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FOREIGN CONCESSIONS IN CHINESE HANDS

By Harold S. Quigley

FOREIGN residential areas in China are classed as "settlements" and "concessions," but the two types are similar, both being regions set apart by the Chinese Government within which foreigners may reside and lease land. In some eleven instances, local administrative agencies have been set up by foreigners and these agencies have been recognized either formally or tacitly by the Chinese Government. The theoretical distinction between a settlement and a concession lies in the methods by which the land in it is leased from the Chinese Government. In the concession, as a rule, the entire area is leased by a single foreign state which pays a rental for it; parcels of land are then sub-leased by the foreign state to private lessees. In the settlement there is no general lease undertaken by a foreign government, but private lessees obtain their properties directly from the local Chinese authorities. This distinction in land-holding arrangements does not hold in some of the areas, and the terms settlement and concession have come to be used interchangeably.

Several of the concessions have reverted, in one way or another, to Chinese ownership. Hankow originally contained concessions of Great Britain, France, Russia, Japan and Germany. At present only the Japanese and the French concessions are left. The Russian concession was terminated by the Chinese mandate of September 23, 1920; the German concession by the mandate of March 16, 1917, which broke diplomatic relations with Germany; and the British concession by an agreement of February 19, 1927, which took effect on March 15 of the same year. On the same date the British concession at Kiu-kiang ceased to exist. The areas were designated by China as special administrative districts.

Originally there were eight concessions at Tientsin — Russian, German, Austro-Hungarian, Belgian, British, French, Japanese, and Italian. Today the first four no longer exist. The Russian and German concessions were terminated simultaneously with those at Hankow, and the Austro-Hungarian by China's declaration of war on August 14, 1917. On January 17, 1927 the Belgian Minister at Peking informed Premier Wellington Koo that Belgium was ready to turn over her concession at Tientsin. The Premier expressed his appreciation of this voluntary act and replied that a committee of experts would be appointed to take over the concession, which has never been developed to any extent. Negotiations were carried on for a time between Great Britain and the Peking Government looking toward the retrocession of the British concession at Tientsin, but those negotiations were suspended.

The governments of the various concessions have been more or less similar in character. The usual organization is a council of from three to ten members, elected by the rate-payers, with the consular officer of the Power holding the concession as chairman. In the British concessions the tendency has been for the council to take precedence over the consul in the determination of policy, while in the continental European and in the Japanese concessions the consul

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has had a more important share in administration. The rate-payers meet annually, or on special summons, to consider business brought before them by the chairman of the council and to elect members of the council. In a few instances there have been Chinese members on the councils.¹

THE GERMAN CONCESSIONS AT TIENTSIN AND HANKOW

On October 5, 1917, the Chinese Foreign Office sent a note to the Diplomatic Body undertaking to "elaborate" a system of municipal administration of the special administrative district which should make it a model "commercial settlement." This note referred to the government to be provided for the former German and Austro-Hungarian concessions at Hankow and Tientsin. The regulations for the government of these concessions were set forth in *The Official Gazette*, in December, 1920. They provided for a special municipal bureau of administration, the chief of the bureau to be appointed by the central government. An advisory council of nine members was to be constituted; the chief of the bureau was to be its chairman, and the remaining members were to be in part foreigners, in part—at least four of them—Chinese. While it appears at once that these regulations discontinued the older relationship of the foreigners to the municipal council, it is to be remembered that they did not alter the legal relationship between the council and the administrative head of the concession but simply substituted for the consul the Chinese bureau chief.

