

"Extract from Defence Committee Paper 2B (*The Effect on our Naval Strategic Position in the Mediterranean of a Russian Occupation of Constantinople.*—Director of Naval Intelligence, February 1903).

"It may be stated generally that a Russian occupation of the Dardanelles, or an arrangement for enabling Russia to freely use the waterway between the Black Sea and the Mediterranean, such as her dominating influence can extract from Turkey at her pleasure, would not make any marked difference in our strategic dispositions as compared with present conditions."

From these extracts it is evident that it is, if desirable, possible to make an important concession to Russia in relation to the Dardanelles without fundamentally altering the present strategic position in the Mediterranean.](¹)

C. H.

(¹) [*cp.* the conversation between King Edward and Sir Charles Hardinge on April 22, 1904, in Sir Sidney Lee: *King Edward VII* (1927), II, pp. 289-90. Both are reported as of opinion that "there did not appear to be any reason for preventing the passage of the Dardanelles by Russian warships as we have endeavoured to do in the past," and that "this concession of an unopposed passage might prove a very useful asset in the event of the general negotiations for an arrangement with Russia being resumed. It would be a useful *quid pro quo* to have in hand." A memorandum by Sir E. Grey upon the question of the Straits, dated October 14, 1908, is printed in *Gooch & Temperley*, Vol. V, p. 441, No. 377, v. also pp. 451-2, No. 387; 452-3, Nos. 388-9; 454-5, No. 391. For further references to the Straits in Vol. V, v. Subject Index, pp. 881-2, *sub Straits—Bosphorus and Dardanelles, Question of Egress and Ingress.*]

IV.—SUMMARY OF BRITISH CLAIMS ON RUSSIA IN CONNEXION WITH THE WAR, 1904-6.

No. 56.

Extract from the Annual Report for Russia for the Year 1906.

(Enclosure in Despatch No. 4 from Sir A. Nicolson, of January 2, 1907.)

British Claims.

F.O. 371/918.

Outstanding
British claims.

20. Little desire has been shown on the part of the Russian Government to satisfy the claims which have been presented on behalf of British Companies and subjects during the past two years, a fact which may perhaps be attributed to the dilatoriness of Russian methods and to the lack of ready money and the present financial crisis in Russia. Little progress can therefore be said to have been made during 1906 in the outstanding British claims, while a large increase is to be noted in their number owing principally (1) to the war in the Far East; and (2) to the recent internal disorders in Russia.

Claims arising from
the Russo-Japanese
war.

21. Among these claims by far the largest and more important are those arising from the Russo-Japanese war, which are of two descriptions, namely, shipping claims and claims arising from loss of property in the war area, *e.g.*, Port Arthur and Dalny.

Shipping claims.

22. The shipping claims can be divided into four categories:—

(a.) Claims in which the Russian Government has in principle agreed to pay compensation (the "Malacca" and the "Ardova") but has requested further documentary evidence. During the past year the documentary evidence required on behalf of these ships, together with that relating to the "Formosa" (presented for the first time this year and for which the claim is similar to that of the "Malacca") has

been transmitted to the Russian Government but the compensation has not yet been paid.

(b.) Claims which have been finally adjudicated, but in which no compensation has been awarded.

23. Under this heading is included the "Knight Commander," the sinking of which was justified by the Vladivostock Prize Court, this decision being confirmed by the Supreme Prize Court. His Majesty's Government have proposed to the Russian Government to refer the question as to whether the sinking was justifiable to the arbitration of The Hague Tribunal, a proposal to which as yet the Russian Government have given no reply.

24. In the case of the "Cilurnum," the claim for compensation was rejected by the Libau Prize Court on the 2nd September, 1906, and no appeal was lodged, so the claim has lapsed.

25. In the case of the "Allanton," which, together with its cargo, was released by decision of the Supreme Prize Court, though no compensation was allowed for detention, claims for compensation have been presented both on behalf of the owners and of the crew, but have been refused by the Russian Government, and His Majesty's Government have allowed the case to drop.

26. As regards the "Calchas," in which, as in the "Allanton" case, it was maintained by the Russian Supreme Court that where detention was regular, no compensation was due, His Majesty's Government have asked for a reconsideration of this decision, while Mr. Kydd's claim for loss of personal effects stolen on board this vessel while she was in charge of the Russian naval authorities at Vladivostock, has again been pressed.

(c.) Claims pending before the Prize Court.

27. These are four in number: the "Oldhamia," which was sunk while in charge of a prize crew, and which was alleged to have explosives on board. The case came before the Libau Prize Courts on the 20th and 21st November, 1906, when the expert evidence given tended to show that there were no such explosives on board, but the case has been adjourned for further evidence till February 1907; the "Hipsang," "St. Kilda," and "Ikhona," which are also expected to come up shortly for hearing.

28. In these last three cases, in all of which the vessels were sunk, His Majesty's Government maintained that the cases were not ones for the decision of a Prize Court, but ultimately agreed to recommend the parties to submit them to the Prize Courts, reserving at the same time the right to press the claim diplomatically whatever the decision might be.

