

The Vickers Contract and the British Arms Embargo on China, 1919-1922

Ying Wang

Anhui Normal University, Wuhu, 241002, China

Keywords: Vickers Contract; Britain; Arms Embargo to China; Foreign Policy; International Relations; Early 20th Century

Abstract: This paper delves into the repercussions of the Vickers Contract on British arms embargo policy toward China from 1919 to 1922. Through an in-depth analysis of the British government's foreign policy decisions, Vickers company's business strategies, and the evolving dynamics of Sino-British relations, this study sheds light on the shifting stance of Britain towards the arms embargo on China and the intricate motivations underlying these changes. The Vickers Contract, signed in 1919, involved the sale of warships to the Chinese government, which was under a Western arms embargo following World War I. This contract sparked controversy and raised questions about Britain's adherence to its own embargo policy. By examining the interactions between the British government, Vickers company, and Chinese authorities, this paper uncovers the multifaceted nature of Britain's approach to the arms embargo. It reveals how economic interests, diplomatic considerations, and geopolitical factors influenced British policy decisions regarding the embargo. The findings of this study contribute to a deeper understanding of the complexities surrounding arms trade and foreign policy during this period. They highlight the challenges faced by Britain in balancing its commercial interests with its diplomatic objectives, particularly in the context of its relationship with China.

1. Introduction

After World War I, the global political landscape underwent significant changes, among which the turbulent situation in China caught the attention of the international community, especially the Western powers. This paper focuses on the evolution of British arms export policy to China from 1919 to 1922, using the signing, execution, and subsequent impacts of the Vickers Contract as a thread. We will explore the Western interest in the Chinese arms market post-World War I, the signing of the Eight-Nation agreement on arms embargo to China, the British "limited embargo" policy on aircraft to China, the military use of British aircraft during the Zhili-Anhui War, and its impact on Britain's "comprehensive embargo" policy on aircraft to China. Through analyzing this historical event, this paper aims to understand the complex interplay of interests, power, and agreements in international politics and how they shape international relations and policy-making.

2. Post-War Situation and Arms Embargo on China

2.1. Western Interest in the Chinese Arms Market Post-WWI

Following the end of World War I, the main Western nations engaged in the war faced significant economic difficulties and pressures of reconstruction. Seeking solutions for economic recovery and excess industrial capacity, these countries turned their attention to international markets, particularly the arms market [1]. In this context, China, a nation in the midst of internal warfare and turmoil, became a focal point of Western interest. The warlordism in China at the time created a substantial demand for modernized weaponry, presenting an ideal export opportunity for Western nations with large surpluses of wartime arms [2].

Countries like the United Kingdom, France, and Italy, which had accumulated extensive arms inventories during the war, sought ways to convert these stockpiles into economic gains. They recognized that selling these arms to China could bring direct economic benefits and also help expand their political and military influence in China and the broader Far East region. This interest in China's arms market was not purely commercial but part of these countries' global repositioning and strategic adjustments post-war. Through arms deals with China, Western nations hoped to strengthen their own economic power and exert greater influence in the turbulent political landscape of China [3].

However, this focus on the Chinese arms market also introduced complexities in international relations. On one hand, the influx of a large quantity of arms could exacerbate China's internal warfare and political instability, affecting regional stability; on the other hand, these transactions could also shift the balance of power in the Far East. Consequently, Western nations, while pursuing economic and political interests, also had to consider the long-term impact of their actions on the stability of China and the entire Far East region. In this process, the policies and actions of Western countries significantly shaped the international environment of post-war China and had profound effects on its internal political landscape.

2.2. Establishment of the Arms Embargo Agreement by the Powers

2.2.1. Background of the Embargo Agreement

With growing attention to the Chinese arms market, international concerns arose about the potential exacerbation of China's political instability and regional conflicts due to excessive arms shipments. These concerns stemmed not just from worries about internal stability in China but also involved the safety and stability of the entire Far East region. At the time, the situation in China was complex and volatile, with various forces vying for power and continual struggles among warlords. In such circumstances, the inflow of a large number of arms could intensify conflicts, leading to broader instability [4].