The regulations were not, however, brought into effect. The advisory council was not set up and the concessions have been administered by Chinese officials. Regarding the conduct of the Chinese administration some foreign comment has been unfavorable. There has been complaint of the physical upkeep of the concessions and of increases in taxation. At a meeting of foreign residents and owners of property of the ex-German concession at Tientsin on January 15, 1923, resolutions were passed requesting action by the central government instructing the local officials to establish the council and bring the regulations into effect.² On February 22 of that year a resolution of the British Chamber of Commerce at Shanghai protested "with regret and concern the complete absence of progress toward the establishment of properly constituted municipal government in the ex-enemy concessions at Hankow and Tientsin."³ In May, 1923, the Diplomatic Body sent a strongly-worded protest to the Chinese Foreign Office on the same subject.⁴

As the January resolutions had no effect a meeting of residents and property-owners of the ex-German concession in Tientsin on June 1, 1923, went so far as to threaten to withhold the payment of taxes. They also demanded the establishment of true council government for the concession. A severe editorial in the *North China Herald* on August 3, 1923, concluded: "It is common knowledge, of course, that the Chinese administration of the enemy concessions in China has been found sadly lacking in many respects." The same paper, on March 14, 1925, carried this statement from its Hankow correspond-

¹ For example, in Shanghai. Cf. "The International Settlement at Shanghai," by Manley O. Hudson, *FOREIGN AFFAIRS*, Vol. 6, No. 1.

² *Peking and Tientsin Times*, Jan. 16, 1923. ³ *Ibid.*, Feb. 26, 1923.

⁴ *Peking and Tientsin Times*, June 2, 1923.

ent: "Special Administrative District No. 1 [the official title of the ex-German concession at Hankow] was turned over to an irresponsible group of Chinese office-grabbers who looked upon their position merely as a means of adding to their personal wealth." The correspondent of the *North China Herald* at Wuchang wrote with gentle irony in connection with the second group of district regulations, those for the ex-Russian concession: "To many minds the letters 'S. A. D.' appear singularly appropriate considering the sad state of affairs into which S. A. D. No. 1 has been allowed to lapse since its appropriation by the Chinese."⁵

On the other hand, an American official in the Salt Gabelle, who resided in the ex-German concession at Hankow throughout the earlier period of Chinese administration, has spoken in an opposite tone of the work of the Chinese officials. He has stated, in an unpublished communication, that the municipal services were satisfactorily maintained, that the streets were kept in good condition, that the lighting was excellent, that in general public functions were carried on quite as they had been before. Even the budgeting was conducted in a businesslike way. The roads, according to this observer, were even better maintained than in the British concession. The official in charge of the area was a civilian. The policing was carried on under the chief of police of the Hankow district as a whole.

THE RUSSIAN CONCESSIONS

In a note of October, 1920 to the Diplomatic Body the Chinese Government stated: "As for the Russian concessions, the Chinese Government will take over the management of all administrative affairs within their limits temporarily without introducing any changes. Should circumstances, however, make it necessary to make improvements, the Chinese Government may also make these improvements according to circumstances."⁶ It was the aim of the Russians to get the Chinese Government to leave the municipal administration of their concessions to them, even though diplomatic relations had been broken off. Their idea was that the Chinese supervision should be merely nominal until such time as relations with Russia should be resumed. In this program they were successful to a large extent. At Hankow the municipal council carried on as before. The police were not changed, even continuing to wear the old Russian tri-colored badges on their caps. At Tientsin the Chinese commissioner for foreign affairs became responsible for the government of the concession and assumed the chairmanship of the municipal council which was composed to a considerable extent of non-Russians, principally British and Americans. At first the foreigners refused to act, but by the end of the year they had changed their minds. In November, 1920, the Diplomatic Body was protesting against the taking of police authority away from the council, asserting that this change was contrary both to the Chinese statement that it would make no changes other than improvements and also to the regulations of the concession. To this note the Chinese Government replied that the commissioner for foreign affairs, having been appointed to take over the functions of the Russian consul, had certainly the right to exercise control in all affairs. This statement is in harmony with the treaties, although, as above pointed out, it cuts across the

⁵ *Ibid.* ⁶ "China Year Book, 1921-2," p. 629.

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council's powers as they had developed in practice. The Chinese Government, however, met the foreign objection partially by appointing the former Russian chief of police as assistant chief.

