

# **Flight to Shanghai, 1938-1940: The Larger Setting**

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Between November 1938 and August 1939, approximately 20,000 Central European refugees, most of them Jews, landed in Shanghai. They had sailed on German, Italian, and Japanese ships and, in the short span of eight months, constituted a massive exodus. What, however, is the background to this phenomenon, and, moreover, why did it rapidly diminish after August 1939?<sup>1</sup> In order to answer these questions, we must look at the larger setting within which this process took place—something that, until now, has not been investigated.

## **The Background**

In 1933, when Hitler came to power, there were around 500,000 Jews in Germany and 185,000 in Austria.<sup>2</sup> In contrast to the gradual pressure over several years that had been exerted on the Jews in Germany to leave the country, when Austria came under German rule in March 1938, the Jews were immediately and ruthlessly persecuted. By launching an organized terror campaign against them—confiscating their property, depriving them of all means of livelihood, and incarcerating Jewish men in concentration camps—the Nazis forced the Austrian Jews to

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<sup>1</sup>This paper is part of a larger project on the Jewish communities in modern China under Japanese occupation. The authors wish to thank the Hebrew University of Jerusalem and its Truman Research Institute for their partial support of this research. Irene Eber thanks the J.K. Fairbank Research Center, Harvard University, where additional research was carried out in 1996-1997, and the Andover Newton Theological School where she was Visiting Judson Professor. An earlier version of part of this research was read as a paper by Irene Eber at the International Colloquium “Jews in China, From Kaifeng to Shanghai,” Institut Monumenta Serica, Sankt Augustin, Germany, September 22-26, 1997. The present paper does not consider the subject of the overland route taken from Poland and Lithuania via the Soviet Union and Japan. Chinese place and personal names are transliterated according to the pinyin system. Chinese and Japanese Family names precede given names.

flee to whatever country would offer them a haven. China became one of several possibilities. During the refugee flight to Shanghai between November 1938 and June 1941, the total number of arrivals by sea and land has been estimated at 1,374 in 1938; 12,089 in 1939; 1,988 in 1940; and 4,000 in 1941.<sup>3</sup>

As early as 1933 and 1934, the Japanese puppet state of Manchukuo (Manchuria) had become the destination for small numbers of Jewish professionals fleeing Europe. It was then that the Paris-based HICEM<sup>4</sup> had begun to express an interest in Manchukuo as a place of refuge. Thus, a number of physicians arrived in Harbin in 1934 via the Trans-Siberian Railway without apparently encountering any difficulties in obtaining visas at the Manchukuo border station of Manzhouli.<sup>5</sup> Despite ever-increasing difficulties in entering and remaining in Manchukuo in later years, HICEM continued to pin its hopes on it, rather than Shanghai, and sent lists of professionals as late as 1939.<sup>6</sup> This was despite the fact that, already in November 1933, twenty-six families, among them five well-known physicians, had arrived in Shanghai. By

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<sup>2</sup> These figures are according to Lucy Dawidowicz, *The War Against the Jews, 1933-1945* (Toronto-New York: Bantam Books, 1984), pp. 374, 375. But the figures vary and may be higher when they include "Mischlinge."

<sup>3</sup> *Drei Jahre Immigration in Shanghai, ihr Beginn, 1939, ihre Leistung, 1940, ihr Erfolg, 1941.* Abgeschlossen August 1942 (Shanghai: Modern Times Publishing House, n.d.) p. 15, Yad Vashem Archives (YVA), 078/58A. The pamphlet appears to have been sponsored by Michel Speelman who, as a major financier and business figure in Shanghai, probably had access to fairly accurate statistics.

<sup>4</sup> HICEM (HIAS ICA-Emigdirect) was supported by a combination of the American Jewish Joint Distribution Committee, the Hebrew Sheltering and Immigrant Aid Society (HIAS), and the London-based Jewish Colonization Association (ICA). The HIAS and, later, HICEM bureau, the Far Eastern Jewish Central Information Bureau for Emigrants, also known as DALJEWCIB, its telegraphic acronym, was located in Harbin until 1939, when it moved to Shanghai.

<sup>5</sup> N. Fromkin to HICEM, Paris, November 12, 1934, Central Archives for the History of the Jewish People (CAHJP), DAL 52.

<sup>6</sup> Emigration Section, Israelitische Kultusgemeinde, Vienna, to DALJEWCIB, Harbin, April 16, 1939, which includes a list of metallurgists and chemists; April 12, 1939, is a list of engineers. An earlier list, of March 26, 1939, sent to M.J. Dinaburg, a leader of the Manzhouli community, contains names of thirty-two engineers, construction workers and various other technical personnel, CAHJP, 76. The translations of the names of the Jewish organizations are in accordance with *Encyclopedia of the Holocaust*, 4 vols. (New York: Macmillan, 1990).

the spring of 1934, there were reportedly eighty refugee physicians, surgeons, and dentists in China.<sup>7</sup>

Many Jewish leaders did not consider Shanghai a viable option. Even at the end of 1938, they countered the panic to escape with the warning not to travel abroad blindly. “It is more honorable to suffer a martyr's death in Central Europe than to perish in Shanghai,” Dr. Julius Seligsohn, a member of the governing body of the Reichsvertretung der Juden in Deutschland (Reich Representation of Jews in Germany), is quoted as saying. He and others resisted German pressure to transport Jews on “Jewships” (*Judenschiffe*).<sup>8</sup> Norman Bentwich of the British Council for German Jewry wrote, in 1938, that German Jews were being “dumped” in Shanghai.<sup>9</sup> As late as January 1941, when Josef Löwenherz, head of the Israelitische Kultusgemeinde (Vienna Jewish Community), desperately pleaded for emigration to Shanghai, he encountered resistance from the American Jewish Joint Distribution Committee (JDC). Its representative argued that Japan's rule in Shanghai might endanger Jews as much as German rule.<sup>10</sup>

Even after the *Anschluss*, the deportation of Polish Jews to Poland, and the *Kristallnacht* pogrom, the British Foreign Office noted, in January 1939, that “Jewish organisations in London and Paris...[had been] endeavouring for some time past to deter further refugees from going to

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<sup>7</sup>Shanghai Municipal Police (SMP) Investigation Files, 1894-1944, Records of the Central Intelligence Agency, Record Group 263, D5422, Police Report dated November 7, 1933. The five prominent doctors were: Rosenthal, Löwenberg, Hess, Elchengrün, and Kleinwald; letter from Drs. Leo and Viktor Karfunkel, December 19, 1938, stating that they have resided in China since 1933, and have Chinese citizenship, CAHJP, 76.1. See also *The China Press*, November 26, 1938, p.3.

<sup>8</sup>Abraham Margaliot, “Emigration - Planung und Wirklichkeit,” in Arnold Pauker, ed., *Die Juden im National-Sozialistischen Deutschland, 1933-1943* (Tübingen: J.C.B. Mohr, 1986), pp. 303-316.

<sup>9</sup>Norman Bentwich, *Wanderer Between Two Worlds* (London: Kegan Paul, Trench, Trubner and Co. 1941), p. 278.

<sup>10</sup>Yehuda Bauer, *American Jewry and the Holocaust, the American Jewish Joint Distribution Committee, 1939-1945* (Detroit: Wayne State University Press, 1981), p. 61.

Shanghai.” Bentwich affirmed this when he wrote that the Jewish organizations were neither sponsoring nor assisting emigration.<sup>11</sup>

Yet already in 1936, a leading member of the Nazi establishment mentioned China as a possible destination for Jewish emigration. In a lengthy proposal on the *Entjudung* (“removal” of Jews) of Germany, Herbert Hagen, head of the SD (Sicherheitsdienst; intelligence branch of the SS), wrote that Jews had already also immigrated to China.<sup>12</sup> However, the conditions for acting on Hagen’s suggestion that China could be considered as a destination for the Jews were not yet ripe, and it was not taken up in 1936. Only two years later, after German East Asian diplomacy had undergone a significant change, did the Gestapo give serious consideration to China and Shanghai.

### **Germany’s Foreign Currency Problems and East Asian Foreign Policy**

While the Nazi regime’s antisemitic policy included forcing Jews to emigrate from Germany after 1933, and from Austria after the *Anschluss*, a major condition for executing this policy was neither to use nor to lose foreign currency. As it turned out, this condition could not be met—with tragic consequences for the Jews.