Simultaneously, the United Kingdom and the United States noticed Japan's rapidly expanding influence in China, seemingly beyond control. Japan had virtually monopolized the Chinese arms market during WWI when the Western powers were preoccupied, significantly expanding its influence in China. Furthermore, Japan supported the Duan Qirui government and its policy of military unification, aiming to further intensify the civil war and even presented the "Twenty-One Demands," attempting to make the entirety of China its vassal [5]. These events highlighted Japan as a potent competitor to British trade interests in China and a potential threat to British benefits, while also causing dissatisfaction in the United States, which pursued free trade in commerce and industry.

Therefore, to contain potential crises and maintain China's nominal stability and unity, as well as to compete for interests in China, the United States took the initiative, supported actively by the United Kingdom, leading to a critical decision by the eight powers' envoys in China (including the

United Kingdom, the United States, France, etc.) in Beijing—the signing of the Arms Embargo Agreement on China [6].

2.2.2. Content of the Embargo Agreement

The primary goal of this embargo agreement was to limit the export of military weapons and equipment to China, especially those that could be used in internal warfare and exacerbate regional instability. The agreement stipulated that, until China established a unified government recognized by all parties, signatory nations should not sell or transport any weapons and equipment that could be used for military conflicts to China. This included firearms, ammunition, artillery, and other related equipment, and also prohibited the fulfillment of already signed arms contracts [7]. This policy implied that China's military power would increasingly depend on domestic production, also limiting the ability of foreign powers to influence China's internal affairs through arms trade. This decision was seen as a crucial measure by the international community in trying to establish a new international order and promote global stability post-WW1.

2.3. Impact of the Embargo Agreement on China's Situation

The Arms Embargo Agreement by the eight powers' envoys had a significant impact on the situation in China. Firstly, the agreement notably restricted the ability of Chinese warlords to obtain new weapons, slowing the expansion of China's civil war to some extent. With the lack of advanced weapons from external sources, many warlords had to rely on less advanced domestic-produced weapons or existing stockpiles, slowing down their armed conflicts. This restriction somewhat reduced the scale and intensity of the civil war, preventing potentially larger-scale warfare that could have resulted from external arms supply [7]. However, it is undeniable that China's civil war did not cease due to the constraints of this agreement.

On the other hand, the embargo agreement also prompted China to seek ways to produce weapons independently. Faced with external supply limitations of arms, local governments and warlords in China were forced to develop their own military industrial capabilities. This change promoted the development of China's military industry, advancing domestic technology and production capacity. Additionally, the embargo agreement also led some Chinese local authorities to seek arms through informal channels, albeit mostly outdated firearms or expired ammunition, with inflated prices. Objectively, this increased the activity of arms trade in the domestic market and provided a practical basis for subsequent military development and policy formulation.

The embargo agreement also highlighted international intervention in China's internal affairs, causing resentment and resistance within China against foreign interference. This intervention was viewed by many Chinese political forces as an infringement on China's sovereignty, fueling the rise of nationalism and the desire for autonomy. From a broader perspective, the agreement not only affected China's military and political structure but also reflected the reshaping of the post-war international order in Asia. The international community, through this agreement, attempted to maintain regional stability, but its long-term impact had profound effects on China's political structure and international relations, increasingly evident in subsequent historical events.

3. The Limited Embargo on British Aircraft to China and the Initiation of the Vickers Contract

3.1. The British Government's Interest Considerations and Policy Formulation

3.1.1. Strategic Considerations in Addressing Post-War Challenges

Post-WW1, the British government faced two primary challenges: domestic overcapacity in

military production (most notably in the emerging aircraft industry) and a complex and volatile international political environment. During the war, the British aviation industry had experienced unprecedented development, producing a large number of military aircraft. However, the end of the war rendered these aircraft redundant, posing a heavy burden on the national economy and industrial development [8]. Simultaneously, in the post-war international political arena, the UK urgently needed to maintain its status as a great power, and foreign trade, especially exports to the lucrative Asian market, became a key strategy. However, the obvious military intent of the Chinese government in purchasing aircraft inevitably posed significant risks for countries selling aircraft to China, violating the Arms Embargo Agreement on China. Faced with this complex situation, the British government formulated a "limited embargo" policy that allowed the export of commercial aircraft to China, addressing the surplus in aviation equipment while seizing opportunities to expand international influence.