The most serious issue that arose at Tientsin concerned the right of the Chinese Government to sell unoccupied land in the concession. This land was worth about one and a half million taels and the government made an attempt, as early as April, 1921, to dispose of it. This first attempt was successfully withstood, but subsequently the government declared that having succeeded to all the official powers of Russia it was legally in a position to sell the land leased by Russia under the concession. Apparently, since most of the objections came from non-Russians, there was some fear among the British, Americans and other foreigners lest a fall in land values would follow the sale of lands at a discount or to Chinese owners. Another aspect of the land question was raised when the local Chinese court insisted that lands transferred on forced sale must go only to Chinese.

Following the signing with Russia of the agreement of May 31, 1924, this régime at Hankow and Tientsin came to an end and the Chinese Government proclaimed in its place the new scheme of administration which has been called "the special administrative district." This new system was not brought into effect at Hankow, however, until March 2, 1925 (though the concession was taken over without ostentation eight months earlier), and it has not yet been applied at Tientsin. On August 6, 1924, the civil governor of Chihli simply declared the council of the former Russian concession at Tientsin dissolved and placed the area under the administration of one of his subordinates.⁷ The first annual meeting of rate-payers at Hankow was held on April 4, 1925. Four Chinese, two British and one Russian were elected to the council. The chairman of the council, one of the four Chinese members, was a civilian, holding *ex officio* as Hupeh commissioner of foreign affairs.⁸ The first anniversary of the new system of government was celebrated on March 1, 1926. The Central China correspondent of the *China Weekly Review* reported at that time that: "The administration of this district after one year's experiment is admitted to be a success in most respects."

THE BRITISH CONCESSIONS AT HANKOW AND KIUKIANG

The occupation of the British concessions at Hankow and Kiukiang by the Nationalist Government came as a "bolt from the blue." Not that it was unpremeditated. In August, 1924, the Hupeh provincial assembly addressed a memorial to the governor of that province requesting him to approach the department of foreign affairs at Peking to secure the return of the British concession. On March 12, 1926, the British municipal council voted unanimously to appoint a committee to investigate the matter of Chinese representation on the council. Nothing had come of either of those motions when, on January 7, 1927, to quote the *Times* of London: "the Union Jack was hauled down on the British municipal building in Hankow and the British concession passed under the control of Chinese troops through a combination of violence and trickery." Immediately preceding the occupation of the concession mobs

⁷ *North China Herald*, July 5, Aug. 9, 1924; Mar. 7, 1925.

⁸ *China Weekly Review*, April 11, 1925, p. 174.

had swarmed through the streets and the British marines had been withdrawn in order to save bloodshed, under promise from the Nationalist foreign minister, Eugene Chen, that order would be kept by the Nationalist forces. British marines were also withdrawn from Kiukiang where considerable damage was done to foreign property. The withdrawal of the marines was a signal to the Chinese troops to take possession. The administration of the Hankow concession was taken over temporarily by a board of three ministers of the Nationalist Government, Eugene Chen, Sun Fo and T. V. Soong, who issued the following statement: "In accordance with the mandates of the central executive committee of the Kuomintang and the committee of the Nationalist Government, we assumed office on January 7 as council for the provisional administration of the British concession, taking care of public safety and all municipal matters in the area, and have begun to use the seal authorized by them."

Following the occupation of the concession, Mr. Owen O'Malley, Councillor of the British Legation in Peking, was sent down to Hankow. After six weeks of discussion an agreement was signed on February 19 according to which the concession was to be formally surrendered on March 15. News of the signing of this agreement was loudly cheered in the House of Commons. The British Government further agreed to hand over the concession at Kiukiang on the same date, the Chinese authorities undertaking to confirm the bund frontage licenses. The Nationalist Government paid \$40,000 (Mex.) as compensation for the looting at Kiukiang.

