

'Technical Co-operation' Between the League of Nations and China

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WHEN in August 1933 the German Minister to China, Dr Oskar P. Trautmann, reported to Berlin, 'daß die Völkerbundsmelodie politisch hier ausgespielt hat',¹ he had jumped to a conclusion too soon. When two years later the *Journal Round Table* commented, 'to-day the League of Nations is no longer a political factor in the Far East',² this assessment was vindicated by evidence of every description. The two years between had witnessed the peak and decline of the League of Nations' 'technical co-operation' with the National Government of China. This episode plays its part as one of the major accomplishments of the League during the dismal second decade of its existence. It figures, however, only marginally in the history of twentieth-century China. Western works on modern Chinese history tend to neglect it altogether, and the most comprehensive scholarly treatment of China's foreign relations during the Republican period³ does not even deem it worth a reference in passing. On the other hand, the one authoritative textbook on modern Chinese economic history published in the People's Republic of China devotes ample space to the denunciation of the League's Chinese enterprise. The League program is regarded as being a devious expedient chosen by Britain and the United States to step up their economic aggression against China, to bolster Chiang Kai-shek's 'comprador' regime and to gain advantage over Japan in the struggle for supremacy in the China market:

This 'co-operation' pursued three aims: (1) China should employ foreign capital in the improvement of her agriculture. (2) China should increase the purchasing power of her peasants in order to open up new markets for foreign manufactured goods. (3) As regards highway construction, the

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¹ Trautmann to von Bülow, 24 August 1933, *Akten zur Deutschen Auswärtigen Politik 1918-1945*, Serie C: 1933-1937, Vol. I/2 (Göttingen, 1971), No. 410, p. 761.

² 'Japan in China', *The Round Table*, No. 100 (September 1935), p. 692.

³ Fu Ch'i-hsüeh, *Chung-kuo wai-chiao shih* (Taipei, 1957).

objectives were twofold: first, to nurture civil war, second, to facilitate the transportation of foreign goods into the interior of China.⁴

When the program of technical co-operation with China was launched in the early twenties, no such grand strategic designs were envisaged. In February 1920, the League Council sanctioned the Secretary-General's proposal to set up permanent organizations for questions of health and for matters related to communications and transit. The legal foundations were furnished by paragraphs (e) and (f) of article 23 of the League covenant. Owing to opposition raised by Canada and Australia who, not being members of the Council, had not taken part in making the original decision, the two agencies and later on a third one, the Economic and Financial Organization, were for the time being established on a probationary basis. In the end, their mandates were extended indefinitely in 1923.⁵

One of the earliest concerns of the Health Organization was the safety of international ports from contagious diseases. In this respect, British India, where during the first two decades of the century the annual toll taken by bubonic plague had never fallen below 100,000 human lives, and the Netherlands East Indies posed the severest problems. Compared to Bombay and Batavia Chinese ports were a minor danger. Yet plague was liable to break out in Fukien, Manchuria and in the interior province of Yünnan, cholera epidemics occurred frequently, and malaria, leprosy and venereal diseases were rampant in many parts of the country. The quarantine service operated by the various harbor masters under the Chinese Maritime Customs worked with considerable success at Shanghai, where it was backed by the strong authority of the Shanghai Municipal Council. It proved ineffective at most of the outports, places such as Canton, Tientsin, Newchwang, Foochow, not to mention the riverine ports of the interior. With the singular exception of the North China Plague Prevention Service, established in 1912 under the energetic leadership of the British-trained physician, Dr Wu Lien-teh, there was no Chinese official authority in charge of preventive medicine and disease control.⁶

⁴ Hu-pei ta-hsüeh cheng-chih ching-chi-hsüeh chiao-yen-tsu, *Chung-kuo chin-tai kuo-min chung-chi shih* (Peking, 1958), p. 359.

⁵ V.-Y. Ghébali, 'Aux origines de l'ECOSOC: l'évolution des commissions et organisations techniques de la Société des Nations', *Annuaire Française du Droit International*, Vol. 18 (1972), p. 483. Cf. V.-Y. Ghébali, 'The League of Nations and Functionalism', in: A. J. R. Groom and P. Taylor (eds), *Functionalism. Theory and Practice in International Relations* (London, 1975), pp. 141-61.

⁶ Wu Lien-teh et al., *Manchurian Plague Prevention Service. Memorial Volume, 1912-1932* (Shanghai, 1934); Wu Lien-teh, *Plague Fighter. The Autobiography of a Modern Chinese Physician* (Cambridge, 1959).

It was Japan who took the initiative to involve the League of Nations in matters of Far Eastern public health. On 19 August 1922 the Japanese representative on the Health Committee, Dr Miyajima Mikinosuke, proposed 'the dispatch of a small commission to the Far East to collect information regarding the incidence of epidemic diseases, especially those of international importance, in important ports, and the measures taken to prevent the transmission of these diseases to other ports'.⁷ The committee adopted these proposals, and in November 1922 Dr F. Norman White, Chief Commissioner of the Epidemic Commission, arrived at Penang to begin a tour through South and East Asia; in spring 1923 he conducted a survey of health conditions in Chinese and Manchurian ports. In Japan he found 'very much to admire and very little to criticize',⁸ but nearly everywhere else conditions were appalling. Within her limited range of action Japan did whatever she could to bar epidemics from her shores. To take up the battle at the points of origin international co-operation was required. Following proposals made by White in his report, the Council in June 1924 resolved to establish an Eastern Bureau of the Health Organization. Funded with a contribution of \$125,000 (gold) from the Rockefeller Foundation, the Eastern Bureau took up its work at its headquarters in Singapore in March 1925.⁹

At this early stage League activity in Far Eastern hygiene was not yet conceived as going beyond the security of international maritime shipping, and it was mainly confined to the collection of intelligence. The highest ranking medical official of the League, Dr Ludwik Rajchman, had wider schemes in mind. In the fall of 1925 he visited Japan upon an invitation by the Japanese Government. On his way back to Europe in early 1926, Rajchman undertook a side-trip to Peking and called on the Chinese Minister of the Interior, Kung Hsin-chan. Rajchman assured him that the League were prepared to help China with the establishment of a quarantine service, provided China would formally request such assistance through a written communication addressed to the Secretary-General. As the minister displayed an apparent lack of enthusiasm, Rajchman himself drafted the letter and left China, hopeful that the Secretary-General would already

⁷ League of Nations. Health Committee, *Minutes of the Fourth Session Held at Geneva, August 4th to 21st, 1922* (Off. No. C.555.M.337.1922.III), p. 35.

