

## Introduction: The Transnational Colonialism of the Shanghai Municipal Council

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On Saturday 14 August 1937, five bombs fell on central Shanghai, killing over 1,200 people and injuring hundreds more. Three fell on the Bund, the western Huangpu riverfront, which was the symbolic and economic heart of the British colonial presence in China; its neo-classical banks and clubhouse would have looked very much in keeping on the streets of central London. The art deco hotels and newspaper office were more reminiscent of New York, however, reflecting the strong American influence in the city. A closer look reveals greater diversity: Japanese banking, insurance and shipping companies served the imperial subjects of East Asia's newest empire; a Russian bank designed by German architects betrayed earlier colonial interests; the French Banque d'Indochine hinted at the French-controlled part of the city just to the south of this stretch of river. Sassoon House – hit by one of the bombs – was the centre of the business empire of Sir Victor Sassoon, who divided his time and trading investments between China and India.<sup>1</sup> The first modern Chinese-owned bank in China was situated on the Bund. Behind this grand visage lay thousands of other Chinese and foreign firms, notably on Nanjing Road, the busiest shopping street in China; the first three bombs landed on the intersection where Nanjing Road met the Bund. Minutes later another two bombs fell at a busy intersection a mile west of the Bund. The aeroplanes that dropped them were Chinese, targeting a Japanese naval ship moored in the Huangpu, but the bombs fell tragically short.<sup>2</sup> The western community in Shanghai had always feared Chinese attack, but when Chinese bombs landed in their midst, it was accidental. The victims were Chinese and foreign (though there were but a dozen foreign dead) and the loss of life was reported around the world.<sup>3</sup> A global city was at war.

<sup>1</sup> The damage to Sassoon House is detailed in Shanghai Municipal Archives (SMA hereafter) U1-14-5965: Memorandum, 25 October 1937.

<sup>2</sup> Low cloud cover probably caused the pilots' error. Christian Henriot, 'August 1937: War and the Death *en masse* of Civilians', in Lü Fangshang (ed.), *War in History and Memory* (Taipei: Academia Historica, 2015), 76–87.

<sup>3</sup> 'Havoc in the Streets', *The Times*, 16 August 1937, 10.

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The Bund is the most obvious physical legacy of the foreign influence on China's most prosperous city.<sup>4</sup> The buildings reflected the transnational colonial presence in Shanghai and China more widely: 'transnational' because it cut across and transcended national allegiances and was developed by non-state actors who moved between different parts of the world. The International Settlement that extended north and west from the Bund, encompassing 8.66 square miles at the centre of Shanghai, was a unique political entity that exemplified the peculiar form that colonialism took in China. It has rightly been recognised that the British were dominant economically and politically, but this has been assumed to mean that only British colonialism mattered. In fact, and increasingly, other colonial and transnational forces influenced how the Settlement developed, and Chinese business leaders were eventually included in its governing council. This book examines how this unusual form of colonialism functioned through the Shanghai Municipal Council (SMC), which governed the International Settlement. In doing so, it provides a new way of understanding both China's experience of colonialism and the diverse forms taken by colonial authority.

The SMC was a unique colonial institution, exerting extensive governmental authority but independent of imperial oversight. Through its policies, the SMC shaped the development of Shanghai in terms of the politics of its inhabitants, their everyday lives and the built environment that still survives today. Shanghai was the most important city in Republican China: Beijing was in decline and the new capital from 1927, Nanjing, never rivalled Shanghai economically or culturally. Chinese political and cultural life centred on the economic powerhouse of Shanghai, while the key developments of the period, particularly the growth of nationalism and anti-imperialism, grew out of Shanghai.

As with the incremental way in which colonial authority was achieved elsewhere, however, such influence would have been inconceivable when the SMC was first established. The SMC originated in the modest Committee of Roads and Jetties, which early British traders founded in Shanghai in 1845 to provide basic infrastructure in the newly established English Settlement. The perimeters of the original Settlement, an area of less than one square mile to the north of the walled city of Shanghai, were laid out in the same year by the local Chinese Daotai (道台, translated as 'circuit intendent': the sub-provincial level official who was the primary local representative of the Qing state). The Daotai had permitted Britons to rent land and property in Shanghai since 1843, but conflicts between the foreign merchants and local Chinese led him to delineate specific ground for the foreigners. The 1842 Treaty of Nanjing had opened Shanghai to British trade and settlement, among other terms demanded by the

<sup>4</sup> The term 'Bund' is itself Anglo-Indian, betraying a major source of influence on the city.

