

DONALD A. JORDAN

## China's National Economic Council and the League of Nations Experts, 1929–1937

### INTRODUCTION

The topic of the changing position of China in the world seems to be exemplified by the experience of China's National Economic Council interacting with the pre-WW II League of Nations. From 1919 to the end of the Northern Expedition the world view among the Guomindang (GMD) leadership had been that of strident anti-imperialism, and occasionally xenophobic rhetoric. Most of the GMD elites, except for Chiang Kai-shek, himself, were products of Western education, yet they felt ambivalent toward the West because of its imperialism. The Guomindang had begun with the unilateral approach of Revolutionary Diplomacy, and after Versailles, became resentful of Western acceptance of Japanese in Shandong at the opening of the League. With the victory of the Northern Expedition, the outlook among the GMD leadership swung back toward re-engagement with the Western World. In working to reconstruct China, there was among the GMD members a growing consensus that the May Fourth banner of science and greater transfer of technology from the West could end China's backwardness. Furthermore, as soon as Nationalist China began to seek recognition from other countries, pragmatic concerns began to weaken its unilateral isolation.

T.V. Soong was but one of many GMD progressives who wanted China to become a nation-state and to modernize as quickly as her finances would allow. Modernization would necessarily depend on economic development. Soong became aware of the technocratic experts that traveled to East Asia on missions from the League of Nations in which China was a member nation. The focus of this study – the role of League experts in reforming China's miserable state of sanitation and poor health – is but one of the many areas where League expertise fit China's needs. Chinese desire for health reform reached out for the science readily available from the League of Nations.

## THE LEAGUE APPROACHES THE NEW CHINA

One of the major figures among the League experts who influenced Nationalist China during its first decade was the bacteriologist and epidemiologist, Ludwik Rajchman. An extremely cosmopolitan Polish Jew, Rajchman had been active in combating epidemic cholera and typhus in post-World War I Central Europe. His work in medical research in London from 1910 through the war years had provided him with the expertise to be not only on the cutting edge of his science but also with English language skills that would prove invaluable to him as a great communicator with China's modernizers.

Rajchman's first mission to East Asia and China had been in 1925 when he listened to Japanese public health officials voicing concern that nearby China was a source of periodic epidemics that were spreading outward from its trading ports. Japan had quickly modernized its public health system. However, it could not isolate itself from the cholera, typhus, and malaria that periodically spread outward from the backward interior of China, Japan's leading trade partner. Rajchman, an enthusiastic idealist on international cooperation, immediately went to Beijing to spread his message of public health reforms and sanitation for China by means of a quarantine service at Chinese ports. However, like later League technical experts, he knew but little of the local political situation in warlord China that impeded reforms. It is possible that Rajchman met T.V. Soong in Canton in early 1926 as the Guomindang prepared for its military campaign to reunite a China weakened by such warlord regimes as the one he had just won over in Beijing.<sup>1</sup>

In 1928, once the Guomindang (GMD) had at least created the semblance of a national government, it created a Ministry of Health at Nanjing which initiated communication with Rajchman, who headed the League's Health Section and various medical committees in Geneva. Within the highest circle of the GMD, T.V. Soong, committed to centralized economic reconstruction for China and to obtaining the modern technology that was necessary, was busily engaged in creating a financial foundation for the new regime and working as a key diplomat to gain recognition and tariff autonomy for China. His heart was committed to centralized economic reconstruction for China and obtaining the modern technology that would entail. The official opening of contact from the League came with the visit of the Deputy Secretary Joseph Avenal of the League Council who visited the new Chinese government in December 1928 and explained the availability of public health expertise through the League's Health Organization and its founding director, Rajchman. Following this lead, the Minister of Health gained approval

---

<sup>1</sup> See Balinska 1998: first chapters, 78–79 on trip to China in 1925–26; Hsia 1928:111–12 on Rajchman's initial naiveté in China.

in Nanjing to request that the League send a health commission that could advise Nanjing on creating a new public health system based on the most advanced practices in the West. Since the Finance Ministry initially supervised ports and quarantines through the customs system, Soong became a party to the health study.

