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NATIONAL ARCHIVES MICROFILM PUBLICATIONS

Microfilm Publication M976

RECORDS OF THE DEPARTMENT OF STATE

RELATING TO POLITICAL RELATIONS

BETWEEN CHINA AND JAPAN, 1930-1944

Roll 53

1930-39

793.94/12941-13070
Apr.-May 1938

THE NATIONAL ARCHIVES
NATIONAL ARCHIVES AND RECORDS SERVICE
GENERAL SERVICES ADMINISTRATION

WASHINGTON: 1975

INTRODUCTION

On the 96 rolls of this microfilm publication are reproduced the records from the decimal file of the Department of State, 1930-44, that relate to political relations between China and Japan. The records are mostly instructions to and despatches from diplomatic and consular officials; the despatches are often accompanied by enclosures. Also included in these records are notes between the Department of State and foreign diplomatic representatives in the United States, memorandums prepared by officials of the Department, and correspondence with officials of other Government departments and with private firms and persons. The State Department divided the decimal file into chronological segments to retire inactive records. This division has been maintained in this microfilm publication. The records for the period 1930-39 are filmed on rolls 1-88 and those for 1940-44 on rolls 89-96.

The Lists of Documents or "purport lists" filmed on rolls 345 and 346 (1930-39), roll 532 (1940-June 1944), and roll 628 (July-Dec. 1944) of M973 give brief abstracts of the documents reproduced in this microfilm publication and serve as a finding aid to the documents themselves. The arrangement of the entries on these lists generally corresponds to the arrangement of the documents in the file.

From 1910 to 1963 the State Department used a decimal system for its central files, assembling and arranging individual documents according to subject and assigning decimal file numbers. The decimal file consists of nine primary classes numbered 0 through 8, each covering a broad subject area. The records reproduced in this microfilm publication are in Class 7, political relations of states. Each country had been assigned a two-digit number. The country numbers assigned to China and to Japan, for example, are 93 and 94, respectively. Thus, documents bearing the file number 793.94 concern political relations between China and Japan.

When one or more digits follow the second country number, they represent a specific subject. This number, in turn, may be followed by a slant mark (/). In such cases the numbers after the slant mark were assigned to individual documents as they were accumulated on a specific subject. For example, a decimal file number taken from a document reproduced in this microfilm publication is 793.943/5. The number 3 following the country number for Japan (94) signifies that the subject is extraterritoriality, and the number after the slant mark indicates the number of documents on this subject.

The documents under one subject classification are generally in chronological order, coinciding with the assigned document number, which follows the slant mark. There are instances, however, when a document file number was not assigned until a date considerably later than the one on which the document was received.

In July 1944 the number after the slant mark began to reflect the date of the document instead of the number of documents; for example, a document dated November 20, 1944, would be numbered /11-2044. Documents dated as early as 1939 but not indexed until after July 1, 1944, also have been assigned date numbers.

Cross-reference sheets referring to related records under other subject classifications in the decimal file have been reproduced as they occur, and appropriate cross-reference notations appear in the Lists of Documents.

The file contains documents that were security classified by the State Department, as well as those received from and classified by foreign governments and other Federal agencies. Documents that have not been declassified are not available as part of this microfilm publication. The National Archives and Records Service (NARS) does not have authority to make reproductions of such documents available to searchers. Documents that remain classified have been removed from the file and replaced by a withdrawal notice that identifies the document and indicates the reason for its removal.

The records reproduced in this microfilm publication are part of General Records of the Department of State, Record Group 59, and are a continuation of the records concerning political relations between China and other states, 1910-29, which have been microfilmed as NARS M341.

In the same record group are several diplomatic correspondence series containing documents on relations between China and the United States. They are copies of instructions from the State Department to U.S. Ministers to China, 1843-1906 (rolls 38-43 of M77); notes to the Chinese Legation in the United States from the Department, 1868-1906 (rolls 13 and 14 of M99); despatches from U.S. Ministers to China to the Department, 1843-1906 (M92); and notes from the Chinese Legation in the United States to the Department, 1868-1906 (M98). Also related to matters concerning China are communications to special agents of the United States from the Department, 1852-86 (roll 154 of M77).

Several series of volumes contain material on relations between Japan and the United States. There are copies of instructions from the State Department to U.S. Ministers to

Japan, 1855-1906 (rolls 104-108 of M77); despatches from U.S. Ministers to Japan to the Department, 1855-1906 (M133); notes to the Japanese Legation in the United States from the Department, 1860-1906 (rolls 66 and 67 of M99); and notes from the Japanese Legation in the United States to the Department, 1858-1906 (M163). Also related to matters concerning Japan are communications to special agents of the United States from the Department, 1823-86 (rolls 152 and 154 of M77); and despatches from special agents to the Department, 1794-1837 (roll 10 of M37).

Despatches from U.S. consular officials in China and Japan before 1906 are available as separate microfilm publications for each post. Complementary to the despatches from consuls are instructions to consuls.

The method of arranging the diplomatic and consular series cited above was discontinued in 1906, when the State Department adopted the practice of filing incoming and outgoing correspondence, memorandums, and other documents by subject in a single numerical series. Information on documents relating to China and Japan for the 1906-10 period may be found through the use of card indexes and Lists of Documents in the National Archives of the United States. The Numerical File is available as microfilm publication M862.

Several series in the State Department decimal file, 1910-29, that relate to Chinese and Japanese affairs are available as microfilm publications. In Class 7 there are two series regarding Chinese affairs: one concerning political relations between the United States and China (M339) and the other concerning political relations between China and other states (including Japan) (M341); and two series regarding Japanese affairs: one concerning political relations between the United States and Japan (M423) and the other concerning political relations between Japan and other states (M424). Class 8, internal affairs of states, has records concerning internal affairs of China (M329) and internal affairs of Japan (M422). Additional documents are in the remaining classes of the State Department decimal file:

Class 0. General. Miscellaneous.
Class 1. Administration, Government of the United States.
Class 2. Extradition.
Class 3. Protection of Interests.
Class 4. Claims.
Class 5. International Congresses and Conferences. Multi-lateral Treaties. League of Nations.
Class 6. Commerce. Customs Administration. Commercial Relations, Treaties and Conventions. Commercial and Trade Agreements.

In Records of Boundary and Claims Commissions and Arbitrations, Record Group 76, there are records relating to the Claims Commissions of 1858 and 1901 between the United States and China.

In Records of International Conferences, Commissions, and Expositions, Record Group 43, are records of several conferences in which the United States and Japan participated. There are records of the Washington Conference on Limitation of Armament, 1921-22, which met to consider the limitation of armaments and certain questions relating to Pacific and Far Eastern problems. There are also records of the Commission To Represent the United States at the Grand Exhibition of Japan, 1917. The exhibition was planned for 1912 but had been postponed, and the records relate mainly to the visit of U.S. Commissioners to Japan in 1908 and to their conferences with Japanese officials. Other relevant records in Record Group 43 are those concerning the Sino-Japanese Dispute, 1930-32 (documents gathered by Gen. Frank McCoy, U.S. representative on the Lytton Commission), those of the U.S. Element, Allied Council for Japan, 1946-52, and those of the Far Eastern Commission, 1945-51.

In Records of the Foreign Service Posts of the Department of State, Record Group 84, are records originally kept at U.S. diplomatic and consular posts. Among these are records of the U.S. Legation (later Embassy) in China, 1843-1945, and of the U.S. Legation (later Embassy) in Japan, 1855-1936, as well as those of various consular posts in those countries.

The records reproduced in this microfilm publication were prepared for filming by Ralph E. Huss, who also wrote these introductory remarks.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
Division of FAR EASTERN AFFAIRS
APR 2 - 1938
APR 7 - 1938

Hankow, April 7, 4:25 P.M.

According to a telephone message received from the front, the Japanese troops in South Shantung with their northern drive against Hsuchow ending in a disastrous failure have commenced a general retreat northward along the Lincheng Taierhchwang branch line of the Teintsin-Pukow Railway. The Chinese forces are in hot pursuit.

In the immediate vicinity of Taierhchwang where the Japanese strength numbering over 20,000 men has been reduced almost by one half during the last two weeks, several thousand Japanese are still being surrounded. A small portion however broke through the Chinese cordon last night and fled to Shihsiuyuan, 12 kilometers north of Taierhchwang.

Last night a severe fighting was raged on the main Taierhchwang front with the Chinese closing in on the entrapped Japanese. As the Chinese offensive went under way last night, one column of the Chinese troops moved southward from Changlo, 8 kilometers north of Taierhchwang, while another column after crossing the Grand Canal from the south side occupied Nanlo, 5 kilometers north-west of Taierhchwang. The six kilometer gap between the two converging columns was closed this morning with the result that thousands of Japanese soldiers were entrapped in the Taierhchwang area.

The Chinese mobile units operating in the Japanese rear occupied Yucheng on the Tientsin-Pukow Railway in North Shantung. Paimashan Station only six kilometers north of Tsinan, Provincial Capital of Shantung, was also recaptured by the Chinese guerillas.

Hankow, April 7, 7:45 P.M.

The news of the Chinese victory in South Shantung was received with tremendous enthusiasm at Hankow. For hours the city was rocked with loud bursts of firecrackers set off by the jubilant populace.

The definite figure of the Japanese casualties is not yet available, but the latest dispatches estimate that between six and seven thousand Japanese were killed in the Taierhchwang area. Only a small number of the main body of the Japanese force consisting of the units from the divisions under General Itagakai and General Isogai succeeded in fleeing toward Yihsien. The Japanese left behind a large number of tanks which were incapacitated due to the exhaustion of their fuel supply.

A group of the Japanese planes apparently heading for Ichang was intercepted by the Chinese pursuit planes at Wushengkwan. As a result of the combat one Japanese plane was brought down aflame and three others were believedly damaged.

CHINESE EMBASSY
WASHINGTON

WITH THE COMPLIMENTS OF THE CHINESE AMBASSADOR

Division of
FAR EASTERN AFFAIRS
APR 9 - 1938
Department of State

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
RECEIVED
APR 9 1938
DIVISION OF POLITICAL RELATIONS
DEPARTMENT OF STATE
Division of
FAR EASTERN AFFAIRS
APR 8 - 1938
Department of State

Hankow, April 8, 8:10 P.M.

Moving swiftly toward the south-east, the Chinese left wing column which recently recovered Chiehho and Lianghsiatien in Shantung recaptured Tsaochwang last night, thus bottling up the Japanese fleeing from the Taierhchwang sector. Meanwhile, the Chinese troops who were pursuing the Japanese from the south reached the vicinity of Yihsien, 36 kilometers north of Taierhchwang. The Japanese reinforcements for the main front along the Tientsin-Pukow Railway were unable to move southward due to the destruction by the Chinese guerillas of many sections of the Railway between Tsinan and Taian.

6,000 Japanese corpses were strewn on the Taierhchwang battlefield. Many wounded were left behind. The Chinese medical unit rushed to their aid. 500 hunger-stricken Japanese were taken as prisoners. The official list of war trophies is not yet available, but correspondents accompanying the Chinese forces reported that approximately 10,000 rifles, 900 machine guns, 77 light field pieces and 30 armored cars were captured.

General Chiang Kai-shek, Commander-in-chief, issued a statement to encourage the army and at the same time to warn the nation not to be overwhelmed by the news of victory but to keep in mind the seriousness of the national crisis and to continue the struggle until the final victory is won.

793.94/12948

793.94

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
APR 20 1938

FAR EASTERN AFFAIRS
APR 1 7 1938
Department of State

Hankow, April 12, 4:00 P.M.

The Government spokesman categorically denied the Domei Agency report alleging that, as a result of the Japanese air raid of Changsha, Hunan, last Sunday (April 10) when Hunan and Tsinghua Universities were severely bombed, General Chiang Kai-shek and Mr. T. V. Soong were killed while attending a political meeting. The spokesman says that both statesmen have not visited Changsha for a long time, nor was any political meeting scheduled in Changsha last Sunday. General Chiang is at present in Hankow and Mr. Soong in Hongkong. The Domei report is evidently fabricated with the purpose of covering the unpardonable Japanese crime in bombing educational centers.

According to messages received last night, nine-tenths of the villages between Yihsien and Taierhchwang were cleared of the Japanese, and the Chinese expected to re-enter Yihsien very shortly. It is estimated that ∮ further 500 Japanese were killed since their retreat from Taierhchwang on April 7th. The Chinese re-occupied Chufu, north of Chowhsien, and Ningyang, further northwestward.

The units attacking Tsinan have been temporarily withdrawn westward awaiting another opportunity to resume offensive. The Japanese are sending reinforcements to South Shantung, but their movements are difficult due to the attacks by the Chinese upon their far flung communication lines.

In Shansi the Chinese scored a number of minor victories recapturing Changtse and Pinglu in South Shansi.

In the East, the Japanese have failed to dislodge the Chinese guerillas from the Taihu (Tai Lake) region. It is estimated that they suffered 7000 casualties during the past month. Correspondents returning from Kwangteh which has changed hands several times but now under Chinese possession report that the Japanese burned almost 300 villages prior to their last evacuation and killed 4,000 civilians.

793.94/12944

793.94

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE RECEIVED APR 20 1938 DIVISION OF FAR EASTERN AFFAIRS
ADVISER ON POLITICAL RELATIONS MR. HORNBECK APR 20 1938 DEPARTMENT OF STATE

Hankow, April 20, 3:45 P.M.

Severe fighting was resumed in the Linyi area in South Shantung where a series of attacks and counter-attacks were made by the opposing Chinese and Japanese forces yesterday. The situation was tense throughout yesterday but the Chinese had gallantly stood their ground in spite of the fierce Japanese attacks assisted by heavy artillery and aerial bombardment. Chinese reinforcements were rushing there though sufficient forces were left to engage the beleaguered Japanese in the Yihsien and Tsaochwang sector to prevent their effecting junction with the Japanese attacking Linyi.

The Japanese have chosen to attack Linyi apparently because it is comparatively easier for them to send reinforcements there along the well-built highway from Tsingtao, whereas communication with the main Tientsin-Pukow Railway front is well-nigh impossible due to the Chinese destruction of large sections of railway track south of Tsinan. The reports of the Japanese reinforcements for South Shantung vary from two and half to four divisions mostly drawn from other battle fronts. The consequent thinning of the Japanese garrisons in Shansi and North Honan has created in-creased opportunity for the activity of swift striking Chinese mobile units. According to today's report they have recaptured a number of districts including Nanlo and Tsingfen in the Hopei-Honan border and Wuhsiang, Tungliu and Sinyang in South-east Shansi. In a sharp engagement near Wuhsiang 1,500 Japanese were reported to be killed.

It has been ascertained that on April 2 the Japanese in a desperate effort to capture the South Gate of Taierhchwang, which has since been taken by the Chinese, employed poisonous gas. All the victims suffered from swollen eyes and incessant vomiting.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

ADVISER ON POLITICAL RELATIONS
MR. HORNBECK
APR 21 1938
DEPARTMENT OF STATE
Division of FAR EASTERN AFFAIRS
APR 21 1938
Department of State
RECEIVED
APR 28 1938
DIVISION OF

Hankow, April 21, 2:40 P.M.

For strategic reasons the Chinese troops withdrew from Linyi yesterday. Commenting on the strategic significance of the withdrawal, the military spokesman said that in an effort to relieve their beleaguered comrades at Yihsien, the Japanese finding it difficult to send down reinforcements along the Tientsin-Pukow Railway have been concentrating attack on Linyi in order to divert the Chinese attention and give the Japanese at Yihsien a chance to break through the siege. Unwilling to have the strength of the Chinese forces divided the high command ordered the evacuation of Linyi yesterday noon. Since the center of hostilities has been removed elsewhere, the holding or loss of Linyi is no longer of any strategic importance. However strong detachments are still holding the points around Linyi, from where they continue to seriously harrass the Japanese rear. The evacuation of Linyi according to the spokesman is advantageous to the Chinese main operations in South Shantung.

CHINESE EMBASSY
WASHINGTON

793.94/12945

793.94

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WITH THE COMPLIMENTS OF THE CHINESE AMBASSADOR

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

JR

TELEGRAM RECEIVED

1—1336

FROM Shanghai via N. R.

Dated May 2, 1938

Rec'd 11:45 a.m.

Secretary of State,

Washington.

COPIES SENT TO ... AND M.I.D.

Division of FAR EASTERN AFFAIRS MAY - 7 1938 Department of State

603, May 2, 5 p.m.

Another bomb was thrown yesterday afternoon on Nanking Road at about 5 o'clock as a Japanese naval lorry was passing. The lorry was not hit but several Chinese were injured. The police have made no arrest thus far. At about 6 p.m., two truck loads of Japanese soldiers arrived on the scene and took up positions along the Nanking Road. These were withdrawn about midnight but Japanese gendarmes remained all night at Louza police station and are still there ostensibly investigating the incident. The Settlement Commissioner of Police is understood to be negotiating with the Japanese for the withdrawal of the gendarmes. This morning the British despatched approximately 25 troops to Louza police station and the scene of the incident for the stated purpose of "protecting" the Japanese gendarmes. The Settlement police are combing the downtown area and the western district for Chinese special agents a number of whom are reported to have slipped into the Settlement during the past few days.

Repeated to Peiping and Hankow.

RR:CSB

LOCKHART

793.94

793.94/12946

F/WB

FILED

MAY 9 - 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR
This telegram must be closely paraphrased before being communicated to anyone.

FROM MARDET TIENTSIN

May 2, 1938

Rec'd 3:20 p.m.

Division of
FAR EASTERN AFFAIRS
MAY - 2 1938
Department of State

ACTION: NAVY DEPT

INFO: CINCAF
MARDET PEIPING

0002. Approximately thousand sick or wounded Jap soldiers 25 April dash 1 May inclusive transferred to hospital ship at Chinwangtao. 1050.

793.94

CSB

793.94/12947

F/WB

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MAY 9-1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

COPIES SENT TO
O.N.I. AND M.I.D.
27

FROM FOURTH MARINES

May 3, 1938

Rec'd 11:41 a.m.

ACTION: CINCAF
OPNAV

INFO: AMNCONSUL SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMSOPAT
AMAMBASSADOR CHINA
COMYANGPAT
USS MARBLEHEAD
ALUSNA PEIPING

Division of
FAR EASTERN AFFAIRS
MAY - 7 1938
Department of State

793.94

8603. Japanese column about 6,000 strong which advanced from Hohsien occupied Chaohsien on Sweinan Railway 36 miles southeast Hopei on April 30, heavy fighting continues Shantung front, situation unchanged. Chinese mobile units recaptured Lungwangmio near Taming south Hopei, May first 1843.

HPD

793.94/12940
FILED
MAY 9 - 1938

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 6, 1938.

MSM
JWB

Tokyo's 2877, April 12, 1938, on "Destruction by Japanese authorities of Taoching railway."

The attached despatch transmits a copy of a letter addressed by the British Ambassador to Tokyo to the Vice Minister for Foreign Affairs in regard to a report that the Japanese authorities were pulling up the Taoching railway with the object of using the rails to rebuild part of the Peking-Hankow railway and requesting that measures be taken to stop the destruction of this property, which forms the security for a British loan. The Taoching railway is about 150 kilometers in length and connects Hsinhsiang and Taokow, both of which cities are in northern Honan Province. The railway transverses the Peking-Hankow railway.