⁸ F. N. White, *The Prevalence of Epidemic Disease and Port Health Organisation and Procedure in the Far East* (Geneva, 1923) (Off. No. C.167.M.43.1924.III), p. 101.

⁹ League of Nations. Health Organisation. Eastern Bureau, *Annual Report for 1925* (Singapore 1926), pp. 1, 7.

be in possession of the message upon his return to Geneva. That letter did not ever arrive.¹⁰

From his first trip to Peking until his withdrawal from the program in late 1934 Rajchman, 'a Polish doctor with a revolutionary past, a sympathy for left-wing movements of all kinds, unwearied energy and extraordinary intelligence'¹¹ was the driving spirit behind technical co-operation between the League of Nations and China. Born in Cracow in 1881, he had received an academic training in medicine and bacteriology and had served on the staff of the Royal Institute of Public Health from 1910 to 1913. In 1920/21 he had been employed by the League to fight typhus epidemics in Poland and in 1921 had been promoted to the position of Director of the Health Section of the League Secretariat. In Poland he is remembered as the founder of the Polish National Institute of Hygiene, which he set up in 1923.¹² From the beginning of his career as an international civil servant Rajchman was a controversial figure. Even his detractors never doubted his medical expertise and his outstanding ability as an administrator. What appeared to be suspicious about him were his political inclinations. As early as 1926 British officials suspected unwelcome political motives behind Rajchman's sponsoring of co-operation with China. Sir George Buchanan, the British representative on the Health Committee, was indignant at Rajchman's behaviour at the Conference on Health in the Far East, held in Singapore in early 1926, where he had worked 'hand in glove' with the Chinese delegate, 'while he appeared to be contemptuous of most of the Europeans'. Buchanan observed with misgivings Rajchman's 'sympathy with their [the Chinese] anti-foreign position' and could not help wondering 'whether the whole scheme including the supposed invitation of the Chinese Government to the League is not a good deal more political than hygienical'.¹³ Yet the Foreign Office had not yet come to share these apprehensions.

Not until the formation of the National Government at Nanking did contacts between China and the League's technical organizations really get under way. The Kuomintang (KMT) was pledged to Sun Yat-sen's program of 'national reconstruction' (*chien kuo*) and bent on

¹⁰ N. Meienberger, *Entwicklungshilfe unter dem Völkerbund. Ein Beitrag zur Geschichte der internationalen Zusammenarbeit in der Zwischenkriegszeit unter besonderer Berücksichtigung der technischen Hilfe an China* (Winterthur, 1965), p. 44.

¹¹ F. P. Walters, *A History of the League of Nations* (London, 1952), p. 330.

¹² Article on Rajchman in *Wielka Encyklopedia Powszechna Pwn*, Vol. IX (Warsaw, 1967), p. 687; obituary in *The New York Times*, 25 July 1965, p. 69.

¹³ Buchanan to Murray, 8 April 1926, Public Record Office (London), F.O. 371/11688 (F 1487).

modernizing China along Kemalist rather than Leninist lines. Although anti-imperialist rhetoric abounded, it seemed almost certain that such a task would not be successfully accomplished without assistance granted by the advanced industrial nations of the West. Joseph Avenol, the Deputy Secretary-General of the League, travelled to China at the end of 1928 to establish contacts with the new administration. Albert Thomas, the president of the International Labour Office, stayed at Nanking around the turn of the year, vainly trying to persuade the KMT authorities to abandon their verbally radical social legislation in favor of a more moderate, but more feasible program.¹⁴

Technical co-operation during this initial period remained restricted to matters of health and hygiene. Following a formal request from the Chinese Government to the Secretary-General, Rajchman was sent off on his first official mission to China. He arrived on 9 November 1929 and stayed throughout the following year. The two main results of his sojourn were to impress upon the Chinese the bright prospects of an extended co-operation with the League and to organize a National Quarantine Service, which was inaugurated under the Ministry of Health in July 1930. Thus, Rajchman helped the Chinese to recover one field of administrative sovereignty and to reduce the functions of the Chinese Maritime Customs. This did not endear him to those in the treaty ports who were already exasperated by the new regime's assault on extraterritoriality and foreign tariff privileges. Despite these political implications of Rajchman's early work in China it may rightly be argued that

assistance in the field of health did not arouse any suspicion as to political involvement of the League of Nations in China. On the contrary, the League's measures were beneficial to all nations which maintained commercial relations with China, and particularly so to the Japanese who were interested in this kind of assistance as it reduced the danger of contagious diseases spreading over from China to Japan.¹⁵

The second phase of co-operation began on 7 January 1931. On that day the Chinese Government requested the League of Nations to dispatch the directors of the three technical organizations to China. Sir Arthur Salter of the Economic and Financial Organization and Robert Haas of the Organization for Communications and Transit travelled to China to join Rajchman for talks with the Chinese authorities. These negotiations resulted in a telegram from T. V. Soong (Sung Tzū-wen), then Vice-Chairman of the Executive Yuan, to Sir

¹⁴ Meienberger, *Entwicklungshilfe unter dem Völkerbund*, pp. 51f.

¹⁵ *Ibid.*, p. 59.

Eric Drummond.¹⁶ Soong reported the setting up of a National Economic Council (*ch'üan-kuo ching-chi wei-yüan-hui*), which was, incidentally, the brainchild of Sir Arthur Salter, and asked the League to delegate technical experts to act as advisers to that newly created body. The Soong telegram was an item on the agenda for the Council session on 19 May 1931. Drummond recommended approval, and the delegates concurred. The Japanese were worried about point (6) of the telegram which somewhat enigmatically indicated that

China might sometimes desire to initiate League action in some sphere in which international co-ordination of the policy of a number of countries might be required in order to remove some obstacle to China's development.

