




RESEARCH ARTICLE

Negotiating extra-settlement roads: Boundary making, administrative disputes, and power shifts in treaty-port Shanghai, 1860–1937

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Abstract

Throughout Shanghai's treaty-port era, divergent understandings of the extraterritorial regime and the conflicts between the foreign community's 'natural and lawful' pursuit of additional space and the Chinese rights recovery movement prevented clear demarcations between the city's foreign settlements and the Chinese sphere. Instead, these controversies produced an expansive boundary zone in the form of extra-settlement roads (ESR), a contested and negotiated space where the projection of foreign power, the exercise of extraterritorial privileges, and the fabric of local Chinese lives were all conditioned by an array of quotidian elements such as public utilities, police protection, tax duties, and urban spatial characteristics. By the 1930s, developments in local, national, and imperial politics—such as the advent of the Guomindang regime, British accommodation of Chinese nationalism, and the dwindling authority of the Shanghai Municipal Council (SMC)—prompted discussions of formal joint Sino-foreign administration of ESR areas. However, this reconfiguration met with vehement resistance from the local Japanese community, which distrusted the British-controlled SMC yet relied on the treaty port's existing administrative framework as a shield against Chinese threats. The ascendancy of mass politics in the 1930s, via Chinese public outcries against imperial encroachment and Japanese settlers' defence of their treaty rights, challenged the traditional paradigm of boundary-making and made ESR negotiations devolve into secret diplomacy that eventually reached a dead end. Examining ESR dynamics sheds new light on the intricate interplay of national sovereignty, colonial settlement, and imperial domination, while offering a fresh perspective on the shifting power landscapes in treaty-port Shanghai.

Keywords: Treaty ports; extraterritoriality; Shanghai Municipal Council; Chinese rights recovery movement; Japanese settler community

Introduction

From its early days, treaty-port Shanghai saw the transformation of its urban space and municipal administration tied to the contentious issue of foreigners constructing and

governing roads beyond the official boundaries of their settlements. By the late 1920s, a vast network of extra-settlement roads (*yuejie zhulu* 越界築路; ESR), also called outside or external roads, had sprawled into the Chinese territories surrounding the foreign municipalities, causing numerous disputes over daily governance and intensifying debates over their legal status. The 1930s witnessed a succession of diplomatic endeavours by Chinese and foreign authorities to solve the ESR problem through a joint administration scheme. However, this plan met with substantial Japanese resistance and eventually failed due to an unbridgeable chasm between the Chinese enterprise to restore territorial sovereignty and the Japanese insistence on upholding their treaty rights.

The ESR issue, despite its importance at the time, has mostly remained a footnote in contemporary historiography on modern Shanghai. In Anglophone scholarship, Frederic Wakeman's seminal work on the policing of Shanghai offers the most detailed examination of the topic so far, highlighting the Nationalist (Guomindang) regime's assertion of 'road sovereignty' (*luquan* 路權) through police rights during the Nanjing decade.¹ Robert Bickers' studies of the Shanghai Municipal Police underscore how colonial law enforcement required in-depth knowledge of the labyrinthine local geography to avoid conflicts with neighbouring forces.² Moreover, Isabella Jackson's recent book documents how the Shanghai Municipal Council (SMC)—the governing body of the International Settlement—employed outside roads as a device to extend its authority into the Chinese territories.³ Traditional Chinese historiography predominantly portrays ESR as evidence of foreign powers' insatiable expansionist ambitions, while emphasizing persistent Chinese resistance to imperialist encroachment.⁴ More recent analyses approach this subject through the prisms of urban development and colonial

¹Frederic E. Wakeman, *Policing Shanghai, 1927–1937* (Berkeley, CA: University of California Press, 1996), Chapters 5 and 11.

²Robert A. Bickers, *Empire made me: An Englishman adrift in Shanghai* (New York: Columbia University Press, 2003), Chapter 4; Robert A. Bickers, 'Who were the Shanghai Municipal Police, and why were they there? The British recruits of 1919', in *New frontiers: Imperialism's new communities in East Asia, 1842–1953*, (eds) Robert Bickers and Christian Henriot (Manchester: Manchester University Press, 2000), pp. 170–191. Additionally, the memoir of Ernest W. Peters, a former municipal policeman, contains a vivid account of how the daily patrol and pursuit of criminals often involved risky boundary-crossing. See E. W. Peters, *Shanghai policeman*, with a foreword by Robert Bickers (Hong Kong: Earnshaw Books, 2011).

³Isabella Jackson, *Shaping modern Shanghai: Colonialism in China's global city* (Cambridge: Cambridge University Press, 2018). See also I. Jackson, 'Expansion and defence in the international settlement at Shanghai', in *Britain and China, 1840–1970: Empire, finance and war*, (eds) Jonathan J. Howlett and Robert Bickers (London and New York: Routledge, 2017), pp. 187–204. Other Western scholarship that touches upon the ESR issue includes Richard W. Rigby, *The May 30 Movement: Events and themes* (Canberra: Australian National University Press, 1980); Nicholas R. Clifford, *Spoilt children of empire: Westerners in Shanghai and the Chinese Revolution of the 1920s* (Hanover, NH: Middlebury College Press, 1991); Christian Henriot, *Shanghai, 1927–1937: Municipal power, locality, and modernization* (Berkeley, CA: University of California Press, 1993); Hanchao Lu, *Beyond the neon lights: Everyday Shanghai in the early twentieth century* (Berkeley, CA: University of California Press, 1999).

⁴See, for example, Tang Zhenchang, *Shanghai shi* 上海史 [A history of Shanghai] (Shanghai: Shanghai renmin chubanshe, 1989), Chapter 11; Zhou Weimin and Tang Zhenchang (eds), *Shanghai waishi zhi* 上海外事志 [Shanghai foreign affairs gazette] (Shanghai: Shanghai shehui kexue yuan chubanshe, 1999), pp. 113–124; Shi Meiding and Han Weizhi (eds), *Shanghai zujie zhi* 上海租界志 [Shanghai foreign settlements gazette] (Shanghai: Shanghai shehui kexue yuan chubanshe, 2001), pp. 96–103.

modernity, highlighting the ways in which foreign settlements served as models of modern urban governance as well as how the expansion of foreign municipalities stimulated Chinese authorities' and local elites' adoption of new technologies and administrative institutions.⁵

These studies enrich the already substantial body of literature on modern Shanghai, China's largest metropolis and a 'global city' distinguished by the intricate coexistence of three different municipalities—the Chinese city, the International Settlement, and the French Concession. However, the prevailing historiographical focus on the distinctiveness of each municipality often overshadows the presence of an expansive interstitial space intrinsic to the urban fabric of the treaty port. Through analysing the history of ESR, this article argues that the 'Chinese' and 'foreign' realms of treaty-port Shanghai intertwined within a vast boundary zone where the demarcation between national sovereignty and colonial regimes was defined by constant negotiation and reconfiguration of administrative control rather than rigid borderlines.

The first half of this article traces how ESR evolved from the mid-nineteenth century through to the 1920s. I examine the legal and administrative controversies surrounding the ultra vires exercises of foreign municipal power to probe how the ideas and practices of boundary-making between Shanghai's foreign and Chinese parts transformed over time. The juridico-political roots of this transformation are to be found in clashing notions of the extraterritorial regime's *raison d'être* and divergent interpretations of treaty terms. In the early twentieth century, mounting pressure from the Chinese rights recovery movement compelled foreigners to recalibrate their justifications for ESR by emphasizing the roads' pragmatic value and downplaying their legal disputability. At the same time, ESR constituted a boundary zone shaped by a range of socioeconomic dynamics, including property ownership, commercial interests, social and racial hierarchies, and urban spatial layouts, which all moulded colonial

⁵See, for example, Zhang Wei, 'Jianlun Shanghai zujie de yuejie zhulu' 簡論上海租界的越界築路 [A brief discussion on Shanghai's extra-settlement roads], *Xueshu yuekan* 學術月刊, no. 8, 2000, pp. 60–62; Xing Jianrong, 'Shui dian mei: jindai Shanghai gongyong shiye yanjin ji huayang butong xintai' 水電煤: 近代上海公用事業演進及華洋不同心態 [Water, electricity, and gas: The evolution of modern Shanghai's public utilities and the differing mentalities of Chinese and foreigners], *Shixue yuekan* 史學月刊, no. 4, 2004, pp. 107–110; Zhang Peng, *Dushi xingtai de lishi genji: Shanghai gonggong zujie shizheng fazhan yu dushi bianqian yanjiu* 都市型態的歷史根基: 上海公共租界市政發展與都市變遷研究 [The historical foundations of urban morphology: A study of the development of municipal administration and urban transformation in the Shanghai International Settlement] (Shanghai: Tongji daxue chubanshe, 2008); Mou Zhenyu, 'Jindai Shanghai fazujie "yuejie zhulu qu" chengshihua kongjian guocheng fenxi' 近代上海法租界'越界築路區'城市化空間過程分析 (1895–1914) [An analysis of the spatial evolution of urbanisation in the 'outside road areas' of modern Shanghai's French Concession (1895–1914)], *Zhongguo lishi dili luncong* 中國歷史地理論叢, vol. 25, no. 4, October 2010, pp. 67–81; Mou Zhenyu, *Cong weidi yuge dao dongfang Bali: jindai Shanghai fazujie chengshihua kongjian yanjiu* 從葦葦漁歌到東方巴黎: 近代上海法租界城市化空間過程研究 [From 'reed and fish songs' to 'the Paris of the East': A study of the urbanisation spatial process of modern Shanghai's French Concession] (Shanghai: Shanghai shudian chubanshe, 2012); Yang Xiaoyan, 'Jindai Shanghai gonggong zujie zhulu zhong de liyi xietiao' 近代上海公共租界築路中的利益協調 [The coordination of interests in road building within the Shanghai International Settlement], *Shehui kexue* 社會科學, no. 4, 2015, pp. 157–66; Xiong Yuezhi, *Shanghai zujie yu jindai Zhongguo* 上海租界與近代中國 [Shanghai's foreign settlements and modern China] (Shanghai: Shanghai jiaotong daxue chubanshe, 2019).

Shanghai's contours and had a profound impact its inhabitants' everyday lives. Yet, these imbricated conflicts did not simply reproduce the Sino-foreign dichotomy, nor could they be disentangled through strict adherence to treaties. Instead, they generated an administrative grey area between foreign and native municipalities subject to varying degrees of control by multiple authorities.

The second half of this article focuses on trilateral discussions between the Chinese government, the SMC, and foreign consular authorities concerning the formalization of joint administration over ESR areas during the 1930s. While these endeavours arose from growing rapport between the informal British empire in China and Chinese nationalism, they also reflected the enduring perception of ESR areas as negotiated spaces. But diplomats and municipal officials found themselves in the crossfire of anti-imperial Chinese public sentiments and Japanese protests against what was perceived as a 'weak surrender' of foreign privileges. As a result, ESR negotiations became increasingly marked by secret diplomacy and were influenced by a vital power shift in Shanghai towards the end of the treaty-port era. During this period, inter-imperial rivalry and the uneven distribution of imperial interests exposed the treaty-port system's weaknesses while simultaneously rendering it less amenable to reform. Meanwhile, Japanese hindrance of the negotiations, coupled with their growing defiance of the British-controlled SMC, posed unprecedented challenges to the political tradition of the International Settlement—the personal- and institutional-level cooperation that formed the basis of what Isabella Jackson terms 'transnational colonialism'.⁶ Throughout, the Japanese unequivocally acted as a national group, backed by their home government to a degree unmatched by any other foreign community.⁷ It should be noted, however, that the growing involvement of state power in Shanghai's local affairs was not solely a Japanese trend. It was also reflected in the British Foreign Office's efforts to 'nationalise Sino-British relations'⁸ and the Nanjing

⁶Jackson, *Shaping modern Shanghai*, pp. 6–9.

⁷Here I draw on and contribute to an existing body of work on the Japanese settler community in treaty-port Shanghai, including, among others, Mark R. Peattie, 'Japanese treaty port settlements in China, 1895–1937', in *The Japanese informal empire in China, 1895–1937*, (eds) Peter Duus, Ramon H. Myers and Mark R. Peattie (Princeton, NJ: Princeton University Press, 1989), pp. 166–209; Kojima Masaru and Ma Honglin (eds), *Shanghai no Nihonjin shakai: senzen no bunka shūkyō kyōiku* 上海の日本人社会：戦前の文化・宗教・教育 [Shanghai's Japanese community: Pre-war culture, religion, and education] (Kyoto: Ryūkoku daigaku bukkyō bunka kenkyūsho, 1999); Joshua Fogel, "'Shanghai-Japan': The Japanese Residents' Association of Shanghai', *The Journal of Asian Studies*, vol. 59, no. 4, November 2000, pp. 927–950; Christian Henriot, "'Little Japan" in Shanghai: An insulated community, 1885–1945', in *New frontiers*, (eds) Bickers and Henriot, pp. 146–169; Takatsuna Hirofumi, '*Kokusai toshi*' *Shanghai no naka no Nihonjin* [国際都市] 上海のなかの日本人 (Tokyo: Kenbun shuppan, 2009); and Chen Zu'en, *Shanghai Riqiao shehui shenghuo shi 1868–1945* 上海日僑社會生活史 1868–1945 [A history of the society and life of Japanese expatriates in Shanghai] (Shanghai: Shanghai cishu chubanshe, 2009); Fujita Hiroyuki, *Kyoryūmin no Shanhai: kyōdo sokai gyōsei wo meguru Nichi-Ei no kyōryoku to tairitsu* 居留民の上海：共同租界行政をめぐる日英の協力と対立 [Settlers' Shanghai: Cooperation and conflict between Japan and Britain over administering the International Settlement] (Tokyo: Nihon keizai hyōronsha, 2015); Yamamura Mutsuo, *Shanghai Nihonjin kyoryūmin shakai no keisei to tenkai: Nihon shihon no shinshutsu to keizai dantai* 上海日本人居留民社会の形成と展開：日本資本の進出と経済団体 [Formation and development of Shanghai's Japanese resident community: The advance of Japanese capital and economic organisations] (Tokyo: Otsuki shoten, 2019).

⁸Robert A. Bickers, *Britain in China: Community culture and colonialism, 1900–1949* (Manchester: Manchester University Press, 1999), p. 115.

government's cautious oversight of ESR negotiations. Thus, the ESR conundrum transcended local administration and lies within the broader context of inter-state politics.