793.94/12949

FE:Ringwalt:HES

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

DEPARTMENT OF STATE
1938 MAY 2 PM 2 30

AMERICAN EMBASSY

No. 2877. Tokyo, April 12, 1938

DIVISION OF COMMUNICATIONS AND RECORDS

Subject: Destruction by Japanese authorities of Taoching railway.

793.94
note
893.77

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Division of FAR EASTERN AFFAIRS
MAY - 2 1938
Department of State

MID 9T 793.94/12949

The Honorable

The Secretary of State,

Washington

ASSISTANT SECR. OF STATE

Sir:

I have the honor to enclose a copy of a letter addressed by the British Ambassador to the Vice Minister for Foreign Affairs on April 6, 1938 regarding a report that the Japanese authorities were pulling up the Taoching railway from Hsinhsiang to Taokon with the object of using the rails to rebuild part of the Peking-Hankow railway, and requesting that measures be taken to stop the destruction of this property, which forms the security for a British loan.

FILED
MAY 17 1938

Respectfully yours,

Joseph C. Grew.

Enclosure:
as stated.

877
ESC:mg

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure no. 1 to despatch
no. 2877 of April 12, 1938,
from the Embassy at Tokyo.

With the compliments of the British Embassy to the American Ambassador, Mr. Grew, April 6, 1938.

(The British Ambassador, Sir Robert L. Craigie, to the Vice Minister for Foreign Affairs, Mr. Horinouchi).

6th April, 1938.

My dear Vice-Minister,

His Majesty's Representative at Shanghai has been informed by the Peking Syndicate that the Japanese authorities are pulling up the Taoching railway from Hsinhsiang to Taokon with the object of utilizing the rails to re-build the Peking-Hankow railway from Weihwei to Paolienssu, which section was pulled up by the Chinese on their retirement. The Taoching railway forms the security of the Honan Railway 1905 gold loan issued in London, and Mr. Greenway has already protested to Mr. Tani requesting him to press the Japanese military authorities to desist from further destructive action in respect of a property in which there is so large a British interest.

The Chinese military authorities recently attempted to tear up this same line but on representations being made at the instance of His Majesty's Government, they not only desisted but even replaced some of the rails which had been removed. I should be grateful if, in view of the declared policy of the Japanese Government to respect British and other foreign interests in China, measures could be taken forthwith to ensure that the destruction of this property (which forms the security for a British loan) is stopped.

Believe me, my dear Vice-Minister,
Yours very sincerely,
(Sd) R. L. CRAIGIE.

His Excellency,
Mr. Kensuke Horinouchi,
H.I.J.M. Vice-Minister
for Foreign Affairs

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

~~MSM~~
~~WSLP~~
JMB

May 5, 1938.

The enclosure to Peiping's despatch no. 1611 of April 5 gives details of the Kailan Mining Company strike mentioned in the Embassy's telegram 191 of March 28, 4 p.m. Although the main features of the strike were reported in this telegram, you may be interested in reading the enclosure to the despatch under reference.

FE:Penfield:HES

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

EMBASSY OF THE
UNITED STATES OF AMERICA

No. 1611 Peiping, April 5, 1938.

Subject: Disturbances at the Kailan Mining Administration's Installations.

CONFIDENTIAL

For Distribution-Check
Grade For | Yes | No
In U.S.A. | | ✓
ONI-MID

COPIES SENT TO O.N.I. AND M.I.D. in confidence DT

Division of FAR EASTERN AFFAIRS MAY 1938 Department of State

RECEIVED DEPARTMENT OF STATE 1938 MAY 2 PM 2 32 DIVISION OF COMMUNICATIONS AND RECORDS

793.94/12950

F/WS FILED MAY 12 1938

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to refer to paragraph 3 of the Embassy's telegram No. 191 of March 28, 4 p.m., in regard to the disturbances at the various installations of the Kailan Mining Administration, and to enclose 1/ a copy of a memorandum of a conversation on this subject between Mr. G. P. Young, Second Secretary in charge of the British Embassy at Peiping, and a member of the staff of this Embassy.

It will be observed that the British Secretary believes

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

believes that the present disturbances have been due to machinations of the Japanese military, who for some time past have been endeavoring to obtain control of the properties of the Kailan Mining Administration. In his opinion, the strikers have been armed by the Japanese military, who have refused to assist in the quelling of the disturbances unless given carte blanche as to the terms of settlement, a provision unacceptable to the British authorities.

Respectfully yours,

For the Ambassador:

Laurence E. Salisbury

Laurence E. Salisbury
First Secretary of Embassy

Enclosure:

1/ Memorandum of Conversation, April 1, 1938.

Original and 4 copies to Department.
Copy to Embassy, Hankow.
Copy to Embassy, Tokyo.
Copy to Consulate General, Tientsin.

710

CBL/kt

4 [illegible] received 4.1.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

NO. 1
16 11

MEMORANDUM OF CONVERSATION Peiping, April 1, 1938.

Subject: Disturbances at the Kailan Mining Administration's Installations.

Present: Mr. G. P. Young, Second Secretary, British Embassy.

Mr. Lyon.

I asked Mr. Young this afternoon what he could tell me about the reported troubles of the Kailan Mining Administration. He handed me a copy of the attached clipping from the PEKING & TIENTSIN TIMES, British owned and edited, of March 31, 1938, and said that it was a comparatively true picture of the situation. I said that the article in question had inspired my inquiry and I wondered whether he could not tell me more about the matter. His remarks are summarized in the following five paragraphs.

For some time the Japanese military have been trying to obtain control of the properties of the Kailan Mining Administration. First they attempted to buy out the British interests. The British owners do not wish, however, to dispose of their holdings, presumably because the company is a very profitable concern. Next they tried to intimidate one of the high Chinese officials of the company. Mr. E. J. Nathan, a British subject, is the Chief Manager of the Kailan Mining Administration. The Kailan Mining Administration has both British and Chinese officials as it is a joint Sino-British concern, 50 percent being British and 50 percent Chinese-owned.

The

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

The military next took exception to the fact that the Kailan Mining Administration has some 300 special guards employed at its various installations. Claiming that they, and they alone, were responsible for order in North China, the Japanese military requested that these guards be dismissed. This the Administration has steadily refused to do and Mr. Nathan is at present in Tokyo endeavoring to reach some agreement in this regard.

This so-called strike is apparently the latest move by the Japanese military to gain control of the properties and is therefore not a strike in any sense of the word. It is an uprising inspired by the Japanese military in order to give them an excuse to step in and seize control of the Kailan Mining Administration's properties. Proof of this is the fact that there have been a large number of Japanese and Korean agitators active at the various mines stirring up trouble. Furthermore, a large percentage of the approximately 3,000 striking Chinese miners are armed. Where did they obtain these arms if not from the Japanese? All Chinese in North China are searched so carefully by the Japanese military that such a large number of Chinese could scarcely possess arms without the Japanese having knowledge of it. There are but two sources of arms, Japan and Soviet Russia, and it would scarcely be possible for these miners to obtain arms from Soviet Russia under present conditions.

Shortly after the outbreak of the strike, which so far has resulted in some thirty casualties, Mr. Young requested through the Japanese Embassy the assistance of the

Japanese

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Japanese military in quelling the disturbance. He was informed that such assistance would be given on condition that carte blanche be given to the local Japanese commandants in regard to the terms of settlement. Thus, if he so wished, a Japanese commandant at, for example, Linsi, might agree that the miners would receive wages of perhaps ten pounds a week apiece and that all the British employed by the company should resign. When the company refused, for obvious reasons, to give its permission to this, Mr. Akiyama, First Secretary of the Japanese Embassy, said that in that case the Japanese military could render no assistance and suggested, surprisingly enough, that the British send troops from Tientsin to the mines to establish order. To do so would probably invite trouble with the Japanese military and would render likely the occurrence of some incident. Consequently the British do not wish to do this. However, in the hope that the move will have a calming effect, H.M.S. LOWESTOFT has been sent to Chinwangtao.

So far the Kailan Mining Administration has succeeded in keeping the necessary operating crews functioning at the mines in spite of the trouble. If these are forced to quit, however, and the mines become flooded, the damage caused will be enormous. It would seem that the Japanese themselves would wish to avoid this just as much as the Kailan Mining Administration, as Japanese interests now purchase as much coal as the company is able to produce.

Having in mind the statement of Mr. Hagiwara, Third Secretary of the Japanese Embassy, to Mr. Salisbury, to

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the effect that the Japanese military were unable to assist in the putting down of the strike because the British refused to state their terms of settlement, I asked Mr. Young what the strikers were demanding. He said that this was another proof that it was not a real strike for until a day or so ago no demands at all had been made by the strikers and that even now they were quite mild; namely, an eight- instead of a ten-hour day and some alteration in the method used to check the payment of miners to see that each miner is paid but once.

Mr. Young showed me the latest telegram (dated March 31) received on the matter. This indicated that the situation was comparatively calm. Apparently the worst situation exists at the mines at Linsi, the best at Tangshan.

Mr. Young gave no indication that the British intended to yield to what he personally is convinced is a scheme of the Japanese military to get control of these valuable British interests.

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COPY

PEKING & TIENTSIN TIMES

Tientsin, Thurs., Mar. 31, 1938

THE KAILAN MINES.

For some time now the papers in Japan have been publishing at intervals statements indicating an intention to "take over" the mines of the Kailan Mining Administration. For example, on February 10 the Japan Advertiser translated from a Japanese language contemporary, the Nikkan Kogyo an article stating that the development of the coal resources in East Hopei owned by the K.M.A. would be undertaken by the Mitsui Mining Company, the Mitsubishi Mining Company, and other mining interests. According to this paper, the economic department of the Japanese Troops in Tientsin was engaged in formulating plans in this sense. It was added that it had been "tentatively decided by the troops" that an exclusive syndicate would be organized to mine the coal district. Japan keenly needed much coal in connection with the enlargement of industrial productivity, and accordingly this had prompted the Japanese Army authorities in North China to push the project. It was stated that the British were asking the Japanese Authorities to arrange for the purchase of its investments by Japan.

> "Fragmentary reports from North China indicate that the British concern seems to have decided to withdraw from its field of activity, as a result of the signal change in the political situation in North China, where Japan now predominates."

On March 23 our Tokyo contemporary translated from the same Japanese paper a brief article stating that Mr. E. J. Nathan, Chief Manager of the K.M.A., was visiting Japan "to negotiate for the sale of Kaiping coal to the Japan Iron Manufacturing Company." It went on to say, however, that "his most important mission here is connected with the negotiations on the British interests in the Administration to Japan." The coal mines operated by the Administration were in East Hopei Province. Japan's acquisition of control over North China "is said to have motivated the Administration to sell its interests to this country."

To this Mr. E. J. Nathan made a forthright reply in a letter to the Editor of the Japan Advertiser, in the course of which he stated: -

> "As the Agent in the Far East of the Chinese Engineering & Mining Company, Ltd., whose association in the operation of the Kaiping Mines dates back to 1901, I desire to deny on their behalf any intention whatsoever to surrender either by sale, transfer, or any other method their rights in these Mines. My Company's connection

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nection with these Mines represents a long-established and legitimate British interest in China, and as such is not only confident of the support of the British Government, but puts faith in the repeated assurances of the Japanese Government that such interest will be respected."

KAIPING COAL FOR JAPAN

Tokio, March 30.

The supply of Kaiping Coal to the Japan Iron Manufacturing Company by the Kailan Administration at Tientsin for the next coal year from April 1st to March 1st, 1939, has been fixed at 1,7000,000 tons as the result of negotiations between Mr. Shinkyo Nakamura, Managing Director of the Iron Manufacturing Company, and Mr. E. J. Nathan, Chief Joint Manager of the K.M.A., according to the Asahi Shimbun. This amount is 350,000 tons over last year's purchases.

Mr. Nathan came to Tokio recently to negotiate with the Iron Manufacturing Company on the increasing shipments of Kaiping coal. - Wireless

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5/7/38

MM —

This report, if not word for word the same as a NA report already circulated, covers the same ground & need not be read

JMP

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EMBASSY OF THE
UNITED STATES OF AMERICA

No. 1613 Peiping, April 7, 1938

Subject: Central Hopei People's Self-defense (anti-Japanese) Armies and Dependent Political Organizations.

793.94

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Department of State

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The Honorable

The Secretary of State,

Washington, D. C.

Sir:

1/ I have the honor to enclose a copy of a report, written by Mr. H. Hanson of the office of the Associated Press at Peiping, which is an account of what he saw and heard during a visit in March in the areas in central Hopei Province which are under the control and administration of Chinese communist-directed People's Self-defense Armies and governing organs.

Mr. Hanson discusses the past achievements, present efforts, and future intentions of the Chinese forces and political organs, mentioned above, in Shansi, northern

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northern Honan, Hopei, and Shantung. A part of what he reports, he learned at first hand; a part is what he was told by interested Chinese. However, even if the report contains many exaggerations, it indicates the difficulties which the Japanese face in pacifying North China.

Respectfully yours,

For the Ambassador:

Laurence E. Salisbury

Laurence E. Salisbury
First Secretary of Embassy

Enclosure:

1/ Report of Mr. H. Hanson

Original and 4 copies to Department.
Copy to Embassy, Hankow.
Copy to Embassy, Tokyo.
Copy to Consulate General, Tientsin.

710/800

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ENCLOSURE NO. 1
TO DESPATCH NO. 613

REPORT ON THE CENTRAL HOPEI PEOPLES'S SELF DEFENCE ARMIES AND THE POLITICAL ORGANIZATIONS WHICH THEY ARE FOSTERING.

The following information is a summary of what I learned on a trip into central Hopei during March 13-21, 1938. Most of it is the "official" Red version of their activities, but the information was confirmed through several sources, so it is reasonably reliable.

What is happening in Central Hopei?

We read in the newspapers that there are guerilla attacks on the Pinghan railway, and that chaos prevails between the railways. Both are partially true, but the biggest development is the growth of the People's Self Defence Armies (Jen Min Tze Wei Chun) and the governments which accompany them. More than 500,000 men are under arms. The mass movement is rapidly attaining the peak of strength which the Red organizers achieved in Hunan during the Kuomintang revolution 12 years ago.

Who is leading the Movement?

Roughly half by trained communist organizers, and half by patriotic students and professors whose only purpose is anti-Japanese work. A very small fraction of the directors are local people, though there are now probably over 1,000,000 people serving actively in the movement, either as soldiers, or in the various propaganda corps.

What have they achieved?

This question in the past tense is worthless unless it is realized that everything accomplished so far has been done in 4 months. The movement is rolling up like a snow ball, growing in geometric proportion to the length of activity.

A briefest summary of its activities would include: 17 hsien governments each enforcing the most rigid anti-spy activities; the training of a small mobile army, strongly equipped with machineguns, employed principally against the railway; over ten radio stations; a postal system for 3,000 towns and villages; a telephone system with 8,000 li of wires and over 600 offices; a uniform factory turning out 1,100 uniforms a day; 11 small arsenals making rifles, trench mortars, black powder, ammunition, land mines, hand grenades, broad swords, and bayonets; the publication of 17 daily newspapers and one 72-page half-monthly magazine; fourteen hospitals caring for 600 wounded.

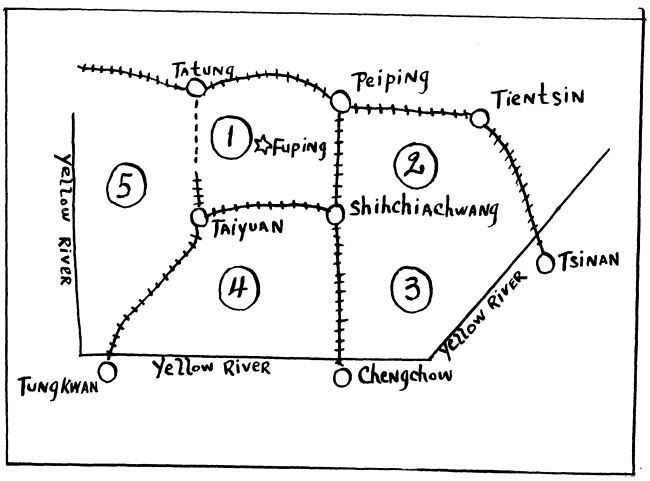
What is the legal status of the new Government?

It is an emergency government authorized by the Chinese Central Government in Hankow, and entrusted to the leadership of the Chinese communists.

By a mandate of December, 1937, the Central Government created the Chi Ch'a Chin Pien Ch'u (Hopei Chahar Shansi Border Government) with capital at Fuping, 80 miles west of Paoting on the mountainous border of Shansi. This organization is headed by a communist who was formerly vice commander under Lin Piao, Mr. Nieh Jung-cheng.

The Fuping Government divided its jurisdiction into five areas as follows:

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In the Fuping area the new district governments are already completed. In area No. 2 (which I visited) the organization is about 2/3rds completed. In area No. 3 the Red Army is now disarming the bandits preparatory to political organization. The other two areas No. 4 and 5 are still in the zone of hostilities.

The No. 2 Government which I visted is officially known as the Central Hopei Preparatory Office (Chi Chung Ch'o Pei Chu).

Red Army columns have already entered Shantung east of the Tsin-Pu railway and Suiyuan north of the Pingsui, but the Chinese Government has not yet authorized the extension of Red political control to those areas.

Five groups of Red organizers are opearating in the Kiangsu-Chekiang-Anhwei area occupied by the Japanese, but I was unable to learn what agreement they have made with Chiang Kai-shek.

It appears that the Generalissimo is willing to concede to the Reds any territory which his own armies have lost.

How do the "Reds" Organize a Hsien?

Political agents get in contact with the various patriotic societies in each hsien town. The National Salvation Association and similar organizations had units in every hsien before Lukouchiao. These societies become the nucleus for the Mobilization Committee (Tung Yuan Hui), the highest local government during the period of organization.

The Mobilization Committee includes gentry, and peasants. It has the power to requisition man power, skilled workers, money, food, clothing and weapons.

In every town and village a Mobilization Committee is organized with this supreme power. Whenever one of the mobile units moves into town, the hsien Mobilization Committee takes complete charge of feeding and housing them, dividing the responsibility among all the nearby villages.

The Mobilization Committee theoretically controls all troops in its area. It has guards at every village and every crossroad. No peasant can move without a passport. Even the military commander is stopped at every village to check his identity. I travelled over 200 miles by horse and motor car, and was stopped probably 100 times by these guards.

Every cartload of food or cotton must also have a passport which is controlled by the Mobilization Committee.

No outsiders can become members of the Mobilization Committee. Theoretically it is the local people donating their own materials for defense.

Ultimately the hsien government will replace the Mobilization Committee. At present the two organizations exist side by side. In the Fuping area some districts have already combined the two.

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The hsien governments, in contrast to the Mobilization Committee do contain some outside leaders, but the Reds say that is only a temporary expedient, because the chief duty of the district government at present is skilled propaganda. The ultimate aim is local autonomy under a paternal supervisory super-structure.

How are the Military Forces Organized?

