

## Discussion Paper

# Effects on the Republic of China of the Collapse of the “Empires” after the First World War

Restoration of Sovereignty in the Former Concessions  
of Germany and Austria-Hungary

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## Introduction

In the 1910s, the East Asian World underwent a drastic change in the international relations and was forced to re-organize the regional order in its sphere, with a precedent of the Japan annexed Korea and the collapse of the Qing Dynasty by the Xinhai Revolution, and further with the change in the political current of Europe, triggered by the First World War and the Russian Revolution.

The effect made at this time by the collapse of the empires of Germany, Austria-Hungary and Russia, brought about in particular a big change in the order of the cities in the each region of China which had become the stage of the world market beyond the limit of nation, particularly of the cities such as Tianjin, Hankou and Qingdao where the concessions or leased territories were located by these empires. Notwithstanding these facts, there have been very few studies on the concessions held by the empires.

Next, in the wake of the breakout of the First World War, the authority of consulate was ceased and each of the concessions was confiscated from Germany, Austria-Hungary and Russia. After the confiscation, “Special Administrative Districts” (特別区) were created in the former concessions as unknown and different area even for the authorities, which was “not same to the Chinese Area and also had a different character from the general open ports.” This never-experienced confiscation of the concessions and the subsequent seeking for the government system in the Special Administrative Districts, these meant such “Pioneers of the confiscation of concessions” and were treated with a high discretion, which Beijing was always conscious of its meanings.

Today, it is interpreted that the national sovereignty was restored as a result of the formal confiscation of each concession held by Germany, Austria-Hungary and Russia, thanks to the Treaty of Versailles (1919), the Treaty of Saint German (1919), and the Sino-Soviet Agreement (1924).

Actually, Beijing at that time reiterated the same claim. However, as will be seen, the negotiations at Tianjin after the end of the First World War between the consuls of each country, the corps of consul resided in Tianjin, the Zhili special correspondents and the Ministry of Foreign Affairs went on for a long time.

Such points are the shape of sovereignty in the treaty-open ports under the convention, including the concessions and also the movement of the groups at home and abroad in the decision-making processes of the Special Administrative Districts, which this paper makes clear of, through the issues of the return of the concessions, the management method of the Special Administrative Districts and others. The basic historical materials for studying this issue are the Ministry of Foreign Affairs', "Archives of the Concessions or Leased Territories", and "The Archives of the European War", in the possession of the Archive of the Institute of Modern History at Academia Sinica, Taiwan.

## 1. Direction of Sovereignty after the Confiscation of the Concessions and the Cessation of the Authority of Consulate

In the middle of the First World War, the U.S.A. broke off diplomatic relations with Germany, triggered by the Declaration of Unrestricted Submarine Warfare made by Germany in February, 1917 and also Beijing went to the same diplomatic break by the declaration by President *Li Yuanhong* on the 14th of the next month.

When Dr. Voretzsch, German Consulate General, left Tianjin, he entrusted the protection of the German residents in China to the Government of Holland, a neutral nation at that time. The Government of Holland directed her envoy resided in Beijing to dispatch her Chief Counselor to Tianjin for the purpose of protecting the vested right of Germany in China and to act on Germany's behalf in diplomatic negotiations. As early as 14th, the Chief Counselor of Holland placed the former barracks of Germany under the protection of Holland and hoisted her national flag. On the next day, the 15th, the International Council of Affairs of State decided that China would administer the German concessions of Tianjin and Hankou and that German assets in China would be strictly supervised. Following this decision, on the 16th, the German concessions were confiscated by armed force by the Committee of the Administration of the Assets of Enemy Nations, appointed by the Beijing.

On the day following the confiscation, the German Municipality was changed to the Temporary Administration Bureau of Tianjin Special Administrative District and established the Regulatory Science Department, Health Department and Law Department at the Bureau. At the same time,

Germany was deprived of the authority to conduct public trials in the Shanghai Common Concession and the German commercial ships were confiscated, which were at anchor in Shanghai and Xiamen. Further, the leased territories such as Shandong and the Jiaozhou Bay were transferred temporarily to Japan. *Ding Zhenzhi*, Head of the Bureau, transformed the Municipal Police into the Police Agency and persuaded *Fu Wanyou* to stay in office and appointed him as the chief of the police, who had been the Chief of the Municipal Police at the time of the former concession.

