

(March 17, 1930)

Shanghai

BY LIONEL CURTIS

PRESIDENT GEORGE SMITH:—Mr. Lionel Curtis is very well known to the Canadian Club and needs no introduction in Toronto. We are very pleased to have this opportunity of hearing him again. Mr. Curtis, as you perhaps know, went as a member of the British delegation last autumn to the conference of the Institute of Pacific Relations at Kioto. He is now returning from China to England. Since the close of the conference, he has been in China studying problems of extraterritoriality there along with Mr. Justice Feetham of South Africa. These problems are focused in the great commercial centre of China, Shanghai with its international population, and it is of Shanghai that Mr. Curtis is going to speak today.

MR. CURTIS:—Mr. Chairman and gentlemen, on my way to the Kioto conference last September I had the privilege of addressing the Empire Club, of which I have no doubt some of you are members. I there endeavored to explain what the Pacific Conference was. That conference was attended by a number of representative Canadians and I have no doubt that this club and similar clubs in other centres of Canada have heard from their own spokesmen what happened at Kioto. Today, I am going to confine myself to telling you, as well as I can in the time available, what happened since Kioto so far as I am concerned and what I in particular happen to know about it. That is to say with regard to the problem of Shanghai.

Now, in order to do that I have to explain to you what the problem of Shanghai is, and let me apologize to those in this room who already know sufficiently of the elements to understand what I shall say in the second part of my address. But I am going to assume that there are a number of gentle-

men here who are not altogether familiar with that most intricate problem. Therefore, I must devote some little time to explain it, how that problem has arisen and what it is. When I have done that I am going to ask the gentlemen of the press present if they would be good enough to lay down their pencils and not to report what I am going to tell you of the happenings in the last few months for this reason, not that I have anything of particular secret to say, but I can talk to you with greater freedom if I know it is not going to be headlined and is not going to be cabled from the headlines to the United States and England.

The problem is the most intricate and difficult political problem I have ever had to do with. Never mind about exact dates. What I am going to talk about happened in the forties of last century. There was first the war of China, between England and China and that war ended by the Treaty of Nanking. The Treaty of Nanking established two conditions out of which the problem of Shanghai has arisen. It first of all established the principle that British subjects in China were not subject to the law of China but only subject to their own laws as interpreted by British consuls. The other leading provision of the Treaty of Nanking was this: up to that war the only place where foreigners were allowed to be was Canton; under the Treaty of Nanking other ports were to be opened to foreign traders and among them Shanghai and Hankau. These are the two leading provisions of the Treaty of Nanking: that foreigners were outside the jurisdiction of Chinese laws and were to be at liberty to trade with the Chinese in a certain number of ports specified in the schedule. Great Britain made that treaty and the United States, France and every other country followed suit. They then made a treaty with China which included the clause called the "most favored nation" clause, so that China had to concede that every other foreign power, the United States, France and so on, was to enjoy these rights. This war I am talking about is commonly called the Opium War. Whatever the effects of that Treaty of Nanking may be which Great Britain made as a result of the war with China, you must always hold in mind that fourteen other powers immediately followed suit and insisted upon having from China the same

privileges, which she had conceded as a result of the war in which she was overpowered and which she had conceded to Great Britain.

The Treaty having been signed, the British consuls proceeded to carry it out. The consul purchased from the Chinese Government an area which is now known as the British Concession. You have heard of the British Concession of Shanghai and Kiangsi. The consul having purchased that on behalf of the British Government, sold lots to British merchants. And as they grew more numerous (it was British property if not British sovereignty) the British Consul organized some form of municipal government under which they managed their own local affairs. Now for reasons I do not know that did not happen at Shanghai.

I have got to bring home how important it was that something else happened at Shanghai different from other ports. I do not know any community which, so far as political conditions are concerned, is subject to so many handicaps as Shanghai. And yet it now contains practically two million people. It was first discovered by Britishers about ten years before the Treaty of Nanking was made. Certain agents of the British East India Company got there on a junk. They entered the mouth of the Yangtze—a vast river running into the Pacific about the middle of China. Just at the mouth runs in the Wampoo. It is a situation almost like Calcutta. The energy of the tide up and down the Wampoo River automatically drives out that river. Consequently you have forty miles of ideal harbor running into the mouth of this artery of China. These agents of the East India Company who headed up the Wampoo River in a junk in the thirties wrote a report which is still in existence in which they said, in their judgment, there was more shipping going in and out of the port of Shanghai than in and out of the port of London. That is actually the first statement made by Europeans about this place. I want you to realize the situation. People often compare it to New York in its economic and geographic situation. The comparison would be correct if the whole of North America were in one State and, if instead of having two great rivers like the Mississippi and St. Lawrence, these two rivers were bent and ran out where the Hudson runs out.