Of the half million men under arms, more than nine-tenths are farmers who serve part time as guards, but do not fight outside their own district. They are a precautionary development against a future invasion of the Japanese. Perhaps a quarter of them are armed with rifles and revolvers. The rest have broad swords, long swords, spikes, and hand grenades. (The Reds themselves do not know the exact proportion).

The mobile units under the Self Defense Government consist of a growing number of battalions of 1,500 men each, subdivided into units of 500 (ying), 150 (lien), 40 (p'ai), and 14 (pan). Each group of 500 has a political director who carries on political propaganda among the troops. Every unit from the pan (14) to the ying (500) is led by officers from one of the political academies at the Hopei Field Headquarters or at the Fuping government headquarters.

The combined political-military academies were both organized in December 1937. The Fuping academy graduated 600 officers on March 1, 1938 and started a new class of 800. The Field Headquarters graduated 250, and now has a second class of 300. The term in both schools is three months.

The curriculum in the schools is roughly 1/3 military and 2/3 political. The subjects include guerilla tactics, machinegun technique, history of socialism, fundamentals for organizing the masses, the economic situation in Japan, the world political scene in 1938, etc. Commander Lu Cheng-tsao himself teaches a course in "The inevitability of Chinese victory".

The army is fed entirely by the people.

The uniforms are produced in a factory at headquarters which turns out 1,100 complete suits a day. They use only home spun cotton from their own area. The total cost of one uniform is Mex. $1.14 (US$.33). Including underwear, shoes, stockings, cap, and all, a full outfit costs only Mex. $4.20 (US$1.24). All the materials are available within the area now controlled by the Self Defense Armies.

In this uniform factory the Armies have 120 workers, 52 sewing machines, 40 skilled tailors. All of them work without pay, except ten tailors who receive $5 (Mex) a month. Originally more than half of them demanded salaries, but after political agents had been active in the group for two months, all but ten refused their salaries. (Since the commander in chief gets no salary, it seems rather shameful for a tailor to demand pay) I found the workers extremely enthusiastic, continually shouting and singing.

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While I was there, the factory was turning out a new summer uniform which is a light green to match the green fields. The winter uniforms were a grey brown to camouflage against the bare brown earth.

The soldiers eat two meals a day, at 10 a.m. and 3 p.m. Wherever they go, the officers insist that the troops be given poorer food than the farmers. That is, if the farmers eat wheat, the troops take millet; if the farmers eat millet, the troops take sorghum ordinarily used for animals.

Morning drill begins at 5.30 a.m., and strenuous exercise continues till the morning meal. After the meal, the soldiers have three hours of classes in political and military science. This training continues whether in the field or at headquarters. Everybody goes to bed at sundown. The troops in tr ining all said they felt much healthier on two meals a day with heavy exercise than formerly on three meals at home.

The training for ordinary guerillas, as contrasted with the officers is one month. 6,000 farm boys were taking this course while I was at headquarters. These included one battalion of Moslems who were gathered from all the towns in the Central part of the province.

At 6 a.m. one morning I watched them maneuvering in a brown field perhaps two miles square. As far as the eye could see, they lay flat on the earth in diagonal rows twenty feet apart and twenty feet from man to man. There were said to be 3,000 in this maneuver, but an airbomb dropped in their midst could not have hit more than five or six.

At the command of an officer, one man far to my right popped up, raced forty paces forward, and fell on his face. He was visible about four seconds. When we was two-thirds toward his goal, another man far to my left jumped up, ran, and dropped. By some prearranged system they began advancing from all sides, but in such irregular order, and so few at a time, that a man behind a machinegun could not possible shift his aim fast enough to hit them. A dozen machinegun sweeping the whole field of activity would be lucky if they hit a dozen every half hour. It was a creepy feeling to know that this great force was slowly advancing, yet almost invisible, and impervious to modern weapons.

Three hours a day of running, scaling walls, and drilling have made these farm boys easily as tough as the Japanese.

The insignia on their uniforms reads "Jen Min Tze Wei Chun" or"People's Self Defense Army. Above the characters are the 5-pointed red star. Officers and men wear the same mark.

Beside the 3 hours of maneuvering each day, the guerillas also have three hours of lecturing daily for a month.

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The headquarters is supplied with less than a thousand cavalry, but these are divided up among the various battalion and used for emergency relief during Japanese attacks.

Can the Reds Supply their own Arms?

Not entirely. They have 11 small arsenals, most of which have just been organized. The arsenal at headquarters has an iron foundry, carpentry shop, machine shop (run by diesel engines), and repair shop employing 120 men. They are able to make rifles, mortars, bayonets, ammunition, and hand grenades. The steel supply is plentiful because a large shipment of tool steel and powder ingredients was on its way to Taiyuan when the war broke out, and was later seized by the Reds.

The greatest short coming of the arsenal is the inability, so far, to manufacture acids. Several chemistry professors from Peiping are now working on the problem. The technical leadership throughout the arsenals appears to be excellent.

In ten other county towns the army has organized small arsenals which make hand grenades, swords, bayonets, rifles, pistols, and do general repair work. I should say that the only work of sufficient volume to be important is the hand grenades and broad swords.

The iron for this work is mostly scraps, especially the old iron basins which are used for cooking in the farm homes. They are smelted in small furnaces, poured into moulds, tempered, and ground into shape, mostly by workers who were previous in the trade.

How do the Reds manage their Medical Work?

In each of the eleven counties directly under the control of headquarters there is a hospital. The headquarters unit has three doctors, one from the P.U.M.C., one from Japan, and one from the Hopei Medical College. They had over 100 patients, a small part of which were farmers who had been wounded by the Japanese.

Medicines are definitely meager, but the "underground railway" system now used by the Reds for transportation from the large cities is gradually filling in the shortage.

What Communications do the Reds Have?

At present they are using radio, telephone, motorcar, motorcycle, bicycle, and horses.

Their radios are barely sufficient for their present military units, and must be augmented as the fighting force grows. At present there are twenty trained operators, and a class of 30 men studying radio work at headquarters. The Reds have their own code, which is a numerical system for 12,000 Chinese characters. Every place name or military person also has a special number.

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Communications seemed to be efficient. All battles fought in south Shansi would be radioed to headquarters at Fuping, and relayed to the Central Hopei headquarters within twelve hours. Any speeches made by General Chiang Kai-shek in Hankow were available in the Red newspapers of Central Hopei the next morning.

The Red motor fleet is composed of 23 motor trucks, some captured from the Japanese and some loaned by the various county governments. They also have three staff cars, a number of motor cycles, a large number of courriers on bicycles and horses.

The telephone is the chief means of communication within the Red state - 4,000 square miles, with 7,000,000 people at present. The Reds inherited 2,000 miles of telephone lines from the old county governments, and over 300 telephone offices. All these are in constant operation.

What about the Spy System?

I was unable to get any estimate of the total size of the spy system, but they seem to be omnipresent. Every Japanese railway garrison has at least one Red spy among its labor corps. The commanders claim that a change of Japanese garrison strength along the railway will be relayed to them within 5 hours.

In some places the Red telephones extend to within 5 li (one and a half miles) of the railway, so that spies only need to go that distance to call headquarters. In other places the news must be carried by bicycle a distance of ten or fifteen miles to cross the Red border.

I did not hear of any radios in the railway zone or in the large cities, though the Reds would naturally by able to use them if the arrangements could be made.

The greatest usefulness of the spy system at present is the reporting of the exact location (which houses and how many men) the Japanese are occupying along the railway, so that night attacks can be accomplished speedily. A second duty is the reporting of all Chinese spies working for the Japanese, who are executed each time a railway town is captured.

What effective opposition can the Guerillas Give to the Japanese?

So far the Reds have tried three methods, two of which have had little direct effect on the Japanese military machine; while the third is only beginning.

(1) Attacks upon the railway and telephone communications: rails are ripped up nightly, but the Japanese can always repair them in a few hours the next morning. In the past four months more than a hundred trains have been partially derailed, forcing the Japanese to keep six engineering trains along the Pinghan line between Fengtai and the Honan border.

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At every large bridge the Japanese are erecting steel guard houses surrounded by a six foot wall of sandbags.

The Reds claim that their policy of irritation has forced the Japanese to raise their minimum railway garrisons from 6 to 20 men (increasing the Japanese expense slightly, because each man costs the Japanese army Y 1.73 per day). But they must admit that their complishments, compared with Lawrence in Arabia, have failed completely to halt the Japanese invasion.

The cutting of telephone and telegraph wires has been a huge success. The Fuping headquarters offered 50¢ a catty (1⅓ pound) of copper wire, and told whole villages to proceed to the railways. The people brough back so much wire in January and February that the Reds could not pay for it all.

It is impossible to estimate the military effect of this process. I saw Japanese telephone linesmen repairing damages in a dozen places along the Pinghan line in March.

The telephone sabotage is definitely useful for the attack on small garrisons, because most stations have no radios.

Altogether 36 garrisons have been wiped out by the Central Hopei forces since the first of this year (a period of 2½ months) and an equal number of stations have been captured by the forces west of the railways. This activity in itself, which caused a total casualties in the neighborhood of 100 a week, is a small irritation, mainly useful in lowering the Japanese morale (see partial list of victories at the end of this report).

Japanese diaries and letters taken from the bodies of the Japanese dead indicate that the troops sent from the front line for a rest in the rear are greatly discouraged to find that even the rear has not yet been conquered. Ultimately that reaction amy have a major effect upon the Japanese moraly, even though a victory might be scored at the front.

Until the professors who are working on the manufacture of gun cotton are successful in producing large amounts, it is doubtful whether the guerillas can slow down the Japanese war machine.

(2) A second method of harrying the Japanese could only be invented by the Chinese. Thrpugh their secret service they notify the Japanese that an attack will be staged on a certain night at a certain station. The Japanese gather extra troops. Then the Reds send two or three men with pistols to open fire from a distance of a half mile. The Japanese reply with machine-guns, artillery, and rifles. Every time the Japanese stop their fire, the Red scouts shoot a couple more pistol shots, and the Japanese resume their barrage. This continues all night.

The Reds estimate that a single night's firing will cost them 200 rounds of ammunition, while the Japanese will spend from $2,000 to $10,000 on their defense. The biggest such hoax was on the 2nd of March when the Reds were really trying to take Paoting. The Japanese rushed 4,000 more troops and

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kept up a continuous machinegun volley all night. At the east gate they also used 77's and trench mortars. The Reds suffered no casualties at all, and felt that the Japanese expenditure was equal to a Red victory.

(3) The third method is economic sabotage. All coal mines, iron mines, salt fields, and other sources of raw material desired by the Japanese will be attacked and destroyed. The Chinghsing coal mines have been three times attacked, once dynamited, and once set on fire. The iron foundry at Shouyang on the Chengtai Railway was once dynamited.

Originally the Reds voted that no cotton should leave their areas this winter, but the blow was so heavy on the farmers, that the policy was reversed at the end of February. When I visited the area in March the roads were choked with cotton carts, all going to Japanese agents along the railway. Wherever a station is captured now, the Reds burn this cotton.

For the 1938 growing season most cotton lands have been turned into wheat to feed theguerillas. Thus there will be an enormous food surplus by the autumn of this year. No cotton may be exported from central Hopei after June, 1938. This of course does not apply to the railway zone which the Japanese loosely control.

The Reds also refuse to export food products to the railway cities which is forcing towns like Paoting to use Manchurian or Australian wheat. These imports must ultimately be paid for by Japanese foreign exchange, since North China will certainly have an adverse balance of trade.

A new Red currency is now being organized, and is said to be recognized by the National Government of China. The Reds will deposit National Notes for every dollar of their own money issued, the idea being that their own money will not be accepted in Peiping and Tientsin. Therefore there will be no purchase of Japanese goods.

A central Hopei government estimates that it has $20,000,000 in banknotes among the farmers, and perhaps $3,000,000 in silver.

The Friendly Armies.

Because of the suspicion of the kuomintang toward the Communists, the Reds have deliberately refused to take direct control of all the territory alloted to them by the Central Government. For example, the No. 2 area in Central Hopei controls 11 hsien, but is organizing around that nucleus 12 more hsien controlled by the so-called "friendly armies".

Some of these cooperating units are little better than bandits and have done some looting. Others are largely composed of students from Peiping who have little experience in military affairs.

Of the units on which I got definite facts, the following five are important:

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(1) The Min Chun (People's Army) with headquarters at Poyieh. 11 Tuan of troops totalling about 18,000 men. The leaders of this unit are largely graduates and recent students at American Missionary schools in Peiping. They all spoke English with me.

(2) The Anti-Japanese Volunteer Armies (Kang Jih I Yung Chun) with headquarters at Jaoyang. It has somewhat less than 7,000 troops, and is headed by a General Hsiang. Several former bandit units are included.

(3) Yu Chi Ssu Ling Pu (Guerilla Headquarters) at Hochien with 11,000 troops headed by General Meng Ching-shan. This group is about half bandits, and has caused considerable trouble. The Reds know that certain officers in the group are receiving money from the Japanese, but because of their motto that "Chinese do not fight Chinese" they are trying to win over the group by political pressure. Meng's group is undoubtedly the worst under Red influence.

(4) Yu Chi Tui (Guerilla Corps) with headquarters at Wuyi and Hengsui. I did not learn the strength of this group.

(5) Another Yu Chi-Tui at Hsienhsien with only 3,000 men under General Shih Ching-shan. It was this group that annihilated 200 Japanese who tried to press westward from the Tsinpu railway in the middle of March, 1938.

The Red leaders are quite critical of the Friendly Armies, and readily admit that both discipline and idealistic basis of their movement gradually declines the farther one travels from their headquarters.

However a group of officers from each of these cooperating units has now been sent to the Red Academy at Fuping, and will be graduated on May 1, 1938. This will undoubtedly have an uplifting effect on morale and discipline.

The best of the Friendly armies is the Poyieh group of Peiping students. 500 of them went to Fuping for training, and were the only defense corps at the time of the Japanese attack on March 8. They have won three victories within their own area.

The most novel experiment of this group was the selling of $30,000 in Liberty Bonds at 1% interest redeemable in 3 years.

Like all the other friendly Armies, this group takes orders from the Central Hopei Red Headquarters in all matters of military strategy, and received political advice from the travelling Red organizers.

What is the Mass Movement?

The mass movement is an attempt to educate the farmers to defend themselves, and to share their wealth with the Red defense corps.

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By Milton D. Gustafson NARS, Date 12-18-75

The Mobilization Committee takes care of the wealth. Under this committee are the Women's Society (Fu Nu Hui), with over 400,000 members; the Young men's National Salvation Association (Ching Nien Chiu Kuo Hui) covering all men ages 15-18; the Little Vanguards Battalion (Erh T'ung T'uan) ages 8-15; and finally the People's Self Defense Corps, embracing all men between the ages of 18 and 48.

The last group is now receiving a month's military training as fast as officers can be sent from headquarters. I saw a review of 25,000 of them in one town. They will fight only in their own districts.

The women's society will be used only for propaganda in the home. Every effort is made to avoid the debauchery which accompanied the 1927 revolution.

The Little Vanguards are used largely for spying purposes. The Young Men's organization is receiving the most intense military training of all, since they will become the officers of the self defense corps.

An estimate of one million people active in the mass movement (out of 7,000,000 population in this area) is very conservative. The Reds estimate it much higher.

What is the basis of appeal to the farmers?

The northern Chinese farmers are notoriously indifferent to political movements. I was interested to find out how the Reds were winning them over.

Officially the Reds are using the anti-Japanese motive as their only appeal. Their posters, speeches, dramas, lurid cartoons all emphasize the cruelty of the Japanese troops.

Each district has a travelling dramatic club which puts on a program of 6 dramas lasting six hours. I saw the headquarters group, and have honestly never witnessed a better amateur dramatic group.

The leader is a former professor of art in Peiping.

The plays which I saw had the following themes: (1) A Tungpei (northeastern) girl is a travelling actor because the Japanese drove her out of her home. She is being beaten by the leader of the actors when a Red soldier comes along, persuades her to join the Red mass movement against Japan, and the whole acting company joins the group. (2) The "Unsigned Letter", a story encouraging the people to write letters to the Red commanders reporting any injustice by the Red troops or by individuals in the community; (3) A story of a Japanese soldier raping a Chinese girl, based upon an actual happening at Kaoyang; (4) One of the "Little Devils", the ten year old

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spies, shows how he killed a group of Japanese; and (5) a village leader who welcome the Japanese army and served on its temporary government is robbed by the bandits and killed by the Reds.

The central theme is anti-Japanism.

But the abolition of the revolutionary land program has not prevented the Red leaders from making some very shrewd bids for mass support.

The land of all landlords who have fled to Peiping (and most of them have) is guaranteed to be the owner's property, but is temporarily used by the new government. It is distributed among the poor, or among the refugees from villages, which the Japanese have burned. The Reds collect the rents, and promise to repay the landlord in full whenever the owner returns. This is undoubtedly a large source of revenues at present.

Secondly, all rents have been arbitrarily lowered 25% in some areas. In others the reduction is higher or lower.

Thirdly, a moratorium has been declared on all debts for three years, and interest during that period shall be 1% annually.

Fourthly, the land of all farmers who have no animals will be plowed by Red cavalry horses, assisted by Red troops. I saw this work in progress wherever I went.

Fifthly, any refugees within the Red areas who do not have enough food until the harvest must be fed by the Mobilization Committee.

Sixthly, the system of requisistion used by the Mobilization Committee is collecting food and cloth for the army is so organized that the burden cannot fall upon the poor.

The system is variable, but here is a typical example from Tanghsien west of Paoting. Each member of a family is allowed 3 mu of land (⅙ an acre) unassessed. In other words, in a family of five, fifteen share proportionally to their holdings. Since more than half the population have less than the minimum amount of land, the burden must fall on the well-to-do. In Chinese this is called ho li fu tan (reasonable responsibility).

Without in any way violating the agreement with the Kuomintang to abandon the radical land program, the Reds have succeeded in winning the support of a large part of the poorest farmers, whose holdings are not dependent upon the maintainence of the present government.

What is the appeal to the Gentry?

This former ruling class of landlords, usurers, and county officials is the greatest Red problem. Fortunately a large proportion of them have fled.

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While at the headquarters I was housed in the home of a wealthy cloth merchant whose business has been ruined by the Red economic blockade around the area. I as ked him what he thought of the new government.

"We don't understand what the Reds are trying to do. Their ideas are too strange."

"Do you hate the Japanese?"

"Of course; I have given a large part of my wealth to help the resistance of my countrymen."

"Do you think other wealthy people feel the same way?"

"Not all of them. A small proportion are opposed to the new Red government, but they are afraid to open their mouths. In any case we appreciate the enforced peace which the Reds have brought after the months of chaotic banditry which followed the Japanese attack."

"What do you think of the Red commander, Lu Cheng-tsao?"

"All the people recognize him as the best local official we have ever had. We do not like some of the other leaders, but Commander Lu is shih fen hao (100% all right).

What about the Reds Education and Publicity?

The Reds in Central Hopei are operating more than ten times as many schools than the Japanese are supervising in Peiping. In the district of Ankuo I saw a review of 8,000 students, marching with drum and bugle corps, all carrying anti-Japanese banners, while the nearest Japanese garrison was only 8 miles away.

The texbooks have all be revised. I asked why, since they were already anti-Japanese. The leader replied, "The Japanese will not know what anti-Japanism is until they see our new books."