As Rajchman was to recall a few years later, 'Yoshizawa, the Japanese representative on the Council at that time, tried to block this movement, but he was instructed in unequivocal terms by Shidehara to support it'.¹⁷ Thus the foundation for a second Rajchman mission had been laid.

Rajchman arrived in China in early September 1931 to take up his assignment as a liaison officer between the National Economic Council and the technical organizations of the League of Nations. The outbreak of the Manchurian crisis upset his plans and entangled him in the web of Far Eastern diplomacy. According to the Japanese point of view, on the morning of 19 September the Chinese government was prepared to enter into direct negotiations with the Japanese minister to China over a settlement of the Mukden Incident. In the afternoon Rajchman took T. V. Soong aside and persuaded him to drop the project of direct negotiations and to appeal to Geneva.¹⁸ During the ensuing League sessions, the Japanese press alleged, 'Dr Rajchman, Mr T. V. Soong [. . .] and Captain Walters, a member of the League Secretariat, lived day and night in the offices of the European-Asiatic Wireless Company, whence they dispatched so many messages, that Dr Rajchman's telegraph bill for six weeks amounted to 120,000 Chinese dollars'. These allegations were followed by an 'outburst of indignation against the League in the Japanese newspapers'.¹⁹ Although it seems unlikely that these accusations were true to the extent that Rajchman instigated the Chinese to appeal to the League, he almost certainly encouraged them to take their cause to Geneva and offered his connections and expert

advice. Yet, whatever the facts, his very presence at Shanghai and his close contacts with T. V. Soong during the critical weeks of September and October 1931 irretrievably tarnished his reputation in the eyes of the Japanese. The rage in the press was soon to subside, and the Japanese disenchantment with Lord Lytton soon eclipsed the anger at the pro-Chinese stance of a senior member of the League of Nations bureaucracy. But from that time forward Rajchman's moves in China were viewed with the utmost suspicion by the Japanese and by those who were anxious to keep them in a peaceful temper.

As one of the consequences of the Manchurian crisis and the subsequent confusion in Chinese internal politics the National Economic Council became virtually defunct. It continued to lead a nominal existence, but failed to function as the central planning agency for the social and political reconstruction of KMT-China. League assistance, however, went ahead. League experts participated in flood relief and the prevention of epidemics after the devastating Yangtze floods of July, August and September 1931. The floods affected approximately 25 million people and caused the deaths of 600,000 of them. Of these seventy percent fell victim to disease and starvation;²⁰ 32,000 persons perished in the cholera epidemic that in 1932 ravaged Shansi and Hopeh, two northern provinces, not directly affected by the floods.²¹ The desperate shortage of qualified medical personnel (only 390 skilled Chinese medical staff were available for relief work)²² drove home to the authorities concerned the need to improve the system of medical education.

Generally speaking, the work done by League advisers during 1931 and 1932 was mainly in the nature of survey and research. A commission of educational specialists headed by Professor Carl Becker, the former Prussian Minister of Education and one of the foremost orientlists of his time, and including among its members Professor Richard H. Tawney of the London School of Economics, who used his first-hand experience and the material provided for him by the Nankai Institute of Economics at Tientsin to write his classical work on China's socio-economic crisis,²³ toured the country from September to December

²⁰ University of Nanking. College of Agriculture and Forestry. Department of Agricultural Economics (John Lossing Buck), *The 1931 Floods in China* (Nanking, 1932), pp. 10, 35.

²¹ National Flood Relief Commission, *Report 1931-32* (Shanghai, 1933), p. 299.

²² League of Nations, *Quarterly Bulletin of the Health Organization*, Vol. I (1932), p. 146.

²³ R. H. Tawney, *Land and Labour in China* (London, 1932); cf. R. Terrill, *R. H. Tawney and His Time. Socialism as Fellowship* (London, 1974), pp. 61-71.

¹⁶ League of Nations. Council. *Minutes of the Sessions*, 1931, p. 1173.

¹⁷ Gilbert (Geneva) to Hull, 13 July 1934, *Foreign Relations of the United States*, 1934, III, p. 399, reporting a conversation with Rajchman.

¹⁸ J. Avenol, Memo of conversation with Yokoyama, Japanese Consular-General at Geneva, 1 May 1934, F.O. 371/18098 (F 2700).

¹⁹ *The Times*, 10 November 1931; cf. *Japan Times*, 12 November 1931.

1931. In their report, the experts expressed concern at 'the remarkable, not to say alarming influence of the American model on Chinese education.²⁴ They urged the 'returned students', who were at that time in almost monopolistic control of Chinese higher education, not to imitate Western models without regard for cultural differences and for the real needs of China:

Public education in China will not attain the value of Western education until all signs of European and American influence have been eliminated, when there will be something really Chinese to compare with what is essentially American or European.²⁵

No further co-operation in the field of education developed between China and the League. The impact of the Becker report on the Chinese educational system remained negligible. The other important survey undertaken in 1932 was Professor Carlo Dragoni's investigation into the state of Chinese agriculture, mainly carried out in areas reconquered from the 'communist bandits'. He, too, admonished the Chinese not to yield to foreign influence, that is, to forces advocating a radical re-shaping of China's agricultural system. What worried Dragoni was not westernization, but bolshevization of China. The report he published in 1933 was perfectly in line with KMT agricultural policies. He pleaded for a gradualist and piece-meal approach toward the solution of China's agricultural problems and recommended above all technical measures such as the improvement of seeds and the application of insecticides and chemical fertilizers; in addition, he demanded the lowering of the rates of interest on agricultural credits and the establishment of rural co-operative credit societies.²⁶ In that he did not conceive of 'rural reconstruction' as going beyond alterations in farm technology and abolition of the most spectacular abuses within the framework of the given system of landownership and tenancy, he avoided drawing explicit political conclusions. Yet, in the context of revolution and civil war in China, the defense of the rural *status quo* was highly political indeed.

In 1933 co-operation between the League of Nations and China reached the headlines of the international press and became a bone of contention in top-level economic diplomacy. This situation was brought

²⁴ C. H. Becker *et al.*, *The Reorganization of Education in China* (Paris, 1932), p. 25. For a detailed analysis of the Becker mission cf. E. Neugebauer, *Anfänge pädagogischer Entwicklungshilfe unter dem Völkerbund in China* (Hamburg, 1971).