I think it not at all improbable that in generations to come, Shanghai may be the greatest city in the world. The country which that river drains is the key to the whole trade of the Yangtze and the country which that river drains contains a quarter of the whole human race. That is an elementary fact, the significance of which you have got to realize; and not merely a quarter of the whole human race, but the most industrious quarter I have ever come across. I hope you will not take offence if I say that we are not more intelligent than the people of China and are, on the whole, less industrious. It is the simple question of mechanical equipment. The question of mechanical equipment is merely the question of political order behind it. I see no reason why, if you can establish political order in that country, or if the Chinese can establish it themselves, you may not have a production coming out of that country, the main drain of which will be the Yangtze or Shanghai, which will be out of all proportion greater than any that the world has yet seen. It is for those reasons, I do not think it is at all an exaggerated conjecture that this city, in an ideal harbor at the mouth of the jugular vein of China, will be the greatest city on the face of the earth.

I go back to the 'forties' when the British Consul went to the local Chinese official and instead of purchasing a piece of land, on which titles would be issued to the British Government, he arranged for an area to be set apart for the occupation of British merchants under the Treaty and, in that year, they were to be at liberty to acquire what land they wanted. Presently the American consul came along and set up his consulate there and the Stars and Stripes. The British consul objected and said "this is a British concession." The American said, "this is not. I have every right to be here." And the British acquiesced. Presently the American—these are small incidents but you will realize their enormous significance—acquired a piece on the property and the British Consul said "to establish your title, you must register that at my consulate." The American said "you must register it at mine." After some squabbling, the British acquiesced again. All other nationalities followed suit.

Now, the result of that is that the status of Shanghai

is entirely different from the status of the British or French concessions at a place like Hangchau or Kiangse. Now came the inevitable stage when these people wanted local services. The first thing they needed was to get across the Hweichau stream. The Chinese said we do not want a bridge. We are not going to build one. They had to have a bridge. They went to the British Consul to arrange for their own bridge and their system of sanitation. He drafted out some town regulations which he took to the Chinese official. He accepted them and the other fourteen powers with the exception of France accepted them also. What is called the international settlement is an area, the government of which, so far as municipal affairs are concerned, is based upon regulations agreed between the fourteen different foreign powers and the local Chinese official. I do not think the Provincial Government ever endorsed these regulations. Certainly, the Imperial Government of China never endorsed them. In these regulations, ratepayers who, at present, consists of twenty-five thousand foreigners, are to elect a Council of nine people, and, as I say, the ratepayers are of all races. The curious thing which has happened is, for many years, Britain has had the largest share of trade in China. Of course, she is now being passed by Japan. But the result of Great Britain's dominant position in China was, while the settlement was international, while all the taxpayers might be international (as a matter of fact nearly all of them were British), the Council was for a long time almost exclusively British and its permanent staff was even more British. While Shanghai is in no sense a British possession, not even as at Hangchau or Kiangsi, none the less the control has been mainly British. As a matter of fact, today if the voting was straight out at this moment, nobody but a Britisher could be elected. But, by what is called a gentlemen's agreement, elections are so adjusted that there are five British, two American and two Japanese. Of course, you can see in a minute that with regulations made in that way, agreed to by fourteen different powers and the local Chinese official, how practically impossible it is to amend them or change them. The result is you have got in this queer state, a state like a local ideal, the most rigid constitution I ever came across. There are

now five Chinese represented on that Council, elected by Chinese ratepayers, but, so far as I am aware, their position is one of courtesy. Now, you see the difficulty of the local position.

Shortly after this was done, there broke out what was in essence a Nationalist rising in China to overthrow the Manchu dynasty. It lasted for five or seven years. It was finally suppressed. In the course of that revolution, and the same thing is happening today, many thousands and tens of thousands of Chinese took refuge in the international settlement which now covers an area of eight and a half square miles. They were willing to pay to get the property rights from the Europeans who held them. The result of that, in the course of generations, has been a most extraordinary paradox; that this international settlement set apart for the occupation of foreigners under the Treaty of Nankin became one of the greatest, if not the greatest, Chinese towns in China. And, as a consequence of that, foreigners and Europeans themselves are tending to live outside it. The majority of the British now live outside the international settlement and, in order to enable them to do so, the Council not being able to change the regulations, year by year, at a cost of several millions of pounds of money, purchased land on which to make roads outside twelve miles of Chinese territory. It has acquired property rights in these roads. Now you have this extraordinary condition. Imagine the municipality of Toronto, not merely exercising and claiming jurisdiction over your municipal area but exercising and claiming, rightly or wrongly, jurisdiction over roads running fifteen or twenty miles out. Now you see how queer this international patch is: nine members elected by foreigners in this way became the government of a huge disorderly Chinese community.

The first task laid upon them is to maintain order and security and the conditions of Shanghai are such that it tends to be like New York or Chicago—one of the most terrific jobs I have ever seen. Suppose a foreigner is arrested for a crime, and that is the exception—he is arrested by representatives of his own Consul. There are fourteen courts. There are fifty arrests a day. Almost as much crime as in New York or Chicago. Those

Chinese under these international arrangements have to be tried in front of Chinese courts. Well, of course, the Chinese ideas of justice are different from ours. I think the quickest way to explain is to ask you to realize the hard position our police would be in, in maintaining order in Toronto, if a number of criminals had to be tried before Chinese courts. And yet, in spite of that, these business men, in their spare time, have somehow or other, with the support of foreign warships, managed to make Shanghai, on the whole, the safest place in China today. The importance of that you have got to realize when I tell you, although the government is at Nankin, the treasury of the government is kept in Shanghai, and for very good reasons. If that treasury were kept anywhere else than Shanghai it would form a bait to any general who wished to seize. The man who seized it would dominate China for some years. Shanghai is much more than a local municipality today. It is, so far as I can see, essentially an anchorage at present, for any National Government in China which may hope to become constitutional in the course of time. The point I am trying to bring home is this—the importance of maintaining security.

One of the enormous questions since the regime of the revolution has been on extraterritorial rights. The exposition I have given you on Shanghai I have given you in order to show you the difficulty in meeting these claims. The test I would take for questions of foreign policy in China is a very simple one. I would ask what is best for this quarter of the human race. I am perfectly certain if you find what is best for that quarter of the human race, you have found what is best for the other three quarters of the human race. It is that test I am going to ask you to apply to the problem of Shanghai. It is, I venture to suggest, that the simple solution which you see being put forward politically at centres like Washington touching extraterritorial rights might have some terrible reactions on China. What is going to be done about this? This position, as you know, led to a terrible incident in May, 1925, when the police in Shanghai lost their heads and shot down a number of students with tremendous and far-reaching results—results which shook society right through China.

It was two years after that that the Pacific Conference met at Honolulu.

It was in the discussions at Honolulu that it was decided the first thing to get was a survey. Nothing happened for some time. But last summer a very old friend, a Rhodes scholar, Dr. Hornby, who was at Honolulu and is now the key man in the State Department at Washington, told me he was coming over to the Rhodes celebration at Oxford. I asked him to stay with me and get down Sir Frederick Whyte and by sheer good luck Malcolm Macdonald was there. These men spent two nights, Saturday and Sunday nights, listening to Sir Frederick Whyte. When we got on the "Empress of Asia," we found a number of Shanghai men. We continued to work out our methods. We got these men in one by one on the ship. Through these conversations the idea evolved that the only way to get out of an anxious circle was for the municipal government of Shanghai to take the initiative and make a move. They said, this is the first time in our lives we have been treated as responsible beings. To cut a long story short, they wirelessly the municipal government at Shanghai that a spokesman be sent to Kioto. The council determined to send Mr. Fessingden who is one of the most upright men in public life in Shanghai. Fessingden had been across the Pacific to Washington to see his own people at Washington. He saw President Hoover and Mr. Stimson. They put into his head the idea that the council themselves should take the initiative. The result was Fessingden came to Kioto.

He brought from the council an invitation to myself to advise them. When I got to Shanghai I suggested to them before a commission started negotiations, the important thing was that they should know their own minds. It was better to have one adviser out of court: Judge Feetham, a judge in South Africa, who did in two months what the government of India tried to do in twenty years. After that he was the man who had been the chairman of the Irish Boundary Commission. I can only say he saved that country from civil war. My advice was to have nothing done with any of the fourteen governments, but to enlist the services of General Hertzog and he instantly responded and

Judge Feetham came. The amazing thing was the welcome which the Chinese gave them. They "got together", to use an American word, such a "get together" as has never taken place before in the foreign community of Shanghai. Judge Feetham was asked to come on his own terms. He arrived with the only stipulation that when his report was submitted to the government, it should be published.

I hope from what I have said that you will realize that the problem of Shanghai is something larger than merely a municipal problem. The real trouble about China is, as yet you have the mere beginnings of constitutional governments. There are no public bodies for discussion; there are no assemblies; there are scarcely any elements of what we mean by constitutional government. What you have in Shanghai, what you have anywhere else, is the beginnings of those things. The Chinese are merely asking for what they are certainly entitled to: to have proper representation of that community. They are learning theoretical things like elections and public order in Shanghai. It is not merely Shanghai which needs a safe asylum where the treasury can be kept; it is not merely a political treasury, it is a place where the status of constitutional and representative government can grow in the future. I had to make a speech when I left Shanghai. I have got a fairly optimistic temperament but I have never been such an optimist. I have had to deal with South Africans, Irish and Indians, none of them perhaps particularly easy people. I can only say if you had in Ireland or India such a situation as you have in Shanghai, there would be an explosion in a week. The situation is so irritating to all concerned, it only goes on at all through the good humor of these Chinese people. I have never in my life had such a pleasant people to deal with in the mass. I had a feeling when I was in Shanghai as if I were in a warehouse full of powder barrels and everybody walking about with lighted cigars. But they had done it so long they were careful where they threw the ends. The problem of Shanghai, to my mind, has arisen out of spaces much more than out of human failings. Therefore, we have got to get in there. We have got to get those things straightened out. I confess this problem is not insoluble. A good many people say, what is the good of the Pacific Institute of

Relations? It is that research work which enables us to say we are intelligent enough and keen to help get the problem out of the anxious circle. Gentlemen, I thank you very much for this.