Indeed, obtaining foreign currency to pay for importing vitally needed raw materials had been a major thrust of German foreign policy ever since the Nazis had come to power. German trade with China—both with areas under the control of the Nationalist government headed by Chiang Kai-shek and with those not entirely under his sway—was not inconsiderable after the

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<sup>11</sup>Walter Roberts to Norman Bentwich, January 20, 1939; W1515, Bentwich to the Undersecretary of State, January 26, 1939, Public Record Office (PRO), FO 371/24079, W519/519/48.,

<sup>12</sup> “Report by SS *Oberscharführer* Hagen on Jewish Emigration,” September 13, 1936, in John Mendelsohn, ed., *The Holocaust, Selected Documents in Eighteen Volumes* (New York-London: Garland, 1982), vol. 1, pp. 40-57.

mid-1930s.<sup>13</sup> In 1937, this trade had brought in close to 83 million Reichsmarks in foreign currency. Moreover, 37 percent of Germany's total armament exports went to China.<sup>14</sup> In general, exports—even other than arms to areas controlled by Chiang Kai-shek were important in bringing in some foreign currency and, furthermore, in giving the Armed Forces Ministry access to tungsten which was extremely important for military uses.<sup>15</sup> Together with the China trade, Germany was also anxious to increase soybean imports from Manchukuo—needed for scarce oils and animal fodder—without, however, dipping into its foreign-currency reserves. Commercial talks with Manchukuo had resulted in the trade accord of July 1938, which was useful as far as it went, but did not solve the foreign-currency problem.<sup>16</sup>

Supported by industrialists seeking export markets, the German Foreign Ministry, under Konstantin Freiherr von Neurath, pursued a pro-Chiang policy. Meanwhile, Joachim von Ribbentrop, eager to become foreign minister, laid the groundwork for a pro-Japan policy

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<sup>13</sup>Udo Ratenhof, *Die Chinapolitik des Deutschen Reiches 1871 bis 1945: Wirtschaft-Rüstung-Militär* (Boppard/Rhein: Harold Boldt Verlag, 1987), p. 441. The establishment of Chiang's Nationalist government in 1928 did not lead to China's unification and portions continued to be controlled by provincial power-holders. Although the German Foreign Office negotiated trade agreements with Chiang Kai-shek, army authorities carried on negotiations in the mineral-rich Guangdong province, which was under local control.

<sup>14</sup>Karl Drechsler, *Deutschland-China-Japan 1933-1939, das Dilemma der deutschen Fernostpolitik* (Berlin: Akademie Verlag, 1964), pp. 13, 54.

<sup>15</sup>Otto J. Seiler, *Einhundert Jahre Ostasienfahrt, der Hapag-Lloyd AG, 1886-1896* (Hapag-Lloyd, n.d. [1986]), p. 97, records ninety sailings to East Asia in 1938, of which the great majority were freighters. See also Herbert von Dirksen, *Moskau, Tokyo, London, Erinnerungen und Betrachtungen zu 20 Jahren deutscher Aussenpolitik, 1919-1939* (Frankfurt a.M.: Fischer Taschenbuch Verlag), p. 185. Portugal became Germany's chief supplier of tungsten after China was no longer accessible. For Portugal's role in a related issue, see António Louçã and Ansgar Schäfer, "Portugal and the Nazi Gold: The 'Lisbon Connection' in the Sales of Looted Gold by the Third Reich," *Yad Vashem Studies*, 27 (1999) pp. 105-122.

<sup>16</sup>According to *The North-China Herald*, May 13, 1936, p. 281, the decline of German foreign-currency reserves led, in 1936, to reduced soybean imports. See also "German-Manchu Trade Accord Concluded," *ibid.*, July 27, 1938, p. 153. The accord was essentially a barter agreement, according to which German and Manchukuo imports were to double. However, Germany's imports continued to exceed Manchukuo's.

together with Ōshima Hiroshi,<sup>17</sup> the military attaché in the Berlin embassy, even though Ribbentrop was well aware that the Japanese government was not happy with the Nazi regime's pro-Chiang stand. A candid remark in an otherwise bland memoir by Herbert von Dirksen, a former German ambassador to Japan, describes the relationship between Ribbentrop's Bureau and the foreign ministry as a "state of war" in which the latter was never informed about Ribbentrop's talks and negotiations. Indeed, according to Dirksen, he first heard about the Ribbentrop-Ōshima talks, which led to the signing of the Anti-Comintern Pact of 1936, from a confidential Japanese source, and Foreign Minister von Neurath then learned about the pact from Dirksen.<sup>18</sup>

The outbreak of the Sino-Japanese war in July 1937 was a factor in forcing the German government to choose between China and Japan. Aside from the problem of being Japan's ally while supplying arms to Japan's enemy, the German regime was also certain of China's defeat. When that would happen, it was assumed that Japan would grant Germany vast trading privileges. The die was cast when Hitler announced Germany's recognition of Manchukuo in the Reichstag in February 1938—the agreement was signed in May—signaling the end of Germany's pro-China policy. Diplomatic relations with Chiang, however, continued until July 1941.<sup>19</sup> The Japanese were satisfied when, in April 1938, Göring ordered the cessation of weapons exports to Chiang.<sup>20</sup> This switch from a pro-Chinese to a pro-Japanese foreign policy in East Asia was part of Hitler's major reshuffling of his government, which included, in

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<sup>17</sup> According to Michael Bloch, *Ribbentrop* (New York: Crown Publishers, Inc., 1992), p. 81, both Ōshima and Ribbentrop believed that Germany and Japan were "natural allies." First appointed military attaché, Ōshima became Japan's ambassador to Germany in 1938. Japanese and Chinese family names precede personal names in the text.

<sup>18</sup> Dirksen, *Moskau, Tokyo, London*, p. 168; Bloch, *Ribbentrop*, p. 96.

<sup>19</sup> Bloch, *Ribbentrop*, p. 344.

<sup>20</sup> Ordering the end of exports was apparently easier than stopping shipments. On November 24, 1938, *The China Press* still reported the arrival in Mandalay of a German ship carrying 6,000 tons of ammunition. The ammunition was to reach the Chinese via Yunnan province.

February 1938, von Neurath's replacement by Ribbentrop. Now, with these changes, Hagen's suggestion of two years earlier was taken up by Adolf Eichmann, who began to explore China and Shanghai as a destination for Jews.

Two other developments, no doubt, also influenced Eichmann's thinking. One was the failure of the Evian Conference, which met on July 6-15, 1938, to find a solution for the refugee problem. The thirty-two participating countries were unwilling to open their doors to Jewish immigration, and an increase in the U.S. quota was not forthcoming. The other development was the increasing control that the Gestapo began to exercise over Jewish emigration after June 1938, when all Jews with police records were arrested. From then on—and especially after *Kristallnacht* in November 1938—the Reichswanderungsamt (Interior Ministry's Office of Migration), which had supported planned emigration, gradually ceased to function.<sup>21</sup>

With the revamping of the Reichsvertretung into the compulsory Reichsvereinigung der Juden in Deutschland (Reich Association of Jews in Germany) in July 1939, control over emigration was assumed by Reinhard Heydrich's RSHA (Reichssicherheitshauptamt - Reich Security Main Office). Controlled by the Ministry of the Interior, the Association's major function was to spur Jewish emigration.<sup>22</sup> Under its direction the Jewish organizations were ceaselessly pressured to force emigration (see below).

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<sup>21</sup>Arthur Prinz, "The Role of the Gestapo in Obstructing and Promoting Jewish Emigration," *Yad Vashem Studies*, 2 (1958), pp. 205-218. Prinz was actively involved in the work of the Hilfsverein der Juden in Deutschland. The article is dated 1945.

<sup>22</sup>For the establishment of the Reichsvereinigung, see, for example, Shaul Esh, "The Establishment of the 'Reichsvereinigung der Juden in Deutschland' and Its Main Activities," *Yad Vashem Studies*, 7 (1968), pp. 19-38; and Robert S. Wistrich, *Who's Who in Nazi Germany* (London and New York: Routledge, 1995), p. 109. Eichmann's efforts at expelling Austrian Jews in 1938 were viewed with great interest by Herbert Hagen. The "Vienna model" was recommended by Heydrich for Germany in November 1938; Hans Safran, *Eichmann und seine Gehilfen* (Frankfurt a.M.: Fischer Taschenbuch Verlag, 1995), pp. 38, 47. The RSHA was established in September 1939.

## Eichmann and the Shanghai Option

After the German-Japanese rapprochement was in place, the foreign-currency shortages were somewhat alleviated by confiscations from Jews<sup>23</sup> and growing control over Jewish emigration. Eichmann now turned his attention to China. Sometime before the middle of February 1939, he sent Heinrich Schlie, head of the Hanseatic Travel Office in Vienna,<sup>24</sup> to the Japanese and Chinese consulates to ascertain their attitudes toward sending large numbers of Jews to China. Schlie's report to Eichmann and to Kurt Lischka, who, from 1938, had taken over the Referat IVB (Jewish Affairs) in the Gestapo and, since the end of 1938, had been appointed to head the Reich Center for Jewish Emigration in Berlin, indicated a half-hearted Japanese response. This was apparently underestimated—unwisely, as it turned out. His discussion with the Chinese, on the other hand, led him to believe that they were receptive to Jewish immigration. They even offered “pro-forma” visas for subsequent illegal entry into Palestine, with fees and bribes to be settled later. They neither objected to Jews going to Guangzhou (Canton) or Tianjin (though neither were any longer under Chinese Nationalist control), nor were they opposed to special refugee ships equipped to carry large numbers of passengers at a time.<sup>25</sup>

His mind at rest, Schlie initiated negotiations with the Italians about converting accommodations aboard ships to enable each scheduled liner to take on 200 additional passengers. The Italians were prepared to accede if Germany found a way of dealing with its

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<sup>23</sup>Avraham Barkai, *Das Wirtschaftssystem des Nationalsozialismus, Ideologie, Theorie, Politik 1933-1945* (Frankfurt a.M.: Fischer Taschenbuch Verlag, 1988), pp. 211-213.