²⁵ Becker *et al.*, *The Reorganization of Education in China*, p. 28.

²⁶ Meienberger, *Entwicklungshilfe unter dem Völkerbund*, pp. 77–88. For a cogent discussion of the Dragoni report cf. Pai Wen-chih, 'Kuo-lien yü Chung-kuo chih chi-shu ho-tso', *Tung-fang tsa-chih*, Vol. 30, No. 13 (1 July 1933), p. 110.

about by T. V. Soong's bid for an economic alliance between the National Government and the Western powers. By early 1933 the authorities in Nanking found themselves in a many-sided predicament. Internally the Red Army proved to be a much more formidable opponent than Chiang Kai-shek had anticipated. Four 'Campaigns of Encirclement and Extermination' against the Soviet Areas had failed to overcome communist resistance but succeeded in draining off the meagre financial resources at the disposal of the central government. Moreover, Nanking's financial straits were aggravated by the loss of the Manchurian Customs and Salt Gabelle revenues. In February 1932 the government declared its inability to honor its internal loan obligations. Creditors were pressed to accept a 'readjustment' of the public debt on terms somewhat disadvantageous to the moneyed interests that had been supporting the regime since its onslaught on the left in April 1927.²⁷ The effects of public bankruptcy and the resulting sluggishness of the internal bond market were enhanced by the repercussions of the monetary crisis that came to bear upon the Chinese economy from late 1931 onward. A sharp increase in the purchasing power of silver caused a general fall in the Chinese price level, which in turn led to severe deflationary conditions and to disruptions and business contractions in all sectors of the economy.²⁸ Thus, at the beginning of 1933 China found herself firmly in the grip of the Great Depression.

With 'the Treasury empty, civil servants largely unpaid, and China's credit lower than it has ever been'²⁹ the country had at the same time to face a mounting threat from Japan. After the collapse of party government in Japan in May 1932 the civilian elements in the Japanese government ceased to carry weight against the expansionism of the military leadership.³⁰ In early 1933 the Kwantung Army made preparations for the annexation of Jehol. In mid-February T. V. Soong rushed north to join Chang Hsüeh-liang, the Young Marshal, in organizing military resistance and urging the merchants of North China to contribute to the national war chest. In an appeal circulated to the armed forces Soong endeavored to rally the defenders to the flag: 'The whole nation has now realized that the only way to deal with the enemy is by force. For this reason we are now stationed at the front

²⁷ Ch'ien Chia-chü (ed.), *Chung-kuo kung-chai shih tzü-liao* (Peking, 1955), pp. 22f.

²⁸ China. Ministry of Industries, *Silver and Prices in China. Report of the Committee for the Study of Silver Values and Commodity Prices* (Shanghai, 1935), p. 12, and *passim*.

²⁹ *The Chamber of Commerce Journal* (London), Vol. 65 (1933), p. 422. This report is dated 'Shanghai, March 1933'.

³⁰ Cf. I. H. Nish, *Japanese Foreign Policy 1869–1942. Kasumigaseki to Miyakezaka* (London 1977), pp. 183ff.

lines.³¹ This effort, however, did not stop the Japanese advance, one reason being the lack of support from the Generalissimo, who was currently engaged in conducting his Fourth Extermination Campaign. On March 4 Japanese troops occupied Jehol, encountering little more than a token resistance.

The abortive Jehol campaign led to the withdrawal of T. V. Soong from the front line of Chinese domestic politics, at least for the time being. He acted with greater aptitude and success on the international stage. During 1933 Soong, who had always been regarded as the least 'oriental' of China's leaders and who enjoyed a high reputation among diplomats and bankers in the West, emerged as the chief spokesman for the Chinese government in international affairs, outshining the Foreign Minister, Lo Wen-kan. In April he sailed for the United States where he concluded the 50 million dollar Cotton and Wheat Loan, which relieved America of much of her agricultural surplus stocks and upset the Chinese cotton and wheat markets for months to come. On 15 June he addressed the Monetary and Economic Conference in London, offering China's good services in absorbing the excess capital that congested the world's capital markets. He made it abundantly clear that, if the open door should be closed in China, it would not be through any action on the part of the Chinese government.³² While still in London, Soong dispatched another telegram to the Secretary-General at Geneva. He reviewed the past achievements of reconstruction and technical co-operation and announced the start of a new phase:

I have the honour to inform the Council that, the preliminary work of survey having been made, the National Government, in view of the resources at its disposal, has decided as a beginning to carry into practice its national reconstruction work in a few provinces, which will serve as models for the rest of the country.³³

He then proposed 'the nomination [. . .] of a Technical Officer to be accredited to the National Government and its National Economic Council'. In order to deal with this request, the Council decided to set up a special committee on technical co-operation between the League and China. This committee was convened in Paris on 18 July 1933 for its inaugural session in the presence of a representative of the American Embassy (J. T. Marriner). The terms of assignment for a Technical Agent were agreed upon, and Rajchman was appointed to this post. In

October 1933 he embarked upon his third and last official mission to China.

From Soong's point of view, the extension of technical co-operation was based on perfectly sound arguments: first, China would secure foreign technical (and, it was hoped, financial) assistance without surrendering her national sovereignty to foreign control; second, Japan had excluded herself from the League and therefore was in a bad position to condemn the League program as promoting intervention in China on behalf of third powers; third, by concentrating on selected fields of economic reconstruction, technical co-operation would be enlisted to carry out a strategy of routing communism by means of economic improvement and administrative reform. Rajchman happened to think along similar lines. Talking to Sir John Pratt of the British Foreign Office he revealed the rationale of his approach:

He [Rajchman] replied that the Chinese ought to tighten up the boycott as much as possible and keep up the strongest possible resistance to Japanese aggression in North China. They should at the same time strengthen their internal administration and do everything to encourage a sense of national unity. Unless resistance to Japan was kept up instead of national unity there would be progressive disintegration. There were only two alternatives in China today—the present 'camp' and communism. If the latter prevailed China would break up in chaos and confusion. This would be a disaster to the whole world and everything possible should be done to avert it.³⁴