Against such forced confiscations by China before the declaration of war, on March 24th, the Envoy of Holland protested verbally the Ministry of Foreign Affairs and its Chancellor as it was not acceptable by the reason that such confiscations were illegal acts without any ground from the point of the International Public Law. At that time, it was possible to interpret that the confiscation of the concessions by local officials was an illegal act, because it infringed on the exclusive administrative authority that the consulate was acting on.

On August 14th, the Government of *Duan Qirui* excluded the strong anti-war camps in the Diet and officially declared war against the both of Germany and Austria-Hungary. On the same day, by the Declaration by President, the Government notified to the both countries that all treaties, ententes, agreements and other international accords related to China and both countries were annulled, based on the International Public Law and customary practices, which had been concluded with the both countries. Also, according to the “Temporal Regulation of the Deliberation of the Lawsuit of Civil and Criminal Trials involving the People of Enemy Nations” issued on the same day, the Consular Jurisdiction of the countries other than enemy countries was taken as approved for the reason that the lawsuits were not applied for the citizens of enemy nations and other foreigners, although the justice of the civil and criminal trials should be administered by the local courts of China or by the local officials during the war. *Tang Hualong*, Chancellor of the Ministry of Home Affairs informed President Li Yuanhong that, as long as plunging into the state of war, the title of “Temporal” of the “Temporary Administration Bureau of Special Administrative District” should be erased and be changed to the title of the “Administration Bureau of Municipal Government of Special Administrative District”, and also that the Chancellor of the Ministry of Zhili Province should order the Head of the said Administration Bureau to confiscate the concession of Austria-Hungary as well as of Germany, and that *Yang Yide*, Director-General of the Zhili Tianjin Police Agency was recommended to accede to the position of the Head of the Administration Bureau. Under the document attached to this letter of proposal, “The Simple Rule of the Administration Bureau of Municipal Government of the Special Administrative Districts of Tianjin and Hankou,” a simple administrative directive was issued with the contents that all of the administrative affairs and police affairs in the districts should be managed by the Administration

Bureau and the matters related diplomatic negotiations should be handled by the consultation with the Local Diplomat of the provincial government. However, this directive was little more than a regulation issued in a state of war.

With developments like this, Austria-Hungary's concession was confiscated on the day of war was declared. At 7:00 a.m. on the day of the confiscation, *Yang Yide* had talks with the consul at the consular office on the takeover of works regarding the public administration and tax collection. At 4:00 p.m. he dispatched the armed police there and completed the confiscation of the barracks and the Municipality, and hoisted the five-colored flag of the Republic of China. However, as the Consul of the Concession of Austria-Hungary entrusted the administration of her people to the Government of Holland as same as the Consul of Germany when the Consul left Tianjin, the national flag of Holland was hoisted only at the consular office. The Consul of Holland and other committee members resident in Tianjin took over the matters regarding the civil lawsuit, criminal lawsuit and protection for the people of the former empires, but the contents of this takeover was apparently infringed the above-mentioned the "Temporal Regulation of the Deliberation of the Lawsuit of Civil and Criminal Trials with the People of Enemy Nations." And also, the committee member from Holland occupied in a private capacity the former residence of the German vice-consul in Tianjin and the former residence of the Austria-Hungarian consular clerk in Tianjin at each of their consular office and made them responsible for the consulates' affairs. Considering that the committee of the Municipality of Concession was not dissolved at this time, it was not unreasonable to think that the authority of consul had simply been transferred to Holland. Facing these developments, the Chancellor of the Ministry of Zhili Province requested through the Ministry of Foreign Affairs that the authority of Holland be clarified, but things had not changed.