<sup>24</sup>Schlie also owned the Hanseatic Travel Office in Berlin-Schöneberg. According to Prinz, “The Role of the Gestapo,” p. 210, Schlie had made money when he chartered a ship for Jewish emigrants headed for South Africa. Schlie’s profits from Jewish emigration must have been considerable, and his name appears on the list of Swiss bank-account owners published in *The Jerusalem Post*, Jerusalem, on July 25, 1997.

<sup>25</sup> Report from Schlie, March 5, 1939, YVA, 051/OS0/41. For a brief biography of Lischka, see Wistrich, *Who’s Who in Nazi Germany*, pp. 157-158.

large foreign-currency debt to them.<sup>26</sup> Schlie also consulted with German shipping lines' representatives. From them he heard of a planned meeting about forced Jewish emigration to Shanghai. Though his negotiations were still incomplete, Schlie made ready to charter three vessels—two Greek and one Yugoslav—for special transports (*Sondertransporte*), needing only confirmation to begin preparations.<sup>27</sup> He again ascertained, as reported by Eichmann, that neither the Japanese nor the Chinese objected to Jewish immigrants: the Japanese, because they explained that they had to admit everyone with a German passport regardless of race or religion; the Chinese, because they were no longer in control of a single port on the China coast and were hardly in a position to object. Thus, Eichmann, concluding at the beginning of June 1939, that immigration to Shanghai could proceed for the time being, gave his approval for sending a chartered ship.<sup>28</sup>

Schlie was already able to report on July 7, 1939, that the German merchant ship he had chartered, the *Usaramo*,<sup>29</sup> had docked without mishap—even though the passengers had no visas. He urged that another transport of 1,000-1,500 Jews get under way immediately. Chartered ships were the only way lives could have been saved, because accommodations on scheduled liners to East Asia were sold out six to seven months in advance in 1939.<sup>30</sup> However, that was not to happen.

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<sup>26</sup>Schlie to Hagen, June 2, 1939, YVA, 051\0S0\41.

<sup>27</sup>Schlie to illegible addressee, June 28, 1939, YVA, 051\0S0\41.

<sup>28</sup>Eichmann to Hagen, June 2, 1939, YVA, 051\0S0\41.

<sup>29</sup>According to *The China Press*, June 28, 1939, p. 2, the *Usaramo* landed 339 passengers on June 29. According to SMP, D5422 (c), Police Reports on Ship Arrivals, January-July 1939, the *Usaramo* landed with 459 passengers. The ship belonged to the Deutsch-Ostafrika Linie and had a capacity of 250 passengers in first, second, and third class. The vessel usually carried 126 ship personnel, which, on this voyage, was apparently pared down, if the police report is more accurate, in order to accommodate more passengers. See Claus Rothke, *Deutsche Ozean-Passagierschiffe, 1919 bis 1985* (Berlin: Steiger, 1987), p. 47.

<sup>30</sup>H. Bullock, British consulate, Bremen, to British embassy, Berlin, June 22, 1939, PRO, FO 371/24079; Neville Henderson, British embassy, Berlin, to Foreign Office, May 31, 1939, FO 371/24079 W8663.

There was a dual problem: foreign ships were not to be chartered using German currency, and German ships required imported oil for fuel to be paid for by the shipping lines in foreign currency. In 1939, Germany was not about to dip into its still scarce reserves to transport Jews, and the only hope for the Jews would have been for them to receive funds from abroad. These, however, were not forthcoming in sufficiently large amounts.<sup>31</sup>

### **Passports, Visas and the Shanghai Scene**

When the Gestapo and Eichmann decided to force the exodus to China, they did not, however, sufficiently consider conditions in Shanghai following the outbreak of the Sino-Japanese hostilities there in 1937. Nor had they perhaps foreseen the reaction that the arrival of large numbers of refugees would call forth from a number of different quarters. To better understand the alarmed response, let us briefly describe the state of Shanghai in 1938, when the Jewish influx began.

The large metropolis was a mosaic of three distinct areas: the International Settlement, with Japanese-controlled Hongkou (Hongkew) on the northern bank of the Suzhou Creek; the French Concession; and the Chinese districts and neighborhoods that had grown up around the foreign enclaves. Shanghai was also a mosaic of different peoples, including foreigners of many nationalities, among them a large number of White Russians. But over three million Chinese vastly outnumbered the foreigners, especially after the 1937-1938 hostilities in the vicinity of Shanghai, when Chinese refugees poured into the city.<sup>32</sup> Furthermore, after 1930, the Japanese

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<sup>31</sup>Bauer, *American Jewry and the Holocaust*, pp. 61, 66, points out that the JDC suffered constant cutbacks due to shortages of funds; had more funds been available, more might have been done.

<sup>32</sup>SMP, D 8039 A/7, dated February 16, 1938, September 2, 1939, for example, which lists refugee camps and numbers of refugees. But the police apparently had a hard time keeping track of the thousands of Chinese in the International Settlement, because not all refugees were in camps.

gradually began to outnumber the British, with a population of nearly 40,000 by the summer of 1938.<sup>33</sup>

In 1938, there were about 500 German Jews and close to 1,000 Baghdadi Jews among the foreign community in the International Settlement. The Russian Jewish community, most of whom lived in the French Concession, was larger, numbering approximately 6,000.<sup>34</sup> But all three Jewish communities together were obviously a small minority among Shanghai's population. Unobtrusive at first, the Jews became more visible following the sudden and large Central European influx—if not to the Chinese, then certainly to the British and the other foreign nationals.

Shanghai's administrative structure was similarly complex. The International Settlement, with its extraterritorial privileges for foreigners, had been established by treaty in the mid-nineteenth century. It was governed by the Shanghai Municipal Council (SMC), which, in 1938, consisted of fourteen elected members: five Chinese, five British, two Japanese, and two Americans. The Settlement was, however, not sovereign territory. It was only empowered by the Council members' governments to carry out decisions of the consular body that represented the consuls' countries. In comparison, the consul general in the French Concession was more independent, and his appointed Council carried out his orders.<sup>35</sup> Yet another system of government existed in the Chinese parts of Shanghai. After the Nationalist Government under Chiang Kai-shek came to power in 1927, his government, seated in Nanjing, established the short-lived Special Municipality of Shanghai under its direct control. However, following the outbreak of the Sino-Japanese War in July 1937, the Japanese occupied the Chinese districts of

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<sup>33</sup>*The North-China Herald*, August 24, 1938, p. 328.

<sup>34</sup>*The Shanghai Evening Post and Mercury*, October 28, 1940, p. 2

<sup>35</sup>F.C. Jones, *Shanghai and Tientsin, with Special Reference to Foreign Interests* (London: Oxford University Press, 1940), p. 22.

Shanghai in the autumn and set up a Chinese municipal puppet administration, the so-called “Great Way” (*Dadao*).<sup>36</sup>

Adding to this already complex political state of affairs, the puppet regime established in Nanjing in 1938, by Wang Jingwei (Chiang's long-time associate who had defected to the Japanese), neither then nor later controlled Shanghai's Chinese administration, as successive Chinese administrations were controlled by the Japanese. Thus, Shanghai, in 1938, was not legally within any sovereign power's jurisdiction, since Wang's Nanjing puppet government was not recognized by any of the treaty powers and by the Japanese only in March 1940. This fact is significant when we next consider the absence of passport controls in Shanghai, often mistakenly described as the “non-requirement of visas.”

Until the outbreak of the Sino-Japanese war, Chiang's Nationalist Government had charge of passport control. While this government was in power, British subjects, for example, were advised to obtain visas from the Chinese primarily as a courtesy, because Chinese officials had no jurisdiction over extraterritorial foreigners. But after the 1937 hostilities, the Nationalist passport office ceased to exist, and no other country represented in Shanghai was empowered to exercise passport control. Sir Nevile Henderson, the British ambassador in Shanghai, explained to his superiors in the Foreign Office that the Japanese could not very well be asked to do so for the benefit of British interests, “...and in any case we would not wish to encourage the institution of passport control measures by the Japanese and so add to the many vexatious restrictions under which our people are already suffering.”<sup>37</sup>

Despite the absence of passport controls, Nationalist Government consulates in Europe continued to issue visas, and British and other shipping lines required these for

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<sup>36</sup>John H. Boyle, *China and Japan at War 1937-1945, The Politics of Collaboration* (Stanford: Stanford University Press, 1972), note p. 112.

<sup>37</sup>Henderson to Foreign Office, May 31, 1939, PRO, FO 371/24079, W8663.

bookings.<sup>38</sup> As it turned out, some refugees obtained such visas, while others did not, but, whether with or without, all were able to go ashore in Shanghai. Unrestricted entry, therefore, made the refugee influx possible. The SMC tried to stop the tide, as we shall see, without, however, allowing the Japanese to assume the task of controlling passports. Echoing Henderson, the prominent Jewish financier Michel Speelman wrote that "...there is no authority at present in Shanghai who could interfere with the landing of refugees, except the Japanese military authorities, who could only do it at the unanimous request of the whole Consular body. Such a request is entirely out of the question."<sup>39</sup>

Following the armed clashes in the summer and fall 1937, the Chinese portions of Shanghai were occupied by Japanese military forces. Hongkou, where most of the refugees eventually came to live—although large parts of the area were reduced to rubble—was, for all practical purposes, detached from the SMC and was controlled by the Japanese Special Naval Landing Party, the Japanese military force stationed there.<sup>40</sup> During the 1937 hostilities, shipping came to a halt, and Shanghai's ports remained closed even after the fighting in the Chinese parts of Shanghai had subsided. When Yangzi River shipping resumed, the interior remained closed to all except the Japanese.<sup>41</sup> As the months passed, the Shanghai business community watched with increasing apprehension as Japan tightened its hold on commercial activities.