The officials in the Foreign Office were not as much impressed by Rajchman's anti-communist zeal as they were alarmed by his rigorous attitude towards Japan. Perhaps the bombardment of Shanghai little more than a year before loomed larger in their minds than the revolutionary 'outrages' of the stormy period 1925 to 1927. There was hardly any disagreement over the undesirability of Rajchman's appointment as Technical Agent, a feeling shared by Sir Miles Lampson in Peking and his American colleague, Nelson T. Johnson.³⁵ Yet, Soong insisted on Rajchman and would not accept anyone else. Moreover, as the officials at Whitehall consoled themselves, Rajchman might be helpful to Britain in two ways: he and his collaborators might succeed in rehabilitating the Chinese railways, in which British bondholders shared a considerable interest.³⁶ And he would be a source of information much closer to the policy-makers in Nanking than any of the British diplomats on the spot. On the whole, they would have pre-

³¹ *North China Herald*, 22 February 1933, p. 283.

³² *Journal of the Monetary and Economic Conference*, No. 6, 16 June 1933, p. 34.

³³ League of Nations, *Official Journal* (September 1933), p. 1064.

³⁴ Pratt, Memo, 27 March 1933, F.O. 371/17127 (F 2117).

³⁵ Lampson to Foreign Office, 26 March 1933, F.O. 371/17127 (F 2034); Johnson to Hull, 30 March 1933, *Foreign Relations of the United States*, 1933, III, p. 494.

³⁶ Orde, Minute, 28 March 1933, F.O. 371/17127 (F 2117).

ferred Rajchman to stay at home, but, as Charles Orde, the head of the Far Eastern Department, put it, it was 'difficult to see on what ground we could justify objection'.³⁷ Difficulties of this kind did not trouble the Japanese. Tokyo newspapers warned China not to accept technical co-operation as 'it is but a step from such collaboration to political intervention, which is sure to lead to the Powers' common control over China'.³⁸ Above all, Japan was worried about the big loans allegedly connected with the Rajchman mission. These allegations eventually proved largely unfounded. Although parts of the rather limited proceeds from the American Wheat and Cotton Loan were used by the Chinese government to finance the National Economic Council,³⁹ large-scale financial assistance from the West was not forthcoming. Significantly, Soong's plans to solicit foreign capital through the League of Nations did not materialize. Soong hoped to form a Consultative Committee including both Chinese members and representatives from Britain, America, France, Germany and Italy whose task would be the readjustment of China's foreign loan obligations and 'the development of economic enterprises (including particularly the improvement of the means of communication)'.⁴⁰ Soong asked Jean Monnet, the former Deputy Secretary-General of the League, who by now was an international financial trouble-shooter operating on his own private account, to head the committee. In the end, the project came to nothing when Thomas W. Lamont of J. P. Morgan & Co. and Sir Charles Addis of the Hongkong & Shanghai Banking Corporation refused to offend Japanese financial interests and to break up the Consortium of 1920. But Monnet, assisted by David Drummond, the son of the former Secretary-General of the League, went to China, salary paid in advance, and organized the China Development Finance Corporation, which was inaugurated on 1 June 1934 as an association of Chinese bankers and financiers, prominently among them the Soong and Kung families, with T. L. Soong, T. V.'s younger brother, as general manager.⁴¹

Once Soong's attempts to link the issues of technical co-operation and financial aid had failed, there was little reason left for Japanese appre-

hension. Although Rajchman was well aware of the fact that his technical mission would not achieve very much without foreign financial support, and although he saw a certain joint concern with Monnet's China Development Finance Corporation,⁴² he stood faithfully to his terms of mandate as a *technical* agent. Whenever the Chinese broached the question of foreign loans, he referred them to Monnet who held no official position and stayed in China merely as a private adviser.

Rajchman's principal achievement during his term of office as Technical Agent was the revitalization of the National Economic Council. Again, the Chinese domestic background deserves attention. By late 1933, advocacy of a controlled economy was on the increase in China. Even staunch anti-Bolshevists professed their admiration for the material achievements of Stalin's first five-year plan; Roosevelt's New Deal was being watched with sympathy and frequently commented upon in journals and magazines; the growing state control over the economy in Japan, the rise of controlled economies in Italy and Germany and even the introduction of protective tariffs to the United Kingdom in 1932 seemed to indicate a global swing away from the liberal economic policies of the twenties.⁴³ Consequently, the NEC of 1933 was invested with greater executive powers than the purely advisory NEC of 1931 had ever been. Most important, the NEC was now put in charge of the 'rehabilitation' of the cotton and silk industries; a Commission for the Control of the Cotton Industry (*mien-yeh t'ung-chih wei-yüan-hui*) was set up in October 1933.⁴⁴ Comparisons, however, between the NEC and the Russian *Gosplan*, at a certain time popular among champions of reconstruction, were grossly misleading. The KMT government failed to build up a centralized and unified executive system. Below the rather feeble personal dictatorship of Chiang Kai-shek, authority was scattered; cliques and factions struggled against one another, defending their fluctuating realms of influence; rifts within the bureaucracy doomed to failure any effort at concerted action. The responsibility for reconstruction was split up between the NEC, the National Reconstruction Commission, the Ministries of the Interior, of Industries, Railways, Communications and Finance, the National Defence Plan-

³⁷ Orde, Minute, 22 March 1933, F.O. 371/17127 (F 1842).

³⁸ Chugai, quoted in *Japan Times*, 26 July 1933.

³⁹ *Finance and Commerce* (Shanghai), 4 April 1934, p. 401.

⁴⁰ Memo by T. V. Soong, *Foreign Relations of the United States*, 1933, III, p. 496. Cf. A. N. Young, *China's Nation-Building Effort, 1927-1937. The Financial and Economic Record* (Stanford, 1971), pp. 360-4, for a more detailed account.

⁴¹ *Finance and Commerce*, 6 June 1934, pp. 653f.; J. Monnet, *Mémoires* (Paris, 1976), pp. 130-6; *Ch'üan-kuo yin-hang nien-chien* (Shanghai, 1936), p. J 42.

⁴² Rajchman had a very favourable paragraph on the CDFC in his first draft of his report to the Council. It was later omitted in the printed version. Cf. Pratt Minute, 4 June 1934, F.O. 371/18098 (F 3252).

