholders. The Chairman is to be appointed by the Chinese Government. The Vice-Chairman is to be chosen by the members of the Board from among themselves.

Sections 20-28. Administrative details.

Section 29. In accordance with the Agreement concluded with the Chinese Government, the latter, after the expiration of eighty years of possession of the railway by the Company, enters into possession of it and its appurtenances.

The reserve and other funds belonging to the Company shall be employed in paying the money due to the Russian Government under the guarantee (section 16), and in satisfaction of other debts of the Company, and the remainder shall be distributed among the shareholders.

Any money that may remain owing by the Company to the Russian Government at the expiration of eighty years in respect of the guarantee shall be written off. The Russo-Chinese Bank will incur no responsibility in respect of the same.

Section 30. In accordance with the Agreement concluded with the Chinese Government, on the expiration of thirty-six years from the time of completion of the whole line and its opening for traffic, the Chinese Government has the right of acquiring the

APPENDIX

line, on refunding to the Company in full all the outlays made on it, and on payment for everything done for the requirements of the railway, such payments to be made with accrued interest.

It follows, as a matter of course, that the portion of the share capital which has been amortized by drawing, and the part of the debt owing to the Russian Government under the guarantee, and repaid out of the net profits (section 17) will not constitute part of the purchase money.

In no case can the Chinese Government enter into possession of the railway before it has lodged in the Russian State Bank the necessary purchase money.

The purchase money lodged by the Chinese Government shall be employed in paying the debt of the Company under its bonds, and all sums, with interest, owing to the Russian Government, the remainder of the money being then at the disposal of the shareholders.

ANGLO-RUSSIAN AGREEMENT RESPECTING SPHERES OF INFLUENCE IN CHINA

(Signed April 28, 1899)

SIR C. SCOTT TO COUNT MOURAVIEFF:

The undersigned British Ambassador, duly authorized to that effect, has the honor to make the following declaration to his Excellency Count Mouravieff, the Russian Minister of Foreign Affairs: Great Britain and Russia, animated by a sincere desire to avoid in China all cause of conflict on questions where their interests meet, and taking into consideration the economic and geographical gravitation of certain parts of the empire, have agreed as follows:

1. Great Britain engages not to seek for her own account, or on behalf of British subjects, or of others, any railway concession to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the Russian government.

2. Russia, on her part, engages not to seek for her own account, or in behalf of Russian subjects, or of others, any railway concession on the basin of the Yang-tse, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the British government.

The two contracting parties, having no wise in view to infringe in any way the sovereign rights of China on existing treaties, will not fail to communicate to the Chinese government the present

APPENDIX

arrangement, which, by averting all cause of complications between them, is of a nature to consolidate peace in the Far East, and to serve primordial interests of China itself.

(Signed) CHARLES S. SCOTT.

St. PETERSBURG, *April 28, 1899.*

(A copy of the above note was signed at the same time by the Russian Minister of Foreign Affairs, "duly authorized to that effect.")

TREATY OF OFFENSIVE AND DEFENSIVE ALLIANCE BETWEEN GREAT BRITAIN AND JAPAN

(Signed at London, *January 30, 1902*)

The governments of Great Britain and Japan, actuated solely by a desire to maintain the *status quo* and general peace in the extreme East, being moreover specially interested in maintaining the independence and territorial integrity of the Empire of China and the Empire of Korea, and in securing equal opportunities in those countries for the commerce and industry of all nations, hereby agree as follows:

Article I. The high contracting parties having mutually recognized the independence of China and of Korea, declare themselves to be entirely uninfluenced by any aggressive tendencies in either country. Having in view, however, their special interests, of which those of Great Britain relate principally to China, while Japan, in addition to the interests which she possesses in China, is interested in a peculiar degree politically, as well as commercially and industrially, in Korea, the high contracting parties recognize that it will be admissible for either of them to take such measures as may be indispensable in order to safeguard those interests if threatened either by the aggressive action of any other power, or by disturbances arising in China or Korea, and necessitating the intervention of either of the high contracting parties for the protection of the lives and property of its subjects.

Article II. If either Great Britain or Japan, in the defence of their respective interests as above described, should become involved in war with another power, the other high contracting party will maintain a strict neutrality, and use its efforts to prevent other powers from joining in hostilities against its ally.

Article III. If in the above event any other power or powers should join in hostilities against that ally, the other high contract-

APPENDIX

ing party will come to its assistance and will conduct the war in common, and make peace in mutual agreement with it.

Article IV. The high contracting parties agree that neither of them will, without consulting the other, enter into separate arrangements with another power to the prejudice of the interests above described.

Article V. Whenever, in the opinion of either Great Britain or Japan, the above-mentioned interests are in jeopardy, the two governments will communicate with each other fully and frankly.

Article VI. The present agreement shall come into effect immediately after the date of its signature, and remain in force for five years from that date.

In case neither of the high contracting parties should have notified twelve months before the expiration of the said five years the intention of terminating it, it shall remain binding until the expiration of one year from the day on which either of the high contracting parties shall have denounced it. But if, when the date fixed for its expiration arrives, either ally is actually engaged in war, the alliance shall, *ipso facto*, continue until peace is concluded.

In faith whereof the undersigned, duly authorized by their respective governments, have signed this agreement, and have affixed thereto their seals.

Done in duplicate at London the 30th January, 1902.

[L. s.]

LANSDOWNE,

His Britannic Majesty's Principal Secretary of
State for Foreign Affairs.

[L. s.]