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<sup>38</sup>L.M. Robinson, British consulate-general, Hamburg, to Sir George Ogilvie-Forbes, British embassy, Berlin, January 10, 1939, PRO, FO 371/24079.

<sup>39</sup>Michel Speelman, "Report on Jewish Refugee Problem in Shanghai," Paris, June 21, 1939, JDC, RG 33-44, file 457.

<sup>40</sup>Mark R. Peattie, "Japanese Treaty Port Settlements in China," in Peter Duus et al, eds., *The Japanese Informal Empire in China, 1895-1937* (Princeton: Princeton University Press, 1989), p. 200.

<sup>41</sup>*The China Press*, November 18, 1938, p. 1. The Japanese vowed to keep the river closed until the Nationalist government was destroyed.

Meanwhile, Chinese installations located in the International Settlement were gradually closed or taken over by the Japanese.<sup>42</sup> Japanese censors were installed in the Chinese Telegraph Administration in November 1937, in the Wireless Administration in January 1938, and in the Post Office in March 1938. The Chinese radio stations were taken over by the Japanese, and restrictions on Chinese newspapers took effect in the spring of 1938.<sup>43</sup>

The general instability was further exacerbated by the struggle between the two puppet regimes—Wang Jingwei's government in Nanjing and the municipal administration in Shanghai, each vying for domination over Shanghai and its revenues. Assassinations and terrorist attacks were common. The ever-more aggressive and insolent tone adopted by the Japanese authorities, according to British reports, led to mounting anxiety in the foreign community, which is reflected in the quarterly consular reports sent to the British Foreign Office.<sup>44</sup> Thus, when the Lloyd Triestino's *Conte Verde* landed its first large contingent of Jewish refugees in November 1938, the SMC had good reason to be jittery. The highly unwelcome newcomers only compounded its problems.

### **How to Limit Jewish Refugee Entry into Shanghai**

Though the numbers coming from Europe were still a trickle compared to the flood that would soon pour into the city, providing for the newcomers quickly became a problem. Sometime in December 1938, Michel Speelman, then the honorary treasurer of the recently created Committee for the Assistance of European Jewish Refugees in Shanghai (CAEJR),<sup>45</sup>

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<sup>42</sup>Quarterly Report, ending December 31, 1937, PRO, FO 371/22129.

<sup>43</sup>Robert W. Barnett, *Economic Shanghai: Hostage to Politics, 1937-1941* (New York: Institute of Pacific Relations, 1941), p. 26.

<sup>44</sup>For example, report ending September 30, 1939, PRO, FO 371/2350.

<sup>45</sup>Ellis Hayim, Michel Speelman, and Brown to Morris Troper, Paris, December 14, 1939, JDC, RG 33-44, file 458. Established on October 19, 1938, to provide for the needs of the mainly impoverished German and Austrian refugees, among the committee's leading members were prosperous Baghdadi

wrote to the authorities of the Shanghai Municipal Council and the French Concession of the “danger of an unlimited influx of refugees to Shanghai.”<sup>46</sup> Speelman, who, we may reasonably assume, was voicing CAEJR views, did not indicate what the “danger” was, but it should be recalled that Jewish leaders in Shanghai were still having to help the Jews whose means of support had been wiped out during the fighting in the city the year before.

Following several conversations between Speelman and Ellis Hayim, who was a leading member of the CAEJR, and SMC authorities, G. Godfrey Phillips, the SMC secretary and commissioner general, sent telegrams to the London-based Council for German Jewry, to HICEM in Paris and to the JDC in New York voicing the SMC’s concern. The SMC “may be compelled,” Phillips wrote to the Council, “to take steps to prevent further refugees from landing in the International Settlement.”

This threat clearly went beyond Speelman’s “danger of an unlimited influx.” The Council replied that it was unable to stop the refugee flow, and it hoped that the refugees would not be prevented from coming if the local committee “undertook their maintenance.” In his reply, Phillips pointed out that maintenance was not the sole issue, providing housing and employment was also part of the problem.<sup>47</sup> In response to the cable from Shanghai, the recipient agencies began searching for ways to comply. Indeed, Joseph C. Hyman , a member

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Jews. Was the CAEJR letter a response to a communication from the SMC and the French Concession authorities?

<sup>46</sup>“Report on Jewish Refugee Problem,” JDC, RG 33-44, file 457. Since Speelman does not mention the exact date in December, we have no way of knowing if this observation was part of an ongoing discussion about the influx.

<sup>47</sup>Shanghai Municipal Archives, December 23, December 25, and December 31, 1938, respectively, YVA, 078/85. The initial SMC correspondence was followed during the next nine months by a flurry of cables, letters, and circulars between the SMC and the Foreign Office, the Foreign Office and its embassies and consulates in Germany and Italy, as well as between the consulates and the embassies to which they were responsible. The major issues raised were who would pay for supporting the new arrivals and what measures would be taken to stop the departure from Europe in the first place.

of the JDC Executive Committee, cabled the Hilfsverein der Juden in Deutschland (Relief Organization of Jews in Germany) in Berlin not to send any more immigrants to Shanghai.<sup>48</sup>

Speelman had chosen his words carefully when he referred to an “unlimited influx.”

Without passport control, the arrival of countless thousands could have dire repercussions in Shanghai. The two Jewish communities, the Russian and the Baghdadi, had neither the organizational framework nor the experience needed for caring for large numbers of destitute persons.<sup>49</sup> Shanghai, moreover, was no longer what it had been before the 1937 hostilities and Speelman’s cautious reaction contrasts sharply with Hyman’s call to stop Jewish immigration altogether.

In any event, the Hilfsverein, which dealt first-hand with Jewish refugees, knew better. “In the present plight of German Jewry,” it pointed out, “it would probably be impossible for us to stop emigration to Shanghai even if we absolutely wanted to do this.” The reason given was that the Hilfsverein effectively controlled only a part of the emigration of German Jews. The other, and larger part, proceeded spontaneously, without any kind of control by Jewish authorities. “No Jewish organization in Germany is able to prevent their emigration to any place they can get to,”<sup>50</sup> thereby stating what could not be said directly, namely that, by February 1939, forced emigration was under way. While this correspondence

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<sup>48</sup>Hilfsverein to JDC, Paris, February 10, 1939, enclosed in Troper, Paris, to JDC, New York, JDC, RG 33-44, file 457. A half-year later, Speelman reiterated the Hilfsverein’s position to JDC officials in Paris. He added that the organization was openly advertising that Shanghai was the only place refugees could go to without any “formalities”; Speelman, “Report on Jewish Refugee Problem,” JDC, RG 33-44, file 457.

<sup>49</sup>This subject in particular deserves more detailed treatment than can be given here. It is an issue further developed in our larger project.

<sup>50</sup>Hilfsverein to JDC, Paris (forwarded to JDC, New York, by Troper), February 10, 1939, signed Arthur Prinz, Franz Israel Bischofswerder, Victor Israel Löwenstein, JDC, RG 33-44, file 457. Copy, CAHJP, DAL 76.1, sent to HICEM, Harbin; Letter from Theodore C. Achilles, chairman, Departmental Committee on Political Refugees, Department of State, to George L. Warren, March 31, 1939, which includes a letter from Robert T. Pell about his conversation with the Berlin Jewish leaders, JDC, RG 33-44, file 457.

crisscrossed oceans and continents, refugees continued to arrive on German, Japanese, and Italian ships.

Unable to choke off the refugees' entry into the city, the SMC and the Japanese Special Naval Landing Party watched their numbers grow with deepening anxiety. Parallel to the SMC's search for ways to block entry, the Japanese sought to do the same, but they were caught on the horns of a dilemma. Notwithstanding the red "J" stamped into their passports, the refugees arrived with valid German passports.<sup>51</sup> Not allowing entry might cause friction in the Japanese-German alliance. The policy formulated by the Five Ministers Conference in Tokyo on December 6, 1938, pointed the way to a formal solution. It had been agreed, among other things, that, while Jews would be treated impartially like other aliens wishing to enter Japan, Manchukuo, and China, no positive steps would be taken to harbor Jews expelled from Germany. Yet to discriminate against Jews, as Germany was doing, would contradict the oft-stated Japanese principle of racial equality and might endanger the inflow of foreign capital needed for economic reconstruction as well as exacerbate Japanese-U.S. relations<sup>52</sup> On the surface, therefore, Jewish refugees would not be discriminated against, but, by the beginning of December 1938, at the latest, the Special Naval Landing Party was said by the Japanese consul general in Shanghai to be limiting their entry into Hongkou.<sup>53</sup>

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<sup>51</sup> As a result of Swiss demands, the German authorities agreed to stamp the passports of Jews with a "J," which allowed the Swiss border police to check whether the passport holders were Jewish and, in this way, keep them out of the country. This measure took effect on October 4, 1938; Saul Friedländer, *Nazi Germany and the Jews, Vol. 1: The Years of Persecution, 1933-1939* (New York: HarperCollins, 1997), vol. 1, p. 264.