The origins of ESR

The ESR problem originated in the early 1860s, when Shanghai faced the threat of rebel attack amid the Taiping Rebellion (1850–1863). The city's foreign communities mounted their own defences and, at the invitation of Chinese authorities, built several military roads leading out of the foreign settlements to expedite the transport of supplies and ammunition.⁹ The rebellion marked a crucial turning point in Shanghai's urban development as a result of an influx of Chinese refugees, many of whom subsequently took up permanent residence in the city's foreign sectors. By the mid-1860s, over 120,000 Chinese lived in the International Settlement and the French Concession, constituting the vast majority of the population in both areas.¹⁰ As the settlements grew increasingly congested, foreign communities considered it 'a natural desire' to 'seek recreation and fresh air by rides and walks in the surrounding country'.¹¹ In 1862, the Shanghai Riding Course trustees raised funds to construct a new driving course to the west of the International Settlement; this formed a two-mile extension of Nanjing Road, the International Settlement's main thoroughfare, and became known as Bubbling Well Road. At first, a private committee of shareholders managed this new road and collected subscriptions and tolls from its users. By 1866, however, it was mired in financial difficulties and the committee proposed that the Shanghai Municipal Council assume ownership of the road. Despite the SMC's initial hesitation to extend its operations outside Settlement boundaries, its chairman, William Keswick, was keen to set a precedent for municipal control of ESR, describing them as 'the lungs of Shanghai'.¹² At Keswick's suggestion, the Settlement's Ratepayers' Meeting unanimously passed a resolution for the SMC to accept the offer. That same year, the Land Regulations—a set of rules that effectively served as the Settlement's constitution—were redrafted and sanctioned by foreign diplomats in Beijing in 1869. They included a new Article VI with the following proviso: 'It shall also be lawful for the Land Renters... to purchase land leading or being out of the Settlement, or to accept land from foreign or native owners, for the purpose of converting the same into roads or public gardens and places of recreation and amusement.'¹³

Like Bubbling Well Road, many early ESR were originally privately owned and later converted to public property when their land deeds were voluntarily surrendered to

⁹Wu Xin and Yao Wennan, *Shanghai xian xu zhi* 上海縣續志 [Serialised gazette of Shanghai County] (Shanghai: Nanyuan, 1918), vol. 15, p. 4.

¹⁰Christian Henriot, Lu Shi and Charlotte Aubrun (eds), *The population of Shanghai (1865–1953): A source-book* (Leiden: Brill, 2019), pp. 95–97.

¹¹Shanghai Municipal Archives 上海市檔案館 (hereafter SMA) U1-6-146: 'Memorandum by the Public Works Department on Outside Roads', 29 November 1929.

¹²Richard Feetham, *Report of the Hon. Richard Feetham, to the Shanghai Municipal Council* (Shanghai: North-China Daily News and Herald, 1931), vol. III, p. 3.

¹³Anatol M. Kotenev, *Shanghai: Its municipality and the Chinese* (Shanghai: North-China Daily News and Herald, 1927), p. 59.

the SMC. From the 1870s, the SMC took more initiative in constructing such roads by either widening and repaving old military roads or opening new ones. To expatriates in Shanghai, these projects 'conduce[d] materially to the health and comfort of the foreign community',¹⁴ while affording locals routes to the Settlement market.¹⁵ Moreover, the gradual extension of the roads reflected a 'logical outcome of the growth and expansion of the town', which the foreign community had undertaken precisely because the Chinese had failed in this duty.¹⁶ These notions reveal the foreign understanding of the boundary between Shanghai's foreign and Chinese territories not as a legally prescribed line but rather a vast frontier awaiting exploration and reclamation.

Whereas foreign individuals usually purchased land outside the Settlement with little difficulty, ESR soon became an issue of contention as local Chinese officials, wary of the potential expansion of foreign settlements, opposed their construction as ultra vires acts of foreign authorities. In 1877, the Shanghai *daotai* (道臺; circuit intendant) refused the SMC's proposal to extend Markham Road, a former military road, citing its potential to damage existing waterways and impede the cultivation of nearby land. The viceroy of Nanjing, Shen Baozhen (沈葆楨), echoed this stance and urged foreign consuls not to 'force the Chinese authorities into a serious difficulty for so small a matter as purposes of pleasure'.¹⁷ To block the SMC's plan, the *daotai* instructed *dibao* (地保; minor bureaucrats who assisted local governance and oversaw Sino-foreign land transactions) to prohibit the sale of certain properties.¹⁸ The Markham Road project was later referred to the Zongli Yamen (總理衙門; the foreign office of the Qing government), which approved it under pressure from the Diplomatic Body. But in most other cases, such disputes rarely reached Beijing, and the SMC acquired lands beyond Settlement limits and converted them to roads and other public facilities without the consent of Chinese officials.

Chinese land taxation presented another complicating factor. Under the Land Regulations, when intra-Settlement land was transferred (i.e. perpetually leased) to a foreign buyer, the new proprietor would take over the duty of paying ground rent to the Chinese government, which was set at a meagre rate of 1,500 cash (roughly one tael of silver) per *mu* every year.¹⁹ But in the case of ESR, original Chinese landowners continued to be taxed for land already appropriated for the roads, as local officials declined to exempt such land from traditional Qing taxation. Consequently, Chinese owners frequently damaged or pilfered the roads' woodwork, since they had cause to continue regarding the land as their property.²⁰ To address this problem, in 1882

¹⁴SMC Chairman to Senior Consul, 11 April 1878, in Shanghai Municipal Council (hereafter SMC), *Report for the year 1878* (Shanghai: Kelly and Walsh), p. 51.

¹⁵SMC Chairman to Senior Consul, 17 November 1877, in SMC, *Report for the year 1877*, p. 55.

¹⁶SMA U1-6-146: 'Memorandum by the Public Works Department on Outside Roads', 29 November 1929.

¹⁷Taotai Liu to A. Davenport, 31 October 1877, in SMC, *Report for the Year 1877*, pp. 54–55. Referencing the Treaty of Tianjin (1858) and Convention of Beijing (1860), which allowed foreigners access to China's interior, Viceroy Shen pointed out that the treaties only permitted the foreign construction of dwelling houses, churches, warehouses, etc., but not of horse roads.

¹⁸SMC Chairman to Senior Consul, 8 April 1878, in SMC, *Report for the year 1878*, p. 50.

¹⁹One *mu* equals 0.165 acre.

²⁰W. H. Medhurst, 'Memorandum on roads outside of Shanghai Settlement', in SMC, *Report for the year 1871*, pp. 25–27.

the SMC approached the *daotai* again and offered to cover all arrears of ground rent.²¹ Three years later, a solution was finally reached, with the SMC paying over 4 million cash to the Chinese government.²² Doing so convinced the SMC that it now legitimately owned properties outside the Settlement in a similar manner to those within, and this belief drove its subsequent efforts to exert administrative control over outside roads.

Foreign administration over ESR

The municipal administration of outside roads consisted of three tightly interrelated aspects: policing, taxation, and public utility supply. Solidified through a gradualist approach, foreign control in each of these areas differed considerably from within the Settlement. The policing of outside roads began in 1882, when the SMC hired several Chinese constables to regulate the rapidly increasing volume of traffic on Bubbling Well Road. Amid the Sino-French hostilities in 1884, the SMC recognized a need to protect foreign residents outside the Settlement, who numbered 300 by this time. To do so, it employed a squad of Sikh policemen to patrol Bubbling Well Road and other roads in what became a permanent practice. However, whereas the cost of intra-Settlement policing constituted a regular portion of the municipal budget, a far more limited private subscription system funded the force on outside roads. In 1895, for instance, the total cost of ESR policing was 3,600 taels, a minimal figure compared with the 108,000 taels spent by the Settlement, which comprised about 18 per cent of municipal spending.²³

This contrast derived from the SMC's inability to impose regular taxes outside the Settlement. In fact, up to the turn of the twentieth century, Settlement authorities were occasionally reluctant to assume greater responsibility for outside roads, as the expenditure could not be adequately covered by ESR-area residents' voluntary and usually limited contributions. In some cases, the SMC even rejected residents' requests for basic road maintenance due to budgetary constraints.²⁴ As late as 1903, the SMC's Finance Committee still found it 'inadvisable to make any attempt to organise a general system of public work for outside residents'.²⁵ Despite SMC efforts that year to universally apply the subscription system, the number of contributors only increased from 40 to 50, or one-tenth of foreign residents, and many residents reportedly 'refused to subscribe until they had occasion to apply for Police services'.²⁶

These circumstances led the SMC to conclude that, while foreign residents in ESR areas had once been driven by a justified desire for additional space, the principal motivation had now shifted to exemption from taxation.²⁷ Therefore, in 1905, when it contracted the foreign-owned Shanghai Waterworks Company, it bound the latter to

²¹SMC, *Report for the year 1883*, pp. 119–120.

²²SMC, *Report for the year 1885*, pp. 142–146.

²³*Ibid.*, pp. 64 and 345–349.

²⁴SMC, *Report for the year 1883*, pp. 89–90.

²⁵SMC, *Report for the year 1903*, pp. 179–180.

²⁶SMC, *Report for the year 1904*, p. 175.

²⁷SMC, *Report for the year 1903*, p. 178.

serve only outside-road consumers who paid a Special Municipal Rate.²⁸ Similar terms subsequently arranged with the telephone company and the Municipal Electricity Department made SMC taxation partly mandatory through the supply of public utilities. In consideration of ESR residents' reduced privileges, most noticeably the absence of voting rights, the Special Rate was initially set at 5 per cent of a premise's annual rent, or half of the Settlement's General Municipal Rate. To have residents shoulder an 'equitable share' of the cost of the municipal services, which they were increasingly accessing over time, the SMC gradually raised its Special Rate to 12 per cent by 1921, just 2 per cent lower than the General Rate. However, the SMC's taxing power outside the Settlement remained limited: it never levied land taxes and collected licence fees only from commercial establishments that voluntarily registered with it.²⁹

The introduction of public utilities to ESR areas, commencing in the 1880s, was not without obstacles. The installation of mains and pipes was occasionally met with Chinese opposition, but these undertakings were carried out by foreign companies with support from the SMC, which regarded the development of the surrounding areas as beneficial to the Settlement community in general. The provision of clean water, for example, was deemed crucial to improving sanitary conditions, preventing disease, and minimizing fire hazards, while suburban electricity supply would facilitate the outward movement of industrial facilities. Among the incentives to expand foreign municipal power, public health was particularly cited to justify SMC intrusion into adjacent Chinese spaces. With the continuous urbanization of ESR areas, the SMC increasingly felt a responsibility to extend services such as the removal of garbage and dead bodies, to 'keep an effective watch on any conditions prejudicial to the health of the Settlement which may be found existing beyond as within the official frontier'.³⁰ When the Special Rate was introduced, Chinese residents put up a strong resistance, with the encouragement of local officials. Yet, by July 1906, the *daotai*—partly in response to diplomatic pressure and partly in recognition of the practical benefits of developing public services—issued a proclamation allowing the Special Rate to be included in house rents and paid by landlords.³¹ As some commentators lamented, Chinese sovereignty over these areas was henceforth 'half lost due to road rights, half encroached on through water and electricity' (*ban yi luquan er sangshi, ban sui shui dian er juwang* 半以路權而喪失,半隨水電而俱亡).³²

ESR and settlement extensions

From the late nineteenth century, the growth of ESR was closely related to the formal expansion of foreign settlements. In 1899, after years of negotiation between the SMC,

²⁸ SMC, *Report for the year 1905*, p. 362. See also Kim Seungrae, 'Seimatsu no Shanhai kyōdō sōkai ekkairo chiiiku ni okeru kazei mondai' 清末の上海共同租界越界路地区における課税問題 [The issue of extra-settlement roads in Shanghai during the last decades of the Qing dynasty], *Tōyō gakuhō* 東洋學報, vol. 103, no. 2, 16 September 2021, pp. 1–28.

²⁹ SMA U1-6-145: Commissioner of Police to SMC Secretary, 24 January 1929.

³⁰ SMC, *Report for the year 1907*, p. 105.

³¹ *Shenbao* 申報, 23 July 1906.

³² *Shanghai difang shi ziliao* 上海地方史資料 [Materials on Shanghai's local history] (Shanghai: Shanghai shehui kexue yuan chubanshe, 1983), vol. 2, p. 11.

the treaty powers, and the Chinese authorities, the International Settlement's boundary officially extended northwards and westwards.³³ The newly incorporated territories included not only 8.5 miles of outside roads but also all land therein, tripling the Settlement's total size from 2.75 to 8.35 square miles (Figure 1). However, 4.3 miles of foreign-governed roads remained beyond the enlarged boundaries.³⁴ There was also a twofold enlargement the following year of the French Concession, covering areas adjacent to external roads built and administered by the Conseil municipal since the 1860s.³⁵ Indeed, relations between the two foreign municipalities had long been tense due to their often-conflicting schemes for road construction; the lengthy diplomacy revolving around the 1899 extension stemmed less from Sino-foreign confrontation than from Anglo-French competition over space in western Shanghai.³⁶

The 1899 extension, however, did not fix the boundary between foreign and Chinese Shanghai. Instead, it precipitated renewed efforts by foreign municipal authorities to penetrate the surrounding Chinese land, beginning with the inauguration in 1900 of a new Municipal Cadastral Office and a systematic survey of land within a one-mile radius of the Settlement. By the end of 1901, 13 miles of additional outside roads had been laid. From 1908 onwards, the SMC started pressing for further enlargement, ostensibly to find a new 'natural' boundary to replace the present one that was 'for practical purposes obliterated, merely threading its way through continuous house properties'.³⁷ The new scheme encompassed the entire area enclosed by the Shanghai-Nanjing and Shanghai-Hangzhou railways, including a significant part of the Chinese town that had recently developed in the Zhabei region, which bordered the Settlement in the north. Chinese authorities resolutely opposed this plan, for it meant an expansion of the foreign settlement beyond Shanghai County into the neighbouring Baoshan County, which had never been designated a treaty port. In 1914, the French Concession acquired another vast expansion contingent upon its commitment to augment Chinese

³³A key context for the 1899 extension was China's defeat in the First Sino-Japanese War (1894–1895), which significantly eroded the Qing government's ability to resist the encroachment of foreign interests. Subsequent treaties granted Japan the right to open exclusive concessions in Chinese treaty ports. In Shanghai, Chinese and Japanese representatives discussed the Yangshupu area to the east of Hongkou as a potential location. Yet, Yangshupu already housed multiple ESR and important foreign-owned facilities such as the Shanghai Waterworks Company; the British and Americans evidently saw this region as a future part of the International Settlement. Recognizing potential complications, and perhaps wary of a Chinese strategy to play off imperial powers against one another, the Japanese opted to stay in the flourishing Settlement. However, pressure to accommodate Japanese treaty rights spurred the Settlement's ensuing expansion. See Xiong Yuezhi, 'Nihon ga Shanhai ni sokai wo tsukurō to shita ken no shiryō 日本が上海に租界をつくらうとした件の資料 [Documents regarding Japan's efforts to establish a concession in Shanghai]', in *Chūgoku ni okeru Nihon sokai: Jūkei, Kankō, Kōshū, Shanhai* 中国における日本租界: 重慶・漢口・杭州・上海 [Japanese concessions in China: Chongqing, Hankou, Hangzhou, Shanghai], (eds) Hiroaki Ōsato and An-sōk Son (Tokyo: Ochanomizu shobō, 2006), pp. 166–200.