The agreement between the Nationalist Government and Great Britain was accompanied by a set of regulations similar to those previously devised for the ex-German and ex-Russian concessions, and the ex-British concession was entitled "Special Administrative District No. 3." Reference has been made above to the principal terms of the regulations for S. A. D. No. 1. Those provided for the second and third districts follow the model set by the earlier document. Each district is provided with a Chinese director and a council of seven. The director is designated *ex-officio* chairman of the council, and is appointed by the minister of foreign affairs of the Nationalist Government. The council in each case is elected annually at the general March meeting of rate-payers.

The council's powers are broad but subject to review by the higher authorities, to whom the director is responsible. Both sets of regulations authorize the council "to discuss and decide all questions connected with the management and administration of the district." Provisions respecting a quorum and the votes required to pass a measure enable the Chinese members to control action. The council has no taxing powers nor does it prepare or sanction the budget. Financial and other powers of importance rest with the annual meeting, but in its case also the decisions taken may be suspended or annulled by the higher authorities if they regard them as "derogatory of China's sovereignty or dignity as a sovereign state."

The Hankow minister of foreign affairs announced in March, 1927, the appointment of the former mayor of Wuchang, a civilian, as director of the new council. Three other Chinese were appointed to the council and three members of the British community also were designated. The unusually disturbed conditions at Hankow during this period made it extremely difficult for the council to

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operate at all and apparently it was only the request of the British consul-general that influenced the British councillors to withhold their resignations. It was reported that the work of the council was being interfered with by Nationalist labor and government representatives who insisted on being present at council meetings and on intervening in the proceedings. Another criticism was that the Chinese were finding it difficult to distinguish between political and municipal functions and were inclined to regard the concession as a political prize and a source of individual and illegitimate profits.

On May 17, 1927 Mr. Basil Newton, British representative at Hankow, handed to Eugene Chen a note stating that his government had been "forced to the conclusion . . . that [his] retention . . . at the seat of a régime so totally incapable of discharging the responsibilities of a civilized government [was] both useless and undesirable;" and that he therefore was leaving Hankow. The note made no reference to any difficulties in the joint administration of the new special district, but indicated that the action was based upon the failure of the Hankow government to protect British citizens in the area claimed to be under its control. With reference to the Hankow situation the note simply said: "Of the conditions existing at Hankow itself it is hardly necessary to speak. The trade of the port is at an almost complete standstill whilst the withdrawal of so many of its residents evidences sufficiently the general feeling of insecurity." Since that date several protests have been heard from British residents of the concession and from trading interests in the "City" against the failure of the Chinese authorities to put the Chen-O'Malley agreement into effect. However, as to the relation between British control and British trade, Mr. H. J. Brett, a British commercial counselor, after an investigation of the Yangtze ports in August and September, 1927, stated in his report that "from a purely commercial point of view the alteration in the status of the former British concession at Hankow contributed only in a minor degree to the loss of British trade at that port [since] a large proportion of the leading British firms at Hankow have their factories and other premises outside the area."⁹ The British Government has refused consistently to re-occupy the concession, while lending its efforts to a revision of the agreement in the interest of freeing the council from the control of the director of the district. Speaking in the House of Commons on Feb. 29, 1928, Sir Austen Chamberlain stated that the Sino-British Council was functioning as well as could be expected in the difficult circumstances of the moment. American consular advices of May, 1928, reported "greatly improved conditions in the Chinese-British administration of the former British concession."

One may conclude from the very brief history of the returned Chinese concessions that the record of Chinese administration, while far from perfect, is better than many foreigners who have lived in China would have anticipated. In all cases there has been a marked tendency to reduce foreign influence from control to advice. Administration, however, has been tolerable, in some instances remarkably good. A major factor in the Hankow area has been the shifting of authority from faction to faction and the constant existence or imminence of civil strife. With the recent improvement in political conditions we may expect a corresponding improvement in concession administration.

⁹ *North China Daily News*, Nov. 12, 1927.