British following their defeat of China in the First Opium War (1839–1842). Alongside Shanghai were the other new treaty ports of Guangzhou (Canton, to which a Qing imperial edict had limited foreign traders until 1842), Xiamen (Amoy), Ningbo and Fuzhou, while Hong Kong was ceded to Britain as a colony. Subsequent wars and treaties with 14 different foreign powers opened up as many as 92 treaty ports in China by 1917, but Shanghai would dwarf them all politically and economically.

The city boasted an advantageous position on the Huangpu River, near the mouth of the great Yangtze River and with access to its fertile delta, long the most populous and wealthiest region of China. The delta region of 50,000 square miles supported, by 1930, a population of 180 million, and a foreign observer declared that ‘In no other part of the world does a population of this volume and density depend for its commercial intercourse upon one main river and one distributing port.’<sup>5</sup> The wider watershed of the Yangtze extended over 750,000 square miles, all feeding into the trade at Shanghai. Shanghai was the eighth port of the world by tonnage: over 50 shipping companies were based there, representing between them 600 vessels with 5 million tons of cargo capacity. It was also the principal banking centre of China, with 20 branches of foreign banks (19 of them in the International Settlement), 39 modern Chinese banks (all in the International Settlement) and 77 traditional Chinese banks (70 in the International Settlement).<sup>6</sup>

Mid-nineteenth-century Shanghai was a walled city of some regional import with a population of 400,000, yet its English Settlement was but a small enclave for traders of the British East India Company and others primarily selling opium or buying tea or silk. The USA established a concession to the north of the English Settlement in 1848, and the French opened theirs to the south the following year. The three settlements were lightly governed by their consuls, who were each responsible for their own national subjects, and there was not yet any indication that a municipal authority would supersede their influence.

Chinese were not permitted to rent land in the foreign settlements and neither the consuls nor the Chinese authorities anticipated Chinese living in them. But the popular rebellions that swept China in the mid-nineteenth century, most famously the Taiping but also the Small Sword Uprising, prompted a rush of Chinese refugees to seek the shelter afforded by the foreign authorities in Shanghai. From the 1850s on, the Chinese population of the settlements was many times greater than the foreign, though it would be over 70 years before Chinese had a formal say in the municipal governance.

<sup>5</sup> Richard Feetham, *Report of the Hon. Mr. Justice Feetham, C.M.G. to the Shanghai Municipal Council* (Shanghai: North-China Daily News and Herald, 1931), I, 188.

<sup>6</sup> Feetham, *Report*, I, 301.

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In the face of the threat of rebellion outside the settlements and disorder from the swelling population within, the foreign residents agreed in 1854 to elect a municipal council. The council would be responsible for not only the public works that had been provided by the Committee of Roads and Jetties, but also oversee a new municipal police force. The council was funded by rates paid by property-owners and answerable to them in annual meetings. This cooperative venture between the various foreign nationals in Shanghai was cemented in 1863 with the merging of the English and American Settlements to form the International Settlement; the French were prevented by Paris from joining in.<sup>7</sup> The timing of this Anglo-American venture was striking: the American Civil War concluded in 1863 and the re-united United States was willing to embark on a joint endeavour with Britons in China despite Britain having supplied ships and arms to the Confederate forces. Repeatedly, foreign shared interests in China trumped loyalties to home governments. The SMC was from its earliest days a transnational institution, answering not to the foreign consuls but to the ever-shifting foreign community, or at least those with the funds and long-term investment in Shanghai to own or rent sizeable property there.