#### LEAGUE HEALTH EXPERTS ASSESS CHINA'S NEEDS

In January 1929 the Chinese request had reached the League and by February the Health Section Director himself was appointed to head a mission of technical experts to China which would examine conditions and offer advice on modernizing public health services (The League from Year to Year, October 1, 1928 to September 30, 1929: Chapter VI, 125). Finally, on September 14, 1929 the Ministry of Foreign Affairs cabled the League that it would welcome a delegation of public health experts. Rajchman and Frank Boudreau, an American member of the League's Health Section, left Geneva in late October and on November 7 began a two month tour observing the current Chinese health practices and formulating ideas for reforms. After study in Shanghai, Nanjing, and Canton, Rajchman, T.V. Soong and Chinese medical leaders proposed a Three-Year Plan for a Chinese health system that would be headquartered in Nanjing. This began nearly a decade of League missions to China which eventually drew in over 50 Western experts who brought expertise not only in the area of public health, but also on a wide variety of the components for the infrastructure of a modern economy. Other Chinese projects with League experts advised on upgrading industries such as cotton and silk, agriculture, monetary policy, public engineering of flood control, railroad and highway construction, and public education. For the sake of brevity, this study will focus on the transfer of the technology of public health as a leading example of what became a generally successful collaboration between the League-designated experts and Chinese modernizers like T.V. Soong and, later, his National Economic Council.

During 1930 the Nanjing government decided to give continuity to the technological relationship with the League; requesting that the League send a "permanent" technological advisor to China that could match up Chinese needs with various technologies available through the several League Sections. The General Assembly and Council struggles against international conflict turned out to be their least effective function, and were surpassed by the Sections that disseminated technologies worldwide. The dynamic Rajchman played a leading role from Geneva, focusing attention on China and attracting leading experts into missions of exchange. The Three-Year Plan from 1929 for health and medicine initiated a national quarantine service by July 1930 in Shanghai to check cholera and small pox around the lower Yangtze. Ground was also broken for medical facilities:

the Central Hygiene Station and the Central Hospital in Nanjing from which a nationwide system would gradually radiate. The medical education system was to emphasize national coordination of existing Chinese medical schools with a new experimental medical school at the center and radio broadcasts on health issues.<sup>2</sup>

League experts emphasized equality between China and the League; thus, avoiding the servility of traditional imperialism. The collaboration between equals was symbolized by the League's appointment of a Harvard-trained Chinese doctor, Liu Ruiheng, as Vice-chairman of the League's Health Committee in Geneva. China's new Minister of Health spearheaded the National Health Administration as it evolved and was the first of a series of Chinese doctors to serve on special League committees under the Health Organization, parent of today's World Health Organization. The League in 1930 not only approved the ongoing technical support for China, it created the League Council's Committee on Technical Cooperation between China and the League.

#### SOONG'S NATIONAL ECONOMIC COUNCIL IMPLEMENTS LEAGUE EXPERTISE

With regular meetings this committee devoted to exchange with a particular country was unique. With Rajchman as a vigorous catalyst and ringleader and T.V. Soong as an expediter, a high-powered team of Section Directors from the League joined Rajchman in China in late 1930 for fact finding and advising. Rajchman sponsored Dr. Berislav Borcic director of Zagreb's School of Hygiene who became in November 1930 the League's first permanent technical adviser to Nanjing's Ministry of Health. Within several years Borcic was referred to as the "uncrowned prince" of a new Chinese Health Service and Rajchman's man on the scene. Likewise, in late 1930 Robert Haas, French Head of the League's Communications and Transit Section, arrived to begin study and reporting on a centralized approach to highway and railroad building (League Council document 450. 4 Oct. 1934; Hoe 1933). Of greater consequence was the arrival of Rajchman's friend Sir Arthur Salter, British economist and the League's Director of the Economic and Financial Section whose expertise synchronized well with T.V. Soong's ambitions for economic development (Balinska 1998:86–88, Meienberger 1983, Monthly Summary of the League of Nations for 1934:114).

His close exchange with Salter and the two other League Directors crystallized in Soong's successful promotion at Nanjing in early 1931 of the National Economic Council (N.E.C.). This was to be a top level coordinating body that would

<sup>2</sup> League of Nations Council report of September 1931 included a report from the new Committee of Technical Cooperation Between the League and China. C.445.1934–General. Also see *The League from Year to Year*, October 1931–December 1932:128, and Hoe 1933.

cut across bureaucratic lines and expedite national plans for development, including the new national Health Service. By April 25, 1931 Soong as Vice-Premier of the Executive Yuan could state in a telegram to the League that Chiang Kai-shek wished to state that the Chinese Government was setting up the N.E.C. "for planning reconstruction [and] requests collaboration [with the] League" (League Council document C.405.M.208.1933).<sup>3</sup> Soong formally requested a League official to assist in creating the N.E.C. and provide liaison with the League technical organizations to obtain advisors for N.E.C.'s projects. As the infant National Government grew at Nanjing, the Ministry of Health was brought under the Ministry of the Interior which caused temporary anxiety to Technical Advisor Borcic and Rajchman who were reassured by Soong of continuing commitment to advancing public health.

