

The United States and China:  
John Russell Young and the Right to  
Manufacture in the Treaty Ports, 1882-83

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Introduction

America's relations with China in the 19th century remain badly under-studied. Great Britain has stolen the scholarly spotlight, not without reason of course, for Great Britain usually formed the cutting edge of Western intrusion into China during that century. But America's relations with China deserve study too, if for no other reason than to disabuse ourselves of the popular and even scholarly notion that America consistently played a benign, just role in that country. The facts by no means warrant so flattering a self-deception.

An apt illustration of this darker side of America's China policy is the controversy which came to a head in 1882 and 1883 over the right of foreigners to engage in manufacturing in the treaty ports. A cotton yarn manufacturing operation was being set up in Shanghai by a prominent, long-time resident American merchant, William Shepard Wetmore. The recently arrived American minister, John Russell Young,<sup>1</sup> vigorously argued that Wetmore's activity was fully justified under the treaties. Though Young took the diplomatic initiative because an American firm happened to be the principal test case, British and German interests were also directly involved. All the powers joined together to secure what they took to be their treaty right.

Chinese officials in Shanghai, however, were interfering with Wetmore's operation and in Peking the Tsungli-yamen 總理衙門 (Chinese Foreign Office) joined verbal battle with Young and his colleagues, vigorously denying that Wetmore enjoyed any such right. At stake for the Chinese government was the success of its nascent industrialization effort, which would be seriously compromised if it conceded to foreigners the right to manufacture on Chinese soil.

After a year of intense negotiation in Peking and the application by both sides of coercive tactics at the treaty ports involved, the issue came to a Stalemate conclusion.

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<sup>1</sup> Young (1840-99) interrupted a distinguished newspaper career to serve as envoy to China, 1882-5. For a biographical sketch, see *Dictionary of American Biography* (10 vols.; New York: Scribner's, 1936), vol. X, part 2, pp. 630-1. Young left two autobiographical accounts, both of which treat China, though not the manufacturing dispute: *Around the World with General Grant* (2 vols.; New York, 1879) and *Men and Memoirs*, ed. Mary D. Russell Young (2 vols.; New York, 1901).

the powers until 1895 as a result of China's crushing defeat in the Sino-Japanese war. It was not finally resolved to the liking of

Western historians have either ignored this episode or misinterpreted it.<sup>2</sup> A Chinese Marxist historian offers an interpretation which suffers from a predictably self-serving bias.<sup>3</sup> Japanese scholarship has done a good deal better than either Western or Chinese, though, untranslated, is unfortunately not generally accessible to American scholars.<sup>4</sup> This paper tries to set the record straight by reexamining the American sources and making full use of existing Chinese documentation.<sup>5</sup>

The history of the controversy goes back several years prior to its becoming a diplomatic crisis in 1882. At the beginning manufacturing as such was never an issue of dispute. Rather it appears as a minor theme in a dispute over the operation of the transit certificate provision of the treaties, which regulated the transport of foreign-owned merchandise from the inland point of purchase to the treaty ports. There was considerable abuse of the complicated transit certificate system by both Chinese and foreigners.<sup>6</sup>

By 1879 the diplomatic body had developed a corpus of twenty distinct "commercial grievances" connected with this transit certificate system, which the envoys collectively pressed the Tsungli-yamen to resolve. One of the twenty touched on

<sup>2</sup> Tyler Dennett, *Americans in Eastern Asia* (New York: Macmillan, 1922), for decades the standard work, ignores it. His "American Choices in the Far East, 1882" (*American Historical Review* XXX [1929], pp. 84-108), though not concerned with the manufacturing dispute, however, lavishly praises Young as one of our best 19th century diplomats in China; see pp. 84-5. G. E. Paulsen, "Machinery for the Mills of China: 1882-1896" (*Monumenta Serica*, XXVII (1968) pp. 320-42, of which pp. 320-9 deal with the topic of this paper) contains egregious misinterpretations. F. V. G. Kiernan, *British Diplomacy in China, 1880-1885* (Cambridge: University Press, 1939), pp. 260-4 presents the British perspective.

<sup>3</sup> Ch'ing Ju-chi 卿汝楨, *Mei-kuo ch'in-Hua shih* 美國侵華史 (History of American aggression in China; 2 vols.; Peking: San-lien shu-tien, 1952-6), vol. II, pp. 171-89.

<sup>4</sup> See, for example, Hatano Yoshihiro 波多野善夫, "Shanghai kiki shikifu-kyoku no sōritsu to sore o meguru sho-mondai" 上海織布局機器の創立とそれをめぐる諸問題 (Problems involved in the establishment of the Shanghai Cotton Cloth Mill), in his *Chūkoku kindai kōgyōshi no kenkyū* 中國近代工業史研究 (Studies on the early industrialization in China; Oriental Research series #9; Koyoto: Koyoto University, Society of Oriental Research, 1961), pp. 294-435.

<sup>5</sup> The principal source I have used is U.S. Department of State, "Despatches from United States Ministers to China," File Microcopies of Records in the National Archives, no. 92; Washington: The National Archives, 1946. Materials for the Chinese side of the story, not so extensively documented, are collected in *Yang-wu yü-tung* 洋務運動 (The Westernization movement; 8 vols.; Shanghai: Shanghai Jen-min Ch'u-pan-she, 1956) vol. VII, pp. 449-97. Pertinent materials are also found in Sun Yü-t'ang 孫毓棠, *Chung-kuo chin-tai kung-yeh-shih tzu-liao* 中國近代工業史資料 (Materials on the history of modern Chinese industry; 4 vols.; Peking: K'o-hsüeh ch'u-pan-she, 1957), vol. I, pp. 158-65. The center of the controversy, Wetmore, left memoirs, but unfortunately not a word is said of the manufacturing dispute. W. S. Wetmore, *Recollections of Life in the Far East*, Shanghai: North China Herald, 1894.

<sup>6</sup> For details of the system, see Britten Dean, *China and Great Britain: The Diplomacy of Commercial Relations 1860-1864* (Cambridge, Mass.: Harvard University East Asian Research Center, 1974), pp. 42-7, 72-7. See also Shen-tsu Wang, *The Margary Affair and the Chefoo Convention* (Oxford: Oxford University Press, 1940) pp. 83-102 *passim*.

manufacturing: upon exportation from a treaty port, inland transit duty was levied illegally, they claimed, on those goods which had been manufactured from native produce in the treaty port itself.<sup>7</sup> But Prince Kung 恭親王, head of the Tsungli-yamen, staunchly maintained that where the produce in question "has been altered in any way" it could not be construed as the produce originally purchased by the foreigner in the treaty port, and therefore could not be construed as having paid any inland duties; consequently such produce could not be exempted from paying such duties.<sup>8</sup>

It is clear that the envoys and Tsungli-yamen officials was arguing on different planes. The former apparently assumed manufacturing was an accepted part of foreign business operations in the treaty ports; their concern was what they took to be irregular taxation of it. The Tsungli-yamen's thrust was also taxation, particularly evasion by foreign merchants; it apparently did not occur to the Tsungli-yamen that any such thing as a *right* to manufacture was involved. In any case both sides agreed that the goods so manufactured were to be exported.

As the discussion of the "commercial grievances" developed during the next two years, manufacturing remained a side issue whose two principal facets were taxability of manufactured goods and the right of customs authorities to inspect the raw material prior to its processing. By July 1881 a tentative agreement provided that the customs service would indeed have the right to prior inspection. "This part of the agreement," commented the dean of the diplomatic corps to his colleagues, "has . . . the advantage of giving a legal status to the manufacturing of goods at the port out of native produce brought there under transit pass which until now could be done only with the tacit acquiescence of the customs."<sup>9</sup> This comment reveals that the foreign ministers realized they were seeking an entirely new right.