(d.) Claims which have only been presented through the diplomatic channel, and have not been referred to the Prize Courts, viz. :—"Hsi-ping," "Ching-ping," and "Fuping."

29. The "Hsi-ping" was detained at Dalny by the Russian authorities in February 1904, and a claim for demurrage was preferred on the 11th November of that year, while an additional claim on behalf of the Chartered Bank of India, Australia, and China on account of the late arrival of certain Sycee silver and bills due to the detention of the "Hsi-ping," was presented on the 26th January, 1906.

In the case of the "Ching-ping," a claim was presented for compensation, the vessel being fired at and damaged by the Russian forts and warships in Port Arthur in February 1904.

30. The "Hsi-ping" and "Ching-ping" claims were presented simultaneously, and were refused by the Russian Government in March of this year, it being alleged that the movements of the vessels were suspicious, and that the port regulations were not observed. Further documentary evidence being forthcoming, these claims were again presented on the 30th June, 1906, but no reply has yet been received from the Russian Government.

81. The "Fuping" was also fired on in Port Arthur in February 1904 by a Russian war vessel, and several passengers were wounded on board. The Russian Government refused compensation on the ground of irregularities on the part of the steamer's agent and of the steamer itself. On the 20th May of this year, a further note was addressed to the Russian Government, again pressing the claim, and supplying evidence in refutation of the Russian charges. To this note no answer has been received.

Claims arising from the destruction of property in the area of the war.

82. The second class of claims in connection with the Russo-Japanese war are those arising from the destruction of property in the war area, and are chiefly due to the orders given at Port Arthur and Dalny, on the outbreak of the war for all British subjects to leave those towns within the twenty-four hours, which order prevented any measures being taken for the proper protection of property.

In view of the fact that by the principles of international law a belligerent Government has the right to require neutral individuals to leave the scene of warlike operations, compensation for such claims has only been demanded as an act of grace, it being pointed out that the cases were for the most part ones of great hardship, and that the orders of the local authorities made it impossible to take proper measures for the protection of property. The Russian Government has as yet given no reply as to her treatment of these claims beyond intimating* that they have been submitted to a Special Commission, instituted by the Emperor for the examination of claims arising out of the Japanese war, which supersedes the former Commissions appointed for this purpose in the Ministries of War and Marine, whose powers were not accurately defined. This Commission, which was approved by the Emperor on the 8th of June, 1906, is to be presided over by a member of the Council of Empire, and is to have the final right of decision in the cases of all questions submitted to it, no right of appeal being allowed, "the circumstances of the moment and the possibility of the Treasury being able to pay such claims being taken into consideration." It will include representatives of the various Departments interested, and will have the right to call to its assistance such private individuals and officials whose co-operation may seem useful.

83. Enquiry was made of the Russian Government whether this Commission would also decide the claims of British subjects who suffered losses during the mutiny among the Russian garrison at Vladivostock in November 1905 (Zorn and Ross' claims). The Russian Government have replied to this inquiry, made in regard to the claim of Mr. Zorn, by a note dated the 29th December, in which this case is treated on the same principle as claims in connection with the internal disorders (see Class II), and stating that the only measure to be taken by Mr. Zorn is to have recourse to legal procedure.

84. The claim of Joseph Geddes for compensation on account of alleged false imprisonment at Mukden, and ill-treatment, which has been the subject of repeated representations to the Russian Government during the past year must also be included among these claims. The Russian Government at first denied the accusations made against them by Geddes, and have finally refused to consider his case till a sum of money, which they declare was borrowed by him from the Russian Military Attaché at Tien-tsin, has been repaid.

85. In connection with the case of Grant and Findlay, captured in 1904 on board the Japanese vessel "Hakuse Maru," a formal protest was made on the 2nd June of this year to the Russian Government against their action in detaining as prisoners of war for eighteen months the subjects of a neutral Power serving on board an enemy merchant vessel which was in no way employed in or connected with belligerent operations, and it was stated that a claim for compensation on behalf of these two men would be presented in due course.

86*. N.B.—Since writing the above the Russian Government have returned for translation all the documents presented in support of the claims for compensation for destruction of property in the areas of the war (Lees, Simpson, MacLaren, Collins,

* See paragraph 36.

Lent, Baker, Soper, McCullagh, Short, Eveleigh, and Edwin Fischel and Co.'s claims, the last named of which was presented by the parties direct to the Russian Government). Translations of the documents in support of Mr. Davidson's claim had already been submitted to the Russian Government at their request.

37. To the numerous claims of this class presented by this Embassy and by the Embassies and Legations of other countries, the reply of the Russian Government has invariably been to the effect that in accordance with the general principles of Russian Law the Imperial Government is not responsible for losses caused during disturbances, and that compensation can only be obtained from the persons guilty of disorders to whom these losses were due, and that claimants can bring action against such persons, including officials, in the courts of law. The Russian Government add that this is the only remedy open to Russian subjects, and that foreigners cannot expect more privileged treatment.