The Reds have 17 daily newspapers. The headquarters paper is distributing 2,500 copies a day. They also have one 72 page magazine the first issue of which was on the press while I was there. It will be a semi-monthly.

The newspapers use simple Chinese, and cover news of the Central Hopei area, war news from Shansi and central China, messages from Chiang Kai-shek, Mao Tse-tung, and other Chinese leaders; economic news from Japan, and so on. There is always one page for literature - stories and dramas of an anti-Japense nature.

The average paper is four pages, size 9" x 15". All this organizational work has been done in four months.

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The papers are displayed on street newspaper boards in every village of the district. Literacy in this area is estimated at 30-40%, and the tea houses will care for the rest.

How can we fight against artillery?

In the first place, "If we don't fight, what happens? The Japanese kill us anyway. If we fight, let's see what happens."

Secondly, the Red policy of evaluating every military objective in terms of human life, just as Lawrence did, is building up a much more reckless spirit than the Chinese ever had. Time after time the Reds have annihilated garrisons of 20 or 30 and suffered only 2 or 3 losses. The total record of all the Red armies during the present war has been one casualty to more than 10 Japanese killed

Thirdly, great emphasis is placed upon the fact that Japan is a small country, 1/7 the size of China. If the whole Japanese nation comes over here, the Chinese would still be able to mob them.

Fourthly, Red trickery has obviated the use of artillery because they always creep up on the Japanese, or wait for them in narrow passes so that artillery is useless. Countless stories of Red experiences are passing by word of mouth among the people, and building up the idea that the Japanese are helpless against the mobile Chinese.

Is this Communism?

I should say, superficially yes. Actually, no.

Outwardly there are many signs of Russianized Leninism. Everyone is called comrade. Every headquarters has a "Salavation Room" with the pictures of Lenin, Stalin, and sometimes Marx, beside Mao Tze-tung, Chiang Kai-shek and Sun Yat-sen.

The new Red officers all study Leninism, but only as applied to Japanese imperialism, not applied to the class struggle within China.

At most public meetings I saw the Kuomintang and Communist flags displayed together. Officers and troops all wear the Kuomintang blue star on their caps, not the Red star. The political propagandists, on the other hand, all wear a red star in a blue field.

From talking with the leaders, I got the impression that their greatest fear was that elements in the Kuomintang might cease to cooperate in the war against Japan. The Reds are therefore doing everything possible to avoid the accusation that they are seeking power.

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According to the writings of Edgar Snow, the Red leaders are fully convinced that their aim of socialism cannot be reached without a period of cooperation with the capitalists, so the Reds at present have every reason to encourage a complete unity of the Kuomintang and their own party.

The compromises which have been made with private property of the landlord (debt moritorium, etc.) are not greater interference with private rights, than the Kuomintang policy of confiscating bank accounts, and limiting the withdrawal of money from the banks.

My conclusion is that the Reds are fulfilling their share of the bargain 100%.

What are the potentialities of the movement?

The future of the self defense armies lies not in the power of central Hopei, but in the fact that this same movement can spring up within three or four months after the Japanese conquer any territory. The longer the Japanese front lines push forward, and the more territory which the Chinese armies lose, the more powerful will be the people's self defense corps.

Given another year of comparative peace behind the Japanese lines, the Red leaders could build up a mobile army as great or greater than the total Japanese front line troops. Beside this force, they would have a district defense force (not fighting beyond the home district) which will amount to perhaps 20% of the total population of all territory behind the Japanese lines.

The success of the Japanese in suppressing "bandits" in Manchuria was entirely due to the fact that they concentrated 400,000 Japanese troops in small areas, and outnumbered the Reds generally 4 to 1. Here the prospect of the Japanese ever being able to concentrate large bodies of troops is very slim.

Furthermore the Reds in Manchuria were organized after the conquest, and in direct line of fire from the Japanese. In North China the organization will be completed before the Japanese are ready to turn upon the guerillas. In fact, the organization has already become so integrated that a Japanese retaliation on either side of the Pinghan railway immediately draws a Red attack from the opposite side of the railway. In other words, if at the end of six months the Japanese choose to clean up the guerillas one province at a time, they will be harassed from all the other provinces at once.

The greater the Japanese ambition, the deeper the slough into which they are advancing.

How are the Japanese opposing the Movement now?

In two ways - by burning the villages which the Reds use

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and by using Chinese armies to fight Chinese. The first is partially successful, the second is a failure.

The burning of villages began about the middle of January, and has been carried out with special intensity around Kacyang (90 miles south of Peiping), and around Chuyang 100 miles southwest of Peiping. Both are strong Red areas used as starting points for attacks on Paoting.

A total of about 250 burned villages have been investigated by competent observers. More than three time that number have been reported by Chinese refugees but no reliable witness has gotten to them. About 2,500 farmers and villagers have been killed by the Japanese during these raids in the past two months.

I personally visited a group of villages east of Tinghsien which had been burned a week before I got there. The Japanese had burned the roofs off the houses, but the mud walls were still standing. All carts, animals, and food supplies had been destroyed. Wells were polluted with human excrement. Less than 10% of the population of these villages had returned when I was there.

This method is not yet effective in reducing the economic bases of the Reds, but it would be effective if the Japanese destroyed whole districts. At present the Reds say, "Everytime the Japanese burn a new group of villages, we get a new battalion of troops, because they all take refuge in our area."

The worst single attack by the Japanese was the machinegunning and burning of the village of Hsinchiao, east of Paoting, about March 3. 623 bodies were recovered, and another 150 are still missing. The town is located on the elbow of a river. The Japanese approached from the north, burning the villages, and machinegunning all who fled. Some were drowned in the river.

According to a signed statement of 16 investigators, a group of 33 citizens in this village were burned alive. They belonged to a "Long Sword Society", an old religious organization. The Japanese found them all praying in a group. After drenching them with kerosene, they herded them into a school house, set fire to the place, and listened to their shrieks as they slowly died away. One man broke through the window and died in the yard, where his incinerated body was found by the investigators.

The Catholic church in this place was also burned, and all the religious workers executed.

I have eyewitnessed stories from Tanghsien and Chuyang where the Japanese burned over 100 villages, but the mass of testimony all confirms the same idea: that the only possible retaliation against the Reds is now administered to the villagers.

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Can the Japanese Use Chinese to Fight Chinese?

In Hopei province alone the Japanese had tried to use more than a dozen different bandit groups to fight the Reds. Eight of these groups have already been disarmed by the Reds, or have voluntarily gone over to the Reds. The following stories are all hearsay from various Red leaders, and have not been checked by any independent observer.

On February 28 at Pachow a bandit army of 5,00 carrying the 5-barred flag of the new Japanese government refused to join the Reds, who surrounded them and fired artillery over the town. The bandits revolted against their leaders and joined the Reds. 150 were executed, 3,000 disarmed, and the rest taken to headquarters for political training. This is a major source of arms.

On February 25 at Wanhsien, west of Paoting, 400 Manchoukuo troops revolted, killed their Japanese officers, and joined the Reds. They are now being trained at Fuping.

At Ningchin, east of Shihchiachuang a bandit army under Japanese domination, led by General Wang Huai-ching, an old subordinate of Tsao Kun, was disarmed in February. Wang was executed.

While I was at the headquarters in March, a group of Manchoukuo troops southwest of Tientsin was reported to have revolted and was marching toward the Red capital to join the Central Hopei forces.

A group of 2,000 bandits in northern Honan was reported to have revolted in March as soon as they received arms, and killed a Japanese garrison of 200 men at Yuanwu.

A small army of so-called Reds is said to be operating between Peiping and Tientsin north of Langfang, and is supported by the Japanese. They are said to be looting in order to arouse fear of the Red forces, and encourage cooperation with the Japanese.

I have been unable to check any of these stories, but it seems reasonable to conclude that the policy of using Chinese to fight Chinese has not been very successful.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

MG GPO

FROM GRAY

COPIES SENT TO
DMI, AAF, ONI
DT

Shanghai via N.R.

Dated May 3, 1938.

Rec'd 12:11 p.m.

Secretary of State,

Washington.

Division of
FAR EASTERN AFFAIRS
MAY 7 1938
Department of State

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608, May 3, 5 p.m.

My No. 603, May 2, 5 p.m. /12946

Following further negotiations between the Shanghai municipal police and the Japanese authorities, the Japanese gendarmes were withdrawn at about 6:30 p.m. yesterday evening but returned again with the consent of the Settlement police authorities for a further brief search withdrawing about an hour later. The small British detachment withdrew at 6:30. No further Japanese action is anticipated. The Council is understood to be giving consideration to the filing of a protest with the Japanese authorities but has not yet come to a decision on this point

Of particular interest was the action taken by the British military authorities who heretofore have not despatched troops to the scene of similar incidents although such have occurred within the defense sector taken over by the British from the Shanghai Volunteer Corps. It is understood

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MAY 9 - 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

understood that the British military authorities intend to take similar action should any further incidents of this nature occur.

There was apparently no friction between the British and Japanese troops or between the latter and the Settlement police while at the scene of the bombing.

Repeated to Hankow and Peiping.

LOCKHART

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By Milton O. Gustafson NARS, Date 12-18-75

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JR

COPIES SENT TO
G.P.O.
DT

FROM FOURTH MARINES

May 4, 1938

Rec'd 9 a.m.

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

Division of
FAR EASTERN AFFAIRS
MAY 14 1938
Department of State

793.94

8604. No change Shangtung front Japanese on 3 May occupied Kowantun 8 miles south Fowning Kiangsu widespread Chinese guerilla activities continue. 1822.

HPD

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MAY 9 - 1938

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TELEGRAM RECEIVED

MJD

FROM

GRAY AND SPECIAL GRAY

Peiping via N. R.

Dated May 4, 1938.

Rec'd. 8:55 a. m.

COPIES SENT TO O.N.I. AND M.I.D.

Division of FAR EASTERN AFFAIRS MAY 4 1938

Secretary of State,

Washington.

278, May 4, 4 p. m.

793.94/12938

Embassy's 274, May 2, 4 p. m., paragraph three.

One. In view of the depletion of the Japanese garrison in Peiping due to the need for reenforcements on the Lunghai front, activities of Chinese irregulars near here and rumors that numbers of irregulars have managed to filter into the city are causing some uneasiness. Japanese uneasiness is indicated by their searching many Chinese on the streets and their requiring all bicycle licensees to obtain new licenses. Accurate information as to the size of the Japanese garrison is unobtainable; some observers including an American military officer believe the number within the city to be less than 500 and in the entire metropolitan area including Mentoukou and Tungchow two or three thousand with almost no troops at the latter place.

Two. There was some bombing yesterday by Japanese planes south of Peiping audible in the city. This morning the Japanese authorities announced that bombing "practice" would

793.94/12954

F/WB FILED MAY 7 - 1938

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would be held from nine to one near Marco Polo Bridge and detonations were heard frequently throughout the morning, one explosion shaking the windows of the Embassy slightly. The use of bombs sufficiently large to have this effect from the place named is not consistent with ordinary practice operations and according to one foreign source a Japanese plane was bombing Chinese irregulars about five miles southwest of the city.

Three. Operations so near Peiping, while presumably indicating no threat to the city itself, are indicative of the extent of the activities of Chinese irregulars and of the continuing failure of all the Japanese to consolidate their position except within urban centers and at points along lines of communication.

Four. Repeated to Embassy Hankow and Shanghai.

SALISBURY

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CSB

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Copy for the Department of State

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DEPARTMENT OF STATE
1938 MAY 3 PM 2 12
DIVISION OF
COMMUNICATIONS
AND RECORDS

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Consulate General,
Keijo (Seoul), Chosen, March 30, 1938

Subject: Article by Japanese in "Chosen and Manchu", Keijo, Suppressed by the Government.

FILE
DIVISION OF FAR EASTERN AFFAIRS
MAY - 4 1938

The Honorable

Joseph C. Grew,

American Ambassador,

Tokyo, Japan.

Sir:

I have the honor to enclose herewith a rough translation of an article that appeared in the "Chosen and Manchu" of Keijo in the issue of March, 1938, and that was promptly suppressed by the Government General.

The article is interesting in that it apparently was written by a Japanese, that it treats of matters of free discussion in democratic countries, and that it shows that there may be an undefined under-current of dissatisfaction in reference to the present China Emergency.

Respectfully yours,

O. Gaylord Marsh,
American Consul General.

Enclosure:
Translation of article as described.

A true copy of the signed original.

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MAY 21 1938

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure to Despatch dated March 30, 1938, to the American Ambassador, Tokyo, entitled "Article by Japanese in "Chosen and Manchu" Keijo, Suppressed by the Government".

TRANSLATION

THE CHOSEN AND MANCHU

March 1938

Having Seen the Aspects of Japan under China Emergency

Toho Shakuo, Editor,

THE CHOSEN AND MANCHU

Although we can form an idea by guess as to what aspects Japan is in and the psychology of the people as a whole in the present China emergency, as we cannot rest in peace until we have seen them personally, I went to Japan early in February. I took the Sanin line to Tokyo via Kyoto, and came back by the Sanyo line on February 20th. I have thus had a glimpse of Tokyo, the metropolis, and rear Japan and front Japan, and although I cannot say that I have seen the whole of Japan, I may say that I have seen its face and chest.

(1). I was surprised to see no changes at all in the aspects of Japan under China emergency. Of course, the government is exercising control of monetary circulation, economy and trade, raising cries to arouse the mind of the people unti it has lost voice, and making efforts to get the national commandeering law passed by the Diet, all of which may have resulted in bringing changes in the mind and in the living of the people and considerable changes in economic and industrial structures if we carefully look into them,- but a superficial glance finds no changes in outward

appearance

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appearance. When I think that such are the aspects of Japan when it is moving the largest troops and expending the largest fund ever since the history of Japan began, I cannot but say that it is a strange composure which Japan maintains. In rural districts the farmers were cultivating barley in tranquility; in small cities the people were buying and selling without any uneasiness. Even in Tokyo the crowds of people, countless like ants, were looking bright and lively and going and coming here and there, and the theaters, movie halls, cafes, dining halls, railway cars, electric cars, automobiles, etc., were full of people. The Tokyo people looked as if they did not know where the China emergency had arisen. The posters of "Long live the Imperial Army (Kogun banzai)" or "Congratulation on departure for the front (Shuku shussei)" in the stations and along the railways and the sights of brave looks of military officers in stations and on trains, as well as the shouts of banzai, heard from time to time, for troops going to the front being the only reminders that Japan is in emergency. Although it is said that the Chinese and British press has been reporting that since the outbreak of the China emergency Japan has been greatly reduced, some papers saying that she is in privation, but Japan is not a bit intimidated. It makes my mind strong to feel that Japan has grown big and Japanese have become a great nation. When I travelled along the Sanyo line and the train was passing through a strategic zone, curtains were pulled down and the passengers were prohibited to look out of the windows. When I was coming back, light control was conducted, and it was pitch dark in Shimonoseki and Moji. Since the outbreak of China emergency in July 1937 large numbers of troops were despatched every day to North China, while in August troops and munitions were

shipped

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shipped to Shanghai every day, and the people were in commotion in cities and in rural districts. When, however, the despatch of troops and munitions was completed, and a large part of North China, and Shanghai and Nanking were occupied by our troops, the people became composed again - composed but not relaxed.

If you look closely into the national affairs and national living, you will find many unpleasant things with the China emergency for background. The commandeering of young men and horses from rural districts impairs agriculture; the going to the front of the supporter of a small household puts it in poverty; the want of iron dooms small ironworks to closure; the scarcity of various materials puts small manufacturers in distress. The most depressing of all is the high price of commodities, which has risen by 20 per cent in comparison with that prior to the outbreak of the emergency. While this is already a great menace to the living of the people, it is certain that the prices will go up still higher during the emergency. It is a great concern of the people as to what effects the national commandeering law will bring when it is enforced and what will become of the money market if the public loans, amounting to Yen 4,850,000,000, are raised, but they invariably come to the conclusion, which is worthy of Japanese, that however their liberty is restricted, however they are financially distressed, and however their living is in want, they will endure everything until China is completely overpowered. But if it is only China to deal with, well and good; but if Russia also comes to the front, it is uncertain when war will come to close. Journalists, politicians and business men are to a man occupied with sincere patriotism for

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the future development of the China emergency, but the members of the Cabinet, politicians, members of the Diet, and the general public look as if they are pushed forward by a certain influence and the general situation. Although they are commonly opined to overpower China, or in other words overpower Chiang Kaishek's anti-Japanese party, they seem to have no set opinion as to whether it should be accomplished solely by military force, by diplomatic activities, or by making use of international relations; far less have they any fixed opinion to round up the China emergency. In other words, even Konoe has no opinion at all when the China emergency would be closed and what should be done with China when Chiang Kaishek's anti-Japanese party is overthrown.

(2). I am sure that the whole nation is in high tension, mentally and physically, in the present emergency, but if it comes to the question as to how much the industry of the people has been improved, how much the thrifty and perseverence of the people has been promoted, and to what extent the luxury, profligacy, frivolity and pleasures of the people have been abated, I cannot but be disappointed. In spite of the movements conducted by the government and public authorities for spiritual arousal and spiritual commandeering, I do not think that the people are not equal to responding to these movements. In Tokyo, particularly, no changes are visible in comparison with the conditions prior to the outbreak of the emergency. They do not seem to have any plausible desires except easy life, pleasures and good positions. It may be taken to be the attitude of a great nation to show no concern when it is already half a year since the outbreak of the emergency and

nobody

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

nobody knows how long it will continue; but I should like to see that, taking opportunity of the emergency, the people who have been working ten hours a day begin to work eleven or twelve hours a day, that they break up the bad custom of luxuries and pleasures and become a substantial and strong people, and that they rise in a body and manifest spirits strong enough to build up a great nation. For accomplishing these feats, the government and public officials should show them examples by abolishing the half holidays on Saturdays and the summer holidays and contributing some portion of their salaries to the war fund. It is absolutely useless to emphasize, orally, the necessity of spiritual commandeering and national commandeering.

(3). In order to cope with the prolonged war, the government is taxing its brains and is publishing various laws and ordinances for control and restriction of the trade, the monetary circulation, and even the private enterprises. These are thought unavoidable, but owing to these controls and restrictions, prices of commodities are rising, while the small and medium merchants and manufacturers either suspend or close their business due to want of materials. For instance of the most adverse effect brought by the restriction of import trade, the restriction on cotton imports have tended to raise the prices of cotton and cotton textiles to an abnormally high pitch, thus proving a menace to the living of the people. Because of restriction of monetary circulation it may be well to put off cultural works a year or two, but it is serious that even undertakings closely affecting the actual living of the people must be suspended, and the unemployment question is getting serious thereby. However warm-hearted the people

may

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

may be to endure sufferings for the sake of the emergency, if their undertakings and business are affected and their living menaced, they may raise complaints in spite of themselves. While economic and monetary control and restriction is very important, the government authorities must carefully study to remedy the adverse effects. Say what one will, the only way to make the people stand a prolonged war is to see that the people are not put to distress, their living not menaced, and the national productive power not abated. The government says that if we think of the officers and men fighting hard on the battle-lines we can endure any hardships, but this is a fallacy. When man lives and moves he thinks of the state affairs; but if he could not live and move what would he feel? The coercion of sacrifice without considering the delicacy of human mind will never take effect. If the government authorities coerce endurance without eating, because they are in no trouble for eating, that is a cruel and ineffective order.

