

(Institute of Pacific Relations continued)

10. The Government of the Shanghai Municipal Areas

The study constitutes an impartial inquiry into the Shanghai municipal areas: their origin, history, legal status, present organization, municipal functions, geographical setting and divisions, Chinese dissatisfactions, foreign accomplishments, plans of reorganization, etc.

Purpose and Need of the Investigation: The Shanghai problem constitutes one of the leading issues between China on the one hand and Great Britain and other interested Powers on the other, which if left unsettled and unsolved may lead to serious consequences. An impartial and constructive inquiry and study will help to eliminate aggravating causes of international friction in that part of the world.

Method: Investigation and research. To be done mainly in Shanghai.

Personnel: One Chinese and one British, working with a Director appointed by the Institute of Pacific Relations, together with the necessary supplementary staff.

Time: Not to exceed one year.

Cost: Approximately \$100,000 to \$120,000. In view of the fact that the Director should be given entirely free hand in building up his organization, it seems unwise to make any specific allocation of the funds, but the task is of such importance that the execution of the plan should be assured of adequate financing.

Recommendation: In the case of Project 10 of the Institute of Pacific Relations, the Committee approved the project, and expressed the opinion that this study is of urgent international importance and that ample funds should be provided to ensure men of the highest capacity and experience undertaking it. Therefore, while approving the project in principle, your Committee regarded the budget proposed by the Institute of Pacific Relations as insufficient and in discussion emphasized the opinion that the success of this project depended to a very large degree upon the choice of the investigators.

In further explanation of this project, it should be stated that the discussions at Honolulu disclosed the fact that such a survey of Shanghai could have the support not only of the British, but also