The N.E.C. evolved along with the close friendship of T.V. Soong and Rajchman. In a letter back to Geneva, Rajchman explained that he was hopeful of the support of Chinese business and bankers for the N.E.C.'s plans "primarily because the Finance Minister (Soong) is a first-rate man who inspires confidence."<sup>4</sup> Rajchman recalled that it was T.V. Soong's specific request to the League that Rajchman be appointed as the Technical Agent to the Chinese Government that proved decisive. Soong actually lobbied with the British and French League representatives to gain Rajchman's appointment, despite some skepticism from the Japanese critical of his lack of objectivity on China (Balinska 1998:94-95 based on Rajchman's letters).

This was a foretaste in April 1931 of how League missions to China would become an irritant to those Japanese working to secure China as an economic dependency of Japan's economic empire. Soong and his N.E.C. were striving for economic independence and thus became hated threats to Japan. When the League accepted Soong's proposal in May, the Japanese delegate Yoshizawa agreed to the ideal of supporting Chinese reconstruction but thought Japan in its advanced state of development should be sending experts to China (League Official Journal 1931:1082). In May advisor Borcic participated in the inauguration of the Central Applied Hygiene Station at Nanjing as part of the Three Year Plan which the new N.E.C. had moved quickly to implement (The League Year to Year 1931-32:130). When Rajchman returned to China in early September it was in the throes of the Great Flood of 1931. However, the threat of epidemics had already been lessened by the work of the new Health Service with its large scale vaccinations.

---

<sup>3</sup> Cited in Meinenberger 1983, Hoe (1933) also quotes the "historic" telegram.

<sup>4</sup> Balinska 1998:88 cites letter to William Martin in his private papers in Geneva.

## JAPANESE INTERVENTION IN CHINA

As China's great anti-Japanese boycott began in July and then in September the Manchurian coup erupted, the League faced its greatest challenge. After September 18, Rajchman, as Soong's chosen advisor and representative from the League, enthusiastically convinced Soong and Chiang Kai-shek to turn the problem of Japanese aggression over to the League rather than negotiate directly with Tokyo or declare war. "China would come out victorious."<sup>5</sup> Chiang remained skeptical when the buoyant optimist Rajchman claimed that with League intervention, "the Japanese will retreat."<sup>6</sup>

Within the League frustrations over its inability to restrain Japanese aggression gradually turned into a common desire to do whatever else could be done technologically to help China defend itself through the N.E.C. projects. The League effort to end the Shanghai War of 1932 may not have been decisive in the May truce, but most of those on the scene agreed that the Health Service and its new public laboratory at Shanghai had been crucial in curtailing cholera among the tens of thousands of refugees. Some two million vaccinations had been produced and distributed along with pure drinking water despite the temporary destruction by bombardment of the Shanghai lab. The League's Health Organization responded by gathering up serums, drugs, mobile labs and money to meet the challenge of the war and its aftermath. League health experts observed the expansion of health services from Guangdong north to the border of Manchuria. Teams of doctors and aids took the technology of sanitation and public health to sub-stations up river at Hankou, and north to Qingdao and Tianjin (The League from Year to Year, 1931–1932:130–31). By September 1932 the planned Central Field Health Station was operating out of Nanjing with N.E.C. funding, demonstrating public health techniques to the widening circle of sub-stations (*ibid.*).

1933 saw T.V. Soong carry his crusade for China's economic development overseas. In the U.S. he met with League expert and Rajchman cohort, Jean Monnet, who began brainstorming with Soong on various means for attracting Western financing of China's development that would break Japan's hold (Duchene 1994, Balinska:48, 95, 100). By mid-May, T.V. and Franklin Roosevelt worked out an American loan of surplus cotton and wheat which Soong could sell in China to fund the N.E.C. outside of China's military dominated budget.<sup>7</sup> From Washington, Soong went on to the London Economic Conference with the prior coaching

---

<sup>5</sup> Yen 1974:178–79. Yen was in the Foreign Ministry at Nanjing.

<sup>6</sup> Excerpts from the Chiang Kai-shek diary at the GMD Archives, September 21, 1931.

<sup>7</sup> Morgenthau Diaries, I:28 in the Farm Credit Diary, see Zanasi 1997.

of League financial expert, Rene Charron.<sup>8</sup> While in Paris attending a session of the League Committee on Technical Cooperation between China and the League with Rajchman, Soong listened to reports praising Chinese progress and informed the members that China would assume the salary and expenses of a designated Technical Agent for China. The committee had to argue with the Japanese that the work was strictly “non-political” and approved Rajchman to that position and arranged for yet another medical expert from Yugoslavia to assist with the needs of the N.E.C. for sanitation in road building and flood control work.<sup>9</sup> Soong’s vision of 14 key projects in 1933 became a Ten-Year Plan for N.E.C. that would engage a wide range of League experts. They generally spent several months in China and produced studies, made proposals, and made valuable reports, such as those on the infant Health Service. A few stayed on as government advisors.