HAYASHI,

Envoy Extraordinary and Minister Plenipotentiary of his Majesty the Emperor of Japan at
the Court of St. James.

SPECIMEN OF THE REGULATIONS CONCERNING FOREIGN JOINT STOCK COMPANIES OPERATING IN RUSSIA

Conditions on which the English Joint Stock Company, under the name of "The South Russian Oil Company, Limited," is permitted to carry on its operations in Russia:

1. The English Joint Stock Company, under the name of "The South Russian Oil Company, Limited," begins its operations in Russia by working the lot of oil-bearing land acquired by the said

APPENDIX

company from N. W. Schmelling, situated in the Kizlar district of the Terek Territory and occupying an area of 30 dessyatinas, 1261 square sageses (84 acres).

2. The Company is subject to the laws and regulations in force in Russia and bearing upon the object of the Company's operations, and it is likewise subject to the regulations laid down in the Law of the Imperial Tax on Industry and Trade (*Gazette of Laws*, 1898, No. 76, art. 964), as well as any laws and regulations that may hereafter be passed.

3. The acquisition by the Company of any real estate in Russia, either by purchase or hire, is to be made in accordance with the general laws in force in the empire, and with the Imperial decree of March 14, 1887 (see p. 515), in particular. Moreover, real estate may be acquired solely for the requirements of the undertaking, after the local authorities of the province (or territory) have certified that the acquisition of such property is really necessary.

The acquisition by the Company, on any terms whatever, of oil-bearing land in the Caucasus, over and above that acquired by the Company under article 1, as well as any prospecting or obtaining of lots for working oil in the above-mentioned territory, is permitted only on condition of observing the regulations contained in note 1, article 547, and note 2, article 544, volume vii. of the Mining Code, edition of 1895 (see p. 514).

4. The real estate and movable property of the Company within the limits of the [Russian] empire, as well as all sums due to the Company, are to be used primarily to meet the claims rising out of the operations of the Company in Russia.

5. A special responsible agency is to be established in Russia for the management of the Company's business. This agency is to be fully empowered (a) to carry on all the general operations of the Company, including the right and duty of being defendant in any lawsuit that may arise in Russia in connection with the Company; and (b) in particular, to decide immediately and independently, in the name of the Company, all cases when claims against the Company are brought either by the Russian government or by private persons, whether the latter be unconnected with the Company, or in its service, operatives included. The Company is obliged to give notice of the address of this agency to the Minister of Finance, the Minister of Agriculture and State Domains, the civil governor of the Caucasus, and the provincial (or territorial) authorities of the place where the real estate of the Company is situated; moreover, the Company must advertise the address, for general information, in the "official magazines," the *Gazette of Finance, Industry, and Commerce*, in the official ga-

APPENDIX

zettes of St. Petersburg and Moscow, and in the local provincial gazette, with the observance of existing regulations in reference to such advertisements.

All the book-keeping of the Company in connection with its operations in Russia is to be centred in the above-mentioned agency.

6. In the appointment of managers of oil-fields and managers of the Company's affairs, the Company is obliged to follow the regulations laid down in article 547 (note 1) and supplement to article 544 (note 2) of volume vii. of the Mining Code, edition of 1895 (see p. 514).

7. Under articles 102-104, 107 and 110 of the Imperial Tax on Industry Law (*Gazette of Laws*, 1898, No. 76, article 964), the responsible agents of the Company are obliged (a) within two months after the confirmation of the Annual Report by the general meeting, to file two copies at the Ministry of Finance (Department of Manufactures and Trade), and four copies at the local office of the Exchequer in the province where the agency has its offices—of the full reports and balance-sheets, both of the Company's operations in general and of its operations in Russia in particular, and likewise a copy of the protocol of the confirmation of the reports; (b) to publish in the *Gazette of Finance* the closing balance-sheet and summary of the annual return of the Company, showing in the summary of the operations carried on in Russia the amount of foundation capital for such operations, the reserve, etc., the profit and loss account for the last financial year, and the amount of net profit on the aforesaid operations; (c) to give the local office of the Exchequer or its manager any supplementary information that may be required and any explanations that may be necessary for the auditing of the returns, being responsible for non-observance of the requirements of this (7) article under articles 104 and 164 of the Imperial Industrial Tax Law; and (d) in the cases mentioned in article 110 of the aforesaid law, to submit to the demands of the local Exchequer office in regard to the examination and verification, with the object of ascertaining the net profit, of books and documents, as well as the premises of the Company.

8. The time and place of the general meetings are to be announced in the publications mentioned in article 5 at least a month before the date of the meeting, and such announcements are to contain an explanation of the subjects to be discussed, and the name and address of the bank in Russia where the shares of the Company must be presented in order to obtain the right of taking part in the general meeting.

9. Any disputes that may arise between the Company and

APPENDIX

government institutions or private persons, in regard to the operations of the company in the empire, are to be settled according to the laws in force in Russia by a Russian court of law.

10. The operations of the Company in Russia are exclusively restricted to the objects mentioned in article 1 of these conditions, and for the amalgamation or union with other similar companies or undertakings, as well as for any alteration or supplementing of the statutes (in particular, the increase or decrease of capital and the issue of debentures), the company is first obliged to obtain the sanction of the Ministry of Finance, of Agriculture and State Domains in Russia; in case of liquidation the company must inform the same ministries.

11. In regard to the cessation of its operations in Russia, the company is obliged to submit to the laws and government regulations now in force or which may hereafter be enacted.