(4). With the premise of national unanimity, the government controls speech and correspondence to the extreme limit. Taking an attitude as if it will never rest satisfied until all the organs of speech and correspondence have become official organs, the government suppresses and persecutes outright persons who express different opinion as national traitors, so as to make it impossible for them to maintain existence without commending and supporting whatever the government may deem proper to do. The government goes even so far as to interfere with the freedom of thinking, and suppresses scholars, thinkers and critics who speak about peace and liberty. In view of the serious situation, it may be

necessary

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

necessary to unify national opinion, but the government's way of doing it is exorbitant. Even though persons may be devoted to the principle of peace or the principle of liberty, there will be none, since they are Japanese, who will speak anything detrimental to their own country, when war is once opened with an enemy country, and if there is, that is no question at all, and the people as a whole should not be suspected because of him. On the contrary, the government should, in the present serious situation, be open-minded and generous enough to hear the public opinion and take good advices in reference for formulating state policies. The government should tell the people that, of course, peace is desired by all human race and may be said to be their life aim, and even the ultimate aim of a war is peace, but that they should refrain from crying for peace in the very midst of a war because it has a force of enervation; and that liberty is the mother of culture, thought and human progress, which is confirmed by history, and by which the Meiji Restoration was brought to a complete success, but that they should refrain from emphasizing too much of liberty during a war because it will impair the control of the people and the national unanimity. But it is too much out of common sense to suppress and persecute them. But the government takes a hostile attitude against all without discrimination who are devoted to the principle of peace and the principle of liberty as people's parties, and we cannot help doubting its common sense. While it is resonable to say that what the government does cannot be all right, it must let learned people think of the destiny of the state. They are deeply concerned with the state affairs, and naturally offer bitter counsels or sometimes

raise

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

raise opposition, all of which is the manifestation of their true love of the country. Persons who unconditionally support and praise what the government does and become its running dogs and lantern-bearers are generally men of utility and convenience. It is really a despotic attitude that the government regards such men as patriots and treat those who offer bitter counsels as traitors. It is really the government which makes patriots, leaders and intelligentia its enemies, the most foolish thing for a government to do. With such an attitude it becomes an object of antipathy of the politicians, writers, scholars and other learned men and may become the cause of curse to the state. It must be said that it is the government itself which impairs the spiritual unanimity of the nation. The intelligentia in Tokyo is greatly antipathetic against the government, and the government must be very careful in this respect. Particularly speaking, it was absolutely outrageous of the government that it has made a wholesale arrest of university professors who are liked by the students for their new knowledge, and thrown them into prison; they should have been told in a close conversation of the intents of the government and advised to reflect.

The national commandeering law gives the government excessive authority of coercion and restricts the liberty of the people, and although the Diet bravely objects to it, it may be passed in the end by the force of the government. Should in its application the government take no care to refrain from running to the most drastic measures, it would arouse the antipathy of the people and impair the spirit of national unanimity thereby.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

While in Tokyo I discussed current affairs very closely wirh certain high officials, members of the Diet, and staffs of certain newspapers of old acquaintance, and learned and understood much about the secrets of the government, military and navy, and political parties. Although it is a matter of regret, I must keep them to myself for the present, because their publication will be instantly suppressed.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

a

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 9, 1938.

793.94/12956

~~JCV~~
~~MSM~~
~~WAA~~
~~MMR~~

Hong Kong's despatch no. 149 of April 1 reports that the Japanese Consul General recently told Consul General Southard that "something must be done" soon to interrupt the flow of war supplies from Hong Kong into Kwangtung; that Canton and Yunnan support of Hankow is, according to the Japanese C.G. and other less prejudiced sources, progressively weakening.

Canton's despatch no. 131 of April 5 refers to the above despatch and states that the report that Canton support of Hankow is weakening is "diametrically opposite to the facts as they appear to all observers in this part of China."

With reference to the entry of munitions and supplies via Canton you may be interested in the discussion of Hong Kong-Canton communications on page 3 of (~~the latter~~ Canton's) despatch.

FE:JKP

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

No. 149

AMERICAN CONSULATE GENERAL
Hong Kong, April 1, 1938.

CONFIDENTIAL.

SUBJECT: Japanese Activities Against Kwangtung Province.

ADVISER ON POLITICAL RELATIONS MR. HORNBECK MAY 17 1938 DEPARTMENT OF STATE
OFFICE OF ARMS AND MUNITIONS CONTROL MAY 20 1938 DEPARTMENT OF STATE
Division of FAR EASTERN AFFAIRS MAY 21 1938 Department of State

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON.

SIR:

I have the honor to report that a couple of days ago, during one of the calls he makes occasionally on me, the Japanese Consul General in Hong Kong asked the definite question of what I thought would be the effect on American interests and public opinion of the severing by Japanese forces of communication between Hong Kong and Canton. As he arrived at the posing of this question by even more than his usual circumlocution I suspect that it may have been an inspired one.

My reply was, of course, noncommittal. I then casually asked if he thought a campaign to that end was about to begin. He said that he didn't know definitely about that but was sure that "something must be done" soon to interrupt the flow of war supplies from Hong Kong into Kwangtung. Mr. Nakamura, who was Japanese Consul General at Canton until the present hostilities began, then went on to say that the Kwangtung authorities were becoming definitely "fed-up with Chiang Kai-shek" and were, he

thought

793.94/12956
FILED MAY 21 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

thought, progressively weakening in their support of the so-called National Government. Kwangtung, he said, had in the beginning sent many troops to fight under Chiang Kai-shek's command but these troops had persistently been placed in the front firing line and killed to such extent that no more considerable bodies of them would be sent from Kwangtung Province. He cited the thousands of Kwangtung soldiers betrayed by Chiang Kai-shek's troops at Nanking. According to information which he claimed to have, Kwangtung troops would now be kept at home and, furthermore, a goodly proportion of the war materials passing through Hong Kong for the Chinese National Government would be kept in Canton for the use of Kwangtung troops. In brief, my Japanese colleague expressed the firm opinion that both Canton and Yunnanfu (Kunming) were becoming less and less inclined to support Hankow and were, of course, beginning to see more and more the light of reason and their own best interests.

Undoubtedly my Japanese colleague's thoughts have been fathered by his wishes. On the other hand expression of many similar thoughts is heard in Hong Kong from sources which are neither Japanese nor biassed by any national or selfish motives, and that is why my Japanese colleague's conversation has seemed to be of more than average interest. We have undertaken no special investigation to endeavor to verify the alleged state of affairs in Kwangtung and Yunnan, as such would

not

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

not seem to be within the jurisdiction of this office, but copies of this despatch are being referred to the appropriate offices in China proper.

As to the intention of the Japanese soon to make an effort to cut communication between Hong Kong and Canton the only information of direct relation, which is available here, is that from usually reliable sources to the effect that there have recently been a noticeably greater number of Japanese naval units in the waters near Hong Kong. There is no reasonable confirmation that troop transports have increased in number.

Very respectfully,

Addison E. Southard
American Consul General

In quintuplicate to the Department
Copy to Embassy, Hankow
Copy to Consulate General, Canton.

800.

AES/mm

4 Carbon Copies
Received

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 6, 1938

MSM
~~WLA~~
JWB

You may be interested in glancing at marked passages in enclosure to Hong Kong's despatch no. 150 of April 2.

JKP

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

For Dissemination Check
Grace For M
Southard ONI-MID

No. 150

AMERICAN CONSULATE GENERAL

Hong Kong, April 2, 1938

CONFIDENTIAL.

SUBJECT: Japanese Activities Against Kwangtung.

COPIES SENT TO O.N.I. AND M.I.D.
in confidence DT

DEPT. OF STATE 1938 MAY 3 AM 10 30 DIVISION OF COMMUNICATIONS AND RECORDS

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON.

Division of FAR EASTERN AFFAIRS MAY - 5 1938 Department of State

SIR:

793.94

I have the honor to refer to the Consulate General's Despatch No. 149 of April 1st, 1938, on the above subject, and to enclose herewith, as of possible interest in connection therewith, a clipping of an editorial entitled "Kwangtung Beware", from the HONG KONG DAILY PRESS of April 1st, 1938.

The allegations in this editorial have been generally, if not specifically, confirmed in informal conversations which I have had with officers of the Hong Kong Government and with officers of His Britannic Majesty's naval and military units based in this Colony.

Of possibly special significance to observers here is the increased activity of the Japanese in occupying more of what appear, to the layman at least, to be comparatively unimportant islands along the Kwangtung coast. However, the British navy and army would not appear to expect extensive developments in the near future because the naval Commander-in-Chief, Admiral Sir Percy Noble, has

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793.94/12957

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

has just left Hong Kong for the north to be absent until about May 7th, 1938, and the Commander of the British Troops in China, Major General A. W. Bartholomew, plans to leave about May first to spend a month in North China.

Very respectfully,

Addison E. Southard
American Consul General

Enclosure:

1/ Editorial from HONG KONG DAILY PRESS
April 1, 1938

In quintuplicate to the Department
Copy to American Embassy, Hankow

800.

AES/mm

4 carbon copies
received

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to Despatch No. 150 dated April 2, 1938 from Addison E. Southard, American Consul General at Hong Kong on subject of "Japanese Activities Against Kwangtung".

HONG KONG DAILY PRESS

April 1, 1938

KWANGTUNG BEWARE!

Japan has evidently not abandoned the idea of setting up a puppet government in Kwangtung. She still hopes to do this with the help of the Cantonese!

It is quite clear, therefore, that the supreme optimism with which the Japanese character has been endowed, and of which we recently made mention, still persists. The dismal failure of the recent Canton coup and the reverses in the fighting lines have not yet disillusioned Japan and more good money is to be thrown after bad.

No one, except probably the Japanese, knows the actual cost to the Tokyo exchequer of the last attempted revolution. It is now said that a further $20,000,000 has been distributed for a second attempt. This, apparently, was to have been staged last Tuesday, but the Yellow Flower festival passed off without incident.

The significant thing, however, is that there are still reactionary elements operating in Kwangtung. That they must belong to the lowest dregs of society—specially in Kwangtung, which has always been the nerve centre of Chinese patriotism and which has given birth to many of the great leaders of Chinese nationalism, including Dr. Sun Yat-sen, the Father of the Republic—goes without saying.

As long as these elements remain, Japan will spend freely. They must, therefore, be eliminated, and we have sufficient faith in the ability of His Excellency the Governor, General Wu Te-chen, General Yu Han-mow, commanding the troops, the Hon. the Mayor of Canton, Mr. Tsang Yang-fu, and their advisers, and especially in the good sense of the great bulk of the Cantonese people, to believe that these undesirable elements are being removed without delay.

Meanwhile, the eyes of all China and Japan too, have been turned in the direction of Canton. The striking Chinese victories on the Tientsin-Pukow Railway fronts have made more certain still the victory, in which Kwangtung is expected to, and will, play a great part.

It is for that reason that the future movements of the Japanese in the south must be watched with extreme caution. If Japan is to strike at all in the south, it will strike in the near future.

The military situation in Central China would appear to make a landing of heavy Japanese troops for a large-scale invasion of the south only a remote possibility—so remote, indeed, that it may be ruled out as unlikely.

There remain, firstly, naval and aerial activity, and, secondly, fomentation of internal dissension. It is evident that both these methods are to be tried.

Rear-Admiral Okuma and the blockading fleet, which recently left for the north, have returned to southern waters and there is an unconfirmed report that a 15,000-ton battle-cruiser is to be the Admiral's flagship. More islands have been occupied along the Kwangtung coast.

From the aerial and naval activity Kwangtung has not much to fear. Seven months' experience has not left the capital or the province very distraught, but the administration has realised the need to guard very carefully against reactionary "coups."

It is known that many suspected Japanese agents of Chinese nationality, operating in these parts, are continually on the move between this Colony and Canton. Rumours of attempts at subversive activity across the border have been persistent for weeks.

The intelligence service is being strengthened regardless of cost. A parsimonious policy might have meant the expenditure of vast sums later on. Kwangtung's position in China's defence scheme is so vital that no chances can be taken.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 9, 1938.

~~NOTE~~
~~MSM~~
~~Hornbeck~~
~~RCA~~

Geneva's 235 Political of April 21, 1938, entitled "Transmitting Volume Entitled 'The Conflict in the Far East - 1937'".

This volume contains considerable pertinent information in the form of speeches, documents and press comments on the Sino-Japanese conflict. You may care to glance at the table of contents, pages 3 to 8. This volume may be found to have certain value as reference. It was edited by Mr. C. Kuangson Young, Director of the Press Bureau of the Chinese Delegation.

793.94/12958

FE:Ringwalt:HES

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

NO. 235 Political.

AMERICAN CONSULATE

Geneva, Switzerland, April 21, 1938.

DIVISION OF EUROPEAN AFFAIRS
MAY 5 1938
DEPARTMENT OF STATE

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1938 MAY 3 PM 12 51
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Division of FAR EASTERN AFFAIRS
MAY - 6 1938
Department of State

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File

SUBJECT: Transmitting Volume Entitled "The Conflict in the Far East - 1937".

793.94

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

DEPARTMENT OF STATE
DIVISION OF
COMMUNICATIONS AND RECORDS
PUBLICATIONS SECTION
MAY 4 1938

SIR:

I have the honor to transmit under separate cover, as of possible interest to the Department, a volume entitled "The Conflict in the Far East - 1937" which has been received from the Chinese Delegation to the League of Nations in Geneva.

Respectfully yours,

Howard Bucknell, Jr.
American Consul.

Accompaniment (under separate cover): Volume, as above.

HBjr/EW

Original and five copies to Department of State.
One copy to American Legation, Bern.

793.94/12958
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MAY 17 1938

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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193.94/12959

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 6, 1938.

PA/H:
Mr. Hornbeck.

I suggest that you read the attached tag and also the despatch. Ashton-Gwatkin is a Counselor in the British Foreign Office. In 1934 he was appointed Joint Secretary of the Interdepartmental Economic and Financial Committee.

M.M.H.

ADVISER ON POLITICAL RELATIONS
MR. HORNBECK
MAY 6 - 1938
DEPARTMENT OF STATE

MMH/REK

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 5, 1938.

793.94/1239

London's 246, April 27, 1938, reports that Ashton-Gwatkin of the British Foreign Office has expressed his personal view that (1) Russia is preparing to intervene in the Far Eastern conflict if and when Japan shows signs of cracking; (2) that Japan's internal foundations are insecure and that either victory or defeat for the Japanese army will inevitably create an internal crisis in Japan; and (3) that Russia, if it intervenes, will not only attempt to drive the Japanese but all other foreigners out of China. Ashton-Gwatkin therefore suggests that it might thus become necessary, with a view to protecting British interests, to call into being the Anglo-Japanese Alliance.

* * * * *

Comment: If Japan cracks up, it is questionable whether the revival of the Anglo-Japanese Alliance would be of much value in the protection of British interests in the Far East.

Also, even if Japan does not crack up.

FE:Ballantine:SMJ

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

EMBASSY OF THE
UNITED STATES OF AMERICA

LONDON, April 27, 1938.

No. 246

SUBJECT: Far Eastern Developments.

ADVISER ON POLITICAL RELATIONS
MR. HORNBECK
MAY 6 - 1938
DEPARTMENT OF STATE

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1938 MAY 3 PM 12 37
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DIVISION OF FAR EASTERN AFFAIRS
MAY 5 1938
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FAR EASTERN AFFAIRS
MAY - 5 1938
Department of State

793.94/12959

Commercial Office (A-M/O)
To Tokyo 5/9/38

The Honorable

The Secretary of State,

Washington, D.C.

Sir:

I have the honor to report that in the course of an after dinner conversation about other matters Mr. Ashton-Gwatkin of the Foreign Office expressed briefly his views on the course of events in the Far East. He emphasized that they were his personal views but it should be recalled that he began his career as a Japanese specialist

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MAY 10 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

specialist and he still keeps in close touch with Far Eastern matters. Mr. Ashton-Gwatkin sails today for a short visit to the United States for the purpose of getting first-hand information on politico-economic questions and it is thought desirable that in any subsequent informal conversations which he may have in Washington on Far Eastern matters no specific reference be made as such to this personal conversation.

Ashton-Gwatkin's basic views on the current developments in the Far East are as follows:

1. Russia is preparing to intervene in the Sino-Japanese conflict if and when the Japanese show definite signs of cracking. Therefore, Russian foreign policy, in his opinion, may be on the point of changing. The Far East may offer a more fruitful field of major activity in the not distant future than the West, particularly as the so-called Western policy of Litvinoff has recently been so unsuccessful, viz., the expansion of Germany and the defeat of the Russian backed "Government" side in the Spanish conflict. In this connection he interprets many recent developments in Russia, particularly those connected with Leningrad, as an attempt to "wall up the West" in preparation for a possible Eastern adventure. Incidentally he mentioned that Ambassador Maisky has stated to the Foreign Office that Japan will begin to crack within the next six months.

2. He regards the Japanese State as insecure in its foundations and believes, therefore, that either victory or defeat for the Japanese Army in China would inevitably

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

inevitably create an internal crisis in Japan. He thinks that the fighting which is now going on in Shantung may mark the turning point for if the Japanese Army is driven out of Shantung it might precipitate a crisis in the Army. Furthermore, Japan might be tempted to weaken her forces in Manchukuo in order to reinforce her units in China proper affording an added temptation to Russia.

3. Ashton-Gwatkin is of the opinion that Russia would not intervene until Japan is cracking but if Russia does intervene she will attempt to drive out of China not only the Japanese but all other foreign interests as well. He said in the circumstances Russia was threatening to replace Japan as the preponderent Power in the Far East and, in his view, it was in the interest of the United States as well as Great Britain that neither Japan nor Russia should dominate China. In this connection, he thought that in such an event, to protect British interests,"it might even be necessary to try to call again into being the Anglo-Japanese Alliance".

Respectfully yours,

For the Ambassador:

Herschel V. Johnson

Herschel V. Johnson,
Counselor of Embassy.

WWB/JC

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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JR * GRO

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ST

FROM

FOURTH MARINES

May 5, 1938

Rec'd 10:30 a.m.

ACTION: CINCAF
OPNAV

INFO: AMCONSUL SHANGHAI
COMSUBRON FIVE
ASSISTALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

793.94/1

Division of
FAR EASTERN AFFAIRS
MAY - 5 1938
Department of State

8605. Chinese claim 12 mile advance northeast Taierchwang, also capture Matouchen village west of Tancheng; Japanese deny this claim. 1850.

HPD

793.94/12960

FILED
MAY 7 - 1938

F/A

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR *

GRAY

FROM

Peiping via N. R.

Dated May 5, 1938

Rec'd 11:10 a.m.

Secretary of State,

Washington.

COPIES SENT TO O.N.I. AND M.I.D.

Division of FAR EASTERN AFFAIRS MAY - 5 1938 Department of State

793.94

283, May 5, 5 p.m.

Embassy's 278, May 4, 4 p.m.