<sup>52</sup> Japan. Ministry of Foreign Affairs, 1868-1945, S Series microfilm (JFM), Reel 415, frames 2561-2562, December 6, 1938, for text of the document, which has sometimes been misunderstood as expressing a pro-Jewish policy, as, for example in David Kranzler, *Japanese, Nazis & Jews* (New York: Yeshiva University Press, 1976), p. 224ff. The five ministers were the prime minister, the army, navy, finance, and home ministers.

<sup>53</sup> Consul General Hidaka, Shanghai, to Arita, December 7, 1938, JFM, Reel 413, frames 797-798.

But the problem of how to cope with the refugees without antagonizing Germany and the United States remained perplexing. A new avenue for Japanese efforts to limit immigration appeared when, as reported by the Japanese consul general, the SMC (simultaneous with its already mentioned approaches to Jewish aid organizations in Europe and the U.S.) proposed to the dean of the Consular body on December 23, 1938, measures to prevent the landing of Jewish refugees. It was the International Settlement's duty to protect itself, the SMC declared, by barring Jewish refugees lacking means of support or possibilities of employment. The flood of refugees pouring into the Settlement from Europe, in the SMC's view, had strained its resources and those of private organizations to the limit. Reporting this proposal and the agreement of the dean of the Consular body to Foreign Minister Arita Hachiro, acting Consul General Gotō Shiro sought the minister's approval. In Gotō's view, the proposal was in accordance with Japanese policy on the "Jewish problem."<sup>54</sup>

Arita, however, favored a more cautious approach, particularly since he did not want to leave Japan open to the charge of discriminating against Jews.<sup>55</sup> Consul General Miura then sought the views of the German and Italian acting consuls general, the representatives of Japan's allies, about barring the entry of Jewish refugees into Shanghai. Neither consul was interested in the SMC proposal: the German, because his country was intent on getting rid of the Jews; the Italian, because his country was an ally of Germany—and Italian shipping companies were doing excellent business. Miura then told Arita that he would hold off replying to the SMC since the other consuls had yet to do so.<sup>56</sup>

## The Consular Body Steps In

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<sup>54</sup>Gotō to Arita, Secret, December 26, 1938, JFM, Reel 414, frames 905-907.

<sup>55</sup>Arita to Gotō, Secret, December 30, 1938, JFM, Reel 414, frames 903-904.

<sup>56</sup>Miura to Arita, January 23, 1939, JFM, Reel 414, frames 957-959.

If the SMC was aware of these behind-the-scenes talks, they did not deter the British from pressing for a solution. Thus, toward the end of January 1939, the Consular body met to consider the SMC's request to prevent any "further incursions" of refugees into the International Settlement. The urgency that pervaded the SMC proposal did not elicit a corresponding response from the consuls. They agreed to go through the established diplomatic channels and contact their governments: they would report the proposal to their embassies along with any suggestions or observations, and the embassies, in turn, would report to their foreign ministries requesting instructions.<sup>57</sup> The foreign ministries, it was hoped, would prevail upon their representations abroad to discreetly suggest to their host governments to stop the Shanghai traffic. But both the German and Italian foreign ministries proved uncooperative. The former declared itself unable to control where Jews would go once they left Germany; the latter, paying lip service, said it had instructed Italian shipping companies not to take bookings from anyone without satisfactory documents.<sup>58</sup> Months later, and only after still another inquiry, did the German Foreign Ministry finally admit, as reported by Ambassador Henderson, "...that it is essential that all Jews must leave Germany as soon as possible and Shanghai is the only destination open to Jews from Germany."<sup>59</sup>

Meanwhile, the letter of Norman Bentwich of the Council for German Jewry to the Foreign Office that the Gestapo was pressing Jews to leave and that men were released from concentration camps on condition that they emigrate immediately, was, for all practical purposes, ignored. So was a letter from the British consulate general in Hamburg stressing

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<sup>57</sup>Consul General Sir Herbert Phillips to Ambassador Sir Archibald Clark Kerr, Shanghai, February 4, 1939, PRO FO371/24079, W 2061.

<sup>58</sup>Sir Nevile Henderson, Berlin, to Foreign Office, February 23, 1939, PRO FO371/24079, W3341/519/48; Earl of Perth, Rome, to Foreign Office, March 6, 1939, PRO FO 371/24079, W4253/253/519/48. See also Miura to Arita, January 23, 1939, JFM, Reel 414, frames 957-959.

that those people going to Shanghai were mostly concentration-camp victims who have “no chance of going anywhere else.”<sup>60</sup>

Other reasons were also given for having the influx stopped, or at least limited. One was the fear that, unless halted, British and other foreign interests would be harmed if the Japanese began inspecting passports.<sup>61</sup> Rumors circulated that the Japanese authorities were, indeed, considering such a step. According to a police informant, the Japanese were discussing the establishment of passport examination on ships docking in Shanghai out of concern about the presence of communist and pro-communist elements among the refugees.<sup>62</sup> The specter of antisemitism in Shanghai was also occasionally invoked as the Jewish presence grew. This was first pointed out in a confidential communication to Sir Herbert Phillips, the British consul general, that “...it seems to me that a large influx of Jewish refugees would have most upsetting results here, and we certainly do not want anti-Semitic problems added to our Shanghai problems.” The Foreign Office feared that antisemitism might be “exploited to embarrass the British authorities on the spot.”<sup>63</sup>

British fears were not unjustified. Antisemitic articles appeared in the Japanese-controlled Chinese-language *Xin shenbao* (“New Shenbao”). Some suggested a Jewish capitalist takeover and Jewish opposition to Japan. With the German and Italian expulsion of Jews, went the argument, the Jewish problem has also become an East Asian problem. Those

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<sup>59</sup>Cable from Sir Nevile Henderson, Berlin, to the Foreign Office, June 26, 1939, PRO FO371/24079, W9863/519/48. Henderson’s cable was in response to one from the Foreign Office complaining that the traffic was not orderly emigration; see W8663/519/48, May 31, 1939.

<sup>60</sup> Norman Bentwich to the undersecretary of state at the Foreign Office, June 26, 1939, PRO FO371/24079, W1515; L.M. Robinson, British consulate general, Hamburg, to Sir George Ogilvie-Forbes, Berlin, January 25, 1939.

<sup>61</sup> Foreign Office to ambassador in Shanghai, January 10, 1939, PRO FO371/24079, W519,5.

<sup>62</sup> Police report, December 13, 1938, SMP, D5422.

<sup>63</sup>Shanghai Municipal Archive; to Sir Herbert Phillips, no signature, December 28, 1938, YVA, 078/85.

Jews who came to Shanghai earlier have already established themselves in business and have amassed capital. Within another twenty-five years, the wealth of China may very well gravitate toward Jewish hands, and Jews will then be able to control China.<sup>64</sup>

The American-owned *Shanghai Evening Post and Mercury* found “something almost terrifying” in the news that 1,000 Jewish refugees were on their way from Naples and called for an immediate session of the Consular body to deal with the “alarming growing problem.”<sup>65</sup> Between May and August 1939, the influx of refugees reached frightening proportions in the view of the SMC, too, and threatened to increase. When the German steamer, the *Usaramo*, docked in Shanghai on June 29, 1939, with 459 refugees aboard, the SMC’s worst fears may have been confirmed.

Thus, Jewish refugees continued to pour into the International Settlement as the months went by in 1939. The SMC’s appeal to the Consular body in December 1938, to help stem the tide, had proved futile because of the German-Italian lack of cooperation. But the Japanese, in whose occupied areas in the Settlement the great majority of refugees were finding asylum, because of the cheaper rents and lower food prices there, did not remain idle in their search for a solution. What concerned them was the influx into Hongkou, north of the Suzhou Creek; what happened elsewhere was of lesser interest.

On April 17, Foreign Minister Arita informed his consul general in Shanghai that a three-man committee representing the Foreign Ministry, the army, and the navy had been set up to investigate the “Jewish problem” on the spot in the city. Probing questions were also being asked in the Diet. The committee was given a wide-ranging brief, which indicated the

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<sup>64</sup> “Zhongguo he Youtairen wenti” (“China and the Jewish Problem”), *Xin shenbao*, September 29, 1939, p. 2.

<sup>65</sup> January 30, 1939, JFM, Reel 414, frame 993. In reply, *The China Weekly Review* took up the cause of the refugees in an editorial entitled “Jewish Refugees Should Be Welcomed and Assisted Here!,” February 4, 1939, JFM, Reel 414, frame 994.

political, economic, and military setting in which the Japanese viewed their problem. The committee was instructed to propose how to deal not only with the Jewish refugees, but with all the Jews in China.<sup>66</sup>

### **The Report and Its Aftermath**

The committee began working on May 9, and formulated its proposals into a top-secret report consisting of two parts: (1) a strategy for winning the support of Shanghai's Jewish capitalists, primarily the Sassoon interests, for Japan and, through them, of American Jewish influence on the U.S. government; and (2) measures to keep the Jewish refugee community in Shanghai under the Japanese thumb. The report was discussed on June 3, at a meeting of local army, navy, Foreign Ministry and Asia Development Board representatives.<sup>67</sup> This meeting was followed by nearly three months of examination of the document and of proposals for amendments and revisions.<sup>68</sup> The final text of the Joint Report stated that the number of refugees to be allowed into Hongkou had to be limited and that their financial capabilities had to be carefully scrutinized to ensure that the refugees would not become a liability. Measures taken now, it was stressed, were to be provisional, until the final plans,

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<sup>66</sup>Arita to Miura, Top Secret, April 17, 1939, JFM, Reel 414, frames 1168-1171. The three committee members were Ishiguro Yoshiaki, a consul in the Shanghai consulate general; Col. Yasue Norihiro, the head of the Dairen Special Services Agency who controlled the Manchukuo Jewish community, and Navy Captain Inuzuka Koreshige, who was attached to China Area Fleet HQ for the duration of the investigation. The latter two were considered experts on the "Jewish problem."