On September 1st, also by negotiations between the Government of the Republic of China and the countries of entente, the confiscation was approved of the concessions of Germany and Austria-Hungary in Tianjin, Hankou and, the consular jurisdiction of the both countries was abolished and the Boxer Protocol after the Boxer Rebellion was cancelled. By this way, only international approval was obtained for the confiscation of the two concessions, but the ground of international laws was not created for the legalizing of this confiscation. The Government of Holland, which was involved with these two concessions, kept protesting Beijing of the illegality of the confiscation on the strength of the above.

Meanwhile, China attached importance to the fact that the consuls had been excluded from the central organization of the administration of the concessions and turned it an opportunity to advance such an experimental and temporary system, which did not impair the interests of the foreigners residing in China and facilitated the administration by China. According to the intentions

of the State Council, the establishment of the Special Administrative Districts included the policy of revoking the ruling by foreigners by reforming the urban government administration containing the concessions, as well as of avoiding of establishing more "extra-concession."

The Ministry of Home Affairs prepared the "Method of Administration of the Concessions by the Enemy Nations" in order to facilitate the restoration of the order after the confiscation of concessions and sought the Head of the Ministry of Foreign Affairs for consideration, on August 21st. Particularly, the Ruling Committee of the German Municipality had lost significance as ruling organization and forcibly dissolved on August 27th, according to the provision that "Such a proceeding organization was ceased, which was set by the enemy people in the Germany concession, but, its enforcement organization will be kept in order to maintain the local public benefits. The said Head of the Bureau establishes laws by taking account of the local situation, and the Chancellor of the Ministry issues instructions to the Ministry of Home Affairs to decide its enforcement." By this, although the administration seemed to have been uniformed, the diplomatic corps expressed disapproval over such issues as the numbers of people at the Bureau of City Administration Department at the committee and their authority, and finally it had not accepted this provision.

On November 3rd, 1918, the Austria-Hungary finally surrendered and on the 9th, the emperor of Germany abdicated the crown. On the 11th, the First World War ended after the period of four years. However, after the war, European countries returned to focus on her international strategies in East Asia, which had been concentrated on the European battle lines. For example, the English merchants, the consuls of countries of entente and envoys in Tianjin, expressed the opinion that having a Special Administrative District each was not an appropriate measure for the open port and should be changed to a Common Concession, such as in Shanghai.

However, when the proposal of the Common Concession was revoked, there arose the issue of confiscation of the assets of enemy nations in the former concessions, the concession of each country and the Chinese Area. The "Regulation of the Commerce with and Assets of Enemy Nations", which was submitted in November, 1918, under the name of the Envoy of Great Britain, included such contents which the assets in her concessions were to be disposed by the authority of the concession, in case that they had not been moved outside the concession within one month after the issuance of this regulation. Then, the Envoy of Holland protested against this regulation for the reason that it was against Article 23 of the Hargue Rules of Land Warfare. And also, the Envoy of Holland protested that the sovereignty of each concession should belong to China according to Article 1 of the Qing-U.S.A. Treaty of Tianjin. It followed that the losses incurred by should be indemnified by Beijing, if the provision regarding the protection of assets in Article 3 of such

“Regulation of Treatment of the People of Enemy Nations” was torn up, which the Ministry of Home Affairs had established under the wartime.

Consequently, the Bureau of Administration of the Assets of the People of Enemy Nations was established in January, 1919, which belonged to the Minister of the State Council. The Head of the local office around the country appointed one person from the Chief of the Ministry of Affairs of State, Local Diplomat extraordinary, the Chief of the High Prosecutors office, the Chief of the Ministry of Finance, the Chief of the Police Agency, the Chief of the Ministry of Business Affairs and Province Magistrate. And they ordered the foreigners to declare any assets such as real estate and properties, whether owned or maintained by contract, under the laws such as “Regulation of the Assets of the People of Enemy Nations” and the “Regulation of the Bureau of the Assets of the People of Enemy Nations”, and confiscated or administered the assets by the methods such as preservation with seals. But the judicial proceedings after confiscation were mostly unclear including the issue of authority.