Claims in connection with the internal disorders in Russia.

38. The views of the Russian Government as regards compensation have been communicated to all persons who have submitted claims of this description to His Majesty's Embassy, together with instructions as to the proper method of presenting such claims, namely through the Foreign Office, should they still desire to do so.

39. The only Concession granted to landed proprietors who have suffered losses during the disorders is that by a law published the 28th May, 1906, they are permitted to borrow money of the State at comparatively easy terms. Six million roubles have also been set apart in the Russian Budget for the compensation of such losses, but it is doubtful whether British subjects will profit by this measure.

40. Numerous representations have been made during the past year in connection with the duties imposed and the fines levied by the Russian Customs.

Claims in connection with the Russian Customs.

On the 12th January of the present year the attention of the Russian Government was called to the hampering effect of the proposed new Custom Regulations and it was pointed out that the probable result would be the curtailment of the British export trade to Russia. In their reply to these representations the Russian Government denied the unfavourable and hampering character of the new tariff in regard to British trade, and pointed out that Great Britain would enjoy under the most-favoured-nation clause all advantages conceded to other countries.

41. On the 1st March the new Customs Tariff, resulting from the Russian Commercial Conventions with France, Austria-Hungary, and other countries, came into force, and to the increased rates of duty imposed by this Tariff must be attributed to a great extent the numerous claims which have been presented to the Russian Government on behalf of British firms.

42. The attitude of the Russian Government in this respect has not been altogether unfavourable, about one-third of the claims presented having been allowed. On two occasions fines imposed owing to clerical errors on the part of the importers have been remitted, and the Russian Government have also in several instances admitted the demands for a different classification of imported goods.

43. Under this heading are included the claims of British-Indian subjects to the estates of deceased relatives in Russian Central Asia, three of which have been paid during the current year, while the claims of three others (Lokumal, Verhomal, and Mulchand estates) are still under the consideration of the Russian Government.

Miscellaneous claims.

44. The case of the British subject Charles Webb raised considerable interest in England at the beginning of 1906, but has been allowed to drop owing to the inability of Mr. Webb to prove his statements as to his being imprisoned, drugged, and smuggled out of the country by the Russian authorities.

45. The Russian Government has again been urged to recognize the special and privileged position of the Anglican Church in Russia, and it is stated that a special Commission will shortly pronounce a decision in regard to this matter.

46. The decision of the Canadian Government to accept the compromise proposed by the Russian Government in regard to the indemnity to be paid for the

Canadian sealing-vessels seized in 1902 has been notified to the Imperial Government, but the compensation has not yet been paid.⁽¹⁾

⁽¹⁾ [*v. A. & P.* (1905), CIII, (Cd. 2348), *Correspondence respecting Contraband of War*, pp. 451-84.]

V.—PEACE NEGOTIATIONS AND THE TREATY OF PORTSMOUTH.

No. 57.

Sir C. MacDonald to the Marquess of Lansdowne.

F.O. Japan 579.

(No. 393.) Confidential.

My Lord,

Tókió, D. November 22, 1904.

R. December 28, 1904.

I have the honour to forward copy of an interesting memorandum by Mr. Hohler, 2nd Secretary of this Legation, giving details of an after-dinner conversation with Marquis Ito.

The modesty of Japan's demands, as set forth by Marquis Ito, in case of success in this war, are worthy of note. So far as I have been able to ascertain in conversation with responsible Japanese, these modest views are very general.

I have, &c.

CLAUDE M. MACDONALD.

Enclosure in No. 57.

Memorandum by Mr. Hohler.

Confidential.

Marquess Ito came to take dinner with me last night, and was full of conversation, speaking English better and better as the evening wore on.

After most interesting accounts of his adventures on his first journey to England, of various incidents in which he had played a part during the Restoration, of his interviews with Prince Bismarck, Mr. Gladstone, Mr. Pobiedonostzeff, etc., etc., he came to speak of the present war, and its possible consequences.

On my observing that, assuming Japan obtained the greatest measure of success in the war, still, as she could reach no vital point of Russia, it seemed difficult to foresee how any finality could be attained, or on what situation it would be possible to base a definite and durable peace, he replied that, in his opinion—whether that opinion would be adopted by the Japanese nation he could not say—the only method by which a lasting peace could be secured, would be by the internationalization of the railway from the point where it enters Chinese territory. Russia, he said, had come to the Far East not in obedience to any internal force or natural necessity, but had come solely by means of the railway, away from which she had made and could make no progress, and purely from territorial greed. Japan had been driven to war by sheer fear of this aggression, when she saw that even Corea was not escaping Russian encroachments, and not with a view to aggrandizement.

Granting the final success of Japan in the war, she neither wanted Manchuria, nor was she strong enough to maintain large garrisons indefinitely on the remote borders of that province. She had already made explicit declarations that she would respect the integrity of China, and the Marquess said he considered that that integrity was of the utmost importance to Japan, provided it was always accompanied by the policy of the "open door",—the door being effectually open to free competition which would ensure to Japan all she needed.