<sup>67</sup>The Asia Development Board, the Kōain, was a cabinet agency established in December 1938, to coordinate all government activities related to China, apart from formal diplomacy; *Kodansha Encyclopedia of Japan*, 9 vols. (Tokyo: Kodansha, 1983); vol. 1, p.102b.

<sup>68</sup>Although a good half of the report dealt with strategy vis-à-vis the well-to-do Jews in Shanghai and, through them, with the Jews in the United States, the views on these proposals were not recorded in the available documents. The discussions dragged on for three months, probably due to disagreements among the participants.

among them for the postwar reconstruction of Shanghai in a Japanese-ruled China, were worked out.<sup>69</sup>

Some weeks later Arita instructed Ambassador Ōshima in Berlin, on August 4, to ask the German government to stop sending Jewish refugees to Shanghai and all other areas occupied by the Japanese armed forces. Arita also informed Ōshima that, on August 10, acting consuls general Bracklo and Farinacci were to be told to have their governments take “all steps within their power to prevent Jewish refugees from coming to Shanghai.”<sup>70</sup>

On August 10, too, Ellis Hayim, the CAEJR chairman while Speelman was abroad, was summoned to a meeting at the Japanese consulate general. There he faced, in addition to Consul Ishiguro, Navy Captain Inuzuka Koreshige, and one Tanii, a staff officer in Third Fleet HQ. However, an army representative was notably absent. Hayim was handed a memorandum in English stating that the Japanese authorities had decided to call a “temporary” halt to further “European” immigration to Shanghai, because “an influx of refugees in exceedingly large numbers will have a direct bearing....on the plan of reconstruction of the war-torn areas.” So crowded was Hongkou that “even the return of the Japanese to the area is not permitted unrestrictedly, not to mention the free return of the Chinese.” The memorandum went on to claim that “it was made clear that the Jewish leaders among the Refugee Committee wished to see, for the benefit of the refugees already arrived in Shanghai, that further influx be discouraged in some way or other....”

Hayim was ordered to have the CAEJR register the refugees living in Hongkou by August 22. Only those so registered would be allowed to remain. Hayim was also ordered to

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<sup>69</sup>“A Joint Report of Research on the Jews in Shanghai,” Top Secret, July 7, 1939, JFM, Reel 414, frames 1235-1281. For discussions of the report and proposed changes: Reel 414, frames 1102-1104, 1219-1220, 1227-1233, 1285-1290, 1293-1296, 1321, 1354, 1397-1404, 1458-1469.

<sup>70</sup>The communications to Bracklo and Farinacci, both dated August 10, 1939, are in JFM, Reel 414, frames 1414-1418 and frames 1421-1423.

have the CAEJR inform Jewish organizations in England, the United States, France, and Germany of the Japanese decision. Thereupon, under duress, he sent off a cable to the Council for German Jewry saying: "Further immigration to Shanghai must cease and be prevented. Inform Paris New York Cairo Speelman." In another cable, to the JDC office in Paris, he asked that Berlin and Vienna also be informed.<sup>71</sup>

The day after Hayim received his instructions, the British consul general, Sir Herbert Phillips, called on Miura, who reiterated the Japanese position. Phillips then reportedly replied that he was relieved to hear that the closure was temporary; this reply indicated to Miura that the British would not challenge the Japanese decision.<sup>72</sup>

### **The SMC Takes Unilateral Action**

Like the Japanese who had taken action without consulting the Consular body, the SMC reacted to the Japanese decision by deciding unilaterally to bar European refugees from entering the International Settlement. On August 14, G. Godfrey Phillips informed the consuls of the Council's decision.<sup>73</sup> The crux of the matter was the SMC's fear that refugees, barred from entering Hongkou, would attempt to settle in those parts of the International Settlement under SMC control. According to a press report, Phillips denied that the SMC move had anything to do with the Japanese decision. Strained resources and overcrowding in the Settlement were the reasons.<sup>74</sup> The French consul general, too, informed Miura that

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<sup>71</sup>The two cables, the first dated August 14, 1939, and the second August 16, 1939, are in JDC, RG 33-44, file 458, Troper to JDC New York, August 18, 1939. The meeting at the consulate general is detailed in JFM, Reel 414, frames 1406-1407, Miura to Arita, Urgent, August 20, 1939; Reel 414, frames 1419-1420, Miura to a list of senior military recipients and the Liaison Sections of the Central China Fleet Expeditionary Force HQ and of the Asia Development Board, Secret, August 11, 1939. The text of the memorandum, dated August 9, 1939, is in Reel 414, frames 1424-1426.

<sup>72</sup>Miura to Arita, August 12, 1939, JFM, Reel 414, frames 1427-1430.

<sup>73</sup>Phillips to Miura, August 14, 1939, JFM, Reel 414, frames 1449-1450.

<sup>74</sup>"All Shanghai Now Closed to Emigrés," *The China Press*, August 15, 1939, pp.1,6.

refugees would be barred from entering the French Concession. In any case, there was little that either the SMC or the French consul could do, short of using armed force, to stop the Japanese from executing their decision.

Seeking what appeared to be at least a partial solution to the SMC's problem, Phillips proposed to Miura that "should the Japanese authorities be willing for humanitarian reasons to permit the entry in that part of the Settlement [north of the Suzhou Creek] of those refugees who have already embarked for Shanghai, the Council would be willing to cooperate to this end."<sup>75</sup> Not unsurprisingly, Miura took up Phillips' proposal. Like the accession of the consul general three days before, this proposal lent legitimacy of sorts to the Japanese decision. And, more importantly, it signaled a SMC-Japanese cooperative effort to find ways of reducing the flow of Jewish refugees into the International Settlement.

Interpreting Phillips' reply to mean that the SMC official was ready to discuss details, Miura called him and the French consul general to a meeting on August 17, for an exchange of private views on how to dry up the refugee flow. The talks, according to Miura, centered on two problems: (1) putting an end to the arrival of Jewish refugees in Shanghai; and (2) the definition of a "Jewish refugee," and whether or not to allow the arrival of relatives of Jewish families already in Shanghai. On the first, it was agreed that transporting Jewish refugees in German, Italian, French, and Japanese vessels should cease. No further passengers would be allowed to come ashore after the arrival of the Norddeutscher Lloyd's *Potsdam* and the Messageries Maritimes' *Athos 2* (both scheduled to leave European ports on August 18), the Lloyd Triestino's *Conte Biancamano* (on August 16), and the NYK's *Hakusan maru* (on August 14). This agreement was in accordance with G. Godfrey Phillips' suggestion to

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<sup>75</sup>Phillips to Miura, August 14, 1939, JFM, Reel 414, frames 1449-1450.

Miura.<sup>76</sup> Regarding the second problem, it was agreed to set up a three-man committee representing the Japanese side, the SMC, and the French Concession to study the matter.

Until the committee presented its report, Jewish refugees should not be taken on board vessels headed for Shanghai.<sup>77</sup>

Notably absent from these private talks were German and Italian representatives. The acting Italian consul general had protested a few days before to the senior consul, questioning the legality of the SMC decision. However, he recognized its necessity in the interest of public order and was ready to sanction it if the Consular body agreed. The acting German consul general also found merit in the decision and said that he would acquiesce if those refugees already on their way would be allowed to land and if detailed regulations were promulgated concerning relatives of emigrants and other persons able to support themselves. This condition was accepted. Thus, the Germans and the Italians, who had not been privy to the talks, were brought into an emerging agreement among the main parties.<sup>78</sup>

Phillips then informed the local representatives of nine shipping companies that regulations would be promulgated in the near future regarding the entry into Shanghai of European refugees. Pending this action, Phillips asked the companies to "avoid taking any

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<sup>76</sup>Consul Ishiguro had already approached the head of the NYK's Shanghai bureau three weeks earlier about desisting from carrying refugees to Shanghai. The bureau chief replied that Jewish refugees were the sole passengers on the company's European run; also, as long as Italian vessels carried large numbers of refugees, little would be gained by having the NYK give up this business, which would also mean a loss of revenue; JFM, Reel 414, frames 1326-1328, Ishiguro to Kimura, administrative head of the Asia Development Board's 1st section, July 27, 1939.

<sup>77</sup>Miura to Arita, August 17, 1939, JFM, frames 1451-1453.

