

to support them, it would be manifestly useless for us to act on your suggestion that we should approach that bank on the matter, unless the Foreign Office is willing to give us the same support as is granted to them, thereby placing us upon an equal footing.

Telegrams from Peking appearing in the press indicate that His Majesty's Minister is joining the Ministers of Germany, France, and America in protesting to the Chinese Government against the loan arranged by our syndicate. If this is accurate we are obliged most respectfully to say that we cannot understand the justice of the action taken in respect that before opening negotiations with China we informed the Foreign Office (on the 24th January) of the formation and intentions of our syndicate, and received Sir E. Grey's promise that His Majesty's Minister at Peking would afford us such assistance as he properly could. It was only on the 14th March, after the loan had been arranged, that you informed us that Sir E. Grey could not support us.

It seems that, in spite of the promise of the 3rd February, His Majesty's Government not only refuses to support us, but has joined in a protest against our loan. This change of attitude after the loan has become an accomplished fact and payments have been made to China in respect thereof seems to us less than fair, and I am directed to urge that His Majesty's Government will, under the circumstances, grant our syndicate the support to which, in view of the foregoing, we feel we are entitled.

I have, &c.  
F. H. SUTTON, *Manager.*

No. 15.

*Foreign Office to Eastern Bank.*

Sir,

*Foreign Office, April 6, 1912.*

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 28th ultimo, stating that your directors are unable, in view of the earlier correspondence with this department, to understand the attitude assumed by His Majesty's Government towards the recently negotiated loan of 1,000,000*l.* to the Chinese Government in which your bank is interested.

I am to point out to you that at the time when the letter from this department of the 3rd February last was written, His Majesty's Government were not pledged to support the loan negotiations of the four-nation combine to the exclusion of all conflicting loans. When, however, the Eastern Bank applied to this department in regard to the so-called Anglo-Belgian loan, His Majesty's Government were, as already stated, pledged to support another loan with the conditions of which, in the opinion of His Majesty's Government and the other Governments concerned, the Anglo-Belgian loan was in conflict.

As far as Sir E. Grey is aware, His Majesty's Minister at Peking was left in complete ignorance of the negotiations for the Anglo-Belgian loan. If he had been applied to by the representative of your syndicate, Sir J. Jordan would no doubt have explained that, in the circumstances which had arisen, he could not properly afford your representative assistance in his negotiations.

Apart from their obligations towards the other Governments and financial groups interested in the reorganisation loan at present under negotiation, His Majesty's Government have, as the Eastern Bank has already been informed, agreed not to support any loan to China which does not offer adequate guarantees for the proper and useful expenditure of the proceeds and satisfactory security for the payment of principal and interest.

Sir E. Grey regrets therefore that, for the reasons stated in this and previous letters from this department, he is unable to give your syndicate the support for which you ask.

I am, &c.  
W. LANGLEY.