At this point, however, several snags appeared in the negotiations, one of which was Chinese officials' awareness that they should yield nothing that would tend to allow foreigners to compete on more favorable terms than the Chinese themselves in the manufacture of goods and their sale within China. Intermittent discussion between the Tsungli-yamen and the envoys over the next few months began to center in somewhat clearer fashion on the issue of whether the right to manufacture existed at all.<sup>10</sup> Then came the Wetmore crisis and a period of intense negotiation and tactical maneuvering.

<sup>7</sup> George Frederick Seward (minister) to the secretary of state, dispatch #510, 21 Nov. 79, and enclosure 3 in same, "Statement of Grievances," in "Despatches from United States Ministers to China." Subsequent references to this source will simply record the writer of the dispatch, its number and date. For a general discussion of these commercial grievances, see Hatano, *Chūkoku kindai kōgyōshi no kenkyū*, pp. 302-4. Ch'ing Ju-chi correctly relates the manufacturing dispute to the "commercial grievances," but typically errs in seeing from the beginning a sinister design to secure cheap raw materials for foreign factors in the treaty ports. *Mei-kuo ch'in-Hua shih*, vol. II, p. 171.

<sup>8</sup> Prince Kung to foreign envoys, enclosure in Seward's #579, 30 Jan. 80.

<sup>9</sup> Enclosure 1 in James B. Angell (minister), #212, 14 Sep. 81.

<sup>10</sup> See Angell's #212, 14 Sep. 81; Chester Holcombe (chargé), #36, 2 Dec. 81; and Holcombe's #92, 29 Apr. 82.

## The Negotiations in Peking

The arguments proffered by the Peking diplomats both for and against manufacturing in the treaty ports were of wide variety. Basic, of course, were those claiming foundation in treaty stipulations. Others centered around the legality of a Chinese textile monopoly which claimed exclusive right to cotton textile manufacture. A third line of argumentation emphasized economic theory. Other arguments proceeded from precedent, international good will, and reciprocity.

**TREATY-BASED ARGUMENTS.** The precise interpretation of suggestion phrases in the treaties spawned much discussion. In particular, the 1858 Sino-French treaty of Tientsin (whose privileges Americans enjoyed by their most-favored-nation status) provided that "Les Français et leurs familles pourront . . . se livrer au commerce ou a leur industrie . . ." <sup>11</sup> Young and his colleagues took both *industrie* and its Chinese equivalent, *kung-tso* 工作, in the broadest possible sense to include machine manufacturing in the modern sense. <sup>12</sup> Young also insisted that such a meaning had been the intention of the framers of the treaties. <sup>13</sup>

Prince Kung belittled these arguments and contended that the two disputed words referred to nothing more than hand-fashioned crafts or hand labor. <sup>14</sup> He also noted that the treaties, otherwise very specific and detailed, were silent on the matter of taxation of such manufactured goods, which he took as indirect evidence their framers had no such intention as Young averred. <sup>15</sup>

In my view, Young's position was untenable. Even assuming that *kung-tso* and *industrie* comprised broad enough meanings (which in fact they apparently did not) to include manufacture of goods by machinery, the general context of the treaties renders such an interpretation impossible. The 1858 treaties were basically commercial agreements negotiated at canon point; had the French and British negotiators been of a mind to secure the absolute right to carry on manufacturing in the treaty ports, it is inconceivable that they would have relied on a solitary mention of the vague word *industrie* in the French treaty alone. The absence of any special provisions for taxation of such manufactures strengthens this view. Prince Kung, a negotiator of the

<sup>11</sup> China, Maritime Customs: *Treaties, Conventions, etc. between China and Foreign States* (Miscellaneous Series, no. 30, second ed.; 2 vols.; Shanghai: Statistical Department of the Inspectorate General of Customs, 1917), vol. I, p. 818, art. VII. The same provision was incorporated into the German treaty of 1861, art. VI (*ibid.*, vol. II, p. 119); the Belgian treaty of 1865, art. XI (*ibid.*, vol. II, p. 9); and the Austro-Hungarian treaty of 1869, art. VIII (*ibid.*, vol. II, p. 460).

<sup>12</sup> Enclosure 2 and 3 in Young's #69, 6 Dec. 82.

<sup>13</sup> Enclosure 2 in Young's #120, 4 Feb. 83.

<sup>14</sup> Enclosure 1 in Young's #69, 6 Dec. 82; and enclosure 1 in Young's #116, 30 Jan. 83. Art. 10 of the 1872 Sino-Japanese treaty renders *kung-tso* as "zetsueki ni jūji suru" 雜役に従事する ("to engage in sundry services") and thus strengthens the narrower interpretation advanced by Prince Kung; Hatano discusses the point in *Chūgoku kindai kōgyōshi no kenkyū*, pp. 300-1. Neither side, however, adduced the Japanese wording.

<sup>15</sup> Enclosure 1 in Young's #116, 30 Jan. 83.

1858 treaties, was in a position to know better than any of the envoys, none of whom was in China at that time, that the treaties did not intend to allow manufacturing.<sup>16</sup> Nor did the foreign envoys of the early 1860s, whose duty it was to see to the proper implementation of the new treaties, ever mention any rights of manufacture.<sup>17</sup> Furthermore, as recently as 1880 a claim to the general right of manufacturing had apparently not impinged upon the minds of American diplomats, for otherwise it would surely have found a place in the U.S.-Chinese commercial treaty negotiated late that year, which provided an opportunity for tidying up some loose ends in Sino-American relations.<sup>18</sup> Even the four-year long negotiations for the 1881 revised German treaty, sometimes also cited as a source for the manufacturing right, included no discussion of this subject.<sup>19</sup> Scholars who have commented on the matter likewise generally support the Chinese position.<sup>20</sup>

**THE CHINESE MONOPOLY.** The issue was complicated by the existence of a Chinese monopoly, the Shanghai Cotton Cloth Mill (Shanghai Chi-ch'i Chih-pu chü 上海機器織布局). Scholars have recognized this enterprise as an important early step in China's industrialization effort.<sup>21</sup> The idea for it is attributable to Governor-general Li Hung-chang 李鴻章, who as early as 1876 expressed concern that the increasing purchase of foreign textiles was a terrible waste of Chinese wealth. He suggested the only way China could recoup this loss would be to use native capital to establish her own factories with machinery to produce similar textiles.<sup>22</sup>

<sup>16</sup> The British minister in Peking until just prior to the Wetmore crisis, Thomas Francis Wade, played a large role in the 1858 negotiations. Had the powers intended to include in the treaty provisions regarding manufacturing, surely Wade would have emphasized the point during the earlier discussions of "commercial grievances."

<sup>17</sup> This statement is based on my own extensive research into Sino-foreign relations of the early 1860s.

<sup>18</sup> The commercial treaty was concluded 17 Nov. 80 and ratified copies exchanged on 19 July 81. See *Treaties, Conventions, Etc.*, vol. I, pp. 736-9.

<sup>19</sup> See Stanley Wright, *China's Struggle for Tariff Autonomy: 1843-1938* (1938; reprint ed., Taipei: Ch'eng-wen Pub. Co., 1966), pp. 273-6. Art. IX of the German supplementary treaty (see *Treaties, Conventions, Etc.*, vol. II, p. 200) merely reaffirmed those portions of the 1861 German treaty not revised in 1881, article VI of which simply repeats the language employed in the French treaty.

<sup>20</sup> Henri Cordier, *L'Expédition de Chine de 1857-58: Histoire diplomatique; Notes et Documents* (Paris: Félix Alcan, 1905) says that the (now disputed) provision was accepted by the Chinese "sans discussion" (p. 430)—hardly to be expected if an important right were at stake. Chi-ming Hou 侯繼明, *Foreign Investment and Economic Development in China, 1840-1937* (Cambridge, Mass.: Harvard University Press, 1965) says Western manufacturing in China was carried on "illegally" (p. 7.) Ch'ing Ju-chi in *Mei-kuo ch'in-Hua shih*, brands Young's reasoning as "nonsense" (vol. II, p. 173).

