

continuing to deal with the old revenues in accordance with the Custodian Bank Agreement of 1912.

30. The advantage of adopting this policy is, in view of the Foreign Office, that the Powers would not be involved in the domestic quarrels of the Chinese, there would be no danger of attacks upon the Customs Administration, there would in all probability be no disposition anywhere to seize the existing customs revenues (the proceeds of the 5 per cent. flat rate, which are subject to the Custodian Bank Agreement of 1912), and the Inspector-General, in surrendering the surtax revenue locally, would not be forced into the invidious and dangerous position of acting in defiance of an international agreement (see section IV. above).

*Foreign Office, July 7, 1926.*