3.1.2. The Essence and Purpose of the "Limited Embargo" Policy

The British government's "limited embargo" policy was a carefully crafted diplomatic strategy, aimed at finding possibilities to export aircraft while respecting the international arms embargo agreement. The policy mainly exploited ambiguities in the definition of the embargo agreement, which did not specifically prohibit aircraft [9]. When aircraft were identified as commercial and not for military use, they were allowed to be exported to China. This policy meant that signatory countries of the embargo agreement could interpret the vague arms embargo in a way that suited their specific objectives, by defining the aircraft sold to China as commercial types and insisting that the contracts signed stipulated the aircraft's commercial use. This strategy not only addressed the issue of surplus aviation equipment domestically but also created a policy basis for Britain to capture the Chinese aviation market. Additionally, this policy reflected the British government's strategic flexibility in international affairs, considering both domestic interests and the need to maintain an international image and fulfill international obligations.

3.1.3. Profound Impact on Sino-British Relations

A significant consideration in implementing the "limited embargo" policy was to maintain and strengthen relations with China. Considering China's market potential and strategic position, the British government recognized that success in the Chinese market would benefit the economy and help enhance Britain's influence in international politics. This policy opened a new chapter in the development of Sino-British relations, allowing Britain to tactfully use existing rules to promote cooperation with China while respecting international agreements, further consolidating its status as a global power.

3.2. Details and Objectives of the Vickers Contract

On October 1, 1919, the Vickers Company signed a loan contract with the Beijing government's Ministry of War to purchase commercial aircraft, known as the Vickers Contract. This contract was the first large-scale aircraft trade with China after the British embargo on arms to China and a key move under Britain's "limited embargo" policy on aircraft to China. The contract stipulated the sale of 100 modified Vimy aircraft to China, which served as military aircraft during WW1 but were redesigned and refitted for commercial and civilian use post-war. This transformation not only reflected the technical strength and innovation of the British aviation industry but also met the needs of the post-war market and international political environment.

The total loan amount of the contract was £1,803,200, covering not only the sale of the aircraft themselves but also the provision of technical support and services to China. The British government

and Vickers Company had high hopes for this contract, believing it would promote the sale of British aircraft and expand Britain's economic and political influence in China and the entire Far East region. This strategic approach reflected the British government's profound considerations in the global political-economic landscape.

Beyond commercial and economic benefits, the signing of the Vickers Contract was also significant for China. It not only introduced advanced aviation technology to China but also helped elevate its overall aviation industry. Through this contract, China could accelerate the development of its aviation technology with British expertise, advancing in both military and civilian aviation sectors. For China, then undergoing political transformation and modernization, this was undoubtedly a significant opportunity.

Therefore, the Vickers Contract was not just a commercial transaction; it marked a milestone in the development of bilateral relations between Britain and China in the new post-war era. For Britain, it was an essential component of its global strategy, and for China, it was a critical step in its modernization process. Through this contract, the relationship between the two countries was strengthened, laying the foundation for future cooperation.

3.3. Challenges in the Implementation of the Contract and Its Impact on the Chinese Aviation Market

The implementation of the Vickers Contract did not proceed as smoothly as anticipated. Firstly, the British government and Vickers Company faced the significant challenge of ensuring the transaction complied with international arms embargo regulations. This meant they had to strictly monitor the final use of the aircraft, ensuring they were only used for civilian and commercial purposes. This requirement made the execution of the contract complex, as it needed to maintain commercial interests while strictly adhering to international law. Additionally, Britain had to deal with international concerns and questions, especially about whether the aircraft would be used militarily by China. These international concerns added extra diplomatic pressure to the execution of the contract, forcing the British government to conduct diplomatic efforts while implementing the contract to maintain its international image and reputation.