³⁴Feetham, *Report*, vol. III, p. 7.

³⁵The French Concession's road construction had a violent history centred on the Conseil municipal's plan to relocate the cemetery site owned by the Ningbo Guild, which resulted into two large-scale riots in 1874 and 1898. See Bryna Goodman, *Native place, city, and nation: Regional networks and identities in Shanghai, 1853–1937* (Berkeley, CA: University of California Press, 1995), pp. 158–174; Christian Henriot, *Scythe and the city: A social history of death in Shanghai* (Stanford, CA: Stanford University Press, 2016), pp. 80–83.

³⁶Kotenev, *Shanghai*, pp. 30–32.

³⁷SMC, *Report for the year 1908*, p. 230.

representation on the Conseil municipal and cooperate in pursuing political offenders seeking sanctuary within its borders.³⁸ Spurred on by the French success, the SMC intensified its pursuit of the 'natural boundary' proposal and by early 1915 it had presented a draft agreement to the Republican government in Beijing through the Diplomatic Body. But the Baoshan issue, coupled with swelling Chinese nationalism and heightened public suspicion that there was a foreign conspiracy to control the railway, ultimately led the Yuan Shikai regime to a last-minute refusal of the agreement.

This setback only escalated efforts to build ESR, which the SMC came to view as an alternative method for Settlement expansion as prospects for formal extension diminished.³⁹ After 1916, the SMC budget contained a regular item for expenditure on acquiring land for road extensions that had swelled to an annual sum of over 750,000 taels by 1925.⁴⁰ As of early 1926, ESR spanned a total of 43 miles, with over 90 per cent of them located west of the Settlement. Extension projects in these areas met with relatively weaker Chinese resistance, as these areas mostly retained their rural character until reached by municipal roads.⁴¹ The rest, represented by the commercially vibrant North Sichuan and Dixwell roads, penetrated the smaller but densely populated areas of Zhabei and north Hongkou. According to the SMC's 1925 census, outside roads had a foreign population of 8,000 that grew by 1,000 annually. About 4,500 of these foreigners, who were overwhelmingly Japanese, lived in the North Sichuan Road area.⁴² But as the SMC conceded, it never had an accurate count of foreign residents in ESR areas, because (in this case) its census data only included those who paid the Special Rate, and evasion of the Special Rate remained fairly common even two decades into its introduction.⁴³

By the mid-1920s, foreigners possessed a significant amount of property in ESR areas, with its density generally reflecting proximity to the Settlement. New industrial and residential quarters developed between the railway and the Settlement's western boundary, while the North Sichuan Road area became known as Shanghai's 'Little Tokyo' after its burgeoning Japanese community. In addition to private homes, factories, and commercial establishments, these areas also accommodated numerous public facilities owned by the SMC, including schools, hospitals, cemeteries, and parks.⁴⁴ A total of 264 acres of land was registered at various foreign consulates—although, as within the Settlement, this figure is likely to have included many Chinese properties whose owners had obtained foreign deeds for extraterritorial protection. Nonetheless,

³⁸The 1914 extension encompassed nearly all outside roads built by the Conseil municipal up to this time and fulfilled the French Concession's long-held ambition to expand to the Xujiahui area in south-western Shanghai. Subsequently, the SMC and the French authorities tacitly agreed to downplay the affiliation of the remaining ESR with specific foreign municipalities to prevent Chinese exploitation of inter-imperial rivalries. As a result, the ESR dispute thereafter unfolded chiefly between the International Settlement and the Chinese. On the French construction of outside roads up to the 1914 extension, see Mou, 'Jindai Shanghai fazujie "yuejie zhulu qu"'.
³⁹Kotenev, *Shanghai*, p. 58.
⁴⁰SMC, *Report for the year 1925*, pp. 268–269.
⁴¹Kotenev, *Shanghai*, p. 66.
⁴²SMA U1-6-145: Commissioner of Revenue to SMC Commissioner General, 7 December 1926.
⁴³SMA U1-6-145: SMC Chairman to American Consul-General, 8 December 1926.
⁴⁴SMA U1-6-145: Commissioner of Public Works to SMC Commissioner General, 15 September 1926.

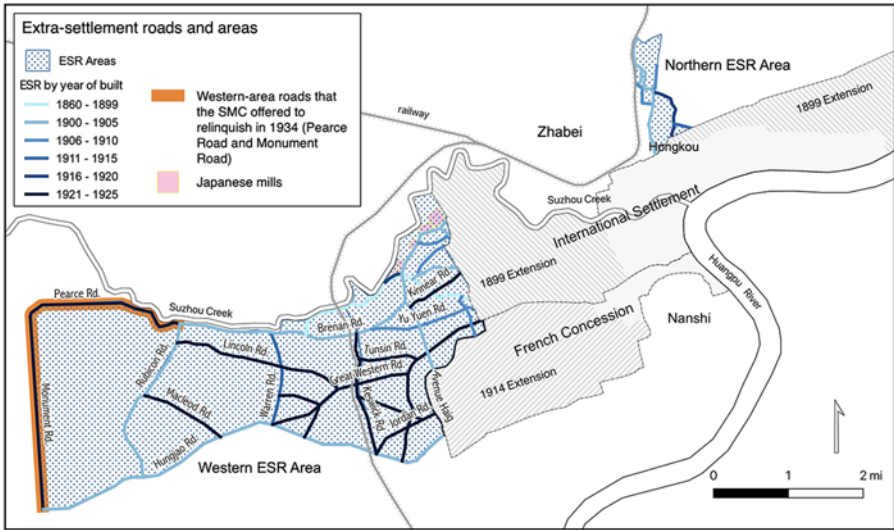


Figure 1. Extra-settlement roads and areas. Source: Made by the author using QGIS.

foreign properties along ESR were dwarfed in size by the purely Chinese territories encircled by the roads, which were influenced in various ways by foreign municipal powers and spanned over 12 square miles, or roughly 1.5 times the size of the Settlement (Figure 1).

A contested space

To Shanghai's foreign community, repeated Chinese refusals to extend the Settlement after 1899 derived from 'deliberate ignorance of the lawful needs of foreigners', such as safety, health, and daily convenience; fulfilling these needs had necessitated the continuous construction of outside roads where municipal duties were performed by foreign authorities.⁴⁵ The SMC justified its claim to ESR on three grounds. First, the Settlement's demand for additional space originated from the admission of Chinese during the Taiping Rebellion, and their continuous inflow since then, into an area initially designated exclusively for foreign residence. Second, it had lawfully procured the land converted to such roads in accordance with the Land Regulations, following the same procedure observed within the Settlement. Third, it had exercised police rights in ESR areas 'for a sufficient number of years to entitle it to claim a prescriptive right to such police control so as to deprive the Chinese authorities of the right to legally dispute it'.⁴⁶

⁴⁵Kotenev, *Shanghai*, p. 52.

⁴⁶SMA U1-6-146: 'Memorandum by the Council's Legal Advisor', 1926; SMA U1-6-146: J. R. Jones, 'Memorandum re: the Land Regulations', 29 November 1929. As recent scholars show, the SMC's authority was characterized by its private nature from its inception, deriving not from formal treaties but from the

However, these claims faced increasing challenges due to rising Chinese consciousness of territorial sovereignty and a long-standing disagreement between the Chinese and the foreigners regarding the treaty-port regime's fundamental purpose. Chinese critics of settlement expansion contended that since the foreign concessions had been allocated permanent physical boundaries to contain the exercise of treaty rights such as extraterritoriality, the existing boundaries were intended to spatially constrain those privileges and therefore entailed no natural right to expansion.⁴⁷ This view was notably held by Duanfang (端方), the Manchu acting viceroy of Nanjing, who dismissed the SMC's extension scheme in 1908. Duanfang posited that the existence of outside roads proved that the foreign community already had access to ample additional space, while the increase of foreign residents in those areas demonstrated that they could live comfortably and peacefully alongside locals in the Chinese part of Shanghai, which invalidated the rationale for further extending the Settlement's borders.⁴⁸ The Chinese also questioned the legitimacy of the current Land Regulations, which had been revised in 1898 but retained Article VI of the 1869 version, as they were based on an agreement between local officials and foreign diplomats and had never been formally ratified by the Qing government. Moreover, even if the Land Regulations were deemed valid, they did not authorize any form of foreign administration beyond the Settlement.⁴⁹

In the early decades of the twentieth century, these debates contextualized intensifying Sino-foreign tensions over the governance of ESR areas as a boundary zone between Shanghai's Chinese and foreign spheres. Among all facets of the extension of foreign municipal power, policing stood out as the most controversial issue. By the early 1910s, the Shanghai Municipal Police (SMP), the Settlement's police force, had enhanced its presence on outside roads with permanent offices and regular patrols in these areas. Interestingly, early opposition to the SMP's ultra vires operations came from within the foreign community. In 1905, when prosecuting Spanish-owned gambling houses outside the Settlement, the Spanish consul refused to recognize SMP jurisdiction in any such case. The SMC, however, argued that the term 'jurisdiction' was misapplied, since the SMP functioned under the collective jurisdiction of the Consular Body. This dispute ended with the Consular Body issuing a statement that since the SMP was 'only acting as delegates of the Consul concerned', all its measures 'to ensure peace and good order are valid in the International Settlement as well as on the roads constructed by the Municipal Council outside the Settlement'.⁵⁰ This statement appears to have served both SMC and consular interests, giving formal consular endorsement to the SMC's governance of ESR while reinforcing consular jurisdiction over the Settlement.

Land Regulations, and its subsequent expansion was largely based on 'practical administration convenience'. See Wanshu Cong and Frédéric Mégret, "'International Shanghai'" (1863–1931): Imperialism and private authority in the global city', *Leiden Journal of International Law*, no. 34, 2021, pp. 915–933.

⁴⁷Xu Gongsu and Qiu Jinzhang, *Shanghai gonggong zujie zhidu* 上海公共租界制度 [The institutions of the Shanghai International Settlement] (Shanghai: Shanghai guoli zhongyang yanjiuyuan shehui kexue yanjiusuo, 1933), p. 190.

⁴⁸Viceroy Duanfang to Senior Consul, 29 July 1908, in SMC, *Report for the year 1908*, pp. 234–235.

⁴⁹The British Foreign Office (hereafter FO) 371/13945: Aide-mémoire sent by Commissioner for Foreign Affairs to Senior Consul, 15 November 1928.

⁵⁰SMC, *Report for the year 1905*, pp. 110–111.

Nevertheless, a greater challenge emanated from Chinese efforts to develop their own modern municipal administration, which started at the turn of the twentieth century in a private initiative led by gentry and merchants to promote local self-governance.⁵¹ In May 1906, shortly after the implementation of the Special Municipal Rate, the Zhabei General Board of Roads, Public Works, and Patrols (Beishi malu gongxun zongju 北市馬路工巡總局) was founded. The advent of this new Chinese municipality and its introduction of a modern police force accorded with nationwide reforms in the final years of the Qing period.⁵² Yet, in Shanghai's particular context, foreigners and Chinese alike perceived it as a strategy to forestall further foreign expansion on the pretexes of an administrative vacuum beyond the foreign settlements and alleged Chinese inability to govern a modern cosmopolis.⁵³

Chinese endeavours to regain control over Zhabei sparked clashes over policing. From the outset, Chinese municipal authorities claimed sole policing rights over ESR and insisted that the jurisdiction of the Shanghai Mixed Court—established in the mid-nineteenth century to adjudicate cases involving Chinese residents of the International Settlement under foreign consular oversight—was strictly confined within the Settlement. This firm stance was in part a reaction to the SMC's jealous safeguarding of its own exclusive governance over the Settlement and its long-time practice of prosecuting any Chinese bureaucrats, like tax-collectors, who attempted to operate within its bounds.⁵⁴ The SMC, on the other hand, stated its acceptance of Chinese officers accompanying the SMP during the latter's duties on outside roads.⁵⁵ But in reality, both forces' distinct objectives made their cooperation or peaceful coexistence impossible. In early 1909, when two Zhabei constables tried to intervene in construction work on North Sichuan Road, they were arrested and allegedly assaulted by a group of municipal Sikh policemen;⁵⁶ in another case, a SMP constable on duty 'who had just got to a point... about ten yards inside the native territory... was handled roughly and taken' to a Chinese police station.⁵⁷

Local Qing authorities' efforts to shore up native municipal power were thwarted by the political upheaval of the 1911 Revolution, which their foreign counterparts capitalized on to consolidate control over ESR areas.⁵⁸ Once the dust settled, however,

⁵¹From the first, this gentry-led movement explicitly aimed to contain Settlement expansion by adopting modern forms of local governance. See Mark Elvin, 'The gentry democracy in Shanghai, 1905–1914', in *Modern China's search for a political form*, (ed.) Jack Gray (London: Oxford University Press, 1969), pp. 41–65.

⁵²Wakeman, *Policing Shanghai*, pp. 18–22.

⁵³*Shenbao*, 5 May 1906; SMA U1-6-146: 'Memorandum by the Public Works Department on Outside Roads', 29 November 1929.

⁵⁴Acting Daotai to Senior Consul, 5 November 1907, in SMC, *Report for the year 1907*, pp. 34–35.

⁵⁵Senior Consul to Daotai, 12 June 1907, in SMC, *Report for the year 1907*, pp. 30–31.

⁵⁶*Shenbao*, 20 March 1909; 21 March 1909; 5 May 1909.

⁵⁷*North China Herald*, 10 April 1909.