With the outcomes of the Paris Peace Conference held from January, 1919, on 28th June, the Treaty of Versailles was issued as the peace treaty with the former Government of Germany. Article 130 of the Treaty prescribed that all such facilities and public assets should be transferred to China, which were in the concessions of Germany in Tianjin, Hankou and owned in China by the Government of Germany, excepting the building estates and diplomatic offices of diplomats and consuls, and in Article 132, it was clearly prescribed that “China will confiscate these concessions perfectly, execute her sovereignty, declare her intentions and open the concessions to each country for the use of public residence and trade”, as well as approving the cancellation of the agreements of the concessions of Hankou and Tianjin. (underlined by the quoter) Under this Treaty, the Municipality of Concession of Germany was abolished and instead, the jurisdiction was taken over by the Office of the Special First Administrative District. And also, the Treaty of Saint German was concluded in September with the Government of the former Austria-Hungary. It was clearly prescribed as well that all the facilities and public assets should be transferred to China in Article 115 and that “the confiscation of the concessions of Austria-Hungary was made based on the due right” in Article 116. With this occasion, the Municipality of this concession was abolished. However, as the issue of Shandong got complicated, Beijing rejected to conclude these treaties. By this, the opportunity was passed up to settle the international treaties that legitimated the confiscation of the concession. This confiscation was made by force along with the declaration of war in 1919 and had kept exposed to the accusation of the violation of the international laws.

## 2. Post-War Processing of the First and the Second Special Administrative Districts after the World War

With the opportunity of these peace treaties, the municipal administration started of the Special Administrative districts and the existing organization had become to be reformed. Each concession of the former Germany and the former Austria-Hungary was changed to the First and the Second Special Administrative District. The administrative affairs of both of the districts should be carried out by the Ministry of the Special Administrative District which belonged to the Department of Planning at the Government of Tianjin, under the control by the Ministry and the Office of Province, and the Ministry of Home Affairs.

The immediate issue was on the handling of the assets which were owned by the organizations and people of the allied countries. The issue was the handling of selling or pledging the premises to foreigners, which were in the concessions of Tianjin, Hankou, in Beidaihe and others. But the only development was the issuance of the instructions that, for the change of title, it required the permission by the Bureau of Administration of the Assets of the People of Enemy Nations. And then, in August, 1919, the Ministry of Finance prepared the drafts of the "Regulations of Agreement Tax Implementation in the Special Administrative District" and the "Regulation of Special Agreement Tax Implementation" regarding the change of title, on the request from the Bureau of Administration of the Assets of the People of Enemy Nations. For the purpose of avoiding reaction by foreigners, the Ministry of Foreign Affairs advised the Ministry of Finance to add the revisions to the regulations of the latter draft, such as cutting the processing fees which the foreigners paid for the change of the title of land and houses in the concessions and in the general open ports, which were owned by the people of the allied countries. The Ministry of Finance did not accept this revision proposed by the Ministry of Foreign Affairs, but after that, reviewed the both drafts. And then, the drafts were approved by the Ministry of Foreign Affairs in November and reached the decision by the Conference of State Affairs through the State Council. In December, the "Regulations of Agreement Tax in the Special Administrative District" and the "Regulation of Agreement Tax on Special Assets" came to issuance in the form of the President Decree. In Article 3 of the "Regulations of Agreement Tax in the Special Administrative District", it was prescribed that "all the foreigners may lease the land and house which are owned by either Chinese people or foreigners, according to the examples of the lease of the general open ports and of the construction of ships. They should apply for the leasing at the Local Diplomatic Office along with their former owners and receive the agreement after survey conducted by dispatched representative, and then should pay the 6% of the rental rate as the tax related to agreement." (underlined by the quoter). The tax amount was clearly stated only for foreigners



Under the “Regulation of Agreement Tax on Special Assets”, in addition to the above cost, the 1% of rental rate should be paid in case that the change of title is referred to the land/house owned by the German and Austrian people, and the 1% of the construction cost should be paid in case of additional or new construction. This payment should be made to the Bureau of Administration of Special Assets or the Bureau of Liquidation.

