

No. 29.

Sir Edward Grey to Sir J. Jordan.

(Telegraphic.) R.

Foreign Office, September 9, 1912.

YOUR telegram of yesterday.

Official note from Chinese Minister here informs me of signature of an agreement with the Crisp Syndicate for loan of 10,000,000*l.* I am in communication with them with the view of stopping execution of agreement if possible. Should I fail in this, it will become necessary to deal with the matter by direct communication with Chinese Government.

No. 30.

Sir Edward Grey to Sir J. Jordan.

Sir,

Foreign Office, September 10, 1912.

MR. C. BIRCH CRISP called to-day by appointment at this Office in connection with the proposed loan of 10,000,000*l.* to the Chinese Government, referred to in my despatch of the 23rd ultimo.

Mr. Crisp was received by Mr. Gregory, of the Far Eastern Department, and confirmed the statement contained in Mr. Lew Yuk-Lin's note of the 4th instant, referred to in my telegram of 9th September, that the loan in question had been definitely concluded.

Mr. Gregory pointed out that Mr. Crisp had acted in defiance of the declared policy of His Majesty's Government, which had been made perfectly clear to him on his previous visit to the Foreign Office. Mr. Crisp admitted that this was so, but said that he knew that the public was prepared to take up the loan, and that he did not see how His Majesty's Government could prevent the transaction being carried through.

Mr. Gregory replied that His Majesty's Government were not of course in a position to put pressure on the syndicate interested in the loan, but they could put considerable pressure on the Chinese Government, and would not hesitate to do so at once.

Mr. Gregory enquired whether Mr. Crisp would prefer to see the whole influence of the six Governments thrown against the loan, or whether he would be prepared himself to cancel the agreement and prevent an open conflict. After consideration, Mr. Crisp admitted that it would be foolish to proceed with the loan in the face of the active hostility of the six Governments, and he therefore proposed the following procedure, which Mr. Gregory promised to submit to me: He would postpone the issue of the loan and would undertake not to proceed further with it without previous notification to the Foreign Office; he would issue no prospectus; he would cause no reference to be made to the agreement in the press, and would refuse any information as to its existence if applied to.

Mr. Gregory could not say whether I should be satisfied with this solution, or whether I should demand that the Chinese Government should cancel the agreement. He would, however, submit the proposal to me as it had been made.

I am, &c.

E. GREY.

No. 31.

Sir Edward Grey to Sir J. Jordan.

(Telegraphic.) P.

Foreign Office, September 11, 1912.

MY telegram of 9th September.

Loan by London syndicate.

Representative of the Crisp Syndicate has been pressed to postpone issue and has consented not to take further steps without informing us. He confirms statement that agreement for loan was definitely signed on the 30th ultimo.

You should endeavour to persuade Chinese Government to disavow the action of their agents in this transaction, which, in view of the formal engagements into which