

My reply would be that it is not merely for the sake of the *£ s. d.* that we would strive to maintain our present position. We should do so to uphold a principle—the principle that, while we are prepared to respect the rights of others, we are equally determined to maintain our own. In India we know perfectly well the absolute necessity of not giving way on a point of principle before an Asiatic power. In the matter of Manchuria we are engaged with two Asiatic powers, Russia and China, each of whom it is necessary to treat on precisely the same lines. Give way an inch before an Asiatic, and he believes you weak, increases in bombast, and gives you infinite trouble afterwards, when you are compelled to make clear to him your true relative position. Give way upon a question of our rights in Manchuria without obtaining some counterbalancing advantage, and we shall have a compound increase of difficulties afterwards in maintaining similar rights, first in North China, and afterwards in the Yangtse Valley; for not only will the Russians have less compunction about infringing our rights, but they will also be in a better position for enforcing their demands.