<sup>78</sup>JFM, Reel 414, frame 1484, Bracklo to G.G. Phillips, August 19, 1939, enclosed in a letter to the senior consul, August 19, 1939, frame 1485. See also PRO, FO 371/24079, W14479, Bracklo to Poul Scheel, senior consul, August 19, 1939, and Brigidi to Scheel, August 16, 1939. The Portuguese consul general, J.A. Ribiero de Melo, also protested to Scheel, August 18, 1939.

bookings for Shanghai from persons who may possibly come within the ambit of any proposed regulations.”<sup>79</sup>

The shipping lines were at a loss. How was a booking agent to distinguish a refugee from a regular traveler when both had valid passports, travel documents, and money for expenses?

### **Epilogue: Permits and “Who Is a Refugee?”**

Meanwhile, the committee on the definition of a refugee began its deliberations. Ernest T. Nash, the SMC’s assistant secretary, Ishiguro Shiro, the Japanese consul, and M.G. Cattand, the French vice-consul, represented the three bodies that had participated in the private talks.<sup>80</sup> Symbolizing the evolving new hierarchy of power in Shanghai, the committee met in the Japanese consulate general.<sup>81</sup> After long bargaining, the committee proposed that only adult refugees who had US\$400 and all children under thirteen years of age who had US\$100, or who had an entry permit issued by the SMC or the French Concession or the Japanese authorities could enter Shanghai.<sup>82</sup> The language of this attempt to define “refugee” concealed the fact that only German and Austrian Jews with the red “J” in their passports

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<sup>79</sup>G.G. Phillips to shipping companies, August 17, 1939, JFM, Reel 414, frame 1474.

<sup>80</sup>“Committee Formed for Jew Problem,” *North-China Herald*, August 23, 1939, p. 325. For Eduard Kann’s letter to the Japanese consulate general informing it that he had been delegated by the CAEJR to represent it on the committee, see JFM, Reel 414, frames 1525-1526, Miura to 3rd Fleet staff officer, November 16, 1939.

<sup>81</sup>Birman to JDC, New York, October 24, 1939, JDC, RG 33-44, file 458.

<sup>82</sup>“Provisional Arrangement Regarding Entry into Shanghai of Central European Refugees,” n.d., JFM, Reel 414, frame 1535. According to Kann, this “arrangement” was based on revisions to his suggestions, “Report on the Problem of Immigration into China on the Part of European Refugees,” November 11, 1939, JDC, RG 33-44, file 458.

needed a permit.<sup>83</sup> Non-Jews, as well as Jews from other German-occupied areas, who were as much refugees as the others, could disembark in Shanghai without a permit or even the necessary funds. The overwhelming number of refugees were Jews, but nowhere were the words “Jew” or “Jewish” used, except indirectly, when referring to the Committee for Assistance to European Jewish Refugees as the address to which applications were to be sent.

No sooner had agreement been reached on these restrictions than disagreements arose regarding the implementation. The Japanese naval authorities voiced strenuous objections to the financial-status requirement, interpreting it to mean, in effect, free entry into the city. The consulate general had no choice, Miura told the foreign minister, but to bow to the navy’s demand. The French Concession authorities also asked that this requirement be held in abeyance, because otherwise the door would be open to German Jews, who, since the outbreak of war in Europe in September, had become enemies of France. Those already living in the Concession would be allowed to remain there, but they were forbidden, as had been instituted in France, from carrying on any economic activity. The Concession authorities would not make public their regulations governing refugee entry, and each application would be considered on its merits. Then, following the French decision to act independently, the Japanese authorities in Shanghai also decided to go it alone, because were talks to be held solely with the SMC, its right to limit refugee entry would thereby be affirmed.<sup>84</sup>

The upshot was that the SMC was willing to abide by the terms of the “Provisional Arrangement,” and it published its regulations in the Council’s *Municipal Gazette* of October

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<sup>83</sup>Birman to JEAS [the acronym of HIAS’s name in Polish], September 4, 1940, CAHJP, 86.4; Birman to HICEM, Marseilles, that the Shanghai municipal authorities persistently refuse to put into writing that persons without a “J” in their passports do not need a permit; October 27, 1941, CAHJP, DAL 96.

<sup>84</sup>Ishiguro to Nash, October 10, 1939, JFM, Reel 414, frame 1534; the English-language text of the “Temporary Procedure Regarding Entry into the Japanese Occupied Part of the International Settlement of Central European Refugees,” frames 1596-1597; Cattand, October 19, 1938, frames 1530-1532; Miura to Nomura, Secret, November 7, 1939, frame 1533.

27, 1939. A person would be allowed to disembark in Shanghai if he or she possessed the required funds (travel agents and shipping companies were expected to verify this) or a contract of employment or to get married. The SMC permit was valid for four months, as was the Japanese, but, in the case of the latter, only an “extremely small” number of “financially competent” European close relatives of refugees living in the Japanese zone were being let in—and that as a “humanitarian gesture.” French Concession permits carried no expiration date, and, at the end of January 1940, the authorities there relaxed the total ban on the entry of German Jews, only to stop issuing permits in May.<sup>85</sup> By the time the SMC regulations were published in its *Gazette* they had been overtaken by the German attack on Poland. The consequences were dire for thousands of Jews desperate to flee, but the possibilities were now much reduced in any case, since German ships were no longer sailing to China.<sup>86</sup>

Yet much to the SMC’s dismay, its regulations contained a loophole. Refugees who managed to secure bookings on non-German vessels generally preferred showing possession of money, rather than wasting precious time waiting for permits, and shipping companies were often lax in enforcing possession of funds.<sup>87</sup> As a result, refugees continued to arrive in Shanghai, although in far smaller numbers than during the peak months of 1939, when thousands had come ashore. This led the SMC, in May 1940, to renew its efforts to stop even these few. Revised regulations went into effect in July 1940, and now required both a permit and funds. These funds were to be deposited in advance with the Hongkong and Shanghai

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<sup>85</sup>Shanghai Municipal Archives, Kann to Nash, November 4, 1939, YVA, 078/88. Kann’s request that SMC permits be valid for six months was later granted; JFM, Reel 414, frames 1515-1517, Miura to Nomura, November 2, 1939; JDC, RG 33-44, file 459, Kann to Hayim, Speelman, Kadoorie, February 1, 1940.

<sup>86</sup>Kann glumly concluded that, even though the SMC was issuing permits, 75 percent of the permit holders would be unable to leave because fares had to be paid in U.S. currency; “Report on the Problem of Immigration into China on the Part of European Refugees,” November 11, 1939, JDC, RG 33-44, file 458.

<sup>87</sup>Anna Ginsbourg, *Jewish Refugees in China* (Shanghai: The China Weekly Review, 1940), p. 20.

Banking Corporation, and the CAEJR was to verify in writing to the SMC police that this had been done.<sup>88</sup>

But by then Italy had entered the war, and its ships were withdrawn from the refugee traffic. Except for ships leaving from Marseilles, the forced exodus from Europe by sea ceased. Although the overland route out of Europe via the Soviet Union remained open until June 1941, this subject, with its special problems, is beyond the confines of this paper.

The available data do not enable us to estimate how many permits were issued or how many were ultimately used. By April 1, 1940, on the eve of the Nazi invasion of France, the French had granted only thirty-eight permits.<sup>89</sup> The Japanese issued many more, perhaps about 1,000, but only because they tried to buy the refugees' votes in the SMC elections scheduled to take place in April.<sup>90</sup> By far the largest number of permits were issued by the SMC, but, in the spring of 1941, the waiting periods were long and the conditions ever-more stringent.<sup>91</sup> Without an expiration date, the French permits proved to be the most useful, enabling a number of refugees to reach Shanghai from Marseilles via Saigon as late as November 1941.<sup>92</sup>

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<sup>88</sup>For the text of the revised regulations, Kann to Speelman, June 1, 1940, JDC, RG 33-44, file 459. Meir Birman, who was close to events in Shanghai, had a different version of the reasons for the change; Birman to HICEM, Marseilles, September 29, 1941, CAHJP, DAL 96; for details of this version, Speelman to Troper, January 12, 1940, JDC, RG 33-44, file 459. Concerning the bank, Shanghai Municipal Archives, Nash to Kann, June 1940, YVA, 078/88; CAHJP, 86.3, Birman to Reichsvereinigung, June 27, 1940.

<sup>89</sup>Birman to Reichsvereinigung, April 1, 1940, CAHJP, 86.3.

<sup>90</sup>Birman to Kultusgemeinde, Vienna, June 14, 1940, CAHJP, DAL 87. Apparently the Japanese made available 900 permits for relatives.

<sup>91</sup>Birman to Rosovsky and Epstein, Kobe, March 31, 1941, CAHJP, 72.4; Birman to E.J. Londow, Washington, D. C., December 26, 1940, DAL 93. See also February 1, 1940, JDC, RG 33-44, file 459. The SMP could deal with only thirty applications a week, while twice that number was received by the CAEJR. Kann wrote to Hayim, Speelman, and Kadoorie that no solution had been found to this problem; February 1, 1940, JDC, RG 33-44, file 459.

<sup>92</sup>Edgar Rosenzweig and Dr. Michael Langleben were among the very last refugees to reach Shanghai via Saigon, disembarking in Shanghai on November 26, 1941; Birman to HICEM, Marseilles, November 28, 1941CAHJP, DAL 101.