⁵⁸In December 1911, in response to the requests of foreign residents in the northern ESR area, chiefly the Japanese, the SMP established a station at the intersection of North Sichuan and Dixwell roads. See SMA U1-2-661: Captain-Superintendent of Police to SMC Secretary, 22 December 1911; Captain-Superintendent of Police to SMC Chairman, 10 January 1912. Meanwhile, foreign control over the Mixed Court tightened and the court's jurisdiction expanded during 1911–1912. See Thomas B. Stephens, *Order and discipline in China: The Shanghai Mixed Court, 1911–27* (Seattle: University of Washington Press, 1992), Chapter 7; Pär Kristoffer Cassel, *Grounds of judgment: Extraterritoriality and imperial power in nineteenth-century China and Japan* (Oxford and New York: Oxford University Press, 2012), pp. 176–177; Yao Yuan,

tensions resurged as the Yuan Shikai government initiated a project to institute a new, more unified police force in Shanghai to bolster its influence in the region.⁵⁹ After 1915, having rejected the Settlement's extension proposal, Chinese authorities began asserting policing rights not only in Zhabei but also in western Shanghai, leading to increasingly frequent jurisdictional disputes.⁶⁰

At the same time, the Chinese ramped up their opposition to other facets of foreign control over outside roads. In 1911, the Zhabei Water and Electricity Company, a Chinese enterprise recently formed with governmental support, applied to the SMC for permission to lay mains across North Sichuan (Szechuen) Road.⁶¹ When the SMC dismissed the request, interpreting it as a scheme to undermine its revenue base,⁶² the Zhabei company filed a suit against the SMC at the Consular Court, which ruled in the plaintiff's favour. While recognizing foreign ownership of the road's surface, the Consular Court denied the SMC's notion of 'absolute ownership extending to the sub-soil' and thus believed that 'the dispute must be decided on broad grounds of equity',⁶³ a decision that underscored the contested nature of ESR areas. In ensuing decades, the foreign-dominated utilities market faced increasing Chinese competition. Although Chinese companies were slow to build their own infrastructure, their mere presence posed a fiscal threat to the SMC. By the mid-1920s, Chinese firms were purchasing water and electricity in bulk from foreign companies for redistribution to consumers, making the collection of the Special Rate even more difficult.⁶⁴

Underlying these contentions were Chinese efforts to reclaim 'road sovereignty' as part of a broader rights recovery movement that gained momentum in the 1910s. Since the start of the Republican era, protests over the SMC's road extensions were a recurring theme in local Chinese diplomats'⁶⁵ engagement with foreign authorities.⁶⁶ At the 1919 Paris Peace Conference, Chinese representatives expressed concerns regarding the ESR issue and urged foreign powers not to endorse further settlement enlargement.⁶⁷ Amid the upsurge of Chinese nationalism following the May Fourth Movement, even some foreign observers concluded that it had become impossible to press the Chinese government for 'any further concession in a question which appeared in its eyes tantamount to an encroachment upon China's sovereignty and integrity'.⁶⁸

Shanghai zujie yu zujie faquan 上海租界與租界法權 [Shanghai's foreign settlements and their legal rights] (Shanghai: Shanghai sanlian shudian, 2016), pp. 83–84.

⁵⁹Wakeman, *Policing Shanghai*, pp. 22–24.

⁶⁰Kotenev, *Shanghai*, p. 66.

⁶¹Xing, 'Shui dian mei', pp. 107–110.

⁶²SMC, *Report for the year 1912*, p. 72B.

⁶³*Ibid.*, pp. 74B–75B.

⁶⁴SMA U1-6-145: Commissioner General, 'Note on Special Municipal Rate collection in the Northern Area outside Settlement Limits', 14 February 1927.

⁶⁵Local diplomacy in Shanghai was overseen by the Commissioner for Foreign Affairs of Jiangsu, who was appointed by and reported to the Beijing government until the late 1920s.

⁶⁶Zhou and Tang, *Shanghai waishi zhi*, pp. 119–121.

⁶⁷Xia Jinlin, *Shanghai zujie wenti* 上海租界問題 [The problem of Shanghai's foreign settlements] (Shanghai: Shanghai sanlian shudian, 2014), p. 87.

⁶⁸Kotenev, *Shanghai*, pp. 50–51.

Post-1919 political circumstances compelled foreigners to recalibrate their justifications for ESR by emphasizing the roads' utility and framing settlement extensions as an 'inexorable economic law'.⁶⁹ This argument hinged largely on the local population's generally cooperative stance towards municipal road building since the late nineteenth century. For the SMC, the predominant Chinese presence in ESR areas, like everywhere else in Shanghai, by no means undermined the legitimacy of foreign administration. On the contrary, it argued that since foreign-managed facilities and services were accessible to all residents regardless of nationality, outside roads were 'constructed as much for Chinese benefit as for the benefit of the foreigners who have made Shanghai their home'.⁷⁰ The SMC further noted that it was often local Chinese landowners who petitioned for municipal road construction and infrastructure development near their properties, since these undertakings invariably drove up land values and improved security. As for nationalist agitations against settlement extensions, many foreigners believed that such sentiments 'emanated from a small minority of students and others who have no real stake in Shanghai and who are actuated by anti-foreign feelings'.⁷¹ These opinions were underpinned by a well-documented core belief shared by Shanghai's Western community in the 'unilateral achievement' of 'the men from the West who built Asia's greatest city'.⁷² As a 'model settlement' viewed in stark contrast to a neighbouring Chinese space depicted as dangerous, insanitary, and disorderly, 'Western' Shanghai naturally encompassed the ever-growing network of roads extending miles into Chinese territory, where foreign municipal authorities had done 'splendid work'.⁷³

However, 'native cooperation' grew steadily harder to take for granted. In late 1921, the SMC's attempt to extend Xinmin Road in Zhabei—in its own words, 'complying with the request' of a Chinese landowner who voluntarily offered to surrender part of his property⁷⁴—met with organized resistance from local residents. Various social and commercial groups jointly petitioned the Chinese government to halt the project, and local media condemned the landowner as a 'traitorous merchant' seeking to 'profit by currying favour with foreigners'.⁷⁵ Immense public pressure forced the landowner to rescind his offer and the project to be cancelled. In 1924, Zhabei residents founded a 'National Land Preservation Society' (Guotu weichihui 國土維持會) whose professed aims included the prevention of 'unscrupulous individuals' from 'aiding foreign schemes to infringe on Chinese land'.⁷⁶

Public outcries against ESR culminated in 1925 during the May Thirtieth Movement. The SMP's lethal firing on student demonstrators not only sparked the hitherto largest outburst of anti-imperialist sentiment in Shanghai but also unprecedentedly

⁶⁹SMA U1-6-145: E. A. Long, 'The Extra-Settlement Road Problem: A Retrospect and a Suggested Solution', May 1930.

⁷⁰SMA U1-6-146: 'Memorandum by the Public Works Department on Outside Roads', 29 November 1929.

⁷¹Ibid.

⁷²Bickers, *Britain in China*, pp. 39–40. See also Clifford, *Spoilt Children of Empire*, pp. 60–78.

⁷³SMA U1-6-146: 'Memorandum by the Public Works Department on Outside Roads', 29 November 1929.

⁷⁴SMC, *Report for the year 1921*, pp. 200A–201A.

⁷⁵*Shenbao*, 18 December 1921; 21 December 1921; 11 January 1922; 15 March 1922.

⁷⁶*Shenbao*, 19 April 1924; 31 December 1924.

undermined the perceived legitimacy of foreign municipal power.⁷⁷ On 7 July, the 'Allied Committee of Labour, Commerce and Education' presented foreign authorities with a list of demands that included the cessation of road building in Chinese territory and returning all existing roads to Chinese control.⁷⁸ Although the latter proposition was unacceptable to foreigners at this time, ESR construction virtually ceased after 1925. Public sentiments were heeded even by warlord politicians previously conciliatory towards foreign powers. In May 1926, a week after assuming control of Shanghai, Marshal Sun Chuanfang (孫傳芳) delivered a speech addressing the ESR problem, proclaiming that the SMC 'had never and would never have the Chinese people's consent for the proposed extensions'. But he also stressed that the only solution to congestion in the Settlement was continuously improving the Chinese municipality in order to negate existing disparities.⁷⁹

1927–1932: Towards a solution

In retrospect, 1927 marked the greatest turning point in the foreign governance of Shanghai. The Guomindang came to power with a mandate to renegotiate all unequal treaties and abolish extraterritorial regimes in China. In July, the new municipal government of Shanghai was established with the authority to reclaim China's largest metropolis from foreign rule. The new Chinese municipal authorities immediately undertook the construction of a ring road parallel to the railway loop that would link Zhabei with the old Chinese city in the south, thereby erecting a physical barrier to a further extension of ESR. Named in honour of Sun Yat-sen, this ring road preceded by two years the Greater Shanghai Project, which drew from Sun's 1925 thesis on national construction. The authorities also sought to develop a new civic centre in Shanghai to balance foreign settlements' economic and cultural hegemony.⁸⁰

The SMC's post-1927 difficulties sprang not only from the Chinese revolution but also from substantial shifts in its diplomatic environment. In December 1926, the British Foreign Office issued a new set of criteria for its China policies. It remains a matter of debate whether this 'December Memorandum' heralded a British 'retreat' from the Far East,⁸¹ but it clearly indicated the British government's recognition of Chinese nationalism by making certain concessions in reforming the treaty port system.

⁷⁷ Clifford, *Spoilt Children of Empire*, pp. 113–143; Rigby, *The May 30 Movement*, pp. 23–62.

⁷⁸ *Shenbao*, 7 June 1925.

⁷⁹ *Shenbao*, 8 May 1926.

⁸⁰ On the Greater Shanghai Project and the Shanghai municipal government's efforts to assert authority through town planning, see Henriot, *Shanghai, 1927–1937*, Chapter 7; Wei Shu, 'Da Shanghai jihua' qishilu: jindai Shanghai shizhongxin quyue de guimo bianqian yu kongjian yanjin' '大上海計畫' 啓示錄: 近代上海市中心區域的規模變遷與空間演進 [Revelations of the 'greater Shanghai project': Changes in scale and spatial evolution of modern Shanghai's central district] (Nanjing: Dongnan daxue chubanshe, 2011); Xu Tao, 'Shanghai chengshi jiyi zhong de Sun Zhongshan' 上海城市記憶中的孫中山 [Memorials to Sun Yat-Sen in Shanghai], *Jindaishi yanjiu* 近代史研究, no. 1, 2018, pp. 41–54; Cole Roskam, *Improvised city: Architecture and governance in Shanghai, 1843–1937* (Seattle: University of Washington Press, 2019), Chapter 7.

⁸¹ See Edmund S. K. Fung, *The diplomacy of imperial retreat: Britain's South China policy, 1924–1931* (Hong Kong: Oxford University Press, 1991); Bickers, *Britain in China*; and Ian Nish, 'Echoes of alliance, 1920–30', in *The history of Anglo-Japanese relations. Vol. 1: The political-diplomatic dimension, 1900–1930*, (eds) Ian Nish

Since Shanghai was home to a large British settler community that deeply identified with the treaty port's status quo, specifically the Settlement's existing administrative framework, the British state increasingly perceived a 'Shanghai problem' that threatened its new vision for Sino-British relations.⁸² From the late 1920s, British diplomats began pressing the SMC to reform and yield to more Chinese demands.⁸³

After 1927, the SMC generally switched from expanding to defending its authority.⁸⁴ In 1928, it grudgingly entered into a temporary 'gentlemen's agreement' with Chinese authorities to preserve the status quo of ESR: the Chinese would not interfere with the SMC's maintenance of existing roads, provided that the latter did not build new ones.⁸⁵ But this arrangement alone failed to eliminate the risks posed by the dual control of ESR areas, where run-ins between the SMP and the Chinese police occurred on a daily basis.⁸⁶ Meanwhile, administrative conflicts bore financial consequences: by the late 1920s, refusals to pay the Special Rate had become common among foreign residents and near-universal among Chinese ones due to the nationalist movement and the utilities issue noted above. The SMC's Revenue Department repeatedly reported that outside roads had become a liability, as the revenue they generated could not offset their cost.⁸⁷

These situations heightened the urgency of addressing the ESR controversy, although hopes of an extension to the formal settlement lingered. Anatol Kotenev, an SMC employee and a well-known historian of the International Settlement, argued in 1927 that the Settlement was a 'living organism' that 'could not be placed behind a fence, or confined to a certain limited area' and required 'space and air for its normal evolution and growth'.⁸⁸ In later years, many foreigners, including some members of the Consular Body, continued to embrace this idea.⁸⁹ Consular authorities actively approached the Chinese government after 1927 and championed redrawing the boundary between the two municipalities as a solution. The British consul-general Sidney Barton proposed a 'bargain' with the Chinese based on the 1915 draft agreement—i.e. officially authorizing the SMC to govern territories inside the railway loop while

and Yoichi Kibata (London: Macmillan Press, 2000), pp. 255–278; Harumi Gotō, *Shanghai wo meguru Nichi-Ei kankei, 1925–1932 nen: Nichi-Ei dōmei go no kyōchō to taikō* 上海をめぐる日英関係, 1925–1932 年: 日英同盟後の協調と対抗 [Japan-Britain relations concerning Shanghai, 1925–1932: Cooperation and opposition in the post-Anglo-Japanese alliance era] (Tokyo: Tōkyō daigaku shuppankai, 2006); Robert A. Bickers, *Out of China: How the Chinese ended the era of Western domination* (Cambridge, MA: Harvard University Press, 2017).

⁸²Bickers, *Britain in China*, p. 122.

⁸³*Ibid.*, pp. 131–137.

⁸⁴Jackson, *Shaping modern Shanghai*, p. 135.

⁸⁵SMA U1-6-151: Memo by Stirling Fessenden, 19 January 1934.

⁸⁶SMA U1-6-145: Commissioner of Police to SMC Secretary, 24 January 1929. In June 1931, for example, a quarrel between an American resident and a Chinese tailor on Avenue Haig led to violence between SMP constables and Zhabei policemen; a foreign officer trying to prevent Chinese policemen from entering the American's house fired a shot at one of the latter. See the *China Press*, 25 June 1931. On the ever-present risks of conflict between the SMP and Zhabei police, see Peters, *Shanghai policeman*, pp. 20–22.

⁸⁷SMA U1-6-145: Commissioner of Revenue to SMC Secretary, 24 December 1928. See also Jackson, *Shaping Modern Shanghai*, pp. 50–52.

⁸⁸Kotenev, *Shanghai*, pp. 53–54.

⁸⁹SMA U1-6-145: E. A. Long, 'The Extra-Settlement Road Problem: A Retrospect and a Suggested Solution', May 1930.

returning those beyond it to the Chinese government.⁹⁰ Barton and his American colleagues believed Sino-foreign contests over revenue sources lay at the core of ongoing tensions,⁹¹ and he tried to convince the Chinese that they could not ‘build up a municipality on rates—you must have credit which will enable you to borrow money for your big public works, and that will be ratepayers’.⁹²

Meanwhile, foreign consuls came to a consensus that the administrative rights heretofore claimed by the SMC in ESR areas, especially in regard to policing, had ‘very slender grounds’.⁹³ In June 1929, the Consular Body stated that it would endorse the SMC’s authority only in the case of ‘a highly developed foreign residential quarter’.⁹⁴ This policy emerged from widespread recognition of the legal untenability of foreign administration beyond Settlement limits. But at the same time, it reflected the reasoning that demographic and economic realities, more than formal treaty terms, justified foreign control over outside roads.

Between 1927 and 1930, these diplomatic efforts yielded little result. Both the Shanghai government and the Nanjing regime saw no need for a specific deal regarding ESR, since this intertwined with the larger issue of abolishing extraterritoriality and the permanent retrocession of foreign concessions. Any feasible solution would entail the gradual, if not instant, return of all roads.⁹⁵ This stance was backed by the ever-strengthening Chinese public uproar over the matter. In July 1930, even the Chinese Ratepayers’ Association of the International Settlement petitioned the Shanghai government to immediately retrieve all ESR.⁹⁶

As one foreign diplomat noted in early 1930, for ‘any sensible foreigner in Shanghai, the expiration of the entire treaty-port system already loomed within the visible future’.⁹⁷ That summer, the SMC commissioned Richard Feetham, a renowned judge

⁹⁰FO 371/13945: Memorandum by Sir S. Barton, August 1928. The SMC chairman Harry Arnhold claimed that Sun Chuanfang had secretly offered the SMC this solution in 1926. See FO 371/13945: Consul-General Garstin to Sir M. Lampson, 24 June 1929.

⁹¹As noted earlier, a long-standing motivation for the Settlement to expand its boundaries was more effective taxation of ESR areas. In the late 1920s, the SMC’s Revenue Department proactively pushed for a formal Settlement extension. See also Kotenev, *Shanghai*, p. 43; SMA U1-6-145: Commissioner of Revenue to Secretary, SMC, 24 December 1928.

⁹²FO 371/13945: ‘Memorandum by Sir S. Barton’, August 1928.

⁹³FO 371/13945: Edwin S. Cunningham, American Consul General and Senior Consul, to W. J. Oudendijk, Minister for the Netherlands and Senior Minister, 23 May 1929. See also ‘The Minister in China (Johnson) to the Secretary of State’, 1 January 1931, *Foreign Relations of the United States* (hereafter *FRUS*), 1930, vol. II, doc. 430, available at <https://history.state.gov/historicaldocuments/frus1930v02/d430>, [accessed 22 April 2024].

⁹⁴This policy from local consuls raised concerns among the foreign diplomats in Beijing, who tended to take a more cautious approach and ‘feel constrained...to doubt the wisdom of the Council’s acquiring and assuming responsibility for further such roads, whether by purchase or by voluntary surrender by the owners’. See FO 371/13945: W. J. Oudendijk, Minister for the Netherlands and Senior Minister, to Edwin S. Cunningham, American Consul General and Senior Consul, 27 June 1929.

⁹⁵‘The Consul General at Shanghai (Jenkins) to the Minister in China (Johnson)’, 23 December 1930, *FRUS*, 1930, vol. II, doc. 428, available at <https://history.state.gov/historicaldocuments/frus1933v03/d428>, [accessed 29 April 2024].

⁹⁶*Shenbao*, 29 July 1930.

⁹⁷SMA U1-6-145: E. A. Long, ‘The Extra-Settlement Road Problem: A Retrospect and a Suggested Solution’, May 1930.

and jurist from South Africa, to investigate how the looming end of extraterritoriality would impact on the Settlement's current and future status. Feetham's fieldwork produced a three-volume report, the third of which he devoted entirely to the ESR controversy. From a legal perspective, Feetham too found it difficult to justify the SMC's exercise of authority beyond Settlement limits. However, he expounded on the practical necessity of maintaining the current foreign administration, concluding that:

The interests of the Settlement community, foreign and Chinese, are bound up in a variety of ways with these External Roads [sic] Areas...If the Settlement maintains its position as a great commercial and industrial centre, and its development as such continues, the large numbers of persons employed in its offices, shops and factories must depend on these Areas in an increasing degree, not only as affording additional space for residential purposes, but also, and more especially, to meet the pressing need for sites on which to carry on many activities, essential to the healthy life of a great community, for which the limited confines of the Settlement itself are already quite inadequate.⁹⁸

Feetham firmly opposed an immediate Chinese takeover of ESR areas as a solution. Instead, he envisioned a two-stage plan to ensure 'a peaceful and gradual transfer of jurisdiction'. In the first phase, the Chinese mayor of Shanghai would authorize the SMC to police and tax outside roads; in return, the SMC would remit a portion of the revenue to the Chinese government in acknowledgment of the latter's sovereign status. In the second, a new, independent municipal authority would be created with members nominated both by the Shanghai government and the SMC to govern ESR areas under its own regulations.⁹⁹ The Feetham Report, published in the summer of 1931, made headlines in both the foreign and Chinese press. Chinese critics furiously opposed creating a separate authority and pointed out that Shanghai already had a surfeit of municipal authorities.¹⁰⁰ Even the American-owned *China Weekly Review* ridiculed this idea as 'bordering absurdity and insanity', since 'no government in China can bear to risk its popular support by making such concessions of its sovereign rights'.¹⁰¹

While public disapproval remained unyielding, Chinese authorities began to contemplate the possibility of temporarily permitting the continuation of some foreign administration in ESR areas in exchange for the nominal recognition of Chinese sovereignty. Several factors contributed to this change of stance by late 1931. First, the regularization of policing had always been a pressing security and political concern for the Nationalist regime, particularly given communist activities in Shanghai that had gone underground since 1927 in the foreign municipalities. Although Chinese, French, and International Settlement authorities collaborated to a certain extent in pursuing the 'reds' after 1930,¹⁰² ESR areas presented a different challenge, as jurisdictional conflicts over them had ample potential for exploitation by political dissidents

⁹⁸ Feetham, *Report*, vol. III, pp. 1–2.

⁹⁹ *Ibid.*, pp. 40–46.

¹⁰⁰ Xu and Qiu, *Shanghai gonggong zujie zhidu*, pp. 274–276.

¹⁰¹ *China Weekly Review*, 18 July 1931.

¹⁰² Wakeman, *Policing Shanghai*, Chapter 9.

and other outlaws.¹⁰³ In 1933, for instance, the SMP interfered with a Chinese police attempt to arrest four suspected communists near Dixwell Road and insisted on transferring the detainees to the Shanghai Special District Court (the successor to the Mixed Court), sparking prolonged hearings about which authorities held jurisdiction over this case.¹⁰⁴ Second, like the SMC, the Chinese government struggled to enforce its own taxation in ESR areas, since many Chinese landowners had registered their properties at foreign consulates and could invoke extraterritorial immunity.¹⁰⁵

Furthermore, intensifying Sino-Japanese hostilities in 1931 compelled the Nationalist government to reorient its foreign policies. The Manchurian Crisis and Japanese aggression in northeast China led it to temporarily shelve negotiations with Britain to abolish extraterritoriality.¹⁰⁶ Simultaneously at the local level, as Christian Henriot has documented, the young and fervently patriotic members of the Guomindang's Shanghai branch who had driven the city's rights recovery movement were largely sidelined in local politics after 1932, enabling the municipal government to adopt a relatively moderate line in cooperation with the commercial elite.¹⁰⁷ In this context, securing a favourable preliminary solution for the ESR issue appeared to be a pragmatic first step towards the goal of full territorial sovereignty; it also served Nanjing's pursuit of rapprochement with the Western powers. After all, given the SMC's claim of having invested the enormous sum of 21 million taels in the construction and upkeep of outside roads, it could hardly be expected to relinquish all the administrative rights it enjoyed 'by virtue of the precedents of many years'.¹⁰⁸

The start of ESR negotiations

While the aforementioned factors shifted the Chinese approach to the ESR problem, the outbreak of the Shanghai Incident in early 1932 provided the immediate context for initiating formal negotiations. On 28 January, under the pretext of safeguarding the Japanese residents from escalating anti-Japanese activities, the Japanese Naval Landing Party marched into Zhabei and north Hongkou, provoking fights with local Chinese forces. The ensuing five weeks witnessed fierce combat that resulted in tens of thousands of casualties, mostly civilian, and devastated Zhabei.¹⁰⁹ During this period,

¹⁰³Mori Katsuhiko, 'Shanghai ekkairo kūkan no fukanchi sei' 上海越界路の空間の不管地性 [The ungoverned nature of the spaces of Shanghai's extra-settlement roads], *Kagoshima kokusai daigaku kokusai gakubun ronbun shū* 鹿児島国際大学国際文化学部論, vol. 15, no. 3, December 2014, pp. 225–229.

¹⁰⁴SMA U1-6-150: Mayor Wu Tiecheng to the Jiangsu Second High Court, 31 October 1933; Municipal Advocate to Secretary General, SMC, 2 November 1933; Commissioner of Police to Secretary General, 4 November 1933; Secretary General, SMC, to O. K. Yui, 7 November 1933.

¹⁰⁵'The Minister in China (Johnson) to the Secretary of State', 1 January 1931, *FRUS*, 1930.

¹⁰⁶Bickers, *Britain in China*, p. 153.

¹⁰⁷Henriot, *Shanghai, 1927–1937*, Chapter 3.

¹⁰⁸FO 371/13945: Consul-General Garstin to Sir M. Lampson, 24 June 1929.

¹⁰⁹On the Shanghai Incident, see Parks M. Coble, *Facing Japan: Chinese politics and Japanese imperialism, 1931–1937* (Cambridge, MA: Council on East Asian Studies, Harvard University, 1991), pp. 39–55; Ian Nish, *Japan's struggle with internationalism: Japan, China, and the League of Nations, 1931–33* (London: K. Paul International, 1993), Chapter 5; Takatsuna, 'Kokusai toshi' Shanghai, Chapter 3; and Jackson, *Shaping modern Shanghai*, pp. 153–159; Christian Henriot, 'The Battle of Shanghai (January–March 1932): A study in the space-time of war', *Journal of Military History*, vol. 85, no. 1, 2021, pp. 76–94.

the Japanese occupied the entire northern ESR area,¹¹⁰ and Zhabei fell under a puppet police force installed by the Japanese military.¹¹¹ When the Sino-Japanese truce negotiations began in March under international mediation, the Chinese government perceived a 'very opportune moment' to simultaneously address the ESR issue with Western consuls, since the international rule of outside roads seemed preferable to the complete Japanese dominance of northern Shanghai.¹¹²

In June, shortly after the truce was reached, O. K. Yui (Yu Hongjun 俞鴻鈞) and Stirling Fessenden, the respective secretary-generals of the Shanghai municipal government and the SMC, drew up a draft *modus vivendi* for joint administration. According to this plan, ESR areas would be guarded by a Special Police Force with a Chinese chief and a foreign vice-chief, the latter to be nominated by the SMC, and which would oversee all cases involving foreigners with extraterritorial rights. Meanwhile, the SMC would assume the collection of ESR revenue, all of which it would channel towards an independent budget exclusively for policing and public works on outside roads co-managed with the Chinese government.¹¹³ Although the joint administration did not go so far as Feetham's suggestion, it guaranteed continued extraterritorial privileges for foreigners on outside roads and eased their concerns over Chinese authorities' potential misappropriation of ESR revenue. The negotiations progressed smoothly, and by early August, the British and American consul-generals had informed the SMC that they were ready to approve the agreement.

Nonetheless, just before the agreement's signing, the Japanese consul-general Murai Kuramatsu voiced an objection, contending that the *modus vivendi* would infringe on Japan's treaty rights by compromising Japanese residents' immunity from Chinese taxation and policing.¹¹⁴ Meanwhile, the SMC's Japanese members protested that 'the Council only considered the convenience for the British and Americans and neglected the interests of the Japanese'.¹¹⁵ The paramount Japanese concern at this time centred on the potential loss of decades-long police privileges that they had secured from the SMC. The SMP had first hired 30 Japanese constables in 1916, but the Japanese community, harbouring a profound mistrust of non-Japanese SMP

¹¹⁰Shortly after the start of combat, the Shanghai Municipal Police withdrew from Hongkou and, due to Japanese resistance, was unable to resume duties there until late February. See SMA U1-6-134: Special meeting of the Consular Body, 6 February 1932; SMA U1-6-134: Hayashi Yūkichi to Stirling Fessenden, 11 February 1932; *Minutes of the SMC*, vol. 25, 21 February 1932, pp. 88–92, and 29 February 1932, pp. 110–113.

¹¹¹Wakeman, *Policing Shanghai*, pp. 196–202.

¹¹²Memorandum by the Consul General at Shanghai (Cunningham) of a Conversation with the Chinese Vice Minister for Foreign Affairs (Quo), 29 April 1932, *FRUS, 1932, The Far East*, vol. IV, doc. 704, available at <https://history.state.gov/historicaldocuments/frus1932v04/d704>, [accessed 22 April 2024]. See also William W. Lockwood, 'The International Settlement at Shanghai, 1924–34', *The American Political Science Review*, vol. 28, no. 6, 1934, pp. 1042–1043.

¹¹³'The Consul General at Shanghai (Cunningham) to the Secretary of State', 11 June 1932, *FRUS, 1932, The Far East*, vol. IV, doc. 707, available at <https://history.state.gov/historicaldocuments/frus1932v04/d707>, [accessed 22 April 2024].

¹¹⁴FO 371/16198: Consul-General Sir J. Brenan to Mr. Ingram, 7 September 1932.

¹¹⁵SMA U1-6-152: Report by the Press Information Office, 19 March 1935. From 1927 onwards, the Municipal Council routinely consisted of five British, two American, and two Japanese members who were elected annually. But as the British consul-general John Brenan conceded, the original *modus vivendi* was solely conducted by the Anglo-American councillors. See FO 371/20988: Consul-General Sir J. Brenan to Mr. Ingram, 8 July 1932.

officers' ability and willingness to suppress Shanghai's recurring anti-Japanese movements, repeatedly demanded enlarged Japanese representation in the force. Western communities suspected that the ultimate aim of such demands was to carve out an independent Japanese zone in northern Shanghai.¹¹⁶ By the late 1920s, by which time the local Japanese population had grown to 18,000, more than all other foreign groups combined, and heavily concentrated in Hongkou and the North Sichuan Road area, their clashes with the SMP became frequent, mostly owing to language barriers and Japanese hostility towards the British-controlled force. These factors increased pressure on the SMC to respond to Japanese requests.¹¹⁷ In 1928, the SMP appointed a Japanese assistant commissioner to manage Japanese-related incidents. By 1932, the SMP's Japanese branch had over 200 men, a significant number of whom operated in Japanese neighbourhoods.¹¹⁸

News of the *modus vivendi* thus caused anxieties among Japanese settlers over the prospect of 'being left to the mercy' of a police force whose staff and leadership would be predominantly Chinese.¹¹⁹ The Japanese Residents' Corporation (Nihon kyoryūmin-dan 日本居留民団) presented the SMC with a set of demands that included the continued deployment of Japanese policemen in ESR areas, exemption from Chinese taxation, and the freedom to construct buildings without Chinese interference. Specifically, they insisted that the vice-chief of the proposed Special Police Force had to be Japanese, given the number of Japanese residents in the jurisdiction.¹²⁰

It is debatable whether these demands had their basis in 'a fixed and determined policy' to create 'a Japanese municipality', as the American consul-general Edwin Cunningham and others worried.¹²¹ However, they undeniably reflected the Japanese community's sense of empowerment amid the recent shifts in Shanghai's political landscape. The Shanghai Incident had dispelled the long-held myth about the International Settlement's sovereign status and significantly weakened its position vis-à-vis state powers and various national groups.¹²² It had also enhanced Japanese

¹¹⁶Cf. note 33.

¹¹⁷Shanghai's Japanese society roughly comprised two groups: an elite *kaisha-ha* (会社派) or 'company faction' linked to the Japanese government and major corporations, and a middle- and lower-class *dochaku-ha* (土着派) or 'native faction' that included small business owners, shopkeepers, labourers, and freelancers. By the 1920s, the *dochaku-ha* formed the overwhelming majority of the local Japanese population and were primarily domiciled in Hongkou and Zhabei. Compared with the socially and economically privileged *kaisha-ha*, the *dochaku-ha* were characterized by a perennial sense of insecurity and greater militancy in asserting and defending their interests against both foreign (British) and Chinese authorities. On social stratification and political divergences within the Japanese community, see Fogel, 'Shanghai-Japan'; Henriot, 'Little Japan' in Shanghai; Takatsuna, 'Kokusai toshi' *Shanghai*, Chapter 1; Fujita, *Kyoryūmin no Shanhai*, Chapter 4; and Yamamura, *Shanghai Nihonjin kyoryūmin shakai*, Chapters 3 and 6.

¹¹⁸SMC, *Report for the year 1931*, p. 72.

¹¹⁹*Shanghai Evening Post and Mercury*, 27 October 1932.

¹²⁰SMA U1-6-153: H. E. Arnhold, 'Memorandum on the subject of the outside roads', 13 March 1935.

¹²¹The Consul General at Shanghai (Cunningham) to the Secretary of State', 17 August 1933, *FRUS, 1933, The Far East*, vol. III, doc. 428, available at <https://history.state.gov/historicaldocuments/frus1933v03/d428>, [accessed 22 April 2024].

¹²²In early February, the SMC conceded to the Japanese consul-general that, as the Settlement's political status was 'not that of an independent state or sovereign power', it was 'not in a position to take any direct

military presence in the city with a 2,000-strong naval force housed in a formidable three-storied barracks recently erected on North Sichuan Road.¹²³

It soon became evident that ESR negotiations could not be concluded without appeasing the Japanese, but efforts to accommodate the latter proved difficult from the beginning due to profound disagreements over the nature of the negotiations and the publicity. Consul-General Murai called for a roundtable conference of all consular representatives to discuss the *modus vivendi*, since the Japanese government required any relinquishment of foreign municipal control over outside roads to be collectively discussed by the treaty powers, and it wanted the ESR agreement signed by the Chinese government and said powers.¹²⁴ The Chinese, British, and American diplomats all opposed this proposal, insisting that negotiations should be limited to the SMC and the Shanghai government to avoid complicating the status of the International Settlement or the larger issue of overall treaty revisions.¹²⁵

A related clash concerned whether to publicly disclose the *modus vivendi*'s content before its formal ratification. The SMC felt obligated to inform its ratepayers about the specifics of the ongoing negotiations and allow them opportunities to voice their opinions, but the Chinese government was acutely conscious of the political risks involved therein. In a private conversation, Cai Zengji, the Shanghai municipal government's commissioner of finance, conveyed to the British consul-general John Brenan that the only way to enact the joint administration plan, particularly if additional Japanese demands were to be addressed, 'was to conclude it, and then present the Chinese extremists with a *fait accompli*'. He continued:

Even so, there would be a great outcry, and the mayor and himself would without doubt be the object of violent attack. But they were prepared to take this risk if something were to be accomplished thereby. If the agreement were published before signature, they would equally be attacked, but would never be allowed to sign... and they declined to become martyrs to no purpose.¹²⁶

In the following years, Chinese authorities insisted on confidential negotiations to prevent derailment by public blowback. Brenan, who was also keenly aware of the difficulties the Chinese government faced, later suggested in a discussion with Japanese representatives that any further demands beyond those in the current *modus vivendi* would be 'taking us back twenty years'; meanwhile, he refused to openly discuss

measures, either forcible or diplomatic, against the action of the armed forces of various Powers'. See SMA U1-5-15: The SMC to the Japanese Consul-General, 20 February 1932.

¹²³After the May Thirtieth Movement, Britain had repeatedly requested that Japan send more troops to central China to protect treaty powers' interests. Its increasing military reliance on Japan in the Far East after 1925 had a heavy price, leading in Shanghai to growing recalcitrance from local Japanese residents against the British-dominated SMC. See Gotō, *Shanghai wo meguru Nichi-Ei kankei*, pp. 68–69.

¹²⁴FO 371/16198: Consul-General Sir J. Brenan to Mr. Ingram, 7 September 1932.

¹²⁵FO 371/16198: Consul-General Sir J. Brenan to Mr. Ingram, 22 July 1932; 'The Minister in China (Johnson) to the Secretary of State', 16 August 1932, *FRUS, 1932, The Far East*, vol. IV, doc. 710, available at <https://history.state.gov/historicaldocuments/frus1932v04/d710>, [accessed 22 April 2024].

¹²⁶FO 371/16198: Consul-General Sir J. Brenan to Mr. Ingram, 7 September 1932.

Japanese demands at consular meetings, worrying that doing so would set a precedent for lesser powers to make similar demands.¹²⁷

In September 1932, the new Japanese consul-general, Ishii Itarō, arrived in Shanghai. Ishii was a typical 'internationalist', as Ian Nish terms Japanese diplomats and politicians who inclined towards non-aggression in China and reconciliation with the Western powers.¹²⁸ Prior to his tenure in Shanghai, Ishii had notably opposed the Kwantung Army during the Manchurian Incident, which had cost him the position of consul-general in Jilin.¹²⁹ A graduate of the East Asia Common Culture Academy (Tōa dōbun shoin 東亜同文書院), Ishii had spent his college years in Shanghai and fostered a personal affinity with the city. Upon his return, he declared his mission to 'make Shanghai windless' (*Shanghai wo mufū jōtai ni* 上海を無風状態に).¹³⁰ Yet he was instantly embroiled in the ESR conundrum and torn between his desire to facilitate peace in Shanghai and his duty to communicate Japanese demands, no matter how aggressive, to Chinese and foreign authorities.

1933: Deadlock and tension

Throughout late 1932 and 1933, ESR negotiations focused on accommodating Japanese demands regarding leadership of and representation in the Special Police Force. But these endeavours made little progress before hitting a standstill. Consequently, the dual control of ESR areas persisted as a source of serious tensions that impacted on the daily lives of many residents.

In October 1932, a Miss Herd, who lived near Dixwell Road, wrote to the SMC complaining that Chinese police had been actively patrolling her neighbourhood and expelling rickshaws without Chinese licences over recent months. Since her rickshaw driver only held a Settlement licence and could not afford an extra Chinese one, he was barred from the alleyway to her house. Frustrated by this inconvenience, she threatened to withhold payment of her Special Rate until assured of the SMC's jurisdiction over her terrace.¹³¹ A week later, she wrote again disclaiming any intent to evade taxation, although she 'knew of many cases of non-payment of taxes by residents outside the Settlement who nevertheless enjoy all of the privileges of a ratepayer'; instead, she demanded Settlement police protection adequate to what she had paid.¹³² Miss Herd eventually paid her rate after receiving acknowledgment from the SMC, but

¹²⁷FO 371/16198: Consul-General Sir J. Brenan to Mr. Ingram, 5 October 1932. Brenan also recognized the Chinese public's dissatisfaction with the Nanjing regime's lukewarm response to the Shanghai Incident, in contrast to the spirited resistance of the Cantonese-led Nineteenth Route Army, and the widespread opposition to truce terms. On the Nanjing government's crisis during and following the Shanghai Incident, see Coble, *Facing Japan*, Chapters 1–2.

¹²⁸Nish, *Japan's struggle with internationalism*, pp. 8–13; Barbara J. Brooks, *Japan's imperial diplomacy: Consuls, Treaty ports, and war in China, 1895–1938* (Honolulu: University of Hawai'i Press, 2000), Chapters 1–2.

¹²⁹Brooks, *Japan's imperial diplomacy*, pp. 144–146.

¹³⁰Ishii Itarō, *Gaikōkan no issō* 外交官の一生 [The life of a diplomat] (Tokyo: Chūō kōronsha, 1986), p. 233.

¹³¹SMA U1-6-150: Miss Herd to SMC Revenue Department, 25 October 1932.

¹³²SMA U1-6-150: Miss Herd to SMC Revenue Department, 2 November 1932.

her subsequent letters reveal the latter's powerlessness to keep the Chinese police out of her neighbourhood.¹³³

The example of Miss Herd illustrates how the peculiar spatial characteristics of Shanghai's residential quarters exacerbated everyday administrative conflicts. By the 1930s, the majority of Shanghai's populace, including many foreigners, dwelled in clusters of alleyway (*lilong* 里弄) houses. A typical alleyway compound comprised tens of units lined up on both sides of the main and branch lanes within, a structure that distanced many houses from the main street.¹³⁴ Alleyway compounds, common inside and outside the foreign settlements, produced unique administrative challenges in ESR areas. While the SMC owned and controlled the main streets, compounds' interiors fell under Chinese jurisdiction, causing predicaments such as that of Miss Herd and her rickshaw driver.

At the same time, jurisdictional disputes did not stay confined to alleyway neighbourhoods. In August 1933, Chinese police began to erect watch stands on several ESR in the western area. Although not immediately operational, the mere appearance of these facilities alarmed Settlement authorities, who discerned intent to 'convey the impression that these roads are no longer under the jurisdiction of the SMC'.¹³⁵ In November, the SMC protested to the Shanghai government that Chinese police were hampering SMC contractors' ordure collection in ESR areas. From the former's perspective, these actions violated the 1928 gentlemen's agreement that the ESR status quo be preserved until a formal agreement was signed.¹³⁶ But the Shanghai government replied that the 'status quo' only concerned the repair of existing roads.¹³⁷ In fact, even road maintenance could be highly contentious. Disagreements frequently arose as to whether specific work—a widening project, for example—should be interpreted as merely repairing a current road or constructing a new one.¹³⁸ The SMC often complained that these disputes obstructed improvements to the hazardous traffic conditions in certain busy areas, but in most cases, it acted prudently to avoid provoking the Chinese public.¹³⁹

Moreover, despite diplomatic efforts to solve the ESR controversy, continuing grassroots Chinese movements to retrieve the roads often heightened tensions. On New Year's Day in 1934, Zhabei policemen suddenly began to inspect Chinese vehicle licences on several outside roads, raising alarm among vehicle owners who had been licensed in the Settlement. The SMC lodged another protest with the Shanghai government and urged the latter to intervene. Subsequent investigations by Chinese

¹³³SMA U1-6-150: Miss Herd to SMC Revenue Department, 16 January 1933.

¹³⁴Lu, *Beyond the Neon Lights*, p. 152.

¹³⁵SMA U1-6-150: Commissioner of Police to SMC Secretary General, 2 September 1933.

¹³⁶SMA U1-6-150: SMC Chairman to Mr. O. K. Yui, 11 November 1933.

¹³⁷SMA U1-6-150: Secretariat Yui, Municipality of Greater Shanghai, to SMC Secretary General, 14 November 1933.

¹³⁸SMA U1-6-146: SMC Secretary General to Mr. Yui, 1 May 1933; Commissioner of Public Works to SMC Secretary General, 23 June 1933.

¹³⁹For example, by early 1934, a segment of the Hungjiao Road—a major ESR in the western area—only had its inner lanes surfaced, concentrating vehicles and pedestrians on this part and making the traffic congested and unsafe. The SMC repeatedly petitioned to pave the rest of the road, but the Shanghai government invariably rejected such requests. See SMA U1-6-151: Earnest F. Harris to J. R. Jones, 10 January 1934; Stirling Fessenden to J. R. Jones, 19 January 1934.

authorities revealed that subordinate Chinese officers had been misled by an ‘unauthorized announcement’ in the newspapers that falsely claimed all outside roads would revert to Chinese control in 1934. The Shanghai government then apologized and pledged to discipline its policemen to prevent future such incidents.¹⁴⁰ However, as one English newspaper put it, ‘secrecy has long shrouded the famous, or notorious, “outside roads” issue’, sowing rampant misinformation and confusion among both foreign and Chinese communities.¹⁴¹

Efforts to accommodate the Japanese

In early 1934, Brennan, encouraged by the retiring British minister Miles Lampson, successfully re-involved Chinese and Japanese representatives in negotiations. Concerning the command of the Special Police Force, all parties agreed on appointing a Japanese assistant chief and a Japanese deputy superintendent in the northern area who would both function with considerable independence from the Chinese chief and the foreign (i.e. British) vice-chief.¹⁴² Meanwhile, the force would consist of 350 Chinese, 80 Japanese, and 40 foreign officers,¹⁴³ roughly matching the current ratio of Chinese and non-Chinese members in the SMP while granting the Japanese higher representation.¹⁴⁴

However, a new issue quickly emerged: which areas should the new joint administrative zone include? According to the SMC’s original plan, joint administration would be implemented on ESR, a strip of 200 feet on either side of these roads, and major municipal properties such as the Jessfield and Hongkou parks. The Japanese, however, proposed including several large territories enclosed by municipal roads in the northern area as well as the Japanese mills in the western area, effectively creating a continuous special zone not unlike previous Settlement extension plans (Figure 2). They contended that confining joint administration to the roads’ immediate vicinity would give rise to Chinese-governed enclaves and inevitably perpetuate jurisdictional conflicts. In their view, many foreign properties stood more than 200 feet from the nearest municipal road but deserved equal access to SMC services; meanwhile, since Chinese residents of the enclosed areas benefitted in one way or another from foreign-built infrastructure, they should contribute to the joint administrative zone’s revenue.¹⁴⁵

This stance differed radically from the SMC’s view that ESR areas constituted the Settlement’s outer perimeter as an administrative space configured by Sino-foreign negotiation and contestation. The joint administration scheme therefore offered a two-fold defence: financially, it ensured SMC adequate compensation for expenditure on road maintenance and other services; politically, it created a buffer zone for the Settlement against the Chinese rights recovery movement. The Japanese, however, perceived the ongoing negotiations as an opportunity to expel Chinese municipal

¹⁴⁰SMA U1-6-152: Extract from Minutes of Council Meeting, 10 January 1934.

¹⁴¹*Shanghai Evening Post and Mercury*, 20 December 1933.

¹⁴²SMA U1-6-151: ‘Japanese Proposal’, 3 April 1934.

¹⁴³SMA U1-6-153: H. E. Arnhold, ‘Memorandum on the Subject of the Outside Roads’, 13 March 1935.

¹⁴⁴SMA, *Report for the year 1933*, 116.

¹⁴⁵SMA U1-6-151: Ishii Itarō, ‘Formula of Principles’, 17 June 1934.

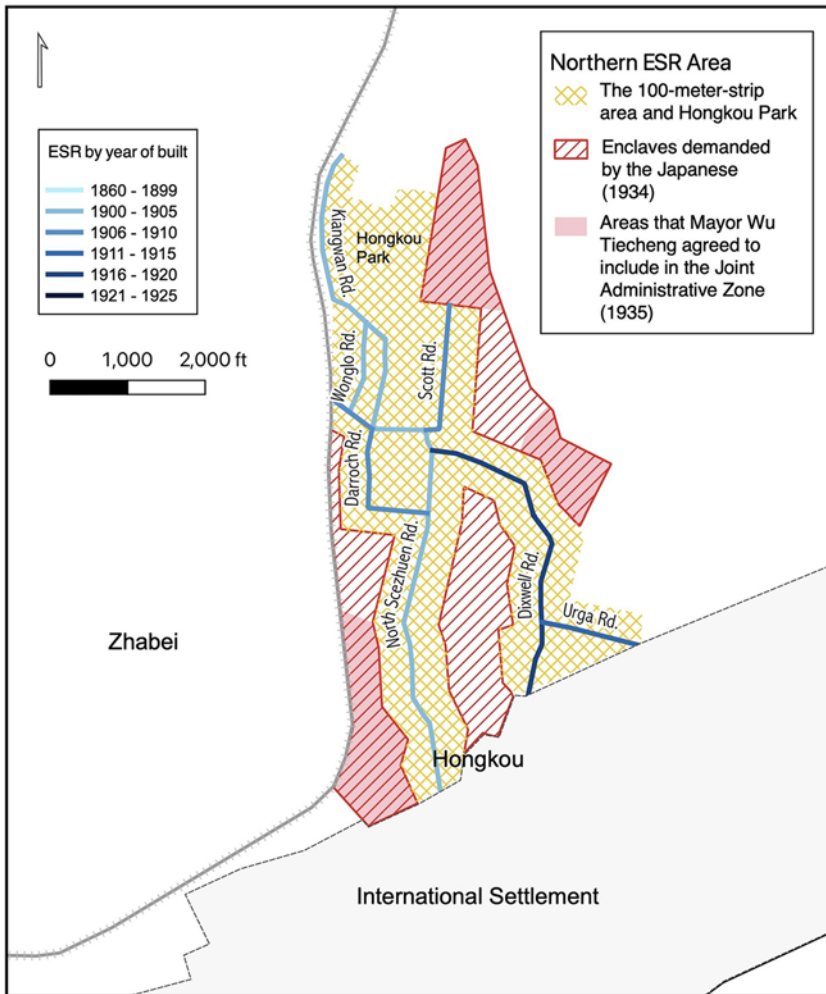


Figure 2. Northern ESR area. Source: Made by the author using QGIS.

power from the northern ESR area. As noted earlier, the Japanese community had long pursued some degree of autonomy from the British-ruled Settlement. But by the 1930s, Chinese nationalism and the advances by the Chinese municipality posed a more imminent threat to Japanese extraterritorial privileges, forcing the community to quash its separatist tendencies and emphasize its status as an integral constituent of the International Settlement. Ironically, doing so led them to champion foreign control over the ESR areas with greater zeal than the SMC itself.¹⁴⁶

¹⁴⁶At the early stage of ESR negotiations in the summer of 1932, the Japanese repeatedly referenced the Feetham Report and expressed support for Feetham’s recommendation to maintain SMP control over the

Nevertheless, the SMC evidently considered the Japanese proposal an overreach. When presenting a new draft *modus vivendi* to the Chinese, it omitted the Japanese demands for enclaves and did not even specify its own 200-foot plan.¹⁴⁷ Surprisingly, the Chinese responded with a proposal to extend the joint administrative zone by 100 metres on each side of the road, or 50 per cent more than the SMC had anticipated.¹⁴⁸ By late 1934, the SMC had further motivation to accept the Chinese offer and bring the negotiations to a quick conclusion. As discussed earlier, foreign-supplied utilities and the associated Special Rate had been central to the ESR dispute since 1905. After negotiations commenced, both parties tacitly agreed to maintain the utilities status quo: foreign companies could continue supplying their present customers in ESR areas but could not contract new clients until the *modus vivendi* took effect. The delayed agreement thus held up the development of many foreign properties outside the Settlement and prevented the SMC from enlisting new ratepayers.¹⁴⁹

By this time, the Japanese community also harboured their own grievances over utilities. Whereas foreign providers were expected to continue their services in the western ESR area following the ESR agreement, Chinese companies had recently installed their own infrastructure in Zhabei and Hongkou.¹⁵⁰ The potential foreign retreat from these areas to accommodate Chinese interests discomfited Japanese residents, who worried about soon being forced to buy Chinese-supplied water and electricity of lower quality and higher price.¹⁵¹ Indeed, Feetham's 1931 report had alluded to potentially placing the two ESR areas under different administrations.¹⁵² Although the SMC never overtly pursued this policy, its actions during the ESR negotiations frequently suggested an inclination to concede more ground in the north. In April 1933, with SMC endorsement, the Shanghai Telephone Company signed a provisional agreement with Chinese authorities to charge ESR subscribers an additional 'Chinese administration fee', which was considerably lower for western residents compared to their northern counterparts. The SMC explained this disparity by citing how, in the northern area, 'the Chinese Government Telephone Administration had a good deal of line plant constructed bordering the outside roads, from which they were able to supply service to would-be subscribers on these roads... and they wanted to supply as many in that area as possible'.¹⁵³

This arrangement again underscored how the SMC approached ESR as a large interstitial space stratified by property ownership, commercial interests, and ethnic composition. But the Japanese, who had always occupied a precarious position within this boundary zone, wanted to draw a rigid line between the Chinese and foreign municipalities, and situate themselves among the latter. To them, any concessions the SMC made to the Chinese would invariably be at their expense. In particular,

outside roads. See FO 371/16198: Japanese Consul-General to Senior Consul, 10 August 1932; 'The Minister in China (Johnson) to the Secretary of State', 16 August 1932.

¹⁴⁷SMA U1-6-151: H. E. Arnhold, 'Memorandum Re: Outside Roads Negotiations', 26 October 1934.

¹⁴⁸SMA U1-6-151: H. E. Arnhold to J. F. Brenan, 26 October 1934.

¹⁴⁹*Ibid.*

¹⁵⁰Henriot, *Shanghai, 1927-1937*, pp. 173-175.

¹⁵¹SMA U1-6-151: 'Aide-Memoire of a Meeting on 2 November 1934', 3 November 1934.

¹⁵²Feetham, *Report*, vol. III, p. 45.

¹⁵³*North China Daily News*, 6 June 1934.

they spurned any measures that would render the northern area less 'foreign' and more 'Chinese' than its western counterpart. The Japanese Residents' Corporation condemned the telephone pact as blatant discrimination against northern residents,¹⁵⁴ and here they were not the sole aggrieved party. A British resident on Dixwell Road claimed that 'the sooner they [the Japanese] call upon me for my support the better pleased I shall be in helping them to secure the abolition of what I consider an uncalled-for injustice levelled against residents still under Municipal jurisdiction'.¹⁵⁵

In October and November 1934, Harry Arnhold,¹⁵⁶ chairman of the SMC, wrote to Consul-General Ishii multiple times, urging him to accept the present draft agreement. Meanwhile, he asked Brennan to endeavour to bring the Japanese into line. However, the SMC took care not to appear to be 'acting under the instruction of any one of the Treaty Powers', since the Chinese had insisted on individual negotiations with the foreign municipal authorities.¹⁵⁷ Arnhold's predicament encapsulates the dilemma constantly faced by SMC during this period in balancing its relations with the Chinese and the Japanese. Given the British government's conciliatory stance towards Chinese nationalism and the SMC's weakened political position, Japanese pressure could sometimes be used to leverage better terms with the Chinese. But this strategy required great caution, as it risked alienating the Chinese and further compromising the SMC's projection of independence. In this vein, ESR negotiations meant the impossibly delicate task of simultaneously appeasing Chinese nationalism and Japanese ambitions. They also illustrate how Sino-Japanese confrontation ensnared the SMC and treaty-port reform in Shanghai during the 1930s. Upset by Japanese intransigence, Arnhold once suggested 'keep[ing] them in the dark' until the agreement was concluded; Brennan, who had no illusions of the joint administration succeeding without Japanese goodwill, dismissed this as 'most unwise'.¹⁵⁸

On 14 November, Chinese and SMC representatives convened another meeting to discuss the Japanese demands. The Chinese made a few more concessions, the most important of which was to pledge to use the Special Force's Chinese officers to police the enclosed areas so as to avoid introducing Chinese municipal policemen from outside and having them traverse the ESR. However, they vetoed including the enclaves in the joint administration zone, asserting that this amounted to 'a virtual extension of the Settlement'. Arnhold, striving to get the Japanese demands accepted, offered to return Pearce Road and Monument Road in the western area to full Chinese control as a quid pro quo for the northern enclaves. But Chinese representatives rejected this proposal, objecting that it went against the negotiation's general principles.¹⁵⁹ Arnhold's frustration is evident in a complaint he penned to Brennan on 19 November:

¹⁵⁴*Shanghai nichinichi shinbun* 上海日日新聞, 5 May 1934, morning edition; 10 May 1934, morning edition.

¹⁵⁵*North China Daily News*, 23 May 1934.

¹⁵⁶Harry Arnhold, a British merchant who chaired the SMC in 1929 and 1934–1937, had a troubled relationship with the local Japanese community. In 1930, on failing to be re-elected to the Council, he vehemently alleged that he had been 'knifed' by Japanese voters for having recently blocked a motion to further expand the SMP's Japanese branch. See *China Press*, 8 March 1930, and *China Weekly Review*, 22 March 1930.

¹⁵⁷SMA U1-6-151: H. E. Arnhold to J. F. Brennan, 31 October 1934.

¹⁵⁸FO 371/18088: Chairman, SMC, to H. M. Consul-General, Shanghai, 30 October 1934.

¹⁵⁹SMA U1-6-151: Minutes of Meeting at Cathay Hotel, 14 November 1934.

As the Chinese have gone a considerable way towards meeting Mr. Ishii's wishes... it was therefore disconcerting to hear from him on Saturday that although he had not heard from Tokyo, he knew that his government would press for the inclusion of a larger area... I had worked so hard since last February to induce the Chinese to accept most of his requirements, and thought that I had not been unsuccessful in that request.¹⁶⁰

That same day, Arnhold wrote to Ishii to remind him of the difficulties that foreign developers faced in the western area due to the utilities dispute, claiming that 'the Council has shown the desire to consider the views of the Japanese community as much as possible', but 'the interests of the rest of the community must not be allowed to suffer by indefinite delays'.¹⁶¹ In response, Ishii stressed that petty disputes would inevitably arise from having two municipal administrations operating side-by-side in a densely populated area, and he championed a 'distinctly clear boundary line' to ease everyday governance.¹⁶² As demonstrated above, the Western community had long employed these arguments to advocate for settlement extensions, but the Japanese were now recycling them to demand the enclaves.¹⁶³

Stirling Fessenden, the SMC's long-serving secretary-general, later portrayed Ishii as a 'strong protagonist of the rigorous policy Japan was then pursuing towards China... [who] insisted upon taking a prominent part in the [ESR] negotiations'.¹⁶⁴ While this comment may not reflect Ishii's personal aspirations for Sino-Japanese reconciliation, it speaks of his struggle to rein in local hardliners, who, from the outset, opposed relinquishing any foreign municipal power to the Chinese.¹⁶⁵ Although Ishii's post-war memoir looks on his tenure in Shanghai between 1932 and 1936 with general contentment, his frustration with the protracted ESR stand-off left him 'no enthusiasm to recount it in detail'.¹⁶⁶ Throughout the negotiations, Ishii mostly framed Japanese demands as directives from his home government. Yet, he clearly faced sustained pressure from his local community, whose stance seemed fully backed by Tokyo as well as the Japanese navy. In early 1935, extremist settlers even sent him a threatening letter over his 'weak policy' on the ESR issue.¹⁶⁷

¹⁶⁰Ibid.

¹⁶¹SMA U1-6-151: H.E. Arnhold to Ishii Itarō, 19 November 1934.

¹⁶²SMA U1-6-151: Ishii Itarō to H.E. Arnhold, 27 November 1934.

¹⁶³The American consul-general Edwin Cunningham once indicated that the Japanese proposal would benefit the administration of ESR areas, but he refused to be directly involved with the Japanese demands by pressuring the Shanghai government. See 'The Chargé in China (Gauss) to the Secretary of State', 6 December 1934, *FRUS, 1934, The Far East*, vol. III, doc. 519, available at <https://history.state.gov/historicaldocuments/frus1934v03/d519>, [accessed 22 April 2024].

¹⁶⁴SMA U1-6-152: Stirling Fessenden, 'Précis on Outside Roads Negotiations', 26 May 1937.

¹⁶⁵*Shanghai nichinichi shinbun*, 11 August 1934, morning edition; 14 August 1934, morning edition.

¹⁶⁶Ishii's memoir also reveals his perplexity regarding the Japanese Foreign Ministry's immense interest in the ESR problem; he generally concurred with his Western colleagues that the issue could and should be settled locally, and he evidently felt distressed that being the consul-general obliged him to take a proactive role in the negotiations. See Ishii, *Gaikōkan no isshō*, p. 237.

¹⁶⁷United States National Archives and Records Administration, Records of the Central Intelligence Agency Record Group 263-Doc. 6456: 'Agitation among the Japanese Community against the Japanese Consul-General', 30 January 1935.

Arnhold, on the other hand, tried to mobilize the local British community to pressure the Japanese. But, like Ishii, his compatriots gave him little support.¹⁶⁸ Amid the Manchurian Crisis, no small number of British settlers, harbouring the perennial ‘teach-them-a-lesson’ mentality, sympathized with Japan’s strong-arm tactics in China, as they felt betrayed by their own diplomats’ seeming intent to dismantle Britain’s informal empire in China.¹⁶⁹ In Shanghai, Japanese hardliners proclaimed that they alone had ‘saved the Settlement from the results of a policy of compromise and surrender under which foreign rights and safeguards would have steadily whittled away’ and ‘prevented a weak surrender on the question of control of the outside roads’.¹⁷⁰ Such words surely resonated with many British settlers who still believed in the need for a ‘united front’ by the treaty powers in China.¹⁷¹

How Brenan responded to Arnhold’s request is unclear, but it is improbable that he readily assented to pressuring the Japanese. Unlike Fessenden, Brenan had a personal rapport with Ishii, who lauded him as ‘a seasoned diplomat with the grace of a typical English gentleman’.¹⁷² Brenan’s own clashes with the local British community probably gave him intimate insight into Ishii’s dilemma. Moreover, since 1934–1935 is widely regarded as a period of Anglo-Japanese rapprochement, if not outright British ‘appeasement’ of Japan,¹⁷³ this context made it unlikely that the British Foreign Office would have pushed for an ESR agreement in favour of the Chinese at the risk of alienating the Japanese.

Sino-Japanese conversation and the failure of ESR negotiations

After the 14 November meeting, Ishii continued calling for concerted Japanese and SMC pressure on the Chinese, but Arnhold told him that the SMC had committed to the previous *modus vivendi* and advised him to approach the Chinese mayor directly.¹⁷⁴ However, subsequent Sino-Japanese discussions apparently put Arnhold and the SMC in an awkward position. While the SMC felt ‘no obligations to obtain further concession for the Japanese community’, it was wary of being sidelined and insisted that any forthcoming Sino-Japanese agreement be subsumed into the present negotiations between itself and the Shanghai government.¹⁷⁵

The following two years saw an incessant tug-of-war regarding the enclave issue.¹⁷⁶ Although the Chinese were initially reluctant to engage directly with the

¹⁶⁸SMA U1-6-151: H. E. Arnhold to Brigade-General E. B. Macnaghten, 22 November 1934.

¹⁶⁹Bickers, *Britain in China*, pp. 146–151.

¹⁷⁰Quoted in Brooks, *Japan’s imperial Diplomacy*, p. 104.

¹⁷¹Bickers, *Britain in China*, p. 150.

¹⁷²Ishii, *Gaikōkan no isshō*, p. 251.

¹⁷³See Ian Nish and Yoichi Kibata (eds), *The history of Anglo-Japanese relations, 1600–2000. Vol. II: The political-diplomatic dimension, 1931–2000* (New York: Palgrave Macmillan, 2000), Chapters 1 and 2.

¹⁷⁴SMA U1-6-151: H. E. Arnhold to J. F. Brenan, 19 November 1934.

¹⁷⁵SMA U1-6-151: ‘Minutes of Meeting at the Cathy Hotel’, 17 December 1934.

¹⁷⁶Murata Shōichi, ‘1930-nendai ni okeru Shanhai ekkai chikuro chiiki no kakutei to chōzei mondai ni tsuite’ 1930年代における上海越界築路地域の画定と徴税問題について [On the determination of Shanghai’s extraterritorial road areas and the taxation issue in the 1930s], *Kyōto daigaku jinbun kagaku kenkyūjo fuzoku gendai chūgoku kenkyū sentā kenkyū hōkoku* 京都大学人文科学研究所附属現代中国研究センター研究報告, June 2009, pp. 295–313.

Japanese, they soon perceived an opportunity to employ the time-honoured tactic of 'barbarians-against-barbarians' by pitting the Japanese against the SMC. In mid-1935, Mayor Wu Tiecheng (吳鐵城) agreed to hand over a part of the enclaves and hinted to Ishii that the other Japanese demands might be met if he could persuade the SMC to surrender 'certain better and more valuable roads' in the western area.¹⁷⁷ But this exchange never materialized. Pearce Road and Monuments Road, which Arnhold offered to give up in late 1934, were both recently built and remote from the Settlement, making them expendable from the SMC's standpoint, but the 'better and more valuable roads' requested by the Chinese had many more tax-paying foreign property owners whose opinions the SMC could not afford to ignore. Although negotiating the boundary zone always implied a game of give-and-take for the SMC, its bargaining capacity was tethered to Shanghai's socioeconomic realities as a treaty port.

For the Chinese government, too, such negotiations were a tightrope to walk. When they again verged on breakdown in late 1935, Ishii indicated that the Japanese navy might intervene with 'stronger measures' and nullify all diplomatic endeavours heretofore. The Chinese countered that any military actions would only 'deepen Chinese people's misunderstanding of Japan' and foreclose any agreement.¹⁷⁸ Indeed, the political backdrop to the enclave negotiations predestined them for failure from the outset. In the mid-1930s, public sentiment in Shanghai remained intensely anti-Japanese, fuelled by disappointment at Nanjing's appeasement policy towards recent Japanese aggression in north China. Over the years, Nanjing had masterfully concealed its dealings with Japan to shield its public image.¹⁷⁹ However, catering to Japanese ambitions in Shanghai proved far trickier than in Chahar or Hebei. The ESR issue significantly impacted on daily life in China's largest metropolis and was too imbricated with the Guomindang's power centre to escape scrutiny; any finalized agreement would surely capture domestic and international headlines. Throughout these deliberations, the Chinese municipal government acted in concert with Nanjing. Wu Tiecheng, Shanghai's mayor since 1932 and Chiang Kai-shek's loyal ally, was acutely aware of the central government's precarious position. While dutifully carrying on discussions with Ishii, he eventually found it impossible to please the Japanese without causing Nanjing political embarrassment.

As Sino-Japanese talks dragged on after 1935, the SMC grew impatient due to its worsening financial position.¹⁸⁰ To circumvent the enclave conundrum, it made multiple proposals for a provisional pact with the Shanghai government focusing solely on taxation in the western area. These efforts proved futile, partly because the Chinese wanted to keep the SMC engaged in the negotiations for leverage against the Japanese.¹⁸¹ In early 1937, the desperate SMC petitioned again for a standalone taxation pact, even conceding its collection rights to Chinese authorities in exchange for a

¹⁷⁷SMA Q1-5-530: Xu Mo to Wu Tiecheng, 10 May 1935.

¹⁷⁸SMA Q1-5-531: 'Tanhua jilu' [Record of conversation], 17 June 1935.

¹⁷⁹Coble, *Facing Japan*, Chapters 3–4.

¹⁸⁰In 1929, the SMC sold off its electricity department for 81 million taels, with payments spread over five years, which constituted a major source of its income during those years. After the final payment in 1934, the SMC's financial situation quickly worsened. See Jackson, *Shaping Modern Shanghai*, pp. 55–59.

¹⁸¹SMA U1-6-152: O. K. Yui to H. E. Arnhold, 15 April 1935.

share of revenue as compensation for maintaining utilities infrastructure.¹⁸² Rumours about this secret deal incensed the Japanese community.¹⁸³ The Japanese Amalgamated Association of Street Unions (Nihonjin kakuro rengōkai 日本人各路联合会), which represented the interests of middle- and lower-class settlers, convened an emergency meeting and declared that, without proper advance communication, this 'discreditable' deal equated to 'disregard of the Japanese community'.¹⁸⁴ Local Japanese media lambasted the SMC's prioritizing of the tax problem, arguing that its neglect of key issues such as policing, utilities, and public health betrayed their enduring efforts to create 'an ideal residential zone' in northern Shanghai.¹⁸⁵ Furthermore, they attributed the prolonged ESR negotiations to 'the weak attitude of the SMC' due to its 'negativism' and the Chinese government's rush to recover sovereign rights.¹⁸⁶

From the Westerners' perspective, Japanese obstinacy not only hindered the peaceful resolution of the ESR dispute, but also jeopardized the Settlement's long-cherished tradition of international cooperation.¹⁸⁷ English newspapers criticized the direct involvement of the Japanese government as 'distinctly embarrassing', since it compromised the SMC's authority as a self-governing institution of the treaty-port community.¹⁸⁸ Yet, the SMC found itself with no choice but to succumb again to Japanese pressure, and it never submitted the tax deal to the Ratepayers' Meeting for approval. A few months later, the Second Sino-Japanese War broke out, and Japan's seizure of Chinese Shanghai along with the northern part of the Settlement by late 1937 ultimately negated all five years of ESR negotiations.

The outbreak of war, however, did not end the ESR dispute. Although the SMC had now completely withdrawn from northern Shanghai, the western area remained a hotspot where the new puppet Chinese municipal government organized a 'Military Armed Police' largely comprising gangsters and hoodlums recruited by Japanese special services. As Wakeman shows, while the Settlement became an 'isolated island', jurisdictional conflicts over western Shanghai (Huxi 滬西) persisted until 1941, turning the area into a notorious 'badlands' renowned for its daily 'carnival of crime' and diverse forms of political terrorism.¹⁸⁹

¹⁸²FO 371/20988: 'Extra-Settlement Roads Taxation', 13 April 1937.

¹⁸³By then, about 8,000 Japanese residents—one-third of the total Japanese population in Shanghai—lived outside the Settlement's northern boundary. See *Shanghai mainichi shinbun* 上海毎日新聞, 22 April 1937, morning edition.

¹⁸⁴*Shanghai nichinichi shinbun*, 19 April 1937, morning edition.

¹⁸⁵*Shanghai mainichi shinbun*, 17 April 1937, morning edition.

¹⁸⁶*Shanghai mainichi shinbun*, 22 April 1937, morning edition.

¹⁸⁷*China Press*, 21 April 1937.

¹⁸⁸*North-China Daily News*, 22 April 1937.

¹⁸⁹Frederic E. Wakeman, *The Shanghai badlands: Wartime terrorism and urban crimes, 1937–1941* (New York: Cambridge University Press, 1996), pp. 55–59. On tensions over western Shanghai during the wartime period, see Robert W. Barnett, *Economic Shanghai: Hostage to politics, 1937–1941* (New York: International Secretariat, Institute of Pacific Relations, 1941); Robert Bickers, 'The end of British hegemony in the international settlement, 1937–1945', in *In the shadow of the rising sun*, (eds) Christian Henriot and Wen-Hsin Yeh (New York: Cambridge University Press, 2004), pp. 229–256; and Yu Weigang, 'Nihon senryōka ni okeru Shanghai toshi kanri taisei no henshen' 日本占領下における上海都市管理体制の変遷 [The evolution of Shanghai's municipal administrative system under Japanese occupation], in *Senji Shanghai 1937–45*

Conclusion

Underpinned by a fundamental disagreement over the nature of the treaty-port system, Shanghai's extra-settlement road problem emerged out of a conflict between its foreign community's 'natural and lawful' pursuit of additional space and the rising Chinese consciousness of territorial sovereignty. Since the mid-nineteenth century, this contention had prevented the clear demarcation of the city's foreign and Chinese municipalities. Instead, it produced an expansive boundary zone whose administration was constantly contested by different authorities. Within this zone, the projection of foreign power, the everyday exercise of foreign privileges, and the fabric of local Chinese lives were all conditioned by an array of quotidian elements such as access to public utilities, police protection, tax duties, and the city's spatial characteristics. ESR areas thus formed a unique urban space that complicated notions of national sovereignty, colonial settlement, and imperial domination in the treaty-port context.

At the same time, the interplay of local, national, and imperial politics continually moulded this boundary zone. In the early twentieth century, foreign-governed roads grew into an alternative form of settlement expansion that met mounting opposition from the Chinese rights recovery movement. By the early 1930s, factors such as the advent of the Guomindang regime, British accommodation of Chinese nationalism, and the SMC's weakening political and financial bases had substantially undermined Western dominance in Shanghai and prompted a reconfiguration of ESR areas. Yet, as subsequent joint administration negotiations reveal, boundary-making in the treaty port remained a delicate task of (re)distributing administrative power rather than merely delineating borders.

Nonetheless, these endeavours, coinciding with the ascendance of Japanese power in Shanghai, faced pushback from local Japanese settlers and their home government. Shanghai's Japanese community had long harboured ambivalence about the local colonial regime. While deeply distrustful of the British-controlled SMC and seeking a degree of autonomy from it, they continued relying on the traditional administrative framework of the International Settlement against Chinese threats. This dualistic stance was particularly pronounced among residents of the northern ESR area, who bore the brunt of the extraterritorial regime's impending demise and sought to safeguard their various privileges, including being policed by their compatriots and exemption from Chinese taxation. They castigated the SMC's 'weak surrender' and opposed the redrawing of municipal boundaries in favour of the Chinese, ostensibly to protect the interests of the entire foreign community. In so doing, this iconoclastic community ironically appeared more unyielding than the SMC itself in preserving the treaty port's status quo.

Taking the form of both daily administrative disputes and formal diplomatic engagements, ESR negotiations decisively shaped the political and spatial framework of treaty-port Shanghai, a configuration that was inherently unstable due to its ambiguous legal foundation and the disparate distribution of imperial interests. The rise of mass politics in the 1930s, via Chinese public outcries against imperial encroachment and the Japanese community's defence of treaty privileges, shrank the liminal

nen 戰時上海 1937–45年 [Wartime Shanghai 1937–45], (ed.) Takatsuna Hirofumi (Tokyo: Kenbun shuppan, 2005), pp. 103–133.

space between the Chinese and foreign municipalities. Consequently, ESR negotiations devolved into clandestine talks among diplomats and municipal officials and eventually reached a dead end.

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