For China's aviation market, the execution of the Vickers Contract was undoubtedly a significant opportunity. The contract not only provided China with advanced aviation technology but also promoted the overall development of its aviation industry. By acquiring these technologies, China could expedite the modernization of its aviation industry, enhancing its competitiveness in the international aviation sector. Simultaneously, the introduction of these aircraft also provided China with more opportunities to explore and develop various applications of aviation technology, whether in civil aviation or the commercial sector. Additionally, the execution of the contract prompted China to think more deeply about the future direction of its aviation industry and how to integrate these advanced technologies into its economic development and national defense construction.

Overall, the implementation of the Vickers Contract had profound impacts on both Britain and China. Despite facing numerous challenges during its execution, the Vickers Contract undoubtedly opened new avenues for cooperation between China and Britain in the field of aviation.

4. Aircraft Military Use Incidents and British Policy Adjustment

4.1. The Challenge to the British-Chinese Arms Embargo Agreement

On July 14, 1920, the Zhili-Anhui War broke out. The UK, concerned about the military use of British-sold aircraft by China, urgently instructed British pilots and engineers to evacuate from the Beijing government's airfields and demanded that China not use British aircraft in combat. However,

a Swiss employee of the Beijing government disregarded the instructions, flying a British aircraft near Tianjin for reconnaissance and bombing, leading to suspicions of British support for the Anhui clique and opposition from the Zhili and Fengtian warlords. After the war, Zhang Zuolin and Cao Kun seized British aircraft from Beijing's airfield, openly declaring the development of military aviation to counter the Beijing government. These actions contravened the commercial intent of the aircraft trade agreement between the British and Chinese governments.

The ultimate military use of British aircraft in the Chinese civil war exposed the fragility and risks of Britain's "limited embargo" policy on Chinese aircraft, directly challenging the then-existing arms embargo agreement. The military use of the aircraft not only violated the sales agreement between Britain and China but also touched upon the sensitive issue of arms exports in the international community, causing widespread concern and disturbance. The United States, Japan, Italy, and other countries questioned Britain's integrity and effectiveness in maintaining the embargo agreement and used it as a pretext to seek to break or relax the arms embargo on China. For the British government, the challenge was not only how to deal with the diplomatic disputes caused by the incident, to save its international image, and to maintain the embargo policy but also how to balance the obligation to abide by international agreements with maintaining long-term interests in the Far East.

4.2. British Response Strategy and Subsequent Developments of the Vickers Contract

Faced with this complex situation, the British government adopted a more cautious and prudent strategy. Firstly, Britain strengthened control over arms exports, ensuring that any future aircraft sales to China would not be used for military purposes. This meant stricter standards for reviewing arms export requests and clearer terms in transactions to limit the scope of weapon use. Additionally, Britain communicated diplomatically with the Chinese government, expressing concerns about the military use of aircraft in the Zhili-Anhui War and seeking cooperation from both sides to ensure that future arms transactions would not harm regional stability and peace. Furthermore, they explained that the use of aircraft on the battlefield was the act of a drunken mechanic, who was immediately dismissed, and not related to the British government. Lastly, after realizing that the Chinese government was unable to retrieve the seized aircraft, the British government directly negotiated with Zhang Zuolin, who eventually agreed to return some aircraft and continued negotiations with the Beijing government to return any necessary training aircraft. Importantly, reliable intelligence indicated that most of the seized aircraft, affected by climate and poor preservation, were unusable. Moreover, Zhang Zuolin apparently lacked pilots, lubricants, and crucial aircraft parts, making it difficult for him to pose a war threat with the aircraft. Eventually, the British government deemed the situation improved and decided to continue supporting the Vickers contract, avoiding termination due to the military use incident, which would substantiate accusations of violating the embargo policy.

However, the incident also forced the British government to reassess its strategic layout in China and the Far East, placing greater emphasis on its international obligations and image, and realizing the need to handle relations with China more cautiously. In the future, Britain would consider regional stability and long-term interests more in dealing with China, not just short-term economic or military gains.