Thus the permit system, initiated after direct travel by sea to Shanghai was drastically curtailed, did not altogether prevent Jews from reaching Shanghai. Moreover, for Jews with a “J” stamped into their passports, permits were crucial documents that they had to produce when applying for emigration, booking passage on steamers, or requesting Soviet transit visas for the overland route.<sup>93</sup> Still, although statistics are lacking, we are forced to conclude that the permit system, together with the obstacles to obtaining the document, prevented many Jews, whose time was running out, from finding refuge in Shanghai.

Many SMC permits were apparently never used. Meir Birman estimated that, in March 1941, there were still 2,000 relatives in Germany with SMC permits. They had reached the recipients too late, or the Japanese had not issued transit visas on their basis. He also estimated that more than 2,000 Jews with Settlement permits were waiting in Berlin, Vienna, Prague, Bratislava, Budapest, and other cities.<sup>94</sup> Moreover, SMC and Japanese permits sent to Poland expired without being used, because the Germans prevented the Jews from leaving the conquered areas from May 1940.<sup>95</sup>

### **Some Concluding Remarks**

We have attempted to show that the flight to Shanghai during little more than half a year was part of a larger context. Although the “Jewish Question” did not explicitly figure in Germany’s East Asian policies, it did so indirectly because of Germany’s foreign-currency

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<sup>93</sup>Birman to Reichsvereinigung, September 23, 1940, CAHJP, 86.3. See also CAHJP, DAL 95, Birman to Reichsvereinigung, March 17, 1941, and Birman to Kultusgemeinde, Vienna, March 20, 1941. Some refugees with permits managed to cross the Soviet Union without the coveted Manchukuo transit visa. Birman was puzzled how they accomplished this.

<sup>94</sup>Birman to Montreal, February 12, 1941, CAHJP, DAL 94.

<sup>95</sup>Warsaw, to DALJEWCIB, August 15, 1940, CAHJP, 86.4, JEAS [HIAS]; Tatiana Berenstein et al. comps., eds., *Eksterminacja Żydów na ziemiach Polskich w okresie okupacji hitlerowskiej* (Warsaw: Żydowski Instytut Historyczny, 1957), pp. 55-56.

needs, which played a role in the regime's political alliances. Similarly, it is necessary to consider the link between "economic expropriation and expulsion," as pointed out by Saul Friedländer, in Germany and in post-*Anschluss* Austria where it was better organized.<sup>96</sup>

As trading partners, both China and the Japanese puppet state of Manchukuo presented a problem to German industrialists and the regime. The Chinese market, whether or not controlled by Chiang Kai-shek, was a not inconsiderable source of foreign currency as well as of raw materials needed for German rearmament. Manchukuo was also the single most important source of soybeans.

The accelerated liquidation of Jewish economic life in 1936, intended as it was to force Jewish emigration, is reflected in Hagen's document, which also mentions China as a destination. In 1936, however, China was not yet a realistic option for German Jews. The major change came in mid-1937 and 1938, with Japan's conquest of large areas of China. Hopes for extensive markets once Japan ruled the Chinese mainland were accompanied in Germany by the growing power of the Gestapo (especially regarding control over Jewish emigration), by Ribbentrop's conduct of Germany's foreign policy, and by Hitler's grasp of full power over affairs of state.

The end of 1938 and the beginning of 1939 was a time when Japanese armed forces attempted to tighten their grip on areas of China conquered only months earlier. As reported by Schlie, the Japanese were not enthusiastic about European arrivals—Jewish or otherwise—in their backyard. Still, in Tokyo, the government did not think it prudent to antagonize its new Germany ally, nor did it seem wise to antagonize what was considered American Jewish power. In any event, there was little the Japanese could do. Although they could prevent ships from landing along China's southeast coast, which was fully under Japanese control, they could not prevent ships from using the docking facilities in

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<sup>96</sup>Friedländer, *Nazi Germany and the Jews*, p. 247.

extraterritorial Shanghai. Nor were the Japanese willing to declare the docks under their own control off limits to foreign vessels. In August 1939, the Japanese only sought to close land areas that they had occupied to refugee residence, but not to international shipping.

When Eichmann and his cohorts signaled the start of the exodus to Shanghai at the end of 1938, they were apparently unaware (or did not think it necessary to be aware) of the complex problems that had developed in Shanghai since the autumn of 1937. The Jewish refugees, arriving on the scene at a particularly inopportune moment, represented a threat to all the players in the treaty port. To the Japanese Special Naval Landing Party, they were a new element in the Shanghai mosaic over whom new methods of surveillance and control had to be created. Japanese rule in China and elsewhere in East Asia was indirect, by means of puppet bodies.<sup>97</sup> Clearly, in this case, Jews long resident in Shanghai would have to be co-opted for this role.

To the upper-crust Baghdadi community and business leaders who were closely identified with the British and British interests (in fact, clients of their British patrons), however, these distant European cousins were especially threatening. Made responsible for the refugees' physical survival in the metropolis by the British, these businessmen could hardly serve two masters—the British and the Japanese—who were in conflict. Despite their increasingly precarious situation, the CAEJR men, nonetheless, carried on feeding, housing, and otherwise caring for the thousands of refugees despite the ever-shrinking funds. At the same time, preserving their status and not losing face with their British patrons while also not antagonizing the Japanese remained important considerations.

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<sup>97</sup>How the Japanese gained their experience in “puppet rule” over Jewish communities in Manchukuo is examined by Avraham Altman, “Controlling the Jews, Manchukuo Style” in Roman Malek, ed., *Jews in China, From Kaifeng to Shanghai* (Monumenta Serica, Special Volume [forthcoming]).

To the British, who for the first time in their century-long colonial rule were threatened both politically and economically by the Japanese intruders, the arrival of large numbers of destitute European Jews was a new calamity. The Jews not only upset the demographic equilibrium, they were yet another impoverished stratum in a city rife with poverty. The refugees thus complicated an already complex set of circumstances, which, even if indirectly, had repercussions in the French Concession and in the Chinese sections of Shanghai under Japanese rule.

A large part of this paper has been devoted to British, Japanese, and also CAEJR attempts either to stop the refugee influx or, at least, to limit it. The lack of humanitarian concerns in the British, French, and Japanese perceptions of the refugee problem, as reflected in the documentary record, is striking. The underlying concerns were to protect interests or political positions, and there was much apprehension of impending danger to which the refugees only contributed.

The anxieties that surfaced in Shanghai with the arrival of masses of dispossessed refugees are understandable to an extent. The refugees were an economic liability in a city where crime was abetted by the Japanese in gambling dens, where narcotics and prostitution flourished, where Chinese and foreign merchants were trying to save tottering empires, where currencies were unstable, and where countless informers plied their trade.

Less understandable, however, is the effort of the Jewish aid organizations in Europe and the United States to stop or to limit the flight to Shanghai. Why was the Nazi-engineered exodus to Shanghai largely ignored, rather than exploited? This is a troublesome question. It also leads to another, more disturbing one. Considering that, after 1937, there was neither passport control nor an enforceable visa requirement, why was it that only about 20,000 refugees reached the safe shores of Shanghai? Why not double or triple that number? The permit system, in its initial 1939 version or its revised 1940 form, was not what kept Jews out

of Shanghai, since it came too late to be truly effective. Rather, the closure of the sea route due to the war in Europe, which Italy joined in 1940, put an end to sea travel to East Asia, except from Vichy ports. More ships could have sailed during the critical period in 1938 and 1939, when Hagen, Eichmann, Schlie, and others made an all-out effort to ship Jews out of Germany.

The fact that more ships did not sail seems to have much to do with the failure to weigh alternatives. The Jewish leadership in Europe and America did not grasp just how significant the opportunity to flee to Shanghai was: the former, by its negative attitude toward leaving Europe when it was still possible; the latter, by setting priorities other than Shanghai. Numbers can be instructive in this matter. According to Dalia Ofer, between 1938 and September 1939, a total of 257,788 German, Austrian, and Czech Jews left their countries of origin. Of these, 40,147 reached Palestine, 17,240 of them illegally.<sup>98</sup> Yet during approximately the same time span, more than half that number reached Shanghai, all of them legally and in seaworthy ships.

When saving lives was the overriding priority, the Shanghai option was largely ignored. Certainly the Jewish leadership—the Zionist included—understood that, after the *Anschluss* in March, the expulsion of Polish Jews from Germany in October, and *Kristallnacht* in November—all in 1938—that Jewish lives were endangered. Therefore, they might have listened more carefully to the men in Berlin who, in February 1939, pleaded that unless the Jews left Germany it would be too late for a large part of German Jewry. Can it be that no one among the Jewish leadership was aware of the larger setting of Nazi policy, Germany's dwindling foreign-currency reserves, or the regime's East Asian interests?

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<sup>98</sup>Dalia Ofer, *Escaping the Holocaust, Illegal Immigration to the Land of Israel, 1939-1944* (New York: Oxford University Press, 1990), p.14.

What happened thereafter is well known. Not being able to rid itself as rapidly of the Jews as it intended, the Third Reich found a cheaper and more effective way. On October 18, 1941, the first trains started rolling to the “East” from Berlin. On October 23, 1941, the Germans prohibited Jewish emigration. Tragically, the opportunities for flight to Shanghai had been missed.