⁴³ Cf. Lo Tun-wei, *Chung-kuo t'ung-chih ching-chi lun* (2nd edn, Shanghai, 1935), pp. 20-35; H. D. Fong, *Toward Economic Control in China* (Tientsin, 1936).

⁴⁴ On the activities of the Commission cf. *Shanghai shih nien-chien* (Shanghai, 1937), pp. P 26-9; P. M. Coble Jr, 'The Shanghai Capitalist Class and the Nationalist Government, 1927-1937' (Ph.D. thesis, University of Illinois, 1975), pp. 261-3.

ning Commission, the Military Council of the KMT, the Bandit Suppression Headquarters of the Army, and the various Provincial and Municipal Reconstruction Bureaus, not to mention the numerous private and semi-private organizations involved. In spite of rhetorical assurances to the contrary, the National Government was not prepared to allocate a sufficiently large share of its revenues to the task of reconstruction. In 1935, only 3.8 percent of the national budget was earmarked for all purposes of reconstruction, that is, by no means exclusively for the NEC.⁴⁵ The entire program suffered from chronic underfunding.

Under these circumstances, the most feasible way to resuscitate the NEC was to concentrate its work on a few selected areas. From 1933 the Council was chiefly engaged in five fields of activity: road construction, water conservancy, rural rehabilitation, control over the cotton industry and improvement of sericulture. Although it would be almost impossible to sort out the work done by individual foreign experts, there is enough evidence to support a judgement on the accomplishments of the NEC as a whole. In the early stages of the NEC *hydraulic work* remained limited to the completion of projects left unfinished by the National Flood Relief Commission at the time of its disbandment in 1932. From July 1934 the scope of activities was extended, and a number of dyke and irrigation works were successfully carried out. Yet, big engineering projects such as the regulation of the Yellow River were not tackled at all. *Road construction* was the most widely publicized of the NEC's undertakings. It was also the most controversial one. Sir Arthur Salter, who in 1934 returned to China to serve as an adviser to the National Government, doubted the wisdom of concentrating the country's scarce resources on highway construction at the expense of railway transportation; Rajchman himself was less than enthusiastic about the priorities chosen by the KMT in their communications policy.⁴⁶ China had to import all the fuel and all the motor vehicles she needed as well as some of the chemical materials required for the manufacture of road surfaces. Even the most favourable comparisons showed that cargo transportation on the road was at least six times as costly as transportation on rail.⁴⁷ Moreover,

⁴⁵ *Shen-pao nien-chien* (Shanghai, 1936), p. 416.

⁴⁶ A. Salter, 'China and the Depression', *The Economist*, No. 118, 19 May 1934, Supplement, p. 14; League of Nations, Council Committee on Technical Co-operation between the League of Nations and China, *Report of the Technical Agent of the Council on His Mission to China* (Geneva, 1934) (Off. No. C.157.M.66.1934), pp. 45-51. Henceforth quoted as '*Rajchman Report*'. For reference cf. Chou I-shih, *Chung-kuo kung-lu shih* (Taipei, 1957), pp. 116ff.

⁴⁷ National Economic Council. Bureau of Roads, *Highways in China* (Nanking, 1936), unpaginated.

there existed no agency to co-ordinate railway and road traffic. The NEC was never empowered to become a National Transport Council, as Rajchman had suggested. The role of the NEC in highway construction was to provide engineering knowledge and to extend loans to the provincial road bureaus which remained in charge of the actual building operations. These loans amounted to a total of Chinese \$9,500,000 by the end of 1935.⁴⁸ Not until 1934 did the NEC assume direct responsibility for the construction of highways. In that year the NEC took over from the China International Famine Relief Commission the Sian-Lanchow highway which connected the capital cities of Shensi and Kansu. Work on this highway had commenced in 1931 under the auspices of the CIFRC and had principally been financed with American charity contributions. When the road was turned over to the NEC, it was already ninety percent completed and 'in good enough condition that a motor trip could be made between the terminals in four days'.⁴⁹ The acquisition of the Si-Lan road as a national highway signalled a shift of the NEC's activities from central China to the Northwest, where T. V. Soong, renewing his alliance with the Young Marshal, attempted to build up a rudimentary war-time basis for the impending clash with Japan.⁵⁰ Meanwhile Chiang Kai-shek pursued his strategy of 'exterminating the communists through road construction' (*chu lu chiao kung*). Road building in Kiangsi, Hupeh, Honan, Anhwei, Fukien and Szechwan progressively came under the control of the Military Council of the KMT, Chiang's personal stronghold.⁵¹ In conceiving the military use of roads the influence of the German military advisers far outweighed that of the League of Nations experts.⁵²

'*Rural rehabilitation*' lay at the core of the Soong-Rajchman program for the reconstruction of China. Rajchman himself had a keen perception of the symptoms of rural decline: 'the increasing poverty of the farmer, the spread of undesirable forms of landholding, the flight of capital from the countryside and the decline of rural enterprise'.⁵³ In

⁴⁸ *Ibid.*

⁴⁹ A. J. Nathan, *A History of the China International Famine Relief Commission* (Cambridge, Mass., 1965), p. 59.

⁵⁰ Editorial, 'Sung Tzu-wen tao Hsi-pei', *Shen-pao yüeh-k'an*, Vol. 3, No. 5 (May 1934), p. 7.

⁵¹ Liu Han-ju, 'I-nien-lai ti kung-lu chien-shê', *Wen-hua chien-shê*, Vol. 2, No. 3 (December 1935), p. 81.

⁵² Cf. W. Sommer, 'Zur Rolle deutscher Berater in den Einkreisungs- und Vernichtungsfeldzügen gegen die südchinesische Sowjetrepublik', *Zeitschrift für Politik*, N.F. 18 (1971), p. 299.

