

We respectfully suggest that having regard to the views expressed in your earlier letters, the support thus given to the four international banking groups is in effect the giving of a monopoly of the support of His Majesty's Government to the Hong Kong and Shanghai Bank and their associates, notwithstanding the disclaimer contained in the Foreign Office letter of the 14th.

With regard to the condition laid down by the Foreign Office that participation in any loan should result in profit to British capital, we desire to express our belief that the profit arising from the participation of British capital in a loan granted to our syndicate would be equal to, if not greater than, that derived from participation in a loan placed with the other international syndicate. Our syndicate is a very comprehensive one, comprising as it does many English interests; for besides the Eastern Bank, Messrs. J. Henry Schröder and Co., and Messrs. E. D. Sassoon and Co., the firms of Messrs. Brown, Shipley and Co., Messrs. W. Greenwell and Co., and also Sir Marcus Samuel are interested in our Chinese negotiations.

We desire to add that the loan of which the Foreign Office were advised in the letter of the 15th instant was negotiated through the Russo-Asiatic Bank, the Bank Sino-Belge, with the co-operation of Major Menzies and Mr. Lawson, who travelled from this country to China specially for the purpose of furthering British interests in conjunction with these institutions.

Having incurred heavy expenses in negotiating this loan, which had, as we believed the full concurrence of His Majesty's Government, we venture to express our earnest hope that the necessary instructions may be sent to Sir J. Jordan to receive the customary notification from the Chinese Government.

We much regret we are unable to agree that the policy suggested by us is in any way in conflict with that of the internationalisation of loans in China; our first letter laid stress on the fact that we are members of an international syndicate, and our status as such appeared to us to have been recognised in your letter of the 3rd February.

We are most anxious to avoid any appearance of embarrassing His Majesty's Government, and in view of the remarks contained in the Foreign Office letter of the 14th, we are prepared upon invitation to meet the representatives of the alternate British group in friendly discussion in order to arrive at a basis of co-operation in future.

We have, &c.

BALFOUR OF BURLEIGH.
J. HENRY SCHRÖDER AND Co.
E. D. SASSOON AND Co.
BROWN, SHIPLEY, AND Co.

No. 10.

Foreign Office to Eastern Bank.

Sir,

Foreign Office, March 19, 1912.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 15th instant, informing him of the arrangement made by your Peking agents, in conjunction with your Belgian and French associates, to issue a loan of 1,000,000l. to the Chinese Government, and requesting that His Majesty's Minister at Peking may be instructed to receive the customary notification of the Government.

I reply, I am to state that the attitude of His Majesty's Government towards the question of loans to China was fully defined in the letter addressed from this Office to Lord Balfour of Burleigh on the 14th instant, and I am to inform you that, for the reasons set forth in that letter, Sir E. Grey regrets that he is unable to support the loan which you have arranged or to instruct Sir J. Jordan in the sense which you desire.

I am, &c.

W. LANGLEY.

No. 11.

Eastern Bank to Foreign Office.—(Received March 22.)

Sir,

4, Crosby Square, London, March 22, 1912.

WE have the honour to acknowledge the receipt of your letter of the 19th instant, and observe with regret the attitude now taken up by His Majesty's Government.