4.3. British Comprehensive Embargo Policy on Chinese Aircraft in 1922

4.3.1. Establishment and Purpose of the Comprehensive Embargo Policy

The reality of British aircraft used for military purposes in the Zhili-Anhui War, and the widespread international attention this action garnered, forced Britain to make a key decision — to implement a comprehensive embargo policy on Chinese aircraft (prohibiting all military and commercial aircraft

from being exported to China). This decision marked a fundamental shift in Britain's arms export policy to China, from a "limited embargo" to a "comprehensive embargo." This policy shift reflected the British government's stricter adherence to international obligations and a deep reevaluation of the Chinese political situation and international relations.

The main purpose of the comprehensive embargo policy was to prevent British-made aircraft from being used in military conflicts in China, thereby reducing external influences on the Chinese civil war. The establishment of this policy was a manifestation of Britain's international image and responsibility, demonstrating its commitment to maintaining the arms embargo agreement with China. Although in the short term, this policy might have affected Britain's economic interests in the Chinese market, in the long run, it helped protect Britain's international reputation and promoted peace and stability in the region and the world. Through this policy, the British government showed its willingness to sacrifice short-term economic benefits to maintain international agreements and regional order.

4.3.2. Long-term Significance of the Policy

The comprehensive embargo policy adopted by Britain had significant implications on the international political stage at the time. It was not only a response to the situation in China but also a reaffirmation of responsibility and obligations in international relations. Through this policy, the British government strengthened the effectiveness of the arms embargo on China, demonstrating its strategic flexibility and diplomatic acumen in handling complex international issues. Additionally, this policy also influenced other countries' policies towards China, raising the international community's awareness of arms exports to conflict regions. Overall, the establishment of Britain's comprehensive embargo policy on Chinese aircraft in 1922 was not only a response to a specific incident but also a reflection of Britain's strategic thinking and behavior patterns on the global political stage.

5. Conclusion

Through an in-depth analysis of the transformation of British arms policy towards China from 1919 to 1922, particularly focusing on the implementation of the Vickers contract and its background and consequences, we conclude that this period's events not only revealed the complex interplay of interests and power in international politics but also showcased the significant role of international agreements in actual policy-making. The policy shift of the British government, from a limited embargo to a comprehensive embargo, reflected its efforts to maintain its international image and adhere to international obligations, while also showing the challenge of balancing national interests in a complex international environment. Additionally, this historical period highlighted China's growing influence on the international stage and the international community's attention to Chinese internal affairs and regional stability. Overall, the British policy towards China during this period was a microcosm of the reshaping of global politics after the war, providing a valuable historical perspective for understanding contemporary international relations.

References

- [1] Guangqiu Xu, "American-British Aircraft Competition in South China, 1926-1936" in *Modern Asian Studies*, Vol.35, No.1 (February 2001).
- [2] Lai Xinxiang, *Beiyang Warlords: A Draft History* [M]. Hubei People's Publishing House, 1983.
- [3] Noel H. Pugach, "Angle-American Aircraft Competition and the China Arms Embargo, 1919-1921", in *Diplomatic History*, Vol. 2, No. 4 (FALL 1978).
- [4] Zhang Bofeng, ed. *The Beiyang Warlords (1912-1928)* [M]. Wuhan Publishing House, 1990.

- [5] Rohan Butler, J. P. T. Bury ed, *Documents on British Foreign Policy, 1919-1939, Series 1, Vol.14*, London: Her Majesty's Stationary Office, 1966.
- [6] Great Britain, FO., 371, *General Correspondence, Foreign office Archives(London)* 3682-3683, 5295-5297, 6582-6584.
- [7] Wang Dechun, "Truman Administration's 'Arms Embargo' on the National Government" in *Journal of Hainan Normal University (Social Sciences)*, 2014, 27(06): 108-113.
- [8] Peter Fearon, "The Formative Years of the British Aircraft Industry, 1913-1924" in *the Business History Review*, Vol. 43, No.4 (Winter 1969).
- [9] Zhang Beigen. *British Relations with the Beijing Government, 1919-1921[D]*. Beijing: Graduate School of Chinese Academy of Social Sciences.