Reflecting its Anglo-American pedigree, the governance of the International Settlement combined elements of English municipal councils with the New England tradition of town hall meetings: the former emphasising decisions deliberated on by committees informed by salaried officials; the latter promoting a form of democratic representation through speeches and voting on local business at public meetings. The SMC is readily comparable to the City Council of Birmingham in England, which oversaw a similar size of population (approaching 500,000 in the first decade of the twentieth century) and performed the same wide range of functions. Birmingham boasted in *The Municipal Year Book* in 1908 that:

The City Council has extended its control over almost every department of municipal life. It owns twelve parks and eight gardens and recreation-grounds; manages markets and slaughter-houses, tramways, electric lighting, baths and wash-houses, cemeteries, libraries, museum, art gallery, school of art, artisans' dwellings, sewage farms, hospitals, industrial schools, asylums, &c.<sup>8</sup>

These were all areas of municipal life that came under the SMC's purview (with the exception of the museum in Shanghai, towards which the SMC contributed funds but did not manage directly, and artistic ventures, which were not valued in Shanghai as in Birmingham). The SMC joined in the global developments in municipal governance, dubbed 'transnational municipalism'

<sup>7</sup> Feetham, *Report*, I, 28.

<sup>8</sup> Donald Robert (ed.), *The Municipal Year Book of the United Kingdom for 1908* (London: Municipal Journal, 1908), 8.

by Shane Ewen, and some of its functions would be familiar in cities from Manchester to Melbourne.<sup>9</sup> But the SMC was also responsible for an extensive and quasi-military police force and a volunteer army, combining as it did municipal with colonial state governmental roles.

The International Settlement had what was effectively a constitution in the form of the Land Regulations, first drawn up by the Chinese authorities in 1845, but modified by the foreign consuls as the Settlement boundaries expanded in 1854, 1869 and 1898 to grant greater powers to the SMC. The 1869 and 1898 Regulations were sanctioned by the foreign diplomats in Beijing and the latter also by the Qing government, but even when this ratification did not take place, the Regulations were held up as law, local authority trumping national or international rubber-stamping. The Regulations granted the SMC what the American missionary Francis Lister Hawks Pott described in his history of Shanghai as ‘the highest powers in all government, those of taxing and policing the community’.<sup>10</sup> The Regulations also determined that this governing authority, though instituted by the consuls, was elected by and reported to those who paid the rates that funded its activities. The SMC was initially intended to merely administer the policies determined by the ratepayers, subject to the higher authority of the consuls. But over time it acquired the authority in practice to govern in its own right, determining and implementing policies, with occasional advice from the consuls, that were rubber-stamped by the ratepayers. In 1933, the secretary-general of the SMC wrote confidentially to the council chairman that ‘due to force of circumstances the Council exercises power analogous to those possessed by an independent state’ with the ‘tacit assent’ of the foreign powers, from whom the Council’s authority ultimately derived.<sup>11</sup> Other foreign settlements in China were run quite differently, by individual consuls in their national interest as they saw fit, often with advice from local representative councils. But in its distance from imperial oversight, the SMC epitomises the peculiarity of colonialism in China.

The preoccupation of the early foreign settlers with business and trade ensured the Council also operated like a company board of directors, with a chairman elected from among its members to lead meetings and represent the SMC.<sup>12</sup> British merchants predominated among the SMC’s elected councillors

<sup>9</sup> Shane Ewen, ‘Transnational Municipalism in a Europe of Second Cities’, in Pierre-Yves Saunier and Shane Ewen (eds.), *Another Global City: Historical Explorations into the Transnational Municipal Moment, 1850–2000* (Basingstoke: Palgrave, 2008), 103.

<sup>10</sup> Francis Lister Hawks Pott, *A Short History of Shanghai, Being an Account of the Growth and Development of the International Settlement* (Shanghai: Kelly and Walsh, 1928), 36.

<sup>11</sup> SMA U1-6–141: Secretary-general to chairman, 8 July 1933.

<sup>12</sup> ‘Shanghai Municipal Council’ was and is used to refer to both elected members of the Council specifically and the whole municipal organisation. In this book, ‘Council’ is used to mean the elected body of councillors and ‘Shanghai Municipal Council’ or ‘SMC’ to refer to the

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throughout its existence, but they never operated alone. Americans and Germans (Japanese councillors replacing the Germans from the First World War on) were consistently elected to the Council by the ratepayers, alongside Britons.