Further, of the regulations regarding the municipal government administration of the Special Administrative District, which had been examined since March, 1917, it was issued in a modified form after the deliberations within the government on the “Regulations of the Bureau of City Administration Department of the Special Administrative District of Tianjin, Hankou”, which was prepared by the Ministry of Home Affairs in December, 1920. The Ministry of Home Affairs, which had strongly demanded for the return of the Sovereignty, was forced to compromise, but, it did not identify the Special Administrative District as applying to the general open ports, although the Ministry of Foreign Affairs identified it as such.

The diplomatic corps expressed disapproval of the “Regulations of the Bureau of City Administration Department of the Special Administrative District”, too and demanded that the Ministry of Foreign Affairs hold the conference on the regulations related to the Special Administrative District.

Therefore, on April 13th, 1921, *Cao Yunxiang* of the Ministry of Foreign Affairs held a conference on management methods of city administration of the Special Administrative Districts of Tianjin, Hankou, together with the corps of consuls consisting of the 4 consulate representatives each of Great Britain, France, Italy and Japan, without attendance by any representative of the Ministry of Home Affairs. To the revised draft, the corps of consul asserted that 1) such a Chief was not required of the Bureau of City Administration Department, who was sent by the Ministry of Home Affairs, and its government should be uniformed by the Local Diplomat as Chairman, who was sent by the Ministry of Foreign Affairs. The six members of the Bureau of City Administration Department should be elected by the tax payers and at least, the two of the members should have Chinese citizenship. 2) they were against the fifty years Perpetual Leasehold of the Special Administrative District. For these reasons, the corps of consul remained to express their disapproval of the revised draft. In June, the Ministry of Home Affairs refused these requests for the reasons that sovereignty should belong to China as long as the former Exclusive Concession was confiscated, and therefore, it was not acceptable to the proposal that only two of the six committee members be Chinese, and that the proposed term of leasehold was not regarded as reasonable, considering the fifty years of the general open ports. Through the negotiations between the both parties, it can be understood that the corps of consuls tried to strengthen its influence



through the Zhili Local Diplomat and that Beijing, or at least, the Ministry of Home Affairs tried to avoid the intervention by the corps of consuls in her sovereignty by the manner that all the city administration organization should be implemented by the current municipality and then the authority of land disposal should be secured.

Further, in the Letter issued by the Ministry of Home Affairs in February, 1923, i.e. the following year, regarding the points made by the Zhili Local Diplomat that foreigners had obtained the Perpetual Leasehold even in the Chinese Area in Tianjin after the Boxer Rebellion, the Ministry of Home Affairs requested the Ministry of Foreign Affairs for the research whether the Exclusive Concession regarding land and houses was obtainable in the Chinese Area under the Commercial Treaty, and also denied that discreet handling was required, as the Special Administrative District was a newly confiscated area, even if the Perpetual Leasehold had been actually set in the Chinese Area. In the following month, the Ministry of Foreign Affairs made the following reply to the refutation made by the Ministry of Home Affairs; It had remained a decades-old unsolved issue if foreigners had the right to reside and trade outside the concessions even in the area of treaty-open ports. Actually, "Germany and Austria-Hungary lost their right to business activities due to the war and along with this, each country lost rights to land with the Perpetual Leaseholds, which it had owned in the two Special Administrative Districts. Anyway, the settlement of this issue had been postponed for a long time. By prompt settlement, it should avoid reprimands by and sarcastic remarks from foreigners." To put it simply, the Ministry of Foreign Affairs recommended reaching a compromise over the dispute with the foreign countries and settling the issue at an early date, with remaining the issues unsolved, of the interpretation under the international public law and of the legal rationality.

But, at this time, the politics in Tianjin was involved in a big change. With the outcome of the Second Fengzhi War, which broke out in September, 1924, the Section of Zhili was brought down and instead of, the section; Chu Yupu took the office of the Deputy of Zhili Inspector who was backed by Chu Yupu of the Section of Fengtian. *Yang Yide* was expelled, who had held the real power of city administration as Director-General of the Zhili Tianjin Police Agency for fourteen years since 1912. This takeover of the political force stopped the construction of city administration of the Special Administrative District.