One. Further bombing south of Peiping was audible in the city this morning, villages suspected of harboring guerrillas being reportedly the objects of attack. Some of the city gates were closed this morning; Chinese were permitted ingress or egress at other gates without special permission; and Japanese soldiers with Chinese police were making widespread searches of Chinese inns and some residences. Communist forces in not distant areas are reported to have boasted some time ago that they would capture Peiping; this story combined with military operations in the countryside and the apparent uneasiness of the Japanese inside the city has given rise to many rumors which it is believed have caused some foreign press correspondents to cable home exaggerated reports in regard to the situation.

Two. It is reliably reported that some skirmishing has

793.94/12961

F/A

FILED MAY 7 - 1938

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

has been in progress today between Japanese troops and Chinese irregulars between here and Tungchow eight miles to the east. Neither trains nor busses are running to Tungchow today.

Three. Repeated to Embassy Hankow and Shanghai. By courier to Tokyo.

SALISBURY

CSB

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 894.60/14 FOR Despatch #-

FROM Osaka (Makinson) DATED April 2,1938
TO NAME

REGARDING: Effect of Sino-Japanese incident on the small and medium scale industries of Osaka: Report on conference of representatives of small industries in Osaka, indicating attitudes and trends of thought of this group of industrialists toward Sino-Japanese conflict.

aa

793.94/12962

12962

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 393.1163 Am 3/262 FOR Despatch #261

FROM Tientsin (Caldwell) DATED April 4, 1938
TO NAME

1—1127 GPO

REGARDING: Sino-Japanese relations: Report covering interview between officer of staff and Rev. S.J. Charvet, furnishing information concerning Japanese activities in area of Catholic Mission at Sienhsien, and actions of Japanese troops when they entered the Mission.

793.94/12963

aa

12963.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P. R. Tientsin/119 FOR #611 to Embassy

FROM Tientsin (Caldwell) DATED Apr. 8, 1938
TO NAME

REGARDING: Military activities in Tientsin Consular District: report on same.

wb

793.94/12964

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

about March 10 but did not cross the river. Apparently the Japanese advanced very rapidly in south Shansi but failed to destroy the Chinese armies that they were operating against, with the result that they found their communications menaced by large bodies of Chinese troops on both flanks. Taking advantage of the fact that the Japanese troops in south Hopei and North Honan had been sent into south Shansi to participate in the general hostilities in that area, considerable bodies of Chinese troops crossed the Yellow River and re-occupied a number of points on the Peiping- Hankow and Paotsing Railway. Full and accurate information regarding the military situation in southern Shansi is not available in Tientsin but it appears that the force of the Japanese drive in that area was expended without accomplishing more than the occupation of the Tungpu Railway and the driving of the main bodies of the Chinese troops into the mountainous country of southwest Shansi. This drive demonstrated again what has been made clear in North China throughout the current hostilities, that the Japanese can, after extensive preparation and concentration of men and equipment, superior in material strength, break through any line which the Chinese provincial troops establish, but that the Chinese, after putting up what resistance they can for a time, withdraw to re-form or engage in guerrilla warfare.

Information

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Information available in Tientsin indicated that the Japanese were having a bad time with their campaign in southern Shantung, where they were attempting to occupy the Tsuchowfu area and drive the Chinese away from the Tientsin-Pukow Railway. Chinese and Japanese claims regarding conditions in this area were conflicting, but the Japanese were in very much the same position at the end of March that they had occupied at the beginning of the year.

2. Relations with other countries.

1. Japan.

a. Military activities. The Japanese military forces operating in Shansi were reported to have reached the Yellow River opposite Tungkuan about

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 890.00/89 FOR Memorandum

FROM State Department Far Eastern Division (Jones) DATED April 16,1938
TO NAME

1—1127 OFO

REGARDING: Sino-Japanese relations: Report on events and activities during the week ending April 16,1938.

aa

793.94/12965

12965

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 890.00/90 FOR Memorandum

FROM State Department Far Eastern Division (Jones) DATED April 23, 1938
TO NAME

1—1127 o.f.o.

REGARDING:
Sino-Japanese situation: Review of developments and events during the week ending April 23, 1938.

aa

793.94/12966

12966

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

793.94

DOCUMENT FILE

NOTE

SEE 890.00/91 FOR Memorandum

State Department
Far Eastern Division

FROM (Jones) DATED April 30, 1938

TO

NAME

1—1127 0F0

REGARDING: Situation in the Far East.

Review of the past week.

793.94/12967

FRG.

12967

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

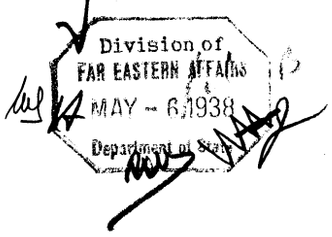
TELEGRAM RECEIVED

JR **
This telegram must be closely paraphrased before being communicated to anyone.

FROM ALUSNA PEIPING

May 6, 1938

Rec'd 10:10 a.m.



ACTION: NAVY DEPARTMENT

INFO: ASTALUSNA SHANGHAI
CINCAF
COMYANGPAT
COMSOPAT
FOURTH MARINE
ASTALUSNA NANKING
AMAMBASSADOR CHINA

0005. Although some tension in Peiping fifty mile motor trip around outskirts by originator failed disclose any unusual activities in areas contiguous, city practically stripped of Jap garrison troops and Nips nervous, Japanese with Sino police search all pedestrians at gates as large numbers of Chinese plain-clothes men thought in town, continued skirmishes west of Changhsintien also near Mentoukou with few Nipponese casualties, train service to Tungchow suspended, reports guerrilla raids on villages in that vicinity. 2015.

HPD

793.94/12968

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

REB

GPO

FROM

COPIES SENT TO M.I.D.

FOURTH MARINES

May 6, 1938

Rec'd 5:34 p. m.

ACTION: OPNAV CINCAF

INFO: AMCONSUL SHANGHAI
COMSUBRON FIVE
ASST. ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
U.S.S. MARBLEHEAD
ALUSNA PEIPING

793.94

Division of FAR EASTERN AFFAIRS MAY 2 1938 Department of State

8606. Both Chinese and Japanese moving reinforcements to Shantung front no confirmed reports change situation this area. Japanese attacking towns in northern Kiangsu. Nipponese reinforcements 2000 strong moving south from Tientsin. Chinese report claim guerillas have stopped traffic on Ping Han, Ping Sui, and Tsinpu lines. Unrest in Peiping Japanese patrol carrying out intensive searches in city. Japanese offensive southern Tsinpo front nearing Kuchen 25 miles north Pengpu. Column advancing on Hofei captured Chankas 15 miles northwest Whaohsien 1941.

NPL

EMB

793.94/12969

F/FG

FILED

MAY 10 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

793.94

DOCUMENT FILE

NOTE

SEE 852.00/7863 Confidential File FOR Tel. #78, 5 pm

FROM Geneva (Bucknell) DATED May 6, 1938
TO NAME

REGARDING: Rumor that an effort will be made at next Council meeting to name France and Great Britain as mediators in the Sino-Japanese conflict. Secretary General stated he thought this highly improbable and indicated that the story was without any foundation as far as he was informed.

ge

793.94/12970

Confidential File

12970

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 6, 1938

MSM

You may care to glance at section III of attached copy of Trans-Pacific News Service.

JKP

7108

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TRANS-PACIFIC NEWS SERVICE

1250 6TH AVENUE NEW YORK, N. Y.

BRUNO SCHWARTZ
General Manager

Cable Address
TRANSPACIF

DEPARTMENT OF STATE
MAY 1938
DIVISION OF PUBLICATIONS AND RESEARCH

Division of FAR EASTERN AFFAIRS
APR 28 1938
Department of State

April 27, 1938

REVIEW OF THE WEEK IN CHINA

I. JAPAN FAILS TO AVENGE TAIERHCHWANG

1. Fighting stalemated in Shantung
2. Chinese retake towns in Honan

II. TOKYO ENCOUNTERS DIFFICULTIES

1. Orders shake-up in field command
2. Shortage in materials seen fatal to Japan

III. JAPAN HAS FRESH TROUBLES WITH THIRD-POWER

1. Tokyo detains American aviator
2. Foreign business troubled in puppet region

793.94

793.94/12971

I

Japan Fails to Avenge Taierhchwang

The much talked-of Japanese offensive to avenge their Taierhchwang defeats frittered away after two weeks of indecisive battles in southern Shantung. With reinforcements from home and from other Chinese fronts, the invaders massed 100,000 troops and began their drive from Lini, 80 miles northeast of Suchow, the strategic rail junction which has consistently eluded Nippon's grasp since the turn of the year.

Three Japanese columns, attempting to strike at the Lunghai Railway by flanking the Yihsien-Taierhchwang area, met with stiff Chinese resistance at every turn. The defenders marshalled forces up to 200,000 in the battles and about half a million in the entire Shantung war zone. With the exception of minor changes in positions, the war remained stalemated and Japanese military headquarters in Peiping and Shanghai kept silent. Fresh moves of Japanese soldiers south of Suchow, near Pengpu, were again checked as in January and February.

On other fronts, the Chinese were more active. The recapture of some 15 important towns in Shansi, North Honan and Hopeh provinces was reported as a result of Japanese transfer of troops for the Shantung drive. The success is credited in part to the Eighth Route Army who had enlarged its area of operations to include northern Honan. From Chengchow, capital of Honan, General Chen Chien, Commander in the Peiping-Hankow Railway area, announced that there were no indications that the Japanese would drive toward Hankow, the present seat of the Chinese Government. The announcement came subsequent to a series of military conferences at General Chen's headquarters in which Generalissimo Chiang Kai-shek and many other military leaders participated.

A report from Shanghai stated that the Japanese had resumed operations up the Yangtze River from Nanking after months of relative quiet. In South China, a Japanese aerial attack on two passenger boats in the Canton River resulted in the killing of more than 100 Chinese civilians.

F/FG 12971

II

Tokyo Encounters Difficulties

In Tokyo, Premier [illegible]imaro Konoye resumed his official duties after an absence of three weeks, and told the public that Japan's policy announced on January 16 remains unchanged: the destruction of

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the Chinese National Government. He reassured the Japanese people on rumors of their army's recent setbacks in China, saying: "Though the military situation may seem to be deadlocked, the hostilities are not over. Our military operations are being carried out in acco r dence with definite plans."

Premier Konoye's view seemed to be shared by the Japanese War Minister, General Gen Suigiyama, who returned after an inspection tour of the fighting fronts in China. Sugiyama recommended a series of "effective and appropriate measures to crush the Chiang Kai-shek regime." He wanted large-scale operations with Hankow as the next objective. Konoye, however, also stated in his interview that the main trouble in Japan had been "the relations between the government and the army" with regard to Japan's policy toward China. One of the conflicting views is that Japan should consolidate its position without pushing for further conquest, and the other favors further aggressive attacks.

Possibly in connection with Tokyo's decision for a renewed large-scale offensive, another shake-up in the Japanese military commanders in China was ordered. General Count Juichi Tereuchi, Japanese Commander in Chief in North China, was withdrawn. In the navy, the following high officers were transferred to unidentified posts: Vice Admiral Kiyoshi Hasegawe, Commander in Chief of the Third Fleet in Chinese waters throughout the Shanghai operations; Rear Admiral Tadao Honda, former naval attache to the Japanese Embassy in China; and Rear Admiral Denshichi Ohkochi, commander of the special naval landing party in China.

Another evidence of protracted warfare in China and of Japan's scarcity in war materials was seen in the announcement of further economic restrictions on the Japanese people. Japan's shortage is felt primarily in metals and other imports of military value such as rubber, hides and leather.

In an article in The New York Times, J.G. Forrest shows Japan's weakness in strategical and financial position due to her crucial dependence on other powers for war supplies, such as petroleum, iron, coal, cotton, wool, beauxite and others. He writes in part: "Buttressed by huge iron ore deposits essential in the construction of armaments, China, after nine months of hostilities, stands on firm economic ground, while Japan has had to lean more and more on the United States, Great Britain, Holland and France for raw materials... The general consensus seems to be that, if fighting continues another year, Japan's ambitious venture will fail."

III

Japan Has Fresh Troubles With Third-Power

The celebrated Panay incident was finally closed when, on April 22, the Japanese government handed the United States a check for $2,214,007.36 for payment in full of the American claims arising from the sinking of the U.S. gunboat and other vessels. Tokyo had previously demanded and received a full itemized account of the bill covering losses and compensation for deaths and injuries.

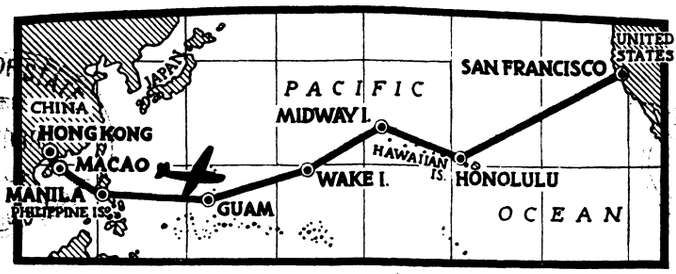
Another incident brought Japanese-American relations again to the fore. Melvin H. Gibbon, an American citizen said to be connected with the Chinese air force, was arrested by Japanese port authorities at Yokohama while en route on the Canadian-Pacific liner Empress of Asia from Hong Kong to Vancouver, B.C. While the State Department watched, the American aviator was detained and questioned by Tokyo police "for violation of a criminal law," punishment of which would vary "depending upon the seriousness of the offenses against Japan." It was believed, however, that the Japanese really wanted to obtain information from Gibbon.

From Japanese-dominated regions in China came news of acts against the economic interests of third-powers. The puppet "reformed government" at Nanking announced that it would not recognize the transfer of the China Merchant Steam Navigation Company's properties, valued at $25,000,000, to the American firm of William P. Hunt & Co. In Peiping, arrangements have been made for Japanese tobacco companies to enter the cigaret market in competition with the British-American Tobacco Company.

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TRANS-PACIFIC NEWS SERVICE

1250 6TH AVENUE NEW YORK, N. Y.



DIVISION OF COMMUNICATIONS AND RECORDS RECEIVED MAY 6 1938 DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS MR. DUNBECK APR 29 1938 DEPARTMENT OF STATE

BRUNO SCHWARTZ
General Manager

TRANS-PACIFIC CLIPPER NEWS
AIR MAIL VIA PAN AMERICAN AIRWAY CLIPPERS FROM HONGKONG

Cable Address
TRANSPACIF

793.94

April 23, 1938

The Chinese Government

HUPEH ANOTHER SOURCE OF CHINA'S MAN-POWER: Hankow, April 2- In Hupeh Province, where Hankow is located, a formidable force of 1,700,000 men stands by, ready to march to the front against Japan. They are able-bodied men within the age brackets of 18 and 45 who are undergoing a prolonged training, consisting of three stages. Those who have completed the first stage of training are organized into the People's Military Corps; those given the second stage of training are promoted into the Standing Militia Corps of Righteousness and Bravery; while a third stage of training in high military technique would qualify them as regular army reservists. According to a recent order of the National Army Conscription Headquarters, Hupeh Province should be prepared beginning from April to send 10,000 reservists to war every month. As 10,000 leave for the front, their vacancies will be filled by men drawn from the Standing Militia Corps, which in turn will be supplemented by the People's Militia Corps. The 1,700,000 able-bodied men available in Hupeh constitute only a little more than 20 per cent of the population of the province which totals more than 25,000,000. Army conscription is now going on in eight other provinces in more or less the same manner.

FAR-WEST SIKANG IMPORTANT IN NATION'S DEFENCE: Hankow, April 2 -- Miss Feng Yuen-hsien, vice-president of the Hankow War Service Association, who comes from Sikang, told of the potential importance of that far-west province in China's resistance scheme of things. Sikang, formerly a part of Szechuen and Tibet called the Sikang Special Administrative District, is becoming a province under the administration of the Sikang Provincial Government Organization Commission headed by General Liu Wen-hui, who was appointed by the Central Government. Sikang is rich in products necessary for national defence. Gold, silver and iron mines are abundant in its rocks. It is also famous for its production of timber, wool and leather. The inhabitants of Sikang carry on trade in musk, gold, furs, medicinal herbs, bristles and yak tails, all from neighboring Tibet. It exports chiefly tea, silk and cotton goods. Kangting, provincial capital, is connected with Chengtu, capital of Szechuen Province, by highway.

4,000 VOLUNTEERS HELP POLICE WUHAN STREETS: Hankow, March 27 -- The Hupeh Provincial Government has inaugurated a system whereby all hsien, or districts, within the province will recruit volunteer police. Recruits will be given a three-months training, after which they will assume the responsibility of maintaining peace and order in a province over-burdened with refugee and wounded soldier relief. Already two batches of volunteer police, trained since the outbreak of war, have been on emergency duty in Hankow and Wuchang. The 4,000 men are assisting the regular police force 24 hours a day, chiefly in patrolling the streets during Japanese air raids.

The Chinese People

CHINESE WRITERS FORM PEN FRONT AGAINST JAPAN: Hankow, March 30 -- A united "pen front" was formed against the Japanese invader with the founding in Hankow on March 27 of the Chinese National Literary Enemy-Resisting Association. Its members include poets, playwrights,

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novelists, essayists, and writers in both the pai hua (vernacular) and the wen li (classical)style. More than 300 authors of note were present at the inaugural meeting, and among the speakers were the Minister of Publicity and Mr. KuoMo-jo, one of China's best-known leftist writers who returned from his long exile in Japan upon the outbreak of hostilities last summer to join the united front. General Feng Yu-hsiang, Vice-Chairman of the National Military Council and China's most famous soldier poet, emphasized in his speech the importance of folk literature--poems, dramas, songs and stories written in simple but stirring language, as appropriate reading matter for soldiers fighting on the front. A well-known Japanese author, Mr. Wataru Kaji, who has been in Japan and elsewhere writing against aggression and injustice, also attended. He denounced the Japanese militarists, saying: "I will participate with all my heart and soul in your campaign of righteousness and justice and will never return to my homeland until our militarists are overthrown."

CHINESE IN BURMA RAISE $1,200,000 WAR FUND: Hankow, March 29 -- Millions of overseas Chinese in the South Seas and other places have demonstrated deep concern in their homeland and supported wholeheartedly the united front against invasion. Immediately upon the outbreak of war, Rangoon was running short of radio receiving sets because of the sudden rush for them by the local Chinese. Craving for war news from home, 200,000 Chinese had bought 80 out of every 100 radio sets sold there last year. The Burma Chinese War Relief Association and the Overseas Chinese Women's Society conducted a drive for war funds and had collected a total of $1,200,000 by the end of the year.

Medical Work

FIRST AID KITS PREPARED FOR GUERRILLAS: Hankow, March 30 - The mobile warfare tactics adopted by the Chinese forces has created a difficult problem for the Chinese Red Cross in its work on the battle-fronts. As a result, a large quantity of first-aid packages has been prepared for the wounded guerrilla warriors, to be used from the time they are carried off the field to the time they reach the hospitals at the rear. Each package, weighing a little over a pound, contains six rolls of sterilized gauze and cotton, together with twelve tablets of codeine, a methyl derivative of morphine. Whenever possible, these first-aid packages are carried by civiliens who accompany the partisans, or guerrilla warriors. The six rolls of gauze and cotton are enough to last the same number of days, the maximum time required for the wounded to reach one of the many army hospitals deployed behind the various fronts. The codeine tablets are to be administered to relieve pain. It is estimated that each first-aid roll and two tablets of codeine costs about 40 cents, Chinese currency. Because of this comparatively high cost and for lack of adequate funds, the Red Cross has not been able to prepare as many of these first-aid packages as needed.