The Central Hospital in Nanjing opened in mid-1933, with 350 beds – another of the new national medical facilities. The over one million Mexican dollar construction had required a new power station, water and gas lines, and a sewage system. The League awarded new hospital staff with travel fellowships for specialized training at European hospitals. Some were graduates from the hospital’s School of Nursing which had just graduated its first class (Monthly Summary, February 1934:36–37; Hoe 1933:21). In that summer of high expectations, Japanese banks successfully intimidated Western banks against joining with Soong and Jean Monnet’s development scheme. When Soong returned with only the U.S. loan in 1933, he and Monnet were left with fewer prospects for funding Chinese development and had to turn to Chinese banks and eventually a more autarkic pattern called bureaucratic capitalism. Upon Soong’s return the N.E.C. was reorganized to meet the Japanese economic threats with a more centralized system (Coble 1980:127, Duchene 1988:52; Zanasi 1997:111–12).

During 1934, the reorganized N.E.C. revived up its development efforts by ordering new commissions to focus China’s scarce resources on the key components of China’s vital textile industry – cotton and silk. League expert on sericulture, Benito Mari criticized China’s obsolete fractionated silk industry and proposed in a valuable report a five year silk improvement strategy that was reminiscent of the Three-Year Plan for the Health Administration. League economist Salter’s report in April 1934 also underscored the need for the silk and cotton commissions (Mari 1933; Salter 1934). These were slowed by the success of Japan’s obstruction of Western investing. The formulation by League expert Monnet and Soong of the

---

<sup>8</sup> Rajchman’s report to the N.E.C. and League in 1934 in Rajchman 1934 and in the China Yearbook of 1934 see also The International Who’s Who 1938:192.

<sup>9</sup> Monthly Summary of the League of Nations, July 1933:170. Rajchman 1934:765. Hoe 1933:29 quotes the July 18 resolution.

China Development Finance Corporation as a means to bring foreign and Chinese capital together triggered a shocking reaction from Japan's Foreign Ministry.<sup>10</sup>

On April 17, the notorious Amo Declaration warned the West not to assist, even financially or technically in any way designs that would impede Japan's mission to bring order to East Asia (Toshihiko 1983: 79–80; Sun 1993:49). Neither Soong nor the League experts gave up. Salter's proposals for monetary stabilization and economic rationalization were released soon after in May 1934. During the rest of 1934 and into 1935, Soong's N.E.C. secretariat followed the several League plans for development, generally expanding programs from the Nanjing centers out into the surrounding provinces along the new roads and railroads. As of April 1, 1934 Rajchman's own detailed summation to the N.E.C. and League committees on all the development projects included specifics on the new public health system from 1931 onward. He proudly cited 35 new field health stations in 20 areas in six provinces, while studies of diseases took place at special offices over nine provinces. According to Rajchman the new major laboratory on epidemic diseases that opened in October 1933 "compare[ed] favorably with any of this type" anywhere. His inclusive report of 1934 (Rajchman 1934) was to be Rajchman's swan song as the Japanese diplomats, no longer at Geneva, were working in Western capitals against his reappointment as Technical Agent by threatening to shut off imports from trade partners.<sup>11</sup>

#### FINAL LEAGUE AID TO CHINA

In May 1934 Doctor Wu Liande reported to the Committee on Technical Cooperation Between China and the League at Geneva that progress could be proven on how fully the Three Year Plan on health were being implemented. The Central Field Health Station, the Central Hospital, the Experimental Medical School, the National Quarantine Service and the coordination of national public health in the Health Service were all operating successfully (Monthly Summary of the League of Nations, May 1934:114). This glowing Chinese observation was followed in 1935 and 1936 by further evidence of expansion from Nanjing out into a national network.

When League expert Robert Haas wrote his 1935 summary on progress with the plans, he noted that in the Health Service had "now firmly established" a new Central Laboratory and Schools of Hygiene and Midwifery at Nanjing (Haas

<sup>10</sup> Coble 1980:216 links Soong's investment corporation with the Amo reaction.

<sup>11</sup> The Japanese effort to remove Rajchman from China is surveyed in Balinska 1998:100–101 but only noted tersely in League Council document C.450.1934:18 that he returned from China to Geneva once again as Health Section Director.