## Conclusions

Beijing had the experience of confiscation of concessions for the first time through the First World War. We saw that the negotiations between China and the foreign countries on the administration of the Special Administrative District after the confiscation, which revealed the conflict of interest

regarding the concessions, and also that the paradigm of sovereignty was selected amid the reality and the compromise. Actually, there were cases that the establishment of the Special Administrative District had stopped the government intervention by the consuls of the jurisdictional countries and granted the Chinese people the opportunity of political involvement and guaranteed the freedom of residence, the right of lease or purchase of land/house in the district.

However, after the end of the World War, the powers did not consider the confiscation of concessions or the establishment of Special Administrative District as the return of the sovereignty, and endeavored to maintain the concession system by making proposal of several plans of the common concession. Even after the rejection of these plans, for the period until the coming into office by the new consul, the committee member of Holland or the specially dispatched Zhili Local Diplomat acted on behalf of the consul and tried to maintain the system of Municipality, conscious of the corps of consuls residing in Tianjin and the envoys in Beijing. After the time when it had become clearly difficult to restore the order in the concessions, due to the conclusion of peace treaty and other events, there were cases where the special Zhili correspondents tried to change their logic into the ruling the Special Administrative District, based on the provisions regarding the general open ports, and to secure the Perpetual Leasehold of land/house, backed by the Local Diplomat. With this result, such an extraordinary situation had continued, which the legislation of the Special Administrative District could not reach to a conclusion after nearly nine years of negotiation. It can be seen that the confiscation of concession had not made any effect on the establishment of legislative authority in the said area. This resulted in no each committee having any authority to handle tax proceeds. The expenses of the maintenance of order/refugee aid went on increasing and the implementation of self-governing affairs stopped. The vacuum of city administration actually continued for about ten years in the concessions of the former empire nations. The actual conditions of these areas not only brought about a temporary difference in character between the concessions and the Chinese Area and the Special Administration Districts and the concessions, but also resulted in hindering the establishment of a stable maintenance system of order.

There were clearly different understandings within Beijing regarding the sovereignty of the cities, the open -dock area and the Special Administrative District. For example, the Ministry of Home Affairs did not regard it desirable in the first place that such foreigners interfered in the matters of the said district , who “stayed a while” in the Special Administration District ,and tried to establish the sovereignty by separating the Special Administration District from the open dock area based on philosophical considerations. Such remarks expressed clearly the stance of the Ministry of Home Affairs, which were that “We can’t endure the negative effects generated from the recovery, although we had only the burden of a false reputation.” And also, the Ministry of Finance prepared

the “Draft of the Regulation of the Revised Agreement Tax in the Special Administration District” for the purpose of making a rapid increase in the tax proceeds, as if it neglected the efforts of the diplomatic negotiations of nine years, although the Ministry was desiring the early conclusion of the negotiations with the diplomatic corps. Meanwhile, the Ministry of Foreign Affairs had stopped making confiscated concessions into the common concessions, but had chosen the realistic way that treated the Special Administration District, as identified as the general open ports, in the course of the negotiations with the diplomatic corps. The Zhili Local Diplomat opposed to the philosophy of the Ministry of Home Affairs, by taking up their stance on the committee of the Municipality.

The vacuum period of ten years for the concessions of the former empire nations, this was actually a time of rapid urbanization all around Nanshi, the New Administrative District of Hebei and other areas, in addition to the concessions of Great Britain, France, Japan and Italy. The impact of development during this time on the structure and facility of cities was not small, considering the urban structure of Tianjin. However, it must be regarded appropriate that the Special Administrative Districts were left alone in this development.

After that, it was in 1943 that these Special Administrative Districts “were abolished” as well as the remaining concessions of four countries. Such Special Administrative Districts had survived long for the period of more than twenty five years, which were acknowledged as a temporary organization at the beginning. It is not yet clear as to how the administrative administration was implemented for that period. A challenge for the future is to examine the overall city administration system, as well as the subsequent development of the general administrative district and the concessions.

“Notes”, abbreviated

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