CENTRAL CHINA RED CROSS GETS $909,205 IN DONATIONS: Hankow, March 27 -- The International Red Cross for Central China, organized last September with Mayor K.C. Wu and British Consul-General G. S. Moss as chairman and vice-chairman respectively, announced up to March 8, 1938, the receipt of $792,666 in monetary donations and $116,538 in materials. Of this amount $118,346 was raised within China; $200,000 constitutes appropriations from the National Health Administration. Among the foreign countries contributing, Great Britain heads the list with $206,394 in cash and $66,633 worth of drugs. The United States comes second with $185,290; Canada third with $71,557; Hondures fourth with $2,670 and France fifth with $2,407. Other contributing nations and cities include Sweden, India, Haiphong, Malacca, South Africa, French Indo-China, Saigon, Hanoi, Burma and Australia. Overseas Chinese have raised a major portion of the gifts from abroad.

The International Red Cross for Central China keeps the funds flowing out in the form of grants in goods and cash. Up to February 25, it has granted $36,242 worth of drugs, $29,950 worth of bed equipment and $6,187 worth of splints and other supplies to refugee camps, hospitals and church missions doing relief work. During the same period it has given $130,326 as subsidies to hospitals in the Wuhan cities and other Central China provinces; $103,048 as special cash grants to a number of missionary hospitals; $95,607 as grants to missionary refugee camps; and $19,006 in miscelleneous grants.

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Refugee and Relief

LORD MAYOR'S RELIEF FUNDS DISTRIBUTED: Hankow, March 27 -- The effort of Sir Harry Twyford, Lord Mayor of London, to raise a fund for the relief of war victims in China has brought forth an expression of gratitude from Dr. K. C. Wu, the Mayor of Hankow, in a letter addressed to the committee for the disposition of the Lord Mayor's China Relief Fund. Mayor Wu, who is also chairman of a number of relief organizations, emphasized his appreciation of the kindness the of the British people who have given support to the cause. The disposition of the fund is placed in charge of a committee which includes the British Ambassador to China and the Governor of Hong Kong. Four local committees have been formed in Shanghai, Tientsin, Canton and Hankow.

The Hankow committee is composed of eight members from among the residents of Hankow and vicinity. They are Messrs. G. S. Moss, C.B.E., British Consul-General, Chairman; C.E. Whitamore, British Consul, Honorary Secretary; J. L. Bowker, Manager of the Asiatic Petroleum Company; A.V.T. Dean of Butterfield & Swire; W. S. Dupree, C.B.E., of the Jardine, Matheson & Company; Rev. A. J. Gedye of the Methodist Church; Dr. J. L. Maxwell and Dr. A. H. Skinner. The scope of the committee extends over the provinces of Kiangsi, Hunan, Hupeh, Shensi and Honan.

The Hankow committee has received to date $200,000 for distribution--$50,000 on November 22; $50,000 on December 29; $44,500 on January 26; together with 3,400 pounds worth of drugs, medical supplies and clinical instruments. The committee is pooling its resources with the International Red Cross, and the following allocations are worth mentioning; $10,000 to Mayor Wu for different refugee camps; $9,000 to Mr. Li Jui, a merchant and charity worker, for making clothes and beddings for refugees; $40,000 to 27 hospitals; $10,000 to the Refugee Relief Commission.

HANKOW THEATERS GIVE BENEFIT SHOWS FOR CHILD-WELFARE: Hankow, March 26 -- Benefit performances were given last night by a group of 1,500 actors and actresses at Hankow's 17 theaters to raise funds for the welfare of the war-torn children of China. The city-wide affair was sponsored by the Child Welfare Committee of the Chinese National Women's Association for War Relief in conjunction with the Hankow Actors and Actresses Association. The evening's performances represented a review of the operatic and spoken drams from different parts of the country, with the calssical Peiping and Hupeh drams predominating. Most of the selections were of patriotic themes. There was also a variety of acts by singers, story-tellers, comedians, magicians, boxers and swordsmen. Before the curtain at three of the larger theaters, the audiences were given a stirring speech by the Girl Guide heroine, Miss Yang Hui-min, who took a huge Chinese flag to the "Lone Battalion" in Shanghai last October.

Developments in China

CHINA'S TEA INDUSTRY ENCOURAGED DESPITE WAR: Hankow, March 29 -- During the last few months the China National Tea Corporation has been working with various tea guilds and with the active support of the Foreign Trade Commission to prevent the war from disrupting one of China's principal agricultural industries. One of its immediate problems is to export over 65,000 half-chests of tea lying idle in Hankow. Up to the end of March half of this amount had been transported to Hong Kong and either sold there or shipped abroad. Other efforts are being made for the re-establishment of the brick tea trade with Russia, which had declined ever since the Russian Revolution. A contract has been made with the Soviet Exporthleb Company for the supply of 50,000 baskets of green brick tea and for 8,000 baskets of black brick tea. It is hoped also to foster a black Congou tea trade with Russia and plans have been formed for its transportation through the northwestern provinces of China into Siberia.

With the coming of the new tea season, fresh problems have to be faced. Anhwei which produces the finest grade of China's black tea, popularly known as Keemun, is partly located in the war zone. The question of transport is acute as costs must be kept as low as possible for competition with other tea-producing countries. The Government has helped the tea farmers financially by granting them credits. Fresh tea districts are being prospected for export purposes to compensate for those in the war zone. An example is in the district of Enshih, in southwest Hupeh 100 miles from Ichang, which has the most suitable climatic conditions for tea cultivation, but for 70 years has produced

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By Milton O. Gustafson NARS, Date 12-18-75

tea purely for local consumption. The China National Tea Corporation is taking steps jointly with the Hupeh provincial government tea experimental station to make the Enshih tea suitable for export.

COMMUNICATIONS TO WARTIME CAPITAL IMPROVED: Chungking, March 23 -- China's wartime capital on the upper Yangtze River is to be made more accessible not only to men and materials but also in the transmission of intelligence. Plans are now afoot at the Chinese Post Office to use more motor-trucks for the transportation of mail from Szechuan to Hunan, Yunnan, and Kweichow, in addition to the airlines from Chengtu and Chungking. Both the Eurasia and the China National Aviation Corporations have regular stations at Chengtu, from which there is a daily return service to Chungking. The C.N.A.C. also maintains a daily service between Chungking and Hankow, a twice-a-week service from Chungking to Hong Kong (via Kweiyang, Kweilin and Wuchow), and will soon start a thrice-a-week service to Kiating, mainly for mail.

The wartime capital's telephone exchange has installed an automatic system, while the Chengtu-Chungking long-distance service will become more useful through the addition of more side-lines. Meanwhile, the construction, improvement and extension of highways in Szechuan, Yunnan, Kweichow and Shensi are being rapidly pushed, with laborers in some sections working day and night under military discipline of the Chungking office of the Military Affairs Commission. All road repairing and construction work is expected to be completed by the end of March.

Education

BRITISH BOXER INDEMNITY FUNDS TO AID SCIENTIFIC RESEARCH: Hankow, March 29 -- The Board of Trustees for the Administration of the Boxer Indemnity Funds Remitted by the British Government has been carrying on its work of promoting educational and cultural enterprises and conserving scientific personnel and institutions in face of war adversities. The Board has given generous donations to the two provisional universities in Sian and Changsha for equipments. It has also been providing professorships to various universities at their new sites, and planned for its annual examinations to choose twenty scholars for advanced study in Great Britain. At the 47th meeting of the Board, held in Hong Kong on March 3, a Committee for the Conservation of Scientific Enterprises was organized, consisting of seven members. Its work will include conservation of enterprises under the categories of the natural sciences and the humanistic sciences. Appropriate financial assistance will be given toward the maintenance of scientific institutions, individual research scientists, and outstanding scientific publications.

Japanese Activities

BRITON CONDEMNS JAPANESE CENSORSHIP OF SHANGHAI MAILS: Shanghai, March 25 -- In an editorial article in the Shanghai Evening Post and Mercury, the veteran British journalist, H.G.W. Woodhead denounced the intended Japanese censorship of mails and declared that the Powers should take a firm stand against it. He writes, in part: "The proposed institution of a Japanese censorship in the Post Office, and the assertion by a Japanese spokesman that the censors will retain the right to censor all foreign postal matter, raises issues of far greater importance and complexity than the recently established cable censorship. Although it was added that the censorship would not 'in any way inconvenience bona fide private and commercial communications' of foreigners residing in Shanghai, but 'would deal almost exclusively with mails sent and received by Chinese', there are justifiable grounds for apprehending that a percentage of foreign mail covers will be tampered with and subjected to delay. And in the event of this fear proving to be well-founded the Governments of Neutral States can hardly remain inactive. They may have yielded to force majeure in the matter of cable censorship. There is no reason whatsoever why they should adopt a similar course in regard to Japanese control of the mails."

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TRANS-PACIFIC NEWS SERVICE April 23, 1938
Sheet No. E

BRITISH MERCHANT WARNS FOREIGN BUSINESS IN CHINA AGAINST JAPANESE ENCROACHMENTS

Hankow, March 29 -- "If Japan were able to dominate Central China, as she is at present dominating the North, we are just as unlikely to survive," declared A. E. Marker, chairman of the British Chamber of Commerce in Hankow at its annual meeting on March 23. His candid 16-column report on the business and financial conditions in China both before and after the war is believed invaluable to every foreign nation whose economic stakes in China have been threatened by the lawlessness of Japan.

"There are no illusions in regard to the Japanese insistance on trade domination," Mr. Marker pointed out, "but the greatest danger which is likely to confront foreign interests will arise from the almost inevitable attempts to link the Dollar to the Yen. Were the Yen a normal currency of real value and capable of standing on its feet, that might not matter. Actually, as we all know, it is a hot-headed growth, shielded against the world by infinite control and far-reaching restrictions, which render all free movement of goods, to say nothing of currency, quite impossible."

Lauding the soundness of the Chinese currency in this critical moment, Mr. Marker said that at the time when the present currency was instituted, it was stated that it could not be expected to stand up under the strain of war. So far, it has withstood that strain remarkably well. There has been a commendable absence of panic throughout the country and very fair stability of prices. There has been no process of inflation. Prices of Hankow agricultural products have for the most part fallen sharply, which indicates that, in their effect upon price, the difficulties of transportation outweigh any tendency to hoard. Not even rice, the most important staple, has advanced in price.

Although there has been a slump of both foreign and home trade subsequent to the outbreak of hostilities, Hankow's isolation from the more industrialized East has brought increased prosperity to the majority of local enterprises, Mr. Marker observed. No branch of industry has benefitted so greatly as the local cotton mills, which have probably experienced the most successful year in nearly two decades. Flour mills are working at full capacity and are likewise prospering. The smaller industries are for the most part active, particularly those which are catering to military requirements such as tanneries and dye works.

Mr. Marker commended the administration of the Canton-Hankow Railway, which has not only kept the vital line open but has been able gradually to improve the service since early this year. Shipments of export cargo from August to December, 1937, aggregated some 15,000 tons. During the two months of January and February they already reached some 8,000 tons, he said.

The war has been responsible for the transfer of many industrial plants from the war area around Shanghai to Wuhan and elsewhere. It is estimated that some 150 factories were removed from the war zone. All branches of industry are concerned, such as electric supply concerns, manufacturers of machinery, building and construction concerns, arsenals, aircraft factories, oil refineries, silk mills, chemical manufacturers, land and river transportation companies.

The prosperity of local industry has improved the importers' business in machinery and factory supplies. A number of important contracts for power plant and other machinery were placed and a very fair share went to British suppliers. (China's imports from Great Britain in 1936 are valued at $110,500,000, or about 12 per cent of the total; from HongKong, $18,000,000 or 2 per cent; from Germany $150,000,000 or about 16 per cent; from United States, $185,500,000 or about 20 per cent. During the same period, exports to Great Britain totalled $65,000,000, or 9 per cent; to Hong Kong, $106,500,000, or 15 per cent; to Germany, $39,000,000 or 5.5 per cent; to United States, $186,000,000 or 26 per cent.)

In the matter of tariff, Mr. Marker declared that whether it be in exports or in imports, the British are strongly of the opinion that there must be a single and universal tariff for the whole of China. Any other arrangement, he said, would only lead to abuse and a general dislocation of trade. The Chairman of the British Chamber of Commerce in Hankow concluded his report by expressing the sympathy of the British people with the Chinese people in their hour of trial.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TRANS-PACIFIC NEWS SERVICE April 23, 1938
Sheet No. F

JAPANESE POLITICS ON DOWNGRADE

Hankow, March 30 -- Japanese politics, according to a recent editorial in Hankow's leading Chinese daily Ta Kung Pao, is degenerating fast. The editorial likened the recent sessions of the Japanese Diet to a lunatic asylum. The confusion was not caused by efforts to safeguard the sanctity of the constitutional government or people's liberty, but by the assault on a member of the Diet, and the forcible occupation of the Japanese political party headquarters.

"Japan," the journal continues, "has been a nation thoroughly dominated by the militarists. In the thousand years, between 724 and 1867, from Fujiwara to the end of Edo Shogunate, the government of Japan has always been in the hands of the Japanese militarists, the Emperor being only the figure-head. Instances like dethronement, (Mikado Yozei by Fujiwara) imprisonment, (Mikado Jijo's confinement by Yoshitomo Minamoto) exile (Midado Daigo by Takawuji Ashikaga) forced suicide (Mikado Rokujo by Kiyomori Taira) and even drowning at sea, (Heishi together with Mikado Antokin) of Japanese Emperors have been recorded in Japan's history. Loyalty to the throne and patriotism to the country have often been erroneously attributed to the Japanese. This is entirely due to misunderstanding and lack of true knowledge of the Japanese history. The Meiji reform was not a revolution, but a mere change of disguise of the Japanese military clique to suit the times and a concession to the newly formed capitalists.

"Since Meiji's reign, there has been a constant battle between the Japanese liberals and the militarists for the upper hand in politics. At present, the Japanese liberals may be said to be completely stifled. Among the famous Japanese champions of liberalism there have been Hakubun Ito, Kimmochi Saionji, and Oko Hamaguchi. Chief exponents of Japanese militarism include Aritomo Yamagata, Taro Katsura, Gichi Tanaka and Sadao Araki. The changes in the Japanese cabinet have always been marked by the ascendancy of one faction at the expense of the other. The last cabinet of Saionji was overturned by Tanaka; and Araki was responsible for the death of Kowashi Inukai, leader of a party cabinet.

"The May 15 incident of 1932 is for Japan full of significance. Since the death of Inukai by the hand of a Japanese Imperial Army cadet, there has not existed for the past five or six years a party cabinet. In reality, Japan's constitutional government ceased at that time; the Diet became a morbid superfluity; political parties became obsolete organizations; and Diet members became objects of assault! The February 26 incident and the fanatic aggressions in China have contributed largely towards the strengthening of the influence of the militarists in Japan.

"Saionji is a far-sighted statesman. He has endeavored to keep liberalism alive to combat militarism. After the death of Hamaguchi and elimination of Shidehara, Saionji has always had hopes in Fumimaro Konoye. He hoped that Konoye would carry the torch of liberalism, so he paid special attention to his education and up-bringing, and even assisted him to become premier of Japan. He had not realized that Konoye was weak-kneed and would bow readily to the militarists. In so doing, Konoye has not only disappointed his benefactor, but also ended the life of liberalism in Japan. The surrender of Konoye terminated the glorious chapter of the liberalists in Japanese politics and revived feudalism in Japan. Needless to say, it is Japan's national misfortune.

"The present Japanese Diet is apparently disengaged from constitutional government. Loyal exponents of the constitution are rendered inarticulate. Minseito and Seiyukai have gradually lost their political status. Japanese Mass Socialists, while ably led by Isoo Abe, are mostly socialists only in name and do their errands willingly for Fascists. The Japanese Diet, however, still to a large extent represents the interests of the Japanese capitalists. The current Mobilization Bill presented by the Japanese Government is designed to curtail the freedom of the Japanese people and the prerogatives of the Diet, as well as to rob the capitalists of their wealth. It is apparent that no matter how amenable the Japanese capitalists may be, a headlong conflict with the militarists is inevitable in the end as demands on them multiply. Japan's politics is heading rapidly towards the dark hell of military despotism."

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

[illegible] SENT TO
[illegible] AND NAVY
DT

FROM COMSOPAT

May 8, 1938

Rec'd 7:30 a.m.

793.94

ACTION: OPNAV

INFO: COMSUBRON FIVE
COMDESRON FIVE
CINCAF
COMYANGPAT
AMBASS CHINA
USS MARBLEHEAD
FOURTH MARINES
ALUSNA PEIPING

Division of
FAR EASTERN AFFAIRS
MAY - 9 1938
Department of State

0007. Air raids during week on railroads industrial areas and airfield vicinity Canton. 1820.

HTM

FILED
MAY 11 1938

793.94/12972

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

793.94

apo
JR

FROM
FOURTH MARINES

May 8, 1938

Rec'd 7:30 p.m.

Division of
FAR EASTERN AFFAIRS
MAY - 9 1938
Department of State

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST NAV ATTACHE SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

8607. Japanese made small advance Taierchwang sector. Chinese mobile units attacking Poai northern Honan two Chinese divisions transferred from Chekiang to Hopei area. Report of heavy street fighting in Nantungchow, Kiangsu confirmed. 1700.

EMB

FILED
MAY 11 1938

795.94/12973

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR apo

FROM GRAY

Shanghai via N. R.

Dated May 7, 1938

Rec'd 7:30 a.m., 8th.

COPIES SENT TO G.N.I. AND M.I.D.

793.94

Secretary of State,

Washington.

Division of FAR EASTERN AFFAIRS MAY 9 1938 Department of State

631, May 7, 4 p.m.

My number 600/ April 30, 1 p.m. 12933

On the southern Tsingpu front the Japanese column advancing up to the railway is nearing Kucheng 25 miles north of Pengpu, the report that it had reached the outskirts of Suhsien apparently being erroneous. The column advancing on Fofei Anhwei is reported to have reached a point 15 miles northwest of Chaohsien. The Japanese column in northeastern Kiangsu is reliably reported to have reached the Tingyang south of Fowning but it is likely to meet considerable opposition from strong Chinese force entrenched on the north bank. Reports received from Nantungchow indicate that heavy street fighting is in progress inside the town between the Japanese garrisons and several thousand Chinese guerrillas who on May 3rd succeeded in effecting an entry. Guerrillas continue also around Shanghai and throughout the Shanghai, Nanking, Hangchow triangle.

Repeated to Hankow and Peiping.

RR LOCKHART

793.94/12974

FILED MAY 11 1938

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

4775

TELEGRAM RECEIVED

EG

COPIES SENT TO ONI AND M.I.D.

FROM

GRAY

Geneva

Dated May 7, 1938

Rec'd 9:10 a.m.