1935:12). In gratitude for the numerous missions, Nanjing presented a gift to the League Library in Geneva – a complete copy of the Qian Long imperial collection in four divisions (Monthly Summary of the League of Nations, May 1934:138). Cooperation continued through 1936 until the outbreak of full-scale war in July 1937.

In 1937, the last year covered in this study, while the *political* sections of the League failed to end the China "Incident", the Health Organization under Rajchman acted on Wellington Koo's plea on behalf of the multitude of war refugees in China and the danger of epidemics. Great Britain, rather timid toward Japan, suggested an increase in League funding for the problem and the Polish representative, presumably Rajchman, suggested that 2 million Swiss francs go to the Red Cross of China (Ibid. September 1937:219–20). The League Council convened in October 1937 a special session to decide on health issues from the war raging in China. To support the Health Service that the League experts had worked so hard to create, the League voted to spend the 2 million francs on 12 medical trucks that would move to wherever health crisis erupted. Each truck would be stocked with Red Cross equipment and instructions, medicines and chemicals for sanitizing. Some of the trucks were to be mobile labs, and others would be fitted with showers for disinfecting large numbers (Ibid. October 1937:248–49). The health needs and situation in China became the responsibility of a special Epidemic Commission for China made up of teams of health experts. The teams were staffed according to language groups with a French team from Marseilles and an English speaking team that would work within Shanghai's International Settlement a refuge from the fierce battle raging in Chinese Shanghai. The German speaking team included Dr. H.M. Jettmar, an Assistant Professor at the University of Vienna, and an expert on the plague in China. This steady support from the League reveals that while the body mainly created to promote peace had failed, China's interaction with League experts from all over Europe did help win world and American opinion over to the Chinese side in what became World War II. Rajchman's advice in 1931 for League intervention was good only in the long run. The Japanese had sensed this League preference for China before they walked out of the League in 1934. Without that war, it may be argued based on many reports by League experts that China up to 1937 was undergoing a comprehensive modernization such as in its League-inspired National Health Service.

*Donald A. Jordan, History Department, Ohio University, Athens*

## REFERENCES

- Balinska, Marta (1998): *For the Good of Humanity: Ludwik Rajchman medical statesman*. Ithaca: Cornell University Press, 1998.
- Benito Mari (1933): *Summary Report on an Enquiry into the Reorganization of Sericulture*. Shanghai: N.E.C.
- Coble, Parks (1980): *The Shanghai Capitalists and the Nationalist Government 1927–1937*. Cambridge: Harvard University Press.
- Duchene, Francois (1994): *Jean Monnet, the First Statesman of Interdependence*. New York: W.W. Norton.
- Haas, Robert (1935): *Report of the Secretary of the Council Committee on His Mission in China, January –March 1935) (September 1935)*. Geneva: Committee on Technical Co-operation Between the League of Nations and China.
- Hoe, Y.C. (1933): *The Programme of Technical Cooperation Between China and the League of Nations*. Paper for August 1933 conference at Banff, Canada.
- Hsia Chi-feng (1928): *China and the League and my Experience in the Secretariat*. Shanghai: Commercial Press.
- League of Nations. Secretariat. Information Section: *Monthly Summary of the League of Nations (different editions)*. Geneva: League of Nations.
- League of Nations: *Official Journal*. Geneva: League of Nations.
- League of Nations: *The League from Year to Year (different editions)*. Geneva: Information Section, League of Nations.
- Meienberger, Norbert (1983): *China and the League of Nations*. In: *The League of Nations in Retrospect: Proceedings of the Symposium, Geneva, 6–9 November 1980 (organized by the United Nations Library and the Graduate Institute of Graduate Studies*. Berlin: de Gruyter, 313–318.
- Rajchman, Ludwik (1934): *Report of the Technical Agent of the Council on his Mission in China from the Date of his Mission until April 1<sup>st</sup>, 1934*. Geneva.
- Salter, Sir Arthur (1934): *China and the Depression – Impressions of a Three Month Visit*. Shanghai: N.E.C.
- Sun Youli (1993): *China and the Origins of the Pacific War, 1931–1941*. New York: St. Martin's Press.
- The China Yearbook of 1934*: London: Routledge.
- The International Who's Who (1938)*. London: Routledge.
- Toshihiko, Shimada (1983): *Designs on North China*. In: Morley, J. (ed.) (1983): *The China Quagmire*, New York: Columbia University Press.
- Yen, W.W (1974): *East-West Kaleidoscope 1877–1944: An Autobiography*. New York: St. John's University Press.
- Zanasi, Margherita (1997): *Nationalism, Autarky, and Economic Planning in 1930's China*. Columbia University dissertation.