As the International Settlement grew in population and as a centre of global finance, trade and investment, the SMC's role as the authority ensuring that the Settlement was conducive to business was increasingly important. By 1929, 77 per cent of British investment in China and 65 per cent of American investment went into Shanghai, the vast majority into the International Settlement.<sup>13</sup> These investors wanted to be sure that their capital was secure for the foreseeable future, that the infrastructure they needed would be maintained, that their legal rights would be protected by courts and a police force, that their staff in Shanghai would be protected from disease and that the labour required for their mills and factories would be reliable. The court system was overseen by the foreign consuls and Chinese authorities and enforced the law of any foreign nationals implicated in a case, in accordance with the extraterritorial privileges secured by treaty, as explained in Pär Cassel's comprehensive study.<sup>14</sup> But all other aspects of the business environment in Shanghai were the responsibility of the SMC.

The whole city's population passed 1 million in 1880 and 3.5 million by 1930, making it the world's fifth-largest city. Over the same period the population of the Settlement grew from 100,000 to over 1 million, including 970,000 Chinese, 18,000 Japanese, 6,000 Britons and 42 other nationalities in smaller numbers.<sup>15</sup> Taxing, policing and regulating this population was a large administrative task, and the SMC employed a staff of almost 10,000 to meet it, making it one of the city's largest employers. It was a transnational body of people, comprising 25 different nationalities who came to Shanghai with diverse international experience, but Britons dominated senior positions while 74 per cent of all staff were Chinese. Municipal employees' work brought them into contact with the residents of the Settlement in myriad ways and they provided the primary experience of foreign colonialism for hundreds of thousands of Chinese.

The transnational SMC was at the heart of what I identify as 'transnational colonialism' in China. By the early twentieth century, the form that foreign authority took and how it affected the lives of Chinese living in Shanghai was

governmental institution, including both councillors and salaried staff, although some ambiguity between these two names is unavoidable.

<sup>13</sup> C. F. Remer, *Foreign Investments in China* (New York: Howard Fertig, 1968), 282, 395.

<sup>14</sup> Pär Cassel, *Grounds of Judgment: Extraterritoriality and Imperial Power in Nineteenth-Century China and Japan* (Oxford University Press, 2012).

<sup>15</sup> Shanghai Municipal Council (hereafter SMC), *Report for the Year 1930 and Budget for the Year 1931* (Shanghai: Kelly and Walsh, 1930), 337.



Figure 0.1 Shanghai municipal flag, with a white space next to the American flag where the German flag had been up to the First World War.

determined on the ground by colonial, non-state actors – the Council members and staff – of many nationalities. While Britons dominated, no national group could act alone. The diversity of the International Settlement was celebrated by its Council as evidence of the desirably cosmopolitan community they claimed for themselves. The municipal seal, designed by the SMC’s Chief Engineer and approved by the Council for use from 1869, incorporated the flags of twelve western nations with interests in Shanghai (Figure 0.1). By the interwar period, when cooperation between nations was heralded as the harbinger of a peaceful and prosperous future, the International Settlement was dubbed ‘a miniature League of Nations’.<sup>16</sup>

The study of the League of Nations has been at the centre of recent scholarship on the concept of transnationalism, as Patricia Clavin, Susan Pedersen and others have emphasised networks of people transcending national boundaries and inter-state relations.<sup>17</sup> Similar connections governed relations between

<sup>16</sup> I. I. Kounin (ed.), *The Diamond Jubilee of the International Settlement of Shanghai* (Shanghai: Post Mercury Company, 1941), unpaginated foreword, cited in Jeffrey Wasserstrom, ‘Questioning the Modernity of the Model Settlement: Citizenship and Exclusion in Old Shanghai’, in Merle Goldman and Elizabeth J. Perry (eds.), *Changing Meanings of Citizenship in Modern China* (Cambridge, MA: Harvard University Press, 2002), 126.

<sup>17</sup> Contributions by Patricia Clavin, Jens-Wilhelm Wessels and Andrew Webster to the special issue on transnationalism of *Contemporary European History*, Vol. 14, No. 4 (2006); Susan Pedersen, *The Guardians: The League of Nations and the Crisis of Empire* (Oxford University Press, 2015).

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groups of people in Shanghai, especially in the SMC: the members of the Council and the staff it employed were strongly aware of their national identities, but they cooperated at a personal, professional and institutional – not an international – level. The foreign councillors and staff were all transnational, having roots in other countries and experience of various colonial settings, and being engaged with trading or professional networks around the world. In Shanghai, representation of the British and other foreign states through the consuls was of much less import than the activities of the SMC. ‘Transnational colonialism’ thus captures the cooperation of individuals belonging to different nations and networks in this institution more accurately than ‘internationalism’, which implies state-to-state relations, and without the implied positivity of ‘cosmopolitanism’.<sup>18</sup> ‘Transnational’ here does not imply equal influence of different national groups, as British influence clearly dominated. Not all nationals in Shanghai were equally able to access its cosmopolitanism: it was fundamentally a colonial city.

The concept of transnational colonialism and its impact in Shanghai’s International Settlement has broad implications for our understanding of how imperialism worked in China. This is particularly relevant in cities like Tianjin with its numerous foreign settlements and in the broader negotiations of different imperial powers together claiming concessions from the Chinese government. While the ‘cooperative financial imperialism’ of banking and investments, led by British interests but involving many other nationalities, has been recognised,<sup>19</sup> the example of the SMC shows how cooperation between different nationalities went beyond finance to what was effectively colonial governance by non-state actors.

Understanding transnational colonialism also has implications far beyond China. Portrayals of colonial history often emphasise the rivalry between imperial powers; the SMC was but one example of cooperation between non-state representatives of such powers, cooperation that was rooted in local circumstances. Other examples of sites of colonial cooperation include Siam, which was subject to a late-nineteenth-century ‘scramble for concessions’ by the same foreign powers encircling China, and Egypt, where the Mixed Courts combined French Napoleonic law, English common law, Islamic law and local laws to try cases involving more than one nationality.<sup>20</sup> Cooperation between

<sup>18</sup> Robert Bickers, ‘Incubator City: Shanghai and the Crises of Empires’, *Journal of Urban History*, Vol. 38, No. 5 (2012), 863.

<sup>19</sup> Niels Petersson, ‘Gentlemanly and Not-so-Gentlemanly Imperialism in China before the First World War’, in Shigeru Akita (ed.), *Gentlemanly Capitalism, Imperialism and Global History* (Basingstoke: Palgrave, 2002), 103–22; Jürgen Osterhammel, ‘Britain and China, 1842–1914’, in Andrew Porter (ed.), *The Oxford History of the British Empire, Vol. III: The Nineteenth Century* (Oxford University Press, 1999), 165.

<sup>20</sup> Nigel Brailey, ‘The Scramble for Concessions in 1880s Siam’, *Modern Asian Studies*, Vol. 33, No. 3 (1999), 513–49; Mark S. W. Hoyle, *Mixed Courts of Egypt* (London: Graham and Trotman, 1991).



the foreign powers was accompanied in Egypt and Siam, as in Shanghai, by jostling and rivalry, but it served colonial interests. The concept of transnational colonialism is thus not only applicable to the peculiar circumstances of the SMC, but to a range of colonial settings around the world.

Shanghai's transnationality was closely related to its status as a global city. The concept of the 'global city' was coined by Saskia Sassen to describe cities hosting a critical mass of multinational corporations in the 1980s, rendering globalisation tangible and local and bringing with it great wealth and inequality.<sup>21</sup> As a sociologist, Sassen was concerned with contemporary society, but the concept can be readily adapted to the earlier twentieth century. Republican Shanghai similarly brought together multinational firms and shared the accompanying inequality of Sassen's global cities. Shanghai, moreover, was connected to all corners of the globe through trade, finance, immigration and, as the greatest port in Asia, transport and communications. While many cities were connected internationally as nodes of empires, Shanghai was unusual in bringing together so many overlapping imperial networks, and the result was a diverse and polyglot population. Like the global cities of the late twentieth and twenty-first centuries, in many ways Republican Shanghai resembled other global cities of the day – London, New York or Buenos Aires – more than it did the rest of China: physically in its great buildings on and around the Bund, but also culturally from its cosmopolitan art and literary scenes to the music enjoyed in its nightclubs.<sup>22</sup> These factors, constituting Shanghai's globalism, developed because of the transnational colonialism epitomised by the SMC.

Many scholars of Shanghai have emphasised the city's transnationalism, though few use the term. For Leo Ou-fan Lee and Meng Yue, Shanghai's 'cosmopolitanism' signalled its 'modernity'; Jeffrey Wasserstrom contests this claim while rightly championing Shanghai as a 'global' city.<sup>23</sup> What existing studies have overlooked is the way in which transnationalism bolstered the autonomy of the foreign community and its governing council, enabling it to determine its own policies and, at times, ignore the national interests of the foreign powers. British consuls could direct the activities of the smaller British concessions in other Chinese ports like Tianjin and Hankou, but in Shanghai the consul-general could only offer advice, with no guarantee it would be heeded by the autonomous SMC. The SMC could and did resist interference from the

<sup>21</sup> Saskia Sassen, *The Global City: London, New York, Tokyo* (Princeton University Press, 1991).

<sup>22</sup> James Farrer and Andrew Field, *Shanghai Nightscapes: A Nocturnal Biography of a Global City* (Chicago, IL: University of Chicago Press, 2015), 11.

<sup>23</sup> Leo Ou-fan Lee, *Shanghai Modern: The Flowering of a New Urban Culture in China 1930–1945* (Cambridge, MA: Harvard University Press, 1999); Meng Yue, *Shanghai and the Edges of Empires* (Minneapolis, MN: University of Minnesota Press, 2006); Wasserstrom, 'Questioning the Modernity of the Model Settlement', 110–32 and *Global Shanghai, 1850–2010: A History in Fragments* (New York: Routledge, 2009), 16–20.

British and American governments much more easily as a transnational institution than it could have had it consisted of representatives of only one of those nations or of state officials.

Imperial metropolises were comparatively insignificant in the exercise of colonial power in Shanghai, as the autonomy of the SMC resulted in a different form of colonial governance. The influence of the dominant imperial power, Britain, was checked by the input of different nationalities and the consequent independence from directives originating in London. Many contemporaries commented on how British the International Settlement looked and felt – an American visitor called it ‘about as international as the Tower of London or Westminster Abbey’ – and the American consul-general complained in 1927 that the international status of the Settlement served only as a smokescreen for British imperialism.<sup>24</sup> Yet at the same time, the British consul-general, diplomats and home government were regularly frustrated that they could not exercise control over the SMC. Members of the House of Commons frequently asked why the British government did not bring the SMC into line, whether over closing opium dens in 1908, ending the employment of child labour or introducing Chinese representatives in the 1920s, or responding to Japanese demands in 1937. But the answer was always the same: ‘The Municipal Council are responsible to the ratepayers of the Settlement, and are not under the control of His Majesty’s Government’; ‘The Shanghai Municipal Council is an independent international body, over which His Majesty’s Government have no control’.<sup>25</sup> The SMC shows the extent to which colonial authority could exist with little direct input from a metropolitan imperial power.

The local issues that gained international attention were some of the most contentious in modern Chinese history and the SMC’s policies were critical to how they developed. British gunboats forcing China to allow the sale of opium is central to the narrative of the ‘century of national humiliation’ that still informs China’s view of itself on the world stage.<sup>26</sup> For the SMC to permit the continuance of opium dens in China’s largest city in the early twentieth century, when the Qing government and local Chinese authorities had banned them, makes the drug-pushing record of the British much more recent. The SMC bowed to public opinion following pressure from the International Opium Commission and Hague Convention on opium of 1911–12 (which had more effect than the British government) and temporarily closed the dens, but permitted some to reopen in

<sup>24</sup> George Digby, *Down Wind* (London: Collins, 1939), 11; US NARA, Consular Posts, Shanghai, RG 84, Vol. 1686, 810.1: letter from American Consul-General, Shanghai, to Secretary of State, Washington, DC, 5 May 1927.

<sup>25</sup> HC Deb 3 February 1908, Vol. 183, cols 518; HC Deb 14 August 1913, Vol. 56, cols 2624–8; HC Deb 18 June 1925, Vol. 185, cols 800–1; HC Deb 13 December 1937, Vol. 330, cols 836W.

<sup>26</sup> William A. Callahan, ‘National Insecurities: Humiliation, Salvation, and Chinese Nationalism’, *Alternatives: Global, Local, Political*, Vol. 29, No. 2 (2004), 199–218.