Division of FAR EASTERN AFFAIRS MAY - 7 1938 Department of State

Secretary of State,

Washington.

79, May 7, 11 a.m.

Secretary General has received a note from Chinese permanent delegate bringing up the nature of Japanese outrages in Sino-Japanese conflict. Hoo asks that this be circulated to members of the League and to members of the Far Eastern Advisory Committee.

BUCKNELL

WWC:PEG

note
100 C 112

793.94/12975

F/FG

MAY 12 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DLI

TELEGRAM RECEIVED

JR

COPIES SENT TO O.N.I. AND M.I.D.

FROM FOURTH MARINES

May 9, 1938

Rec'd 7:30 a.m.

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
USS MARBLEHEAD
ALUSNA PEIPING
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASS CHINA

Division of Far Eastern Affairs MAY - 9 1938 Department of State

793.94

8609. Five divisions reported en route Japan to China. On southern Tsinpu front new Japanese drive along Hwaiyuan Mengcheng highway has reached point about eight miles southeast Mengcheng Anhwei. No change other fronts. Guerilla units continue cutting Japanese lines communications. 1818.

DDM

FILED
MAY 11 1938

793.94/12976

F/FG

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Canton/122 FOR #99 to Embassy (Peiping)

FROM Canton (Linnell) DATED April 9, 1938
TO NAME

1—1127 ero

REGARDING: Sino-Japanese relations during the month of March 1938.
Report from Canton Consulate on-,

FRG.

793.94/12977

/2977

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

4. Relations with Japan:
(a) Continued but Ineffective Japanese Air-Raiding of Kwangtung:

793.94 (pg 4-8)

Japanese planes operating from naval vessels and temporary bases off the Kwangtung coast continued to raid Kwangtung Province throughout March but did not attack Kwangsi. These raids were harassing but were comparatively ineffective from

a

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

a military viewpoint.

As in previous months, railways were among the principal objects of attack. The Canton-Hankow and Canton-Kowloon lines were bombed frequently but were not damaged seriously. Through traffic on the Canton-Hankow railway was suspended for six days in the latter part of the month while repairs were made to a damaged bridge, but through services were resumed thereafter. The Canton-Kowloon railway maintained its evening schedules without interruption. It was announced during the month that, between August 31, 1937, and January 31, 1938, 1,433 bombs had been dropped on the Canton-Hankow railway and that 17 employees had been killed and 15 wounded.

Highways being utilized for the shipment of motor-trucks and supplies from Hong Kong to the north also were attacked but were not damaged materially.

Airfields also were bombed frequently, but they suffered little additional damage. The principal fields attacked were the two at Canton and the ones at Shiukwan (韶關) and Chungfa (從化). It is believed that those fields were bombed primarily to discourage their use rather than to cause destruction.

(b) Bombing of Industrial Plants:

Japanese planes displayed an increasing tendency to attack industrial plants. On the 17th the Kwangtung government-owned sugar mills at Sitau (市頭) and Suncho (新造), situated on the Pearl river a few miles below Canton, were bombed and damaged so badly that their operation was discontinued indefinitely. The Sitau plant was bombed again

a

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By Milton D. Gustafson NARS, Date 12-18-75

a few days later. The sugar mills at Tungkun (東莞) in the East river district, and at Waiyeung (惠陽), near Waichow, also have been bombed several times and likewise have been obliged to discontinue production.

In the course of a raid on the eastern suburbs of Canton, where the Tien Ho aerodrome is located, a Japanese plane attacked the Canton municipal water sub-station in the suburb of Tungshan, destroying a storage tank.

(c) Shiukwan Badly Damaged:

Shiukwan (韶關), in northern Kwangtung, which has been bombed repeatedly during the past seven months, has sustained serious damage. Approximately two thirds of the area of the city is reliably reported to be in ruins. The destruction appears to have been caused chiefly by misdirected bombs aimed at the aerodrome and the airplane factory, which are both located near the principal business section of the city. Since the commencement of hostilities approximately 350 bombs have been aimed at the airplane factory, which was hit only twice with slight damage and was still in operation at the end of March.

(d) Canton City Proper Not Attacked:

Although raids were conducted on objectives on the outskirts of Canton in areas within the city limits, no attacks were made upon the city itself. Since the central part of Canton has not been molested for several months, the population is regaining confidence, and life within the city is returning to normal.

(e) Completion of Gloucester Gladiator Plane Assembly:

The assembly of Gloucester Gladiator planes of British manufacture in Canton was completed during March, when sixteen

more

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

more planes were assembled. These planes were flown north to various bases. The repair factory, however, is still in operation and is engaged in repairing damaged planes.

(f) Occupation of Delta Islands:

Japanese naval parties continued to land from time to time on islands in the Pearl river delta. Apparently these landings were made primarily to secure supplies and for the establishment of temporary bases for seaplanes. It is understood that a small land-lane field has been constructed on Ho Pao (荷包) island, which is southwest of Macao.

(g) Periodic Shelling of Delta Areas:

Japanese naval vessels continued periodically to shell Bocca Tigris forts, located on the Pearl river about forty miles below Canton, but did not damage the forts, which did not reply.

Po On (寶安), which is situated on the river just north of British Hong Kong territory, also was shelled twice. Po On is reported to be garrisoned by Kwangsi troops equipped with shore batteries, and it is believed that the purpose of the shelling was to test the strength of the defences. The fire was not returned.

(h) Continued Despatch of Southern Troops to the North:

The despatch of southern troops to northern fronts continued throughout the month. Larger numbers are understood to have been sent from Kwangsi than from Kwangtung, which is obliged to retain more troops than Kwangsi for defence. However, it is reported that several new divisions of Kwangtung regular troops are being organized and that they will probably be sent to the north.

(i) Progress in Organization of Kwangtung Defence Units:

Progress was made during March in the organization of units of Home Defence Troops throughout Kwangtung Province. In the large

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

large cities shops were required to release one third of their employees at specified times for military training. When their course is completed, other employees will be drilled until all have received military training. A similar plan has been put into operation in villages in the interior and along the coast, where men are being drilled by regular army officers.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

UNDER SECRETARY OF STATE
APR 23 1938
MR. WELLES

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

April 22, 1938.

U
Mr. Welles:

There is attached the MID report covering events in China for the week ending April 22.

I suggest that you note the summary on the top page and the section entitled "Comment" beginning on page 5.

There is attached also a situation map prepared by MID.

M. M. H.

FE:MMH:NN

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

CONFIDENTIAL

793.94/12978
By [illegible] NARS Date May 19, 1977

DEPARTMENT OF STATE
RECEIVED
MAY 9 - 1938
DIVISION OF
COMMUNICATIONS AND RECORDS

April 22, 1938.

OFFICE OF FAR EASTERN AFFAIRS
Department of State

MEMORANDUM FOR THE CHIEF OF STAFF:

Subject: Far Eastern Situation.

1. Herewith are Summary and Situation Map covering events in China for the week ending April 22, 1938.

2. The important events for the past week have been:

a. Resumption by Prince Konoye of his duties as Premier after three weeks' absence indicating a temporary unity in Japanese Cabinet as result of Shantung reverses.

b. Renewal of large scale mobilization of troops in Japan to reenforce China units and reported movement of Kwantung Army units from Manchoukuo to China.

c. Success of hastily assembled Japanese reenforcements in Shantung, including capture of Lini and Kanchwang, thus making possible early relief of hard pressed Japanese units at Tsaochwang and Yihsien.

d. Increasing Chinese activity in southern Shansi and at other points from which Japanese troops were withdrawn for Shantung.

e. Damage to Shatlung bridge on the Canton-Kowloon railway by Japanese air attack resulting in a probable ten day severance of through traffic. This is the first serious damage to Canton railways since start of hostilities.

H. H. W. McCABE,
Colonel, General Staff,
Assistant Chief of Staff, G-2.

2 encls.

793.94/12978

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

CONFIDENTIAL

G-2 Digest of Information
Sino-Japanese Situation
April 16-22, 1938

L E Wyatt Man Mar 19, 1973

GENERAL

While the recent Japanese military reverses have been kept out of the press in Japan, some rumors that all is not going well in China have crept out. So far there has been no tangible reaction among the Japanese people but the news of the setback has had its effects among the Japanese leaders. Premier Konoye resumed work at his official residence on April 20 after an absence of three weeks. His return indicates that a serious cabinet schism has been ironed out for the time being. Konoye stated that with Japanese officers and men still fighting in China he feels the responsibility of carrying on to tide over the "national emergency". Mobilization of troops, which had been practically suspended for several months, has been resumed on a large scale. Heavy reinforcements are being sent to China from Japan and reportedly from the Kwantung Army in Manchuria.

Our Military Attache at Tokyo reports that Japanese national morale will be little affected by the China reverses. Local setbacks, while disappointing, will not temper Japanese determination to bring the war to satisfactory solution. Both military and civilian leaders realize that the China issues must be settled once and for all; otherwise an enduring peace cannot be secured.

General Sugiyama, the Japanese Minister of War, returned on April 21 from a nine day air visit to all major Japanese commands in China. He is expected to report the results of his trip to the cabinet on April 22. In a press interview on his return he praised the valor of the Japanese and said that Chinese victory reports were mere propaganda and that Chinese guerrilla activities were being upset by speedy Japanese counteraction. It is probable that one objective of General Sugiyama's China trip was to secure better coordination between the Japanese army commanders operating on the mainland.

The Military Attache in China reports that large scale training of Chinese replacements is under way. In each of 30 districts, eight regiments are being trained every three months. Infantry regiments are organized into three battalions of five companies each, totaling 2,100 men per regiment. A grand total of approximately 450,000 new replacements is thus made available every three months. The Chinese realize that their manpower is their strongest asset. Losses sustained so far are laughed off as immaterial. Efficient propaganda has brought the war home to all classes, even in the remotest districts. War spirit and a firm determination to continue to the end are apparent everywhere in China.

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Reliable reports from Hankow state that a spirit of confidence pervades the Chinese. They realize that there is little possibility of driving the Japanese out of China by military force. However, they believe that a prolonged war effort will exhaust Japan's economic resources and so force her to withdraw her troops. The government and all classes of Chinese are united under Chiang Kai-shek and there is no evidence of any desires for peace or for compromise. It is doubtful if the Chinese Government could at this time accept a peace over the objections of the army and the people. Japanese bombings and atrocities have stiffened the determination of all classes to resist to the bitter end, and the recent Chinese victories have lifted the Chinese morale to the highest pitch.

The Soviet Government suspended visas for travel on the Trans-Siberian Railway for the period April 13 to May 3. Reason advanced was the desire to curtail foreign traffic during the May Day celebration. Visas have been granted to some Americans and British for travel during the prohibited period but none to Japanese. Japanese are reported to be worried by this interruption to travel, intimating that Soviet Government may be using this period for extensive troop movements in Siberia. Detachments of Japanese troops were observed at Harbin bound northward; however, these may be merely relieving detachments. An American traveler who crossed eastward on the Trans-Siberian last month reported heavy freight shipments also moving east. However, late Tokyo reports stating that Kwantung Army units are being shifted to reinforce Japanese armies in China indicate that Japanese military leaders are convinced that there is no immediate threat from Siberia.

Tokyo press reports state that Japanese circles believe that Italy has transgressed the implications of the Anti-Comintern Pact in signing the Anglo-Italian accord. They fear that the easing of the situation in Europe will result in a stiffer British policy in the Orient.

A dispatch from Mukden states that the factory and hangars of the Manchurian Aviation Company at Mukden were almost entirely destroyed by fire of unknown origin on April 13. Chinese sources report that 100 airplanes, mostly military, including 40 which had recently arrived from China for overhaul, were destroyed.

NORTH CHINA THEATER

Continuing Chinese guerrilla operations resulting in heavy Japanese casualties are reported throughout North China. Fighting is reported along Peiping-Suiyuan Railway with severe fighting in the region north of Kweisui where many Japanese units are reported engaged. Action is also reported on the hills west of Mentoukuo near Peiping, and along the Ping-Han Railway north of Pootung. Reliable reports state that Japanese losses in these engagements have been considerable. In Shantung severe fighting is reported at Tsimo, 25 miles north of Tsingtao.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

The Tsingtao-Tsinan Railway has been cut several times during the past week between Langshan and Weihsien where tracks and bridges have been destroyed.

Japanese are reliably reported to have pulled out all their garrisons between the Ping-Han and Tsin-Pu Railways in Hopei in order to send every available man to Shantung. Many villages are reported to have been burned before the Japanese withdrew. One and a half divisions were also reported to have been withdrawn from northern Shansi and sent to reinforce the Japanese units in Shantung.

Approximately 1,280 Japanese sick and wounded were sent out of Chingwangtao by hospital ships during the period April 11 to 17.

Reliable reports state that about 300,000 Chinese troops are still in Shansi. These are distributed as follows: 100,000 are north of Taiyuan and the balance south of Taiyuan, half on either side of the Tung-Pu Railway (railway from Tatung to the southwest corner of Shansi). Only 150,000 of the total can be called dependable and of these 50,000 belong to the 8th Route Army and 70,000 are under General Wei Li-Huang ("100 victory Wei"). The railways and main roads are under nominal Japanese control but off the roads, except for minor operations supported by tanks, the Japanese are making little effort to mop up. Wei Li-Huang was reported preparing to move his troops into Hopei for an attack on the Tsin-Pu Railway.

LUNGHAI FRONTS

Japanese reinforcements have begun to make themselves felt in Shantung. Units from Shanghai landed at Tsingtao and rushed toward Lini by forced marches, reinforced by a contingent from Shansi which had been shipped to Weihsien by rail and marched via Chuhsien, succeeded in driving the Chinese out of Lini after a sanguinary three day battle. The immediate objective of this force is the relief of the hard pressed Japanese units at Tsaochwang and Yihsien. Chinese continue to attack the beleaguered remnants of the 10th and 5th Japanese divisions and are making every effort to mop them up before the relieving column breaks through.

Japanese pressure is also being exerted down the Tsin-Pu. Japanese engineers, working feverishly, are reported to have effected temporary repairs on portions of the railway south of Taian destroyed by Chinese raids. Units of Doihara's 14th Division from northern Honan and Liu Kwei-tang's renegade Chinese forces (all former bandits) are reported moving south to aid in relieving the hard pressed remnants at Lini and Tsaochwang. Hanchwang was recaptured on April 20, and some advance units are reported nearing Tsaochwang and Yihsien. Japanese are also reported to be massing troops at Wenchow and Tsining with the objective of a drive on Kweiteh or the Lunghai west of Hsuchow.

Japanese columns south of the Lunghai are still being held

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in their positions. Chinese raids are the only actions reported. Chinese military headquarters however expects this sector to be reinforced with fresh Japanese troops for a drive north coincident with Japanese action in Shantung.

To the west, in southern Hopei - northern Honan and in southern Shansi, Chinese claim to have reoccupied many towns. Additional Chinese units have crossed the Yellow River and are harassing Japanese units weakened by withdrawals for the Shantung drives.

CENTRAL CHINA THEATER

Chinese regular and guerrilla activities in the Shanghai - Nanking - Wuhu - Hangchow area continue. According to Chinese sources they have 30,000 regular troops and 10,000 guerrillas operating inside the Japanese Central China lines. The Japanese report they repulsed an attack on Chuhsien, 40 miles northwest of Nanking and that they bombed a fleet of 70 junks carrying 1,700 Chinese troops on the Yangtze 12 miles from Nanking. Chinese guerrilla activities are reported at Wushih, and at Taitsang between Shanghai and Nanking. Chinese aircraft are reported to be strafing Japanese airdromes and garrisons in the area between Wuhu and Lake Tai. As an indication of the severity of the fighting, 1,400 Japanese wounded are reported to have entered the Settlement during the week April 9-16.

Japanese are razing villages in the vicinity of Shanghai in their efforts to stamp out irregular activities. Chinese sources report that over 50,000 refugees from the ravaged areas arrived in the foreign settlements at Shanghai during the last few days.

Japanese aircraft raided Hankow four times on the night of April 16. Little damage was reported.

SOUTH CHINA THEATER

Japanese air activity in South China has intensified over the week. The northern residential area of Canton was bombed on April 17, resulting in the destruction of 75 houses and in 200 casualties.

After months of bombing, the first serious damage to the South China railways occurred on April 15 when a pier on the Shaklung bridge was damaged. This bridge is a most important link in the Canton-Kowloon Railway. Railway officials state that it will take 10 days to make effective repairs so that through traffic can be resumed.

Canton newspapers report the following statistics of Japanese air activity for the period April 1 to 15: airplane flights, 376; bombs dropped, 376; casualties, 300 killed.

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The Central Aircraft Manufacturing Company, which had been manufacturing or assembling about three bombing planes per week at Hankow, is expected to be moved to Yunnan shortly. In addition to the machinery, about 10 foreigners and 1,000 Chinese mechanics and workmen will be moved. Earlier reports stated that the Shuchow aircraft factory situated north of Canton was also being moved to Yunnanfu.

COMMENT

The Japanese defeats in Shantung have resulted in a temporary patching up of the serious differences in policy among the Japanese leaders at home. All are now apparently united in the effort to regain the "face" lost by the Imperial Japanese Army. So far, reports of the Shantung debacle and any other Japanese reverses, have been kept from the general public. Sooner or later the news will come out. If not actually reported in the press, casualty lists and soldiers' letters, aided by rumor and "grapevine telegraph" will spread the news throughout Japan. Our Military Attache at Tokyo maintains that Japanese national morale will be little affected. Many other observers, however, are not so optimistic. They maintain that once the bubble of Japanese military invincibility and superiority is pricked, far reaching effects will be felt in both national and military morale. It will be interesting to watch developments.

It probably will take from two to three weeks more for Japanese military leaders to assemble the force they will need to crush the Hsuchow defenses. From 80,000 to 100,000 Japanese troops are now in Shantung. These will suffice to raise the siege on the units practically surrounded at Tsaochwang and Yihsien. The decision on the Lunghai, however, will probably be made along the line of prepared Chinese defenses 15 to 25 miles north and south of the railway. It was there the attacks by Generals Itagaki and Isogai were shattered. The Japanese should now make sure that they have enough strength to pin the Chinese to their defensive positions, with sufficient reserves to guard their long communications from guerrilla attacks, and enough remaining to exploit any soft spots in the Chinese defenses they may develop. It is probable that three simultaneous attacks will be delivered, one generally south down the Tsin-Pu, one up the Tsin-Pu from the Hwai River, and a third from Lenchow and Tsining toward Kweiteh. It is estimated that the Japanese will have to assemble at least 300,000 troops for these combined operations. Approximately 160,000 Japanese troops are now north and south of the Lunghai in this theater. Opposing them the Chinese have now from 300,000 to 400,000 men available in the area in addition to their apparently well constructed defenses. Li Tsung-jen, Pai Chung-hsi and Yu Hsueh-chung in command of the Chinese units in Hsuchow area are outstanding leaders. They may be counted upon not to desert their posts under pressure and leave their subordinates in the lurch as has so often been the case in the past.

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If the Japanese take time to assemble sufficient forces and to organize coordinated attacks, the odds are definitely in their favor. If, in their rush to avenge the Shantung debacle, they continue with piecemeal attacks, the outcome will be problematical.

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TELEGRAM RECEIVED

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Department of

EