

Shanghai,

June 23, 1914.

My dear Fraser,

I showed your draft agreement to both White-Cooper and Gulland yesterday, in confidence of course.

Some disappointment was expressed in not being able to obtain the Western Extension, most especially because the French have, it is said, come to some arrangement for their extension to the west. If they extend in the west and we do not there will obviously be considerable administrative difficulties.

The only point likely to be objected to by the Shanghai Community is this extension of the function of the Advisory Board to the existing Settlement. The necessity for a Special Meeting of Ratepayers would hinge on this point alone, for the Ratepayers passed a resolution in favour of extension in 1909, while they objected to the Consultative Committee proposed in 1906.

Would it not be enough to ask the Chinese Government to let it function in respect to the new districts for a few years, then if it proves ~~as~~ useful in local administration it might be made applicable to the whole Settlement.

Everything else would appear simple, except that the permission for Chinese troops to pass freely through the Settlement is a debatable point. If notice is to be given to the Council, could it not be so worded that the Council has some right to withhold such permission if they think it advisable.

I consider the agreement about expulsion of Rebels etc etc, more one for the Consular Body to deal with, and think that the final clause should read that if they attempt to re-enter the Settlement they will be liable to be handed over to the Chinese Authorities without further proceedings - this will allow of a loophole in the event of anyone being wrongly expelled in the first instance.

creature of a  
face to face  
Iral Tseng  
office in the  
send them  
were about  
us published  
tors who were  
to verify the  
to compel them  
ives - also the  
course we have  
e office, but the  
nt remains.

Peace

In thinking over your suggestion concerning the agreement to be signed by the Chinese Government and M.C. I don't think this is possible, as according to Clause XXVIII of the Land Regulations, the Consular Body must approve of any amendment to the Land Regulations, and Settlement Extension is only achieved when Land Regulation 1 is amended.

yours sincerely,

*E. Pearce*

Settlement Extension: Trs. + ...  
Agreement 145

Peking  
July 8<sup>th</sup> 1914.

Confidential

D.5!

✓  
JF  
Mr. Kealey  
5  
Sir Samuel Fraser

My dear Fraser,

Settlement Extension.

The French minister gave Sir John  
confidentially  
(the other day) the text of the  
Agreement which has been concluded  
between Kuhn + Yangtcheng for the  
extension of the French Concession  
and at Sir John's request I send  
enclose a copy of this Agreement,  
which is to be made public in the  
course of a few days, for your  
views and for comparison with  
the terms of our own basis of  
agreement.

I have no map in my office  
which shows the area to be included  
in the French Concession, but it would  
appear to extend <sup>stretch</sup> all along the  
to Shanghai 109  
14 northern

southern limits of what we call  
the Fenfield area and to amount  
to a very large extension of

As regards the conditions on which  
the extension is granted you will  
observe that (1) the passage of <sup>Chinese</sup> troops  
funerals and weddings is only  
permitted over the French Siccawei Road  
and the outlying roads of the Concession  
subject to due notice being given to  
the French Municipal Police. Presumably  
they are not allowed free passage in  
the interior of the Concession?

2. Two Chinese are to be appointed  
to discuss the interests of the Chinese  
residents in the Concession with  
the members of the Municipal Council.  
I suppose this means, as in our own case,  
that the Chinese will have only the  
power of advising & will not be actual  
members of the Council with power of vote?

3. The Chinese land tax on Chinese real estate in the Concession will be increased to correspond with any increase in the tax outside the Concession. This, I think, should enable us to resist any attempt of Yangtcheng to apply such a condition to foreign owned land in the old settlement or in the new areas -

4. Conditions 7 and 8 are practically the same as those included in our draft agreement -

5. As the last article of the French agreement contains no statement to the contrary, I presume that a French Assessor will continue to attend the purely Chinese civil & criminal cases heard before the French Mixed Court in the Concession.

If you can come to a definite agreement with Yangtcheng in regard to the wording of Article 5, land tax, in our scheme and as to Article 14 palinistration of the powers of the police or the boundaries, I would suggest

suggest my taking a copy of our  
draft agreement in regard to the  
extension and of the draft terms  
of the reply to be made by the Senior  
Council on the refugee question to the  
W.C.P. and getting <sup>if possible</sup> the Vice  
Minister for F.A. to confirm them  
This would enable <sup>you</sup> ~~to~~ <sup>offer</sup> ~~discuss~~ any  
attempt of Yang's to go back  
on the main principles of the scheme.

I am anxious to hear how you  
are getting on with him, if he  
has already approached you in  
the matter. I think it would be  
a good thing for you to insist on his  
showing you the <sup>semi-official</sup> letter which he is  
to write to the Senior Council about  
the political offer ~~deals~~ <sup>deals</sup> the refugee's question  
before he actually sends it.

Left hand

Shang

✓  
Sp  
to F.  
No 2

~~Shang~~

and agree  
to the

to arrive at a sort of preliminary  
and informal understanding which  
would be concluded with the knowledge  
and approval of the Chinese gov<sup>t</sup>.  
and would serve as a basis for a final  
and definite agreement to be negotiated  
subsequently between the Consular Body  
at Shanghai and the responsible Chinese  
Local Authorities.

Another reason which it made it  
desirable that no time should be lost in  
pressing the claims of the International  
Settlement was the fact that I had  
cause to believe that the French Minister  
had concluded an agreement for the  
extension of the French Concession at Shanghai  
although the terms of the convention  
and the fact of its signature had  
not been made public.

I accordingly instructed Mr. Mackay  
to discuss the matter privately with  
Mr. Yang<sup>ch'ing</sup> who received similar  
authority

Shanghai Settlement Extension: informal negotiations: trs. French Agreement (2 draft Agreements) Peking 147

July 9 1914  
D. 52

8/5  
to F.O.  
N<sup>o</sup> 263

Informal Agreement  
relative to extension of Settlement

Agreement copy of main Council  
sup: political papers etc

Agreement relative to extension  
of French concession.

Sir,  
In my despatch N<sup>o</sup> 133 of the 26<sup>th</sup> March, I explained the reasons which had prevented me from proceeding with the negotiations in regard to the extension of the International Settlement at Shanghai simultaneously with the negotiations concerning the rendition of the Mixed Court. The fact, however, that - so far as least as the Diplomatic Body is concerned - an agreement has been reached in regard to the latter question suggested to my mind the possibility of our availing ourselves of the presence in Peking of Mr Yang <sup>Ch'ing</sup> ~~te-heng~~ The Special Envoy for F. A. at Shanghai in connection with the Mixed Court and other official business to reopen the question of the Shanghai Settlement Extension and by using him as an intermediary to endeavor

704-263  
14 to



authority from his gov<sup>t</sup>. After numerous interviews and prolonged discussions a basis of agreement was reached in which concessions are made on both sides with a view to reconciling as far as possible the aspirations of the British and other foreign elements in Shanghai in regard to the extension of the International Settlement with the conditions which the Chinese gov<sup>t</sup> seek to impose as compensation for the sacrifices they are called upon to make.

I enclose copy of this draft agreement which, subject to certain modifications of details <sup>to</sup> be arranged between Mr. Yang <sup>Chiang</sup> ~~Chiang~~ and Sir I. Fraser, will serve as a basis for the negotiations in Shanghai. It will be observed that the Chinese gov<sup>t</sup> are in principle prepared to cede the areas known as Chapai and Paoshan

but

but not the third or Western area, known  
as Jersfield, marked on the map  
attached to Mr. Barton's Memorandum  
copy of which was enclosed in my despatch  
No. 133 of the 26<sup>th</sup> March last.

As indicated in that Memo a point  
to which the Chinese govt. attach great  
importance and upon which they would make  
their consent to the extension conditional is  
the question of attitude of the Settlement  
Authorities towards Chinese political refugees  
and conspirators. Mr. Yangtching  
suggested that if some arrangement  
could be come to us to the cooperation  
of the Settlement Authorities in arresting  
and expelling these political offenders it  
would be preferable that it should take  
the form of an exchange of unofficial  
letters between the Senior Consul and  
himself and that this correspondence  
should be kept distinct from the  
principal agreement

agreement in regard to the Settlement  
extension.

After consultation with Sir P. Finer  
it was agreed that Mr. Yang <sup>Ch'ing</sup> ~~Yang~~  
<sup>semi-official</sup>  
should address a letter to the Senior  
Counsel in which <sup>he will use funds to the following effect:</sup> ~~he will state that~~  
The Chinese gov<sup>t</sup> are convinced that  
the Consular Board know from  
experience how harmful it is  
to Settlement and national  
interests that the International  
~~Settlement~~ <sup>Settlement</sup> should become a base  
where Chinese political criminals  
and agitators can plot assassination  
sedition and rebellion and store  
arms and explosives in defiance  
of the Settlement regulations and that  
he therefore has been directed to  
request

request the cooperation of the Consular  
Body and of the Municipal  
Authorities in preventing such  
illegal and dangerous proceedings.  
The letter will proceed to suggest  
that refugees accused of serious  
political offences shall be expelled  
from the Settlement and that  
those who are accused of crimes  
and offences of a non-political  
character committed outside the  
Settlement shall be handed over  
to the Chinese Authorities.

I enclose copy of the reply  
which it is suggested should be  
returned by the Senior Consul to  
the Special Envoy for F. A.'s letter  
stating the measures which the  
Settlement Authorities are prepared  
both in regard to the arrest & deportation of notorious political criminals registered,  
to take on the denunciation of the  
Chinese Authorities and on their own  
initiative

initiative, and also in regard to the arrest and surrender to the Chinese authorities and of Chinese accused of having committed some offence or breach of the law of a non-political character outside the limits of the Settlement.

Mr. Yang <sup>Ch'eng</sup> returned to Shanghai a few days ago and he has undertaken to put himself into communication at the earliest opportunity with Sir S. Fraser so I hope to learn shortly that negotiations have commenced between the Consular Body and the Special Envoy on the basis agreed upon between himself and Mr. Macleay.

Monsieur Certy has just <sup>confidentially</sup> supplied me with a copy of the agreement concluded between the Special Envoy for the H. and the French Consul

Consul General ~~of~~ at Shanghai for  
the extension of the French Concession.

Enclose copy of the agreement  
which is to be made public in the  
course of a few days. It will be  
observed that its terms are very  
similar to those of the <sup>preliminary</sup> agreement  
which has been arrived at  
Suggested in the case of the extension  
of the International Settlement.

I should add that Morrison Comy  
has also informed me that <sup>he has approved</sup> an  
arrangement with regard to the  
question of Chinese political offenders  
& refugees in the French Concession

which provides for the deportation or  
expulsion <sup>of such persons -</sup> This arrangement, <sup>I understand</sup>

like that suggested in regard  
to the question of political refugees  
in the International Settlement,  
will be of an unofficial character  
and will not form part of the  
actual Convention respecting the extension  
of the French Concession.

M.D.

Index I

copy to F.O.

Index I.

VVVV

F.F.O.

No 263  
July 9

Draft Agreement.

1. The Chinese Government to agree to the inclusion in the Shanghai International Settlement under the provisions of the existing Land Regulations of the following areas:-

a. The area enclosed between the Shanghai Nanking Railway on the North, the International Settlement on the East and the Soochow Creek on the South and West, the whole of the Railway line and existing yards to be outside the boundary;

b. The area enclosed between the Shanghai Nanking Railway, the Saw jin kiang or Saw Jin Creek and the present boundary of the Settlement, the Saw Jin Creek to be considered as within the Settlement and to be subject to Municipal Police control.

2. The Soochow Creek to be under the control of the Municipal Police so far as it lies within or forms the boundary of the Settlement. The Municipal Council to be responsible for its conservancy and to undertake to maintain free passage way for Chinese launches and other craft. Subject to due notice being given to the Council the Chinese Government to have the right to use those portions of the waterway which lie within or form the boundary of the Settlement for the transport of troops to and from Soochow.

3.

but, recognizing that the  
existing Land Regulations  
include such inclusion, they accept  
in the meantime the Advisory Board  
provided in Article 4 as a  
temporary substitute until Chinese  
members of the Council may become  
available.

3. The Chinese Government are of opinion that in theory the Municipal Council should include several Chinese Members to deal jointly with matters affecting Chinese in the whole Settlement, but for the present they agree that some Chinese Advisory Members should be nominated in order to clear up existing differences between foreigners and Chinese and in preparation for the time when Chinese Members may be added to the Council.

4. The Chinese Advisory Board referred to in the preceding Article to consist of two nominees of the Ningpo Guild, two nominees of the Canton Guild and one nominee of the Special Envoy for Foreign Affairs or of the highest local Chinese Authority in Shanghai. The nomination of the members of the Board to be subject to the veto of the Consular Body. The duties of this Board to be confined to advising at the request of the Municipal Council on all matters affecting the interests of the Chinese residents in the whole Settlement and to making representations to the Council with regard thereto. The Members of the Chinese Advisory Board when giving advice and making representations to the Municipal Council must do so in unison and they will not be allowed to act independently.



the amount not required in  
the budget of 1911 shall in case  
of the increase of the amount  
of the expenditure of this  
amount be represented in the said  
budget to be the amount of actual  
expenditure by the Government for  
the year.

5. (Article providing for the raising of the amount  
of the national land-tax payable on land in the  
Settlement to correspond with any increase  
in the land-tax which may be applied by  
the Chinese Govt to land outside the Settlement.  
(Reserved for discussion at Shanghai)

6. Chinese houses in the new areas situated  
on land which has not been registered in any  
Consulate to be exempt from the payment of  
Municipal rates for a period of two years, or  
for such further time as they may remain with-  
out Municipal advantages, such as roads, street  
lighting, water, sanitation etc.

\* goods

7. The Municipal Council shall not levy in  
the new areas any other taxes than the rates  
on land, houses and on ~~carriage~~<sup>x goods</sup> which it is en-  
powered to raise in the existing Settlement by  
Article 9 of the Land Regulations.

The free passage through the  
Settlement of Chinese bodies of troops as of  
funerals and marriages shall  
not be prohibited or interfered with  
by the Municipal Police or other Settlement  
authorities except by the written authorisation  
of the Consular Body communicated simultaneously  
to the Municipal Council and the Commissioner  
of Chinese Affairs, provided always that at  
least 15 days notice shall in every case  
be given to the Captain - Superintendent of  
Police of the intended passage of  
bodies of Chinese troops through the Settlement  
and notice shall state the direction  
in which the body will take.

8. Subject to the right of the Consular Body  
to withhold its approval on special grounds of  
public interest, bodies of Chinese troops and  
Chinese marriages and funerals will be permitted  
to pass freely through the Settlement, provi-  
ded that in order to avoid misunderstanding  
due notice is given in each case to the Muni-  
cipal Council.

9. The whole of the village of Yinghsiangkong  
to be excluded from the Settlement and restored  
to the Chinese Authorities.

10. The Canton Conastery to be exempt from Mu-  
nicipal taxation so long as it continues to be  
used for the purpose for which it is at present  
employed.

11. The Municipal Council is to take over the Police Stations and other public buildings, as well as the water works, electric light stations and plant etc. in the new areas at a price to be agreed upon, or failing such agreement the question of the price to be referred to the arbitration of a board consisting of representatives of both parties with the Shanghai Commissioner ~~of the Shanghai Commissioner~~ of the Chinese Maritime Customs to act as umpire.

12. The Municipal Council to have the option of taking into its service the present employees, police etc. of the Chapai Bureau and in the other new areas or of defraying the cost of their transfer to their homes.

13. There shall be no obligation whatever to remove graves belonging to Chinese within the new areas without the consent of the family which owns them and each family shall be permitted freely to decorate its graves and perform ancestral worship thereat. For sanitary reasons, however, the coffins of Chinese within the limits of the new areas must from the date of the ratification of this agreement be properly interred in the ground; they shall not be allowed to remain standing on the surface and the future establishment of coffin storehouses without the consent of the Municipal Council shall be prohibited.

14. (Article defining the powers of the Chinese and Settlement Police in the boundaries of the new areas. Reserved for settlement at Shanghai in accordance with certain local Regulations.)



by a responsible Chinese Authority of some non-political offence or breach of the laws committed outside the limits of the Settlement, such person shall as heretofore be handed over to the proper Chinese Authority only after a prima facie case has been duly established against him at the Mixed Court; and the corresponding procedure shall be followed by all competent Chinese Authorities in the case of a Chinese, subject to their jurisdiction, against whom the Mixed Court may prefer a charge of some offence or breach of the laws committed within the limits of the Settlement.

As it is obviously undesirable that the International Settlement at Shanghai should become either a harbour of refuge for notorious Chinese political criminals and agitators or a place where acts of conspiracy and rebellion against the Chinese Government can be contrived and prepared by Chinese, the Authorities of the Settlement agree that whenever they receive a notification <sup>in writing</sup> from some responsible Chinese Official that such a notorious Chinese political criminal or agitator has taken refuge or is about to take refuge within the Settlement

Private +  
Confidential



Peking

D 56  
168

June 30, 1914.

My dear Fraser,

Many thanks for your letters of the 20th and 22nd instant relative to Shanghai Settlement Extension.

I have not been able to induce Yangtcheng to get us the Western or Jessfield extension and I could not get him even to nibble at the bait in the form of an offer by the Municipal Council to help the Chapei Waterworks Company out of their pressing difficulties. However it has been distinctly understood from the first that the extension now under negotiation, i.e. the inclusion of the Chapei and Paoshan areas in the existing Settlement is in no sense final and that the consent of the Chinese Government to such <sup>inclusion</sup> ~~extension~~ will not prejudice in any way subsequent claims of the Municipal Council to further extensions of the Settlement.

As regards the base of agreement, forwarded in my letter of the 14th instant, Yangtcheng said he would accept your amendment of the concluding portion of Article III (your letter of June 20). I think that the ratepayers will realise that there

can  
Tosikai  
105

se for  
be taken  
o  
rted  
air  
resi-  
er  
ceding  
n the  
ority  
a non-  
Set-  
uch  
iden-  
n  
erna-  
hat if  
able  
rther  
not  
accused

As it is obviously undesirable that the International Settlement at Shanghai should become either a harbour of refuge for notorious Chinese political criminals and agitators or a place where acts of conspiracy and rebellion against the Chinese Government can be contrived and prepared by Chinese, the Authorities of the Settlement agree that whenever they receive a notification <sup>in writing</sup> from some responsible Chinese Official that such a notorious Chinese political criminal or agitator has taken refuge or is about to take refuge within the Settlement



There are no other alterations. You and Yangtcheng are to discuss the exact wording of Article 14 relative to the definition of the powers of the Chinese and Settlement Police on the boundaries.

As regards the political offenders and refugees, Yang will follow your suggestion and write a letter to the Senior Consul on the lines proposed in your letter to me of the 20th instant. He accepts the terms of the suggested reply from the Senior Consul, viz., my proposal (Enclosure III in my letter of June 14) as amended by you and with the additional paragraph. He insisted however that the words "and accordingly shall be" should be inserted after "they will be liable to be" in the fourth paragraph. He also asked that the words at the end of the third paragraph, viz., "expelled from the Settlement within 48 hours" should be altered into "handed <sup>over</sup> to the Chinese Authorities". He maintained that this was the existing practice in regard to non-political offenders. He further pressed for the omission of the word "only" in your additional paragraph. I enclose a copy of the amended version of the reply to be made by the Senior Consul from which you will see that I have altered slightly the English of the con-

se for  
be taken  
o  
rted  
eir  
resi-  
er  
ceding  
n the  
ority  
a non-  
Set-  
uch  
iden-  
n  
erna-  
hat if  
able  
rther  
not  
accused

As it is obviously undesirable that the International Settlement at Shanghai should become either a harbour of refuge for notorious Chinese political criminals and agitators or a place where acts of conspiracy and rebellion against the Chinese Government can be contrived and prepared by Chinese. The Authorities of the Settlement agree that whenever they receive a notification <sup>in writing</sup> from some responsible Chinese Official that such a notorious Chinese political criminal or agitator has taken refuge or is about to take refuge within the Settlement



and if the Court is given back without much delay the path of Settlement Extension will be made much smoother and we can hope that a fairly satisfactory arrangement of another important Shanghai question is within sight. I trust that you will have no difficulty with the ratepayers or your "Chers Collègues". It would have been a great blessing if the matter could have been decided by a public vote as provided by Land Regulation VI, but as you point out, by the same Regulations any alteration of existing boundaries requires the consent of the Consular Body. The procedure which was presumably followed in 1899 is explained in Acting Consul General Brennan's despatch to Mr Bax Ironside of May 9 of that year.

Yours very sincerely

*Sd. R. Macleay*

se for  
 be taken  
 o  
 orted  
 air  
 resi-  
 per  
 eeding  
 in the  
 nority  
 f a non-  
 e Set-  
 such  
 iden-  
 in  
 terna-  
 that if  
 ible  
 urther  
 not  
 y accused

SIDE  
SHEETS

As it is obviously undesirable that the International Settlement at Shanghai should become either a harbour of refuge for notorious Chinese political criminals and agitators or a place where acts of conspiracy and rebellion against the Chinese Government can be contrived and prepared by Chinese, the Authorities of the Settlement agree that whenever they receive a notification <sup>in writing</sup> from some responsible Chinese Official that such a notorious Chinese political criminal or agitator has taken refuge or is about to take refuge within the Settlement



concluding portion of your additional paragraph. I have inserted the modification required by Yang in red ink.

Sir John thinks that if it really is the present practice to hand over to the Chinese Authorities refugees accused of serious offences of a non-political character on proof of identity that we can agree to that modification.

As our scheme provides for the production of satisfactory evidence as to identity and guilt in the case of political refugees and offenders before we agree to deport them, I think that we do everything that can reasonably be expected of us to provide against possible error and that we can agree that such persons shall be warned that if they re-enter the Settlement they will be handed over without further proceedings. Of course Yang's suggestion to insert "and accordingly shall be" after the words "they will be liable to be" makes the possibility of exception implied in the latter phrase meaningless. As long as the right of the Mixed Court to hold a summary investigation in the cases mentioned in the last paragraph is not contested, we need not, I think, worry about the omission of the word "only".

se for  
be taken  
o  
orted  
eir  
resi-  
er  
ceeding  
n the  
ority  
f a non-  
e Set-  
such  
iden-  
in  
terna-  
that if  
liable  
urther  
not  
accused



SIDE  
SHEETS

As it is obviously undesirable that the International Settlement at Shanghai should become either a harbour of refuge for notorious Chinese political criminals and agitators or a place where acts of conspiracy and rebellion against the Chinese Government can be contrived and prepared by Chinese, the Authorities of the Settlement agree that whenever they receive a notification <sup>in writing</sup> from some responsible Chinese Official that such a notorious Chinese political criminal or agitator has taken refuge or is about to take refuge within the Settlement



I have also told Yang how to set about the question of the removal of the existing disability from Chinese officers of wearing their swords in the Settlement and he will write to the Senior Consul on the lines you kindly suggested. I urged him to show you first the letter which he proposed to send to the Senior Consul about the political refugees. He will be returning to Shanghai in the course of a day or two and I think that I have carried our private negotiations about the Settlement Extension to a fairly satisfactory point, as it is of course understood that such bases of agreement as we have reached are subject to modification of detail at Shanghai. He assures me that he has kept the Chinese Government fully informed of what we have been doing, but in view of the necessarily private and unofficial nature of our negotiations I could not ask him to initial a memorandum recording the results so far attained and I can only hope that the Chinese Government will not go back on what we have agreed upon.

A good deal will depend I expect on the question of the rendition of the Mixed Court and if the Diplomatic Body do not entirely reject the modifications which the Chinese Government will propose in the conditions of the rendition

and

se for  
be taken  
o  
orted  
eir  
resi-  
er  
ceding  
n the  
ority  
a non-  
Set-  
such  
iden-  
n  
terna-  
that if  
lable  
urther  
not  
accused

OF THE  
RE AVI

closure | in Consul General Fraser's No. 97 to return of 1<sup>st</sup> August, 1914

199

H.B.M. Consulate-General,

Shanghai.

21st July, 1914.

Sir and dear Colleague,

I have the honour to inform you ~~that~~ and our Colleagues that the recent visit of Mr. Yang Ch'eng to Peking led to unofficial conversations at His Britannic Majesty's Legation on the subject of Settlement Extension, in which my Minister is especially interested on account of the preponderance of British interests in this Settlement.

When these conversations began, it was thought desirable, in view of the fact that the assent of a Landrenters' Meeting is essential to any extension, to obtain the views of the Municipal Council, copy of whose proposals is enclosed as modified owing to the insistence of the Chinese that the advisory board should be concerned with the

whole

T. Raaschou Esquire

Consul-General for Denmark and

Senior Consul.

whole Settlement and not only with the new areas.

The bases of agreement arrived at are now forwarded under the instructions of Sir John Jordan to assist the Consular Body in the official negotiations which the Chinese are now prepared to enter upon, and which their proposals necessitate under Land Regulation XXVII . 28.

I have added notes of the points which Mr. Yang left undecided in form and on the article to which he has since raised objection.

I have the honour to be,

Sir and dear Colleague,

Signed E.H. Fraser

H.B.M. Consul-General.

Enclosure 3 in Consul-General Sir E. Fraser's No. 97 to  
Peking of the 1st August 1914.

205

Shanghai, 28th July, 1914.

COPY.

Sir,

The Council is in receipt of a note from  
H.B.M. Consul-General stating that he has handed to you  
a copy of a draft Agreement with regard to the Exten-  
sion of the Settlement, with his marginal notes thereon.  
From this the Council understands that the negotiations  
on the subject, which have been initiated by the  
British Legation as in 1898 and because the Settlement  
was originally British, will now be conducted official-  
ly by yourself on behalf of the Consular Body.

The recent conclusion of an agreement between the  
the French and Chinese Governments on the subject of  
the extension of the French Settlement, and the return  
to Shanghai of Mr. Yang Ch'eng, furnish the Council  
with an opportunity for addressing you on the subject  
of this Settlement's needs, and I have accordingly the  
honour to hope that the Consular Body may be able to

arrive

T. Raaschou Esquire

Consul-General for Denmark and

Senior Consul

arrive at an understanding with Mr. Yang in regard thereto at an early date.

The Council observes in the first place that paragraph I of the Agreement contains no reference to extension on the West, an omission which is regarded by my colleagues and myself as serious in the highest degree. The district west of the Settlement between the Great Western Road and the Soochow Creek is, as you are aware, very largely foreign-owned, and already partially developed as a foreign residential area. Its further development must inevitably be retarded unless, by its inclusion within the limits, the Council is enabled to levy Land Tax and Municipal Rate to provide funds for roadmaking, policing and other advantages connected with municipal administration. The conditions in this district give the Council precisely the same claims to control as has been admitted by the Chinese Government in the case of the French extension.

The



The Council was under the impression that no serious opposition would be raised ~~in~~ on the part of the Chinese Government to this extension, and is justified in so believing by the text of the agreement with the French Government, which refers to the Sicawei Road, at present outside the Settlement, as a boundary between the French and foreign Settlements, thus evidently contemplating its inclusion.

As regards a new boundary the Council has on a former occasion suggested the Fahwa Creek, but upon learning that the construction is contemplated <sup>of</sup> ~~as~~ a loop line to connect the Shanghai-Nanking and Shanghai-Hangchow Railways, would prefer that this more ~~is~~ definite boundary be adopted. I am assuming that the loop-line will cross the Soochow Creek at a point slightly beyond the Shanghai University (St. John's College) Buildings.

With regard to paragraph 2 of the agreement, the Council attaches considerable importance to acquiring control of the Soochow Creek, while readily admitting that the Chinese Government must reserve the necessary facilities

facilities for the transport of troops along this waterway. If however this were the last remaining point of difference between yourself and Mr. Yang, the Council would suggest that it be not pressed; for, as regards conservancy, it would be perfectly satisfactory if the Creek were placed under the Whangpoo Conservancy Board, and as regards control the right to search boats would fulfil the Council's Police requirements, provided it were understood that no local Chinese police would be permitted to operate as well. At the same time in the event of riot or other serious disturbance the Settlement's defence forces would, as on former occasions, assume charge of the Creek.

The establishment of the Chinese Advisory Board to which reference is made in paragraphs 3 and 4 is a matter calling for serious ~~attention~~ consideration, and while the Council is assured that the limitations of the Board's duties as set out, viz. that the Board will only act at the Council's request, provide ample safeguards

against



against abuse, yet the members recall the fact that in 1906 the ratepayers were opposed to the appointment of a Chinese Consulative Committee with functions very similar to those of the suggested Board. If, therefore it is possible to confine the functions of the Board to the extended districts, the arrangement would be more readily acceptable, but if otherwise, the fact that such a Board has been established in the French Settlement and the growing body of opinion that the Chinese residents in this Settlement are becoming entitled to be heard in its administrative deliberations, lead me to think it possible that at the special meeting of ratepayers which must be convened before any alteration of Article I of the Land Regulations is ratified, the vote of 1906 may be reversed to the extent which is suggested.

The remaining clauses of the agreement appear to the Council to be satisfactory and to call for no comment, although such matters as are touched upon in

Articles





Articles 8 (bodies of Chinese troops and ceremonial processions) and 13 (Chinese graves) are already amply covered by the Land Regulations and existing recognised procedure.

In conclusion I add, on the part of my Colleagues and myself, that we are ready to assist your discussions and to furnish any information at our command to enable you to bring the negotiations to a successful issue.

I have etc.

Signed E.C. Pearce

Chairman.