<sup>21</sup> Albert Feuerwerker, *China's Early Industrialization: Sheng Hsüan-huai (1844-1916) and Mandarin Enterprise* (Cambridge, Mass.: Harvard University Press, 1958), pp. 208-25. Hatano, *Chūkoku kindai kōgyōshi no kenkyū*, pp. 294-435, deals generally with the Cotton Cloth Mill. See also Kang Chao 趙岡, *The Development of Cotton Textile Production in China* (Cambridge, Mass.: Harvard University East Asian Research Center, 1977) pp. 106-111.

<sup>22</sup> Yang-wu yün-tung, vol. VII, p. 457. Hatano elaborates this point at some length; see *Chūkoku kindai kōgyōshi no kenkyū*, pp. 309-10 *et seq.* Wellington K. K. Chan 陳錦江 misleads in crediting a merchant with suggesting to Li in 1878 the establishment of the mill; see his *Merchants, Mandarins, and Modern Enterprise in late Ch'ing China* (Cambridge, Mass.: Harvard University East Asian Research Center, 1977) pp. 33-4.

In 1878 Li formally established the mill. In 1880, strengthened by monopoly status, the mill sought investors and succeeded in selling shares totalling 400,000 taels (\$616,000). But the road to actual production was long and rough. The investment shares became "waste paper." Charges of corruption levied against the original director, Cheng Kuan-ying 鄭觀應, were sustained upon investigation. Not until 1890 was the enterprise revitalized, and production finally began.<sup>23</sup>

The monopolistic Shanghai Cotton Cloth Mill interfered with the operation of Wetmore's yarn factory, as indeed it was intended to. Chinese officials, both provincial and metropolitan, argued that the Cotton Cloth Mill as a fledgling industry needed monopoly protection if it were to survive in a world not merely of Chinese competition, but particularly foreign competition which would enjoy treaty-guaranteed freedom from unilateral Chinese taxation.<sup>24</sup>

Although Wetmore's yarn would not be in direct competition with the Shanghai Cotton Mill's cloth, the manufacturing operations were close enough to give Chinese officials cause for concern about indirect competitive effects of Wetmore's enterprise. And for the future, they feared Wetmore would inevitably expand into cloth manufacture, and in any case the Chinese monopoly planned eventually to produce its own yarn.<sup>25</sup> The Chinese authorities claimed their protectionist monopoly was fully consonant with international practice, and not contrary to anything in the treaties.<sup>26</sup> Thus local officials, with the full support of the Tungli-yamen, banned the operation of Wetmore's enterprise.<sup>27</sup>

Young never questioned the principle that nations had the right to establish protective monopolies for experimental industries. Rather he resorted to ad hoc arguments to deny the principle to the Chinese government in this case. Reports of corruption and chicanery among administrators of the Shanghai Cotton Cloth Mill, for example, led him to the conclusion that the monopoly was not a "sincere effort" and therefore not deserving of foreign recognition.<sup>28</sup> By implication only sincere

<sup>23</sup> The prospectus was published in the Chinese-language Shanghai paper *Shen Pao* 申報, 13-15 Oct. 1880; see *Yang-wu yün-tung*, vol. VII, pp. 468-75. For corruption charges, see a memorial of the imperial censor Yang Cheng 楊成, *ibid.*, vol. VII, p. 449; the investigation report is contained in a memorial by Tseng Kuo-ch'üan, *ibid.*, vol. VII, pp. 450-3. The troubled history of the mill is summed up in Hatano, *Chūkoku kindai kōgyōshi no kenkyū*, pp. 343-8. For granting of its monopoly status, see Chao, *The Development of Cotton Textile Production in China*, p. 339, note 16.

<sup>24</sup> Enclosure 2 in Young's #43, 18 Oct. 82. Also sub-enclosure 2 in enclosure 3 of Young's #120, 4 Feb. 83; this is a letter from the powerful governor-general Tso Tsung-t'ang, whose jurisdiction included Shanghai, to the Shanghai consular corps.

<sup>25</sup> The monopoly's prospectus indicated plans to engage in all textile operations from cotton ginning to cloth weaving. See *Yang-wu yün-tung*, vol. VII, pp. 470, 473. When production finally got underway in 1890 yarn was indeed manufactured; see Feuerwerker, *China's Early Industrialization*, p. 216.

<sup>26</sup> Enclosure 1 in Young's #116, 30 Jan. 83 and enclosure 1 in Young's #120, 4 Feb. 83.

<sup>27</sup> Young's #43, 18 Oct. 82 and enclosure 2 in same.

<sup>28</sup> Enclosure 8 with sub-enclosures and enclosure 10 [A] in Young's #69, 6 Dec. 82.

efforts would be tolerated, and obviously Young and his colleagues would constitute themselves as the judges of Chinese sincerity. Young reasoned too that because the monopoly's cloth was so different from Wetmore's yarn, no element of competition existed between the two operations nor (he mistakenly claimed) was any contemplated. The Chinese government had in his mind thus acted illegally and without cause in prohibiting Wetmore from operating.<sup>29</sup> Young also vainly argued that the monopoly had not been properly granted by the emperor, that provincial authorities had "usurped" the central government's prerogatives, and thus the monopoly was illegal.<sup>30</sup>

Another argument the envoy offered was that no prior patent law system had operated in China of public knowledge, but one had in effect been created for the special purpose of frustrating the rightful efforts of an honest American citizen. On these grounds alone Young said he refused to recognize the legitimacy of the monopoly.<sup>31</sup> This is an interesting point for it illustrates a practical difficulty that China's gradual modernization posed for the West. Western statesmen in China had from the beginning hoped to import Western civilization, including its system of law, to China. Now Chinese authorities were applying its knowledge of Western monopoly to its own advantage, and Western statesmen found themselves hypocritically protesting.

Lastly, Young asserted that the monopoly was null and void because it contravened the "universally recognized principle of international law . . . that treaties form the supreme law of the land."<sup>32</sup> Foreign diplomats regularly cited the argument that treaty commitments took precedence over domestic law to insist on an unrestricted exercise of their treaty rights. The weakness of Young's argument was that there had been in the United States constant and unredressed violations by state and local governments of the 1868 "Burlingame Treaty," which in the words of China's minister to Washington had rendered that treaty "practically a dead letter" in the state of California.<sup>33</sup> Young was far from ignorant of these affairs.<sup>34</sup>

<sup>29</sup> Young's #43, 18 Oct. 82.

<sup>30</sup> Enclosure 2 in Young's #69, 6 Dec. 82.

<sup>31</sup> Enclosure 2 in Young's #120, 4 Feb. 83.

<sup>32</sup> Enclosure 5 in Young's #43, 18 Oct. 82. The English-language Shanghai weekly, *North China Herald*, voice of the foreign mercantile community, argued similarly that China's sovereign right to establish monopolies could not go so far as to nullify a treaty right. *North China Herald*, 1 Nov. 82, pp. 457-8.

<sup>33</sup> Yung Wing 容闳 to Secretary of State William M. Evarts, 9 Mar. 80, in United States, Department of State: "Notes from the Chinese Legation in the U.S. to the Department of State, 1868-1906," File Microcopies of Records in the National Archives No. 98; Washington: The National Archives, 1947. One cannot help but recall in this connection the decision of the U.S. Supreme Court which upheld the legality of the 1883 Exclusion Act even though, the court, found it violated the 1868 and 1880 treaties between China and the U.S. The Chinese minister in Washington expressed his "amazement" over this development. See Chang Yin-huan 張蔭垣 to James Blaine (secretary of state), 8 July 89, *ibid.*

<sup>34</sup> He refers, for example, to attempts to ban Chinese from manufacturing in California in his dispatch #120, 4 Feb. 83.

ARGUMENTS FROM ECONOMIC THEORY. The American emphasis on government support of economic development by promoting free competition and private initiative differed widely from traditional Chinese notions. Economic stability, not dynamic development, was the Chinese ideal, and Chinese government traditionally helped assure such stability by restricting merchants and industrialists to accepted norms.

Chinese statesmen, both regional and metropolitan, stressed the detrimental effect of foreign-owned factories on Chinese cottage industry and labor-intensive enterprises. The Wetmore undertaking was not the only one the Chinese feared in this connection. Russell & Company, the largest U.S. firm in China, had just put into operation a satin filature factory. The Shanghai taotai 道臺 (intendant of circuit), Shao Yu-lien 邵友濂, protested this could potentially harm the livelihood of large segments of the population engaged in similar occupations.<sup>35</sup> Taotai Shao advanced similar arguments to the British consul regarding a British-owned brocade factory, silk reeling machinery, and an electric light company.<sup>36</sup> Governor-General Tso Tsung-t'ang 左宗棠, a pioneer promoter of Chinese industrialization, saw in these competitive Western enterprises the seeds of great social unrest. Over the objections of the united Shanghai consular corps, he prohibited all such manufacturing enterprises.<sup>37</sup>

Tso and other officials also pointed to the detrimental effects foreign manufacturing would have on the revenue. Textiles of foreign manufacture, it was argued, would be physically indistinguishable from textiles of purely Chinese manufacture. Chinese owners could thus easily evade taxes by falsely claiming their goods to be foreign. Furthermore, foreign produce manufactured in China, enjoying the same treaty protection as all foreign produce did, could be transported to inland markets free of the inland levies which formed so important a part of provincial revenues.<sup>38</sup>

Chinese officials also averred that harm would be done to China's own foreign trade were foreigners allowed to manufacture in the treaty ports. Referring to Russell's silk filature enterprise, Taotai Shao noted that to the extent silks of foreign manufacture were exported, similar Chinese exports would be diminished.<sup>39</sup> Despite this reservation, the Tsungli-yamen continued to offer as a compromise that foreigners might carry on manufacturing operations on condition the produce was entirely

<sup>35</sup> Sub-enclosure in enclosure 20 of Yang's #69, 6 Dec. 82.

<sup>36</sup> J. P. Hughes (Shanghai consul) to Lord Granville (foreign secretary), 29 Nov. 82, with enclosures, in Great Britain, Foreign Office: "General Correspondence, China," FO 17/907. Chinese officials soon relented on the electric light company, presumably because it threatened no vital Chinese interests. See also Hatano, *Chūkoku kindai kōgyōshi no kenkyū*, pp. 304-5, for general Chinese repression of foreign industry.

<sup>37</sup> Sub-enclosure 2 in enclosure 3 of Young's #120, 4 Feb. 83. For background on Tso, see Gideon Chen, *Tso Tsung-t'ang: Pioneer Promoter of the Modern Dockyard and the Woolen Mill in China* (1938; reprint ed., New York: Paragon, 1961).

<sup>38</sup> Sub-enclosure 2 in enclosure 3 of Young's #120, 4 Feb. 83.

<sup>39</sup> Sub-enclosure 1 in enclosure 20 of Young's #69, 6 Dec. 82.



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Young was convinced that the views of men like Tso Tsung-t'ang were simply wrong. The history of commerce and trade, as Young saw it, was a "struggle between these arguments and a more enlightened public opinion."<sup>40</sup> The Shanghai vice consul-general, F. D. Cheshire, was of the same persuasion. He argued to Taotai Shao that hundreds of workers in Russell's silk filature factory who earned "handsome salaries" would be thrown out of work if the filature was forced to discontinue operations. Also, thanks to Russell's enterprise, increased exports of reeled silk had stimulated cocoon production and planting of mulberry orchards, to the benefit of the inland economy.<sup>41</sup> Young pressed the same arguments on Prince Kung.<sup>42</sup>

Contrary to Chinese fears, Cheshire and Young asserted that foreign manufacturing would not harm the revenue, but would actually benefit it. They reasoned that the increased shipment of cocoons to the treaty port (even if shipped as foreign-owned merchandize) would still pay half-duty as transit dues, and when the manufactured product was shipped from Shanghai, it would additionally pay a full export duty.<sup>43</sup>

The Shanghai Cotton Cloth Mill would itself use that same labor-saving machinery whose consequences Chinese authorities said they so much feared. The apparent contradiction puzzled Young.<sup>44</sup> But Chinese authorities and mill organizers viewed foreign machinery as a necessary evil by which to undermine foreign competition and win back their share of the market. No more damage would be done to the people's livelihood than was presently being done by the importation of foreign-made textiles.<sup>45</sup> In any case Chinese officials opposed enterprises like Wetmore's and Russell's not so much because they were mechanized but because they were foreign and thus extraterritorialized and beyond Chinese control. Under Chinese control manufacturing could be prevented from expanding to the extent of creating the dreaded economic hardship and consequent social unrest. Furthermore, industry completely in Chinese hands could indeed be taxed more heavily than if protected by treaty.

The unfettered industrial development which formed the ideal of American statesmen was thus anathema to Chinese statesmen. There were no significant differences

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<sup>40</sup> Young's #120, 4 Feb. 83.

<sup>41</sup> Sub-enclosure 2 in enclosure 20 of Young's #69, 6 Dec. 82.

<sup>43</sup> Young's #249, 4 Sep. 83.

<sup>43</sup> Cheshire's views in sub-enclosure 2 of enclosure 20 in Young's #69, 6 Dec. 82; Young's views in his #249, 4 Sep. 83. The half-duty transit levy was a compromise formula reached by the 1858 treaty negotiators to secure to the Chinese government a partial replacement of the revenue lost by the exemption of foreign-owned produce from the onerous provincial taxes. For details, see Dean, *China and Great Britain*, pp. 42-3.

<sup>44</sup> Enclosure 2 in Young's #120, 4 Feb. 83.

<sup>45</sup> *Yang-wu yüen-tung*, vol. VII, p. 469.

of opinion on these points among such officials as Li Hung-chang who originated the monopoly, Tso Tsung-t'ang, Shao Yu-lien, or members of the Tsungli-yamen.<sup>46</sup>

But while pressing the Tsungli-yamen to allow foreign manufacturing, Young and Secretary of State Frelinghuysen both recognized a potential danger for larger American interests. If China were converted to the adoption of machinery, Frelinghuysen mused, would it be "altogether for the material advantage of our people to invite what . . . might result in a transfer thither of an important share of our manufacturing interests?"<sup>47</sup> Young agreed that if the Chinese, industrious and low-paid, so determined, they could indeed compete effectively in world markets. "It is a contest in which the fittest must survive," was Young's predictable conclusion, and he evinced no fear of American survival.<sup>48</sup>

PRECEDENT, RECIPROCITY AND AMITY. "How happens it," Princer Kung asjed pointedly, "that this one privilege alone of such immense concern to foreign merchants should have been unseen and not taken advantage of for this long period?"<sup>49</sup> To his mind, foreigners' claim to an 1858 treaty right was a mere afterthought. Interestingly, however, there were at least eight enterprises operating in Shanghai which, according to Young, produced acids, brick, flour iron ware, matches, glass, paper, and tanned leather. Under these circumstances Young said, there was "naturally," no reason why Wetmore's cotton yarn manufactory should be prohibited.<sup>50</sup>

The existing operations, however, were small, unobtrusive, and threatened no

<sup>46</sup> Ch'ing Ju-chi views Chinese officials' approval of machinery for Chinese factories as proof of their indifference to the ruination of handicraft industry in favor of the development of "bureaucratic capitalism" of which they would be the beneficiaries. *Mei-kuo ch'in-Hua shih*, vol. II, pp. 181-3. The sinister intent which Ch'ing sees is not apparent to me, though the effect may indeed have been the same.

<sup>47</sup> Frelinghuysen's #137, 23 June 82 in U.S., Department of State, "Diplomatic Instructions of the Department of State, 1801-1906: China," File Microcopies of Records in the National Archives, no. 77; Washington: The National Archives, 1946. Hereafter referred to as "Diplomatic Instructions." The same reservation occurred to the British. See Kiernan, *British Diplomacy in China*, p. 263.

<sup>48</sup> Young's #120, 4 Feb. 83; Young elaborates in #242, 25 Aug. 83. This fear of Chinese competition was expressed in the president's annual message to Congress in 1883 and he was disinclined that the U.S. take its chances in such a competition for survival of the fittest. See *Foreign Relations of the United States, 1883* (Washington, Government Printing Office: 1884), p. viii. See also Paulsen, "Machinery for the Mills of China, 1882-1896," p. 328 and Ch'ing Ju-chi, *Mei-kuo ch'in-Hua shih*, vol. II, p. 188.

<sup>49</sup> Enclosure 2 in Young's #235, 18 Aug. 83.

<sup>50</sup> Young's #43, 18 Oct. 82 and enclosure 1 in Young's #235, 18 Aug. 83. British sources list not 8 but 15 foreign manufacturing enterprises in Shanghai, which include a gas company and newspaper publishers; see Kiernan, *British Diplomacy in China*, p. 260. For general information on foreign manufacturing in China during this early period, see Hou, *Foreign Investment*, pp. 83-6. See also Hatano, *Chūkoku kindai kōgyōshi no kenkyū*, pp. 306-8 and (for the Wetmore factory) pp. 331-5. The same subject is discussed by the well-informed Marxist scholar Sun Yü-t'ang in *Chung-Jih chia-wu chan-cheng-ch'ien wai-kuo tzu-pen tsai Chung-kuo ching-ying-ti chin-tai kung-yeh* 中日甲午戰爭前外國資本在中國經營的近代工業 (Foreign capital in Chinese modern industry before 1894; Shanghai: Shanghai Jen-min Ch'u-pan-she, 1955), pp. 17-52; the Wetmore case is referred to on p. 31.

important Chinese industry. Nor had any of them justified their establishment in treaty provision; all were extra-legal. But Young steadfastly maintained that Chinese authorities, even if not recognizing a manufacturing right as such, had accorded "tacit acquiescence" to its practical exercise, and continued practice amounted to a right which could not be withdrawn.<sup>51</sup> Secretary Frelinghuysen fully agreed with this questionable argument and instructed Young that "the United States cannot assent at this late day to a return to the ancient exclusive system which will involve destruction of the property of their citizens and abrogation of their vested rights."<sup>52</sup>

The concept of reciprocity was also introduced by Young to help secure the disputed manufacturing right. Because the U.S. did not interfere with Chinese manufacturing in the U.S., he argued hypocritically, it was only fitting that China not interfere with U.S. manufacturing efforts in China.<sup>53</sup> China out of gratitude alone, Young also argued, should permit foreign manufacturing enterprises in China. China had become heavily indebted to Americans and other Westerners "whose capital, enterprise, industry, and genius," he declared, "have done so much to give to China the benefits of an advanced and enlightened civilization."<sup>54</sup>

Prince Kung agreed that Chinese enjoyed more rights in the U.S. than elsewhere abroad. But if China reciprocally granted to Americans the right to manufacture in China, the other powers would unfairly gain the same right for their nationals by virtue of their most-favored-nation status. In any case, the Tsungli-yamen insisted, reciprocity had nothing to do with it, for each treaty must be interpreted and implemented on its own terms.<sup>55</sup>

Each side resorted to unproductive appeals to amity. Young constantly harped on the notion that while he was trying to carry on entirely friendly discussions in Peking, local officials like Tso Tsung-t'ang were relying on "unfriendly acts."<sup>56</sup> Prince Kung retorted in kind. ". . . No country in the world can justly force a friendly power to disregard the commercial interests of its own subjects."<sup>57</sup>

One final consideration is the doomsday argument that so often seemed persuasive to U.S. diplomats in China. To abandon the right to manufacture in China, Young reasoned, would be a retrogressive step which would lead to further retrogression until the Chinese government had rendered the treaties utterly valueless. The results of this, obviously bad for American interests, would be catastrophic for China, for denied the beneficial presence of Western commercial and entrepreneurial activities, "settlements like Shanghai . . . will sink up and vanish like the great cities of

<sup>51</sup> Young's #69, 6 Dec. 82.

<sup>52</sup> Frelinghuysen's #86, 26 Feb. 83, "Diplomatic Instructions."

<sup>53</sup> Enclosure 5 in Young's #43, 18 Oct. 82.

<sup>54</sup> Young's #43, 18 Oct. 82.

<sup>55</sup> Enclosure 1 in Young's #69, 6 Dec. 82.

<sup>56</sup> Enclosure 2 in Young's #120, 4 Feb. 83.

<sup>57</sup> Enclosure 1 in Young's #116, 30 Jan. 83.

the [ancient] Mediterranean; . . . China will lapse into the dark ages."<sup>58</sup> Young thus presumed to know what was in China's best interests, despite the Chinese government's having so forcefully stated its own interests to the contrary. Further, Young incorrectly construed China's denial of Western manufacturing rights in this case a retrogressive movement; more accurately, China's denial simply slowed the pace of Western encroachment.

### Tactical Maneuvers

While diplomatic negotiations were proceeding in the capital, each side was taking action on the scene in hopes of securing its objectives. Examination of this facet of the crisis affords important insights into the nature of Sino-American relations.

The most important tool in the hands of Chinese officials was the monopoly granted to the Shanghai Cotton Cloth Mill. Under its terms the government proclaimed all rival firms, Chinese and foreign alike, illegal. Chinese individuals involved with such illegal firms would be subject to arrest. After due warning by the government, certain Chinese shareholders in Wetmore's firm, including his long-time comprador, were harrassed, threatened, and one or two actually arrested. They were apparently intended as object lessons to other shareholders—actual or potential—to dissuade them from investing in foreign manufacturing schemes. Lacking Chinese capital, such schemes could not be carried out. These tactics were successful. Chinese shareholders clamored for the return of their money, and so Wetmore's company fell before it had even emerged from the embryo stage.<sup>59</sup>

The Wetmore comprador case is interesting in showing in detail the application of Chinese tactics. Tso Tsung-t'ang issued an arrest warrant for the comprador, a certain Wang Ko-hung, on charges of complicity with the Taiping Rebellion some 20 years earlier, a capital offense. Wetmore and American officials took it to be a trumped-up charge, and Chinese sources<sup>60</sup> reveal it was indeed so. Witnesses were produced by Chinese authorities ready to testify against the comprador. The comprador in effect went into hiding by confining himself to the premises of Wetmore's hong in Shanghai's International Settlement. After some weeks had elapsed, during which Wetmore's business affairs suffered because of the disruptions, Chinese inter-

<sup>58</sup> Young's concluding remark in #69, 6 Dec. 82; the same idea is expressed in #120, 4 Feb. 83.

<sup>59</sup> These events are fully detailed in Young's #69, 6 Dec. 82, esp. enclosure 5 and 10; and in Young's #94, 4 Jan. 83 and #120, 4 Feb. 83, both with their enclosures. For Chinese accounts, see *Yang-wu yü-tung*, vol. VII, pp. 464-6 and Sun Yü-t'ang, *Chung-kuo chin-tai kung-yeh-shih tzu-liao*, vol. I, pp. 158-65. For the Shanghai foreign mercantile community's view expressed editorially, see *North China Herald*, 25 Oct. 82, pp. 433-4. For one of several of Wetmore's letters to the Shanghai papers, see *North China Herald*, 5 Nov. 82, p. 537.

<sup>60</sup> See 2 letters by Tso Tsung-t'ang in *Yang-wu yü-tung*, vol. VII, pp. 464-6.

mediaries promised to see to the withdrawal of the arrest warrant if Wetmore for his part would agree to give up his manufacturing enterprise. Wetmore refused to capitulate. But by this time Chinese authorities had gained their objective, for Chinese investors had retrieved their capital and abandoned Wetmore's firm. Charges against the comprador and other Chinese involved with Wetmore's scheme could now safely be dropped. Chinese terrorism, practiced against Chinese, not foreigners, had succeeded in thwarting the foreign enterprise.<sup>61</sup>

Another tactic at the Chinese authorities' disposal was the inland transit tax. By raising this tax on the raw materials used in the foreigners' manufacturing processes, Chinese authorities could undermine the profitability of foreign enterprises and perhaps even force their closure. According to American reportage, an increase in the inland transit tax on cocoons was precisely aimed at forcing the large American firm of Russell & Co. and a British firm from their silk filature enterprises in Shanghai. Provincial authorities increased the tax from \$2.00 per picul (133 lbs.) to \$4.00 per picul. Since 16 piculs of cocoons were required for the manufacture of 1 picul of reeled silk, a substantial cost increase was involved. American officials protested, but Chinese officials held their ground.<sup>62</sup>

Young thoroughly disapproved of the Chinese tactics—"acts of violence," he termed them—employed against Wetmore and his associates. To frustrate Chinese measures, Young instructed Consul Cheshire to refuse to countersign the arrest warrant for Wetmore's comprador, which, so long as the comprador remained in the International Settlement, legally prevented his apprehension. Young freely admitted to Secretary of State Frelinghuysen that he sought to interfere with the working of Chinese law which he felt was being put to a wrong use.<sup>63</sup> Young, a strong supporter of the powers' "Cooperative Policy" in China, then gained the support of the diplomatic corps and made the numerous representations to the Tsungli-yamen analyzed above.<sup>64</sup>

Thus far Young's tactics fell within the scope of peaceful diplomacy. Indeed he frequently prided himself on employing only "friendly discussion." It is thus all the more interesting to look at the harsher measures he was prepared to employ.

Gunboat diplomacy is not normally associated with American relations with

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<sup>61</sup> Ch'ing Ju-chi incorrectly asserts that Chinese tactics failed because Wetmore's factory was allowed to continue operating; *Mei-kuo ch'in-Hua shih*, vol. II, p. 186. There was in fact no operating factory, and Wetmore's plans to establish one were dashed.

<sup>62</sup> Young's #249, 4 Sep. 83 with enclosures; *North China Herald*, 27 April 83, pp. 449-50. Russell & Co. stated that if cocoon taxes did not return to the previous year's rate, "we shall be obliged to close our factory." See enclosure 9 in Young's #249, 4 Sep. 83. Whether the firm did in fact abandon this branch of its extensive operations, the record does not reveal.

<sup>63</sup> Young's #69, 6 Dec. 82.

<sup>64</sup> For Young and the Cooperative Policy, see his #120, 4 Feb. 83. For background information on the Cooperative Policy, see Mary C. Wright, *The Last Stand of Chinese Conservatism: The Tung-Chih Restoration, 1862-1874* (1957; second printing; Stanford: Stanford University Press, 1962) pp. 21-42; also Dean, *China and Great Britain*, pp. 18-21.

China. Certainly there has been no such association in the public mind, and even historians usually do no more than point to an instance or two of it. To liken the U.S. to the "jungle jackal" enjoying the privileges won by expenditure of others' blood and treasure, may be generally apt, but it does obscure a belligerent strain in U.S. policy.<sup>65</sup> The present case illustrates the unflattering side with perfect clarity.

As the diplomatic effort intensified in Peking and as tensions rose in Shanghai's business community, Young wrote in exaggerated tones to the commander-in-chief of the U.S. Asiatic fleet, Admiral John M. B. Clitz. Chinese authorities' "acts of violence strike a fatal blow at a rich and splendid settlement with foreign capital invested to the amount of sixty millions of taels." Young pronounced this the most serious crisis since the signing of the treaties in 1858. He suggested the fleet visit Shanghai. Although Clitz was to make the visit seem like an ordinary event in a winter cruise along the China coast, Young nonetheless intended coercion, for he considered this action would "serve our interests and strengthen the legation in its discussions with the Foreign Office [Tsunqli-yamen]."<sup>66</sup>

Frelinghuysen fully approved and even commended young's views and actions. Indeed, Frelinghuysen authorized Young to go beyond merely "the moral support afforded by the presence of a vessel of war" and, if necessary, to use force itself. He cautioned Young merely to secure prior support of the diplomatic corps.<sup>67</sup>

German nationals at Amoy faced problems similar to Wetmore and Russell's. These the German minister, Max von Brandt, sought to resolve with a quite undisguised use of force. Local officials had confiscated large tea-roasting pans being cast by a German foundry. Von Brandt threatened a naval action, similar to one he had recently order to settle a land dispute at another treaty port (Swatow), if the Tsunqli-yamen did not immediately telegraph Amoy officials to yield to the Germans. The Tsunqli-yamen did von Brandt's bidding, but the Amoy taotai persisted. German gunboats were summoned from Nagasaki and marines were landed; they broke into the customhouse and recovered the confiscated property. The Amoy authorities went further, however, by imprisoning four workers and torturing the foundry foreman (a Chinese), which intimidated other Chinese employees and apparently paralyzed the

<sup>65</sup> The phrase was coined by Thomas A. Bailey, *A Diplomatic History of the American People* (1940; 9th ed.; Englewood Cliffs, N. J.: Prentice Hall, 1974), pp. 306, 315. Other historians have picked up both Bailey's phrase and his interpretation. See, for example, Warren I. Cohen, *American Response to China: An Interpretative History of Sino-American Relations* (New York: John Wiley, 1971) p. 29. A revisionist trend may be underway, however, with Jeffery Dorwart's assertion (even if poorly argued) of American gunboat diplomacy in 1894-5; see *The Pigtail War: American Involvement in the Sino-Japanese War, 1894-1895* (Amherst: University of Massachusetts Press, 1975), pp. 57-71.

<sup>66</sup> Young's #69, 6 Dec. 82 and enclosure 19 in same.

<sup>67</sup> Frelinghuysen's #86, 27 Feb. 83, in "Diplomatic Instructions." Paulsen fails to appreciate the true coercive thrust of Frelinghuysen's instruction. See "Machinery for the Mills of China," pp. 325-6.

whole enterprise. Von Brandt demanded an indemnity, but the Tsungli-yamen, backed by Li Hung-chang, refused.<sup>68</sup>

Young evinced ambivalent feelings about these German actions. He deplored the use of force, though he excused it as having been brought on by the Chinese themselves. Yet he envied the quick response of the Tsungli-yamen to von Brandt's threats, while the Tsungli-yamen did nothing to satisfy Wetmore's grievance. He only hoped that what he considered America's forbearance in the use of force would enhance America's position in the eyes of the Tsungli-yamen and eventually redound to America's benefit.

The United States and the other powers finally decided in August 1883 to suspend further discussion with the Tsungli-yamen of the disputed manufacturing right, though the State Department clearly meant to concede nothing to the Chinese by so doing. The suspension resulted partly because the Tsungli-yamen's unyielding opposition had Young temporarily stalemated, and partly because a war brewing between China and France was assuming overriding diplomatic importance. Another factor may have been Washington's second thoughts about pressing for a right which would foster competition with American industry at home.<sup>69</sup> As their parting shot, the foreign envoys jointly issued a vague warning to the Tsungli-yamen about "serious consequences" if Western "treaty rights" suffered continued interference.<sup>70</sup>

The American merchants were bad losers too. Both Wetmore and Russell formally demanded compensation from the Chinese government for actual damages. Wetmore claimed 5000 taels (\$7700) for the disruptions to his mercantile firm by the wrongful interference with his comprador; he did not indicate how he arrived at that particular figure. Russell's claim for actual damages was modest by comparison—642 taels (\$989), which represented the extra, and to him illegal, taxation of cocoons.<sup>71</sup>

Wetmore put forth a second, much larger claim for compensation for his losses due to the wrongful destruction of his factory scheme. Shareholders had agreed to

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<sup>68</sup> Young's #72, 12 Dec. 82; #79, 19 Dec. 82; #93, 3 Jan. 83; and #97, 6 Jan. 83. Helmut Stoecker, *Deutschland und China im 19 Jahrhundert: das Eindringen des deutschen Kapitalismus* (Berlin; Rütten & Leoning, 1958), pp. 129-33. VonBrandt was recalled briefly, because of Bismarck's displeasure with his strong tactics, which prevented this fracas from becoming a major crisis. See Max vonBrandt, *Dreiunddressig Jahre in Ost-Asian: Erinnerungen eines deutschen Diplomaten* (3 vols.; Leipzig: G. Wigand, 1901), vol. III, pp. 285-6 for the Swatow conflict and p. 286-7 for the Amoy conflict. Paulsen incorrectly assigns this event as the catalyst of the whole manufacturing right dispute; "Machinery for the Mills of China," p. 321. Hatano, *Chūkokū kindai kōgyōshi no kenkyū*, pp. 305-6, correctly interprets it as simply escalating the larger, ongoing crisis.

<sup>69</sup> Young's #235, 18 Aug. 83 with pencilled notes by assistant secretaries J. C. Bancroft Davis and Alvey A. Adee; Frelinghuysen's #249, 5 Apr. 84, in "Diplomatic Instructions."

<sup>70</sup> Enclosure 1 in Young's #235, 18 Aug. 83.

<sup>71</sup> For Wetmore's claim, see sub-enclosure 1 in enclosure 1 of Young's #126, 10 Feb. 83. For Russell's claim, see enclosure 9 in Young's #249, 4 Sep. 83. Cheshire pressed both these claims in Shanghai.

pay him 10,000 taels (\$15,400) per year for a minimum of 5 years as manager of the factory. He thus claimed 50,000 taels (\$77,000) damages.<sup>72</sup>

Young supported both of Wetmore's claims, but told Prince Kung he would hold the larger one in reserve. Young hoped thereby to gain some negotiating leverage when the whole question might be reconsidered in the future. There is no evidence that the smaller claim was honored, however, and the larger one was in effect dropped.<sup>73</sup>

Thus after a year of intense diplomatic negotiating and high tension in the treaty ports, matters remained where they had been for years—unresolved. Yet as a practical matter this represented at least a temporary victory for the Chinese, since foreign manufacturing enterprises could continue to operate in the treaty ports only on Chinese sufferance.

### Conclusions

It seems amazing that so much diplomatic energy was lavished on an enterprise so embryonic in form. The whole tenor of the dispute and the zealotry of Young's protests suggest a major manufacturing enterprise had been brought to ruin. Yet Wetmore had actually allotted only one-third of the total of 300,000 taels in bonds required to capitalize the firm. He had gone no further than to telegraph the U.S. ordering machinery; none was in place in Shanghai, let alone turning out yarn. He had merely made estimates for buildings and negotiations for land. All this was known to Young from the first.<sup>74</sup> Clearly, the much touted "vested interests" of the Americans were greatly exaggerated in the fervor to secure what was at best a doubtful right.

American interests in treaty-port manufacturing were actually and potentially only minor, as Young stressed to the department in his later dispatches. "Our people seek . . . to realize quick profits and go home;" they were indisposed to making the type of long-term investment in China required by manufacturing enterprises. Young felt bound only to protect existing manufacturing interests, not secure future ones.

<sup>72</sup> Sub-enclosure 1 in enclosure 1 of Young's #126, 10 Feb. 83. Wetmore named as the principal wrongdoers expectant toatai Kung Shou-t'u 龔壽岡 and his chief aide Cheng Kuan-ying, both of whom were connected with the Shanghai Cotton Cloth Mill; see *Yang-wu yün-tung*, vol. VII, pp. 449-453 for a report on their careers with it.

<sup>73</sup> Enclosure 2 in Young's #120, 4 Feb. 83. Frelinghuysen later owned that preferring the larger claim for reparations was premature considering the legitimacy of manufacturing was still pending under the treaties. See Frelinghuysen's #136, 22 June 83.

<sup>74</sup> Young's #43, 18 Oct. 82. Chinese documentation shows that for all its troubles the Shanghai Cotton Cloth Mill, by contrast, had progressed beyond this state. See, for example, *Yang-wu yün-tung*, vol. VII, pp. 477-90, which reprints selected documents published in the second part of a book by Cheng Kuan-ying, a promoter of Mill.



Although one cannot help suspecting Young denigrated the practical importance of the denied treaty right to minimize his own failure to secure it, his views here seem sound.<sup>75</sup>

An intriguing question is how Young could feel so convinced, in all apparent sincerity, that his demands were just when the arguments supporting his position were absurdly weak. The answer must simply be that he typified the willfulness and cultural conceit of American (and Western) diplomats in China, particularly the post-Burlingame envoys. Their thrust was the expansion of American interests in China, even if at China's expense. They never lacked confidence that the unequal treaties were wise instruments, and that they alone were competent to interpret their provisions.<sup>76</sup>

At a higher level of interpretation, the manufacturing right controversy of 1882-83 provides another datum for historians to factor into their assessment of America's late 19th century imperialism.<sup>77</sup> The evidence suggests that the burst of imperialist activity in 1898 found its roots in earlier decades, with 1898 forming more of a culmination of a long trend than the disjointed anomaly some scholars perceive. Marilyn Young is one of those who finds that the engine of American imperialism did indeed gather steady momentum—from the 1880s to the end of the century. She cites, for example, the increasing energy which Charlse Denby, an Indiana railroad lawyer appointed minister in China from 1885 to 1898, was authorized to use in helping American citizens gain railroad, banking, and other concessions from the Chinese government.<sup>78</sup> But I find even earlier sign-posts pointing in the same direction. One is the intense and protracted American (and Western) pressure on Chinese

<sup>75</sup> Young's #242, 25 Aug. 83.

<sup>76</sup> K. C. Liu 劉廣京 has explained the policies of three of the post-Burlingame envoys—Frederick F. Low, Benjamin P. Avery, and George F. Seward—partly in this more aggressive manner. My findings for J. Ross Browne, who preceded these three, and for Young, who followed, show an unbroken continuum. My reading of the dispatches of Young's successor, Charles Denby, puts him squarely in this tradition, too. See Kwang-Ching Liu, "America and China: the Late Nineteenth Century," in Ernest R. May and James C. Thompson, Jr., *American East-Asian Relations: a Survey* (Cambridge, Mass.: Harvard University Press, 1972), pp. 34-96, esp. pp. 80-87. See also Britten Dean, "The United States and China in the Nineteenth Century: An Incident in the Career of Minister Charles Denby" (*Bulletin of the Institute of Modern History, Academia Sinica*, vol. VII [June, 1978], pp. 611-625) and Britten Dean, "The United States and China: J. Ross Browne and the Diplomacy of Pugnacity, 1868-69," (*Sino-American Relations*, forthcoming).

<sup>77</sup> For a convenient review of the considerable literature on this subject, see Michael H. Hunt, "Americans in the China Market: Economic Opportunities and Economic Nationalism, 1890s-1931" (*Business History Review*, vol. LI, no. 3 [Autumn, 1977]), pp. 277-80.

<sup>78</sup> Marilyn Blatt Young, *The Rhetoric of Empire: American China Policy, 1885-1901* (Cambridge, Mass.: Harvard University Press, 1968); the general trend is sketched on pp. 56-90; for Denby's role, see pp. 57-8, 64-7. For a detailed study of Denby's diplomacy, see John William Cassey, "The Mission of Charles Denby and International Rivalries in the Far East, 1885-1898," (Ph.D. dissertation, University of Southern California, 1959). See also David Healy, *U.S. Expansionism: The Imperialist Urge in the 1890s* (Madison: University of Wisconsin Press, 1970), pp. 178-93.

officials to facilitate steamer passage to Shanghai by removal of the Woosung bar.<sup>79</sup> Yet another is the energetic, even deceitful, pursuit by minister Benjamin Avery (1874-75) of gaining the Chinese government's acceptance of telegraphy.<sup>80</sup> The manufacturing right controversy lies on the same continuum.

These initiatives, and many similar ones encountered in the corpus of dispatches of the post-Burlingame envoys to China, all went beyond the restraints imposed on the U.S. by treaty, including an explicit statement in the 1868 Burlingame Treaty.<sup>81</sup> Taken together such episodes amount to a long-term policy momentum which helped carry the U.S. into the frenetic phase of empire in 1898.

An interesting feature connecting most of these episodes is that the U.S. did not seek exclusive economic advantage from China at the expense of the other powers. Manufacturing rights, steamer access to Shanghai, and so on were meant to redound equally to the advantage of all the powers in China. This constitutes another continuum of American imperialist thinking from William Seward through John Hay.<sup>82</sup> For one thing, any exclusivist support for U.S. economic or business interests, it was feared, might invite collision with a European power.<sup>83</sup> But more importantly, the U.S. felt confident that in any fair competition it could not only best its European rivals in the China market, but could attain commercial domination of the markets of the entire world.<sup>84</sup>

The manufacturing dispute likewise illuminates the broader course of late Ch'ing history. It is noteworthy that Chinese authorities held remarkably uniform views of their treaty rights. Although the disputes at Amoy and Shanghai apparently erupted independently, local Chinese authorities took like stands at each port. When the Tsungli-yamen became involved, it consistently supported the Shanghai officials in their every action, although it was precluded from giving similar support to Amoy (and Swatow) officials because German gunboats removed those disputes from the sphere of diplomacy.

<sup>79</sup> Britten Dean, "The United States in China, 1868-1900; the Diplomacy of Economic Self-Interest" (*Transactions of the International Conference of Orientalists in Japan*, no. xxi [1976], pp. 45-60), pp. 48-51.

<sup>80</sup> *Ibid.*, pp. 51-55.

<sup>81</sup> William Frederick Meyers, ed., *Treaties between The Empire of China and Foreign Powers* (1877; reprint ed., Taipei: Ch'eng-wen Pub. Co., 1966) pp. 94-5. The U.S. disavowed in art. VIII any intention of interfering with Chinese administration regarding "construction of railroads, telegraphs, and other material internal improvements."

<sup>82</sup> A recent study of Seward's policies shows how closely akin they were to the empire that actually emerged at century's end. See Ernest N. Paolino, *The Foundations of the American Empire: William Henry Seward and U.S. Foreign Policy* (Ithaca: Cornell University Press, 1973), p. 24. A similar judgment is offered of Seward in Thomas J. McCormick, *China Market: America's Quest for Informal Empire, 1893-1901* (Chicago: Quadrangle Books, 1967), p. 19.

<sup>83</sup> Marilyn Blatt Young, "American Expansionism, 1870-1900: the Far East," in Barton J. Bernstein, ed., *Towards a New Past: Dissenting Essays in American History* (New York: Random House, 1968), p. 186.

<sup>84</sup> Paolino, *The Foundations of the American Empire*, pp. ix-xi, 24-4, 146.

Not only did they stand together, Chinese authorities were remarkably forceful in the assertion of their rights as they understood them. They appear not for a moment to have been intimidated by strong united opposition from the consular and diplomatic corps. Whether in the exchange of notes or in personal interviews, Chinese officials, both metropolitan and provincial, advanced their arguments vigorously.<sup>85</sup>

Significantly, one of the arguments Chinese officials insisted on was their rights as a sovereign power. The attempt to arrest Wetmore's comprador, so mean an act in Young's view, was for perfectly legitimate reasons, the Tsungli-yamen argued. After the comprador and others had given up their connections with the foreign factory, "the question as to whether they had been guilty of crimes against the State was not inquired into, and they were released. This is a power within the sovereign authority of China, and . . . cannot be discussed."<sup>86</sup>

Also worth considering is the fact that the Tsungli-yamen offered all along as a concession the privilege that foreigners might engage in manufacturing in the treaty ports, but only if goods thus manufactured were exported abroad. Exported, such goods would not endanger the large domestic manufacture and trade in similar items, and would augment China's foreign trade revenue. Clearly the Chinese government knew where its best interests lay.

What emerges from these considerations is the picture of a proto-modern nation-state. China had learned to select modern Western principles and assumptions of statecraft and put them to use herself for her own benefit. Particularly interesting is the novel invocation of the notion of sovereignty in the modern sense of the term.<sup>87</sup> Absent from the Chinese discussion is the narrow, traditional notion of the maintenance and benefit merely of the ruling dynasty; absent also is a purely provincial point of view. It is clear that Chinese officials, local and metropolitan, were alike concerned for the welfare of the nation as a whole. What we have here, in other words, is that proto-nationalism which would continue to develop into the virulent nationalism which in turn would eventually eject foreign privilege from China altogether.

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<sup>85</sup> Chinese Marxist scholars interpret the Ch'ing government as pusillanimous in its relations with Western nations. Ch'ing Ju-chi, for example, interprets the Tsungli-yamen's appeals to amity as evidence of a "supplicatory demeanor." See *Mei-kuo ch'in-Hua shih*, vol. II, pp. 188-9. My own reading of the documents suggests quite the opposite.

<sup>86</sup> Enclosure 1 in Young's #242, 25 Aug. 83. Ch'ing Ju-chi mistakenly interprets the release of the shareholders as the result of Consul Cheshire's pressure, and sees it as an act of weakness. See *Mei-kuo ch'in-Hua-shih*, vol. II, p. 186.

<sup>87</sup> For a discussion of sovereignty as a growing concern among late Ch'ing officials, see John E. Schrecker, *Imperialism and Chinese Nationalism: Germany in Shantung* (Cambridge, Mass.: Harvard University Press, 1971), pp. 251-4. See also Sandra Sturdevant, "Imperialism, Sovereignty, and Self-Strengthening: a Reassessment of the 1870s," in Paul A. Cohen and John E. Schrecker, eds., *Reform in Nineteenth-Century China* (Cambridge, Mass.: Harvard University East Asian Research Center, 1976), pp. 63-70, esp. pp. 66-7.

Britten Dean

# 中美關係：楊越翰與通商港埠之製造權益 (1882—1883)

(中文摘要)

丁博敦

研究清末中、美關係的西方學者，一般認為在中、美雙方交往中，美國一直扮演善意與公平的角色。本文係一專題研究，旨在表明美國官員如何積極侵蝕中國的法定權利及經濟利益。

1882年美商威德莫在上海計劃建設一所紡織工廠。新任美國公使楊越翰支持威德莫，且認為其行動並未超越條約的規範。總理衙門卻認為威德莫之行爲確屬違法，因此支持地方官員阻止莫氏實現其計劃。當時清政府如將中國領土內之製造權益讓與外國人，勢必大爲危及中國初期工業化之努力。

爲了支持各自相反之立場，雙方均基於彼此對條約的不同解釋來申辯壟斷性的上海機器織布局之地位，並就經濟理論以提出各種分歧的論點。

作者認為清政府的觀點在條約上是有根據的，織布局係合法與合理的獨佔公司；而且清政府官員的經濟保護主義也切合當時之情況。

在上海交涉中，雙方所使用之策畧有如下述：清地方官員依據織布局章程，宣佈所有與該局競爭之中外公司均屬非法，並勒令其停業。該等官員且干擾與威嚇投資威德莫公司之華商，迫使其退股。華資退出後，威德莫之計劃即成泡影。美方祇得訴諸武力，派遣遠東艦隊開赴上海。

雙方僵持不下，而爭執終亦於1883年不了了之，在此事件中，中國政府實際上獲勝，因爲此後除非獲得清政府之默許，外國人不得在華設廠製造。

1882—83年的中、美事件，說明了美國主義之發展過程，更進而證實了美國帝國主義者在1898年之行動，係長期發展之必然結果。此外，本案亦顯示出中國正向現代民族主義國家邁進，其旨趣已不限於王朝之延續，更在於維護國家主權與人民福利。