⁵³ *Rajchman Report*, p. 27.

his report of 1934 he referred approvingly to the proposals for the rehabilitation of Kiangsi put forward by a study group of the NEC:

The type of rural society which would seem to correspond best with the needs of the population of the province is a society of farmer-owners, tilling and managing their own small and moderate-sized properties, with the aid of members of their own family or with a moderate supplement of hired labour, any large properties that may be worked by a number of hired hands or leased out into tenancies being abolished and tenancy being an exceptional arrangement arising out of special conditions in the family or the character of the land.⁵⁴

This was the kind of program familiar from KMT declarations on agricultural policy since the days of Sun Yat-sen. In contrast to it the policy implemented by the KMT in Kiangsi after the expulsion of the CCP aimed at the restoration of the prerevolutionary system of land-ownership and tenancy and the regimentation of the peasantry.⁵⁵ The NEC played but a minor part in the shaping of Chiang Kai-shek's New Kiangsi. Within the limits set by the military authorities it was active in promoting credit co-operatives and in running the Kiangsi Agricultural Institute and a number of 'rural welfare centres'.⁵⁶ The results were negligible. They fell grotesquely short of Rajchman's far-flung vision of eliminating the system of tenancy in China.

It is likely that, as one Chinese author suggests,⁵⁷ Rajchman, with all his sympathy for the Chinese peasant, neither understood the underlying causes of China's rural crisis, nor realized the fundamental social conservatism of the KMT and the constraints within the Chinese social system which were working against any less than radical solutions.⁵⁸ Although in this sense a reformist at best, he nevertheless identified himself with the aims of Chinese nationalism as expressed not only by the KMT. He felt contempt for the image of the incapable and deceitful Chinese that was still lingering on in the minds of many old China Hands in the treaty ports,⁵⁹ and he insisted that the Western nations should offer co-operation with China, not impose any form of tutelage

upon her. Rajchman believed that China was bound to modernize herself and that modernization would be brought about by an enlightened elite of western-trained administrators and technical experts of the T. V. Soong type. As he saw it, men of this kind were forthcoming in growing numbers:

In short, China can count to-day on men with the requisite expert knowledge and clear understanding of their own technical needs and of the type of reform or improvement required. Except in some specialized domains these men and their younger associates are capable of meeting the exigencies of a situation under favourable general conditions.⁶⁰

Consequently, in his report to the Council of the League he came out in favour of a gradual disengagement of the League's direct participation in the reconstruction of China. He recommended a reduction in the number of League experts sent to China and a shift towards the training of Chinese students abroad. His conviction that the West should make available to China the whole body of knowledge and experience it had assembled during the course of its own historical development called for a continuation of technical co-operation between the League of Nations and China. Yet, both at Geneva and in China forces were working towards a termination of the program.

Participation of League experts in projects sponsored by the NEC had already been declining for a time. When Rajchman returned to China on his third mission in October 1933, only three experts were still there on duty: M. S. Okecki, a road engineer, Benito Mari, an expert on sericulture, and E. Briand-Clausen, a specialist on agricultural co-operation.⁶¹ Dr Stampar and Dr Borčič came in 1935 and 1936 respectively to work on public health problems, W. K. H. Campbell joined them as an adviser for agricultural co-operation. A committee of experts on hydraulic and road questions visited China in December 1934. Its members were critical of much of the work done by the NEC, but favorably impressed by Chinese labor: 'abundant, industrious, docile and cheap'.⁶² Of 27 experts who were sent to China during the entire program only eight went after October 1933.⁶³ Thus, the re-organized NEC largely did without foreign advisers.

Rajchman himself was brought down in the summer of 1934. The immediate reason was a change at the top of the League of Nations.

⁵⁴ *Ibid.*, p. 23.

⁵⁵ G. Amann, *Bauernkrieg in China. Chiang Kai-sheks Kampf gegen den Aufstand 1932-1935* (Heidelberg, 1939), pp. 121ff; G. E. Taylor, 'Reconstruction after Revolution: Kiangsi Province and the Chinese Nation', *Pacific Affairs*, Vol. 8 (1935), pp. 302-11.

⁵⁶ League of Nations, *Official Journal* (July 1935), p. 930.

⁵⁷ Ou-yang Chih-wu, 'La-hsi-man pao-kao chih chien-t'ao', *Shen-pao yüeh-k'an*, Vol. 3, No. 6 (June 1934), p. 27.

⁵⁸ Cf. Joachim Durau, 'Die Krise der chinesischen Agrarökonomie', in R. Lorenz (ed.), *Umwälzung einer Gesellschaft. Zur Sozialgeschichte der chinesischen Revolution (1911-1949)* (Frankfurt a.M., 1977), pp. 94-193.

⁵⁹ Among a vast literature e.g. J. O. P. Bland, *China: The Pity of It* (London, 1932); H. G. W. Woodhead, *A Journalist in China* (London, 1934).

⁶⁰ *Rajchman Report*, p. 70.

⁶¹ Meienberger, *Entwicklungshilfe unter dem Völkerbund*, p. 95.

⁶² League of Nations, *Report by the Committee of Experts on Hydraulic and Road Questions in China* (Geneva, 1936) (Off. No. C.91.M.34.1936.III), p. 196.

⁶³ National Economic Council, *Report for 1935* (Nanking, 1936), p. 5; National Economic Council, *Report for 1936* (Nanking, 1937), p. 47.

With Sir Eric Drummond's departure from office 'cet "âge d'or" des Commissions et Organisations techniques prit brutalement fin'.⁶⁴ Under Joseph Avenol, the new Secretary-General, the principle of control replaced that of autonomy; the organization of the League Secretariat was remolded along lines of a French-type centralization. Avenol in particular disliked Rajchman's unbridled activities in China. He was known to hold strong anti-Chinese opinions, to be in favor of the Japanese cause and to welcome a possible return of Japan into the League.⁶⁵ Small wonder that he should be susceptible to Japanese pressure. This pressure was brought to bear in April 1934 when Japanese representatives at Paris and Geneva protested against Rajchman's allegedly anti-Japanese machinations. On 17 April Amau Eiji made his celebrated statement, declaring that 'any joint operations undertaken by foreign powers even in the name of technical or financial assistance at this particular moment after the Manchurian and Shanghai incidents are bound to acquire political significance'.⁶⁶ Avenol supported Rajchman against Japanese accusations as late as April. But when in May officials of the British Foreign Office raised the possibility of withdrawing Rajchman from China Avenol eagerly jumped on this proposal. He soon went further and thought of depriving Rajchman even of the chance to direct the contacts with China from his Geneva office. Anxious to secure British backing for his decision, he consulted with the Foreign Office. By now Whitehall's point of view was less ambiguous than it had been a year before. Sir Robert Vansittart, the Permanent Under-Secretary, laconically decided the case: 'It will be the height of folly if Rajchman is allowed to go back. It was folly ever to send him.'⁶⁷ In August Avenol posed the alternative to Rajchman of either returning to China as an adviser to the National Government or retaining his position in the League Secretariat. Rajchman elected to remain at Geneva. Prentiss Gilbert, the American Consular-General at Geneva, observed that this decision 'was not a voluntary one on the part of Dr Rajchman', and he added a general comment:

I cannot express too strongly my impression of a decided intent to denude this League endeavor, insofar as may be possible, of any political connotations which might be offensive to Japan or embarrassing to any important Government, notably perhaps the British.⁶⁸

⁶⁴ Ghébal, 'Aux origines de l'ECOSOC', p. 496.

⁶⁵ J. Barros, *Betrayal from Within* (New Haven/London 1969), pp. 44f.

⁶⁶ *Documents on International Affairs 1934* (London, 1935), p. 472.

⁶⁷ Vansittart, Minute, 18 June 1934, F.O. 371/18091 (F 3622).

⁶⁸ Gilbert to Hull, 1 September 1934, *Foreign Relations of the United States, 1934, III*, pp. 410f.

As it turned out, the Chinese on their part had also lost their interest in maintaining the program. When Robert Haas, the Secretary of the Council Committee and Director of the Section for Communications and Transit, stayed in China from January to May 1935 on 'a temporary mission for the maintenance of contact and liaison with the members of the Chinese Government and those at the head of the Chinese public organizations engaged in the work of reconstruction',⁶⁹ he met with wide-spread indifference. Although somewhat over-enthusiastic as to the prospects of reconstruction in China, the report which Haas submitted on 2 October 1935, four weeks before his sudden death at the age of forty-four, is one of the most perceptive documents produced by any of the League advisers. Haas took up a point already made by the Becker Commission: China ought to rely on her own resources and 'renounce the easy and dangerous hope of speedy help on a large scale from abroad.'⁷⁰ Foreign aid in general and League co-operation in particular should only be supplementary on a very limited scale. It was already very limited in reality. On his tour through the provinces Haas noticed that the work of reconstruction was primarily carried out not by the Central Government and in those parts of the country immediately under its administrative control, but by provincial governments independent from, or even hostile to, Nanking. He singled out Yen Hsi-shan's Shansi, Ch'en Chi-t'ang's Kwangtung and Kwangsi under the Pai-Li duumvirate for special praise. The activities of the National Economic Council did not extend to these areas, nor did technical assistance given by League advisers. No agreements and projects resulted from Haas' visit, except that Haas revoked the practice of granting League fellowships to Chinese technicians undergoing some training abroad.⁷¹ Technical co-operation had come to a dead end.

Once again it is necessary to switch back to the Chinese domestic scene. Changes were taking place in China's politics which diminished the League's importance to the ruling circles at Nanking. Diplomatically, China entered a period of appeasement towards Japan that culminated in the Ho-Umezu Agreement of 6 July 1935 (exposing the Peking and Tientsin area to the Kwantung Army) and was to last up to the Sian Incident of December 1936. 'Sino-Japanese Economic Co-

⁶⁹ League of Nations, *Report Submitted to the Secretary-General by the Director of the Section for Communications and Transit, Secretary of the Council Committee, on His Mission to China* (Geneva, 1935) (Off. No. C.410.M.206.1935), p. 5.

⁷⁰ *Ibid.*, p. 30.

⁷¹ Haas, letter to Chin Fen, Secretary-General of the National Economic Council, 3 April 1935, enclosed in F.O. 371/19320 (F 3481). This file also contains Haas' lengthy letter to Chiang Kai-shek.

operation' was being practiced in North China, and rumors were going around that Japanese advisers might replace the few remaining League experts. Chinese foreign policy began to emphasize *bilateral* contacts with the major powers: Sir Frederick Leith-Ross of the British Treasury was well received when he arrived in September 1935, while China drew closer to Germany and relations with the Soviet Union were slowly improving. The year 1935 also marked the beginning of a new economic policy. Owing to the aggravation of the silver crisis, the Chinese economy touched the nadir of depression during the first quarter of that year.⁷² In autumn Nanking reacted by nationalizing the silver reserves, introducing a managed currency and reorganizing the banking system. Thus, a period of *huo-pi t'ung-chih* began, a monetary control over the economy handled by the three big government banks. Already in April 1935 another powerful rival to the NEC had arisen: The National Defence Planning Commission was reorganized as the National Resources Commission under the Military Council of the KMT and put in exclusive charge of the construction of China's heavy industries and the control over the country's tungsten and antimony resources. In June 1936 the regulation of the cotton, silk and tea industries was transferred from the NEC to the Ministry of Industries. Rural rehabilitation in Kiangsi increasingly moved into the hands of the military.⁷³ Thus the sphere of technical co-operation was constantly narrowed down. Finally, sometime in the third quarter of 1935 the NEC gave up its former practice of making regular reports to Geneva.⁷⁴

By the end of 1935 there was nobody left to keep technical co-operation between the League and China going. None of the powers would any longer support it; Rajchman had been brought to heel by the Secretary-General; Haas was dead; Soong had moved to his new kingdom at the Bank of China and was hatching with Leith-Ross new schemes for British financial assistance; and the Generalissimo, after all, had never placed high hopes on the League. The League of Nations, by that time, was preoccupied with other parts of the world: on 2 October Italy had invaded Abyssinia.

⁷² Cf. Ch'i Ch'i-sheng, 'I-nien-lai ti Chung-kuo ching-chi', *Wen-hua chien-shê*, Vol. 2, No. 3 (December 1935), pp. 35-43.

⁷³ L. M. Chen, *The Co-operative Movement in China* (Nanking, 1936), p. 24.

⁷⁴ Johnson to Hull, 25 September 1935, *Foreign Relations of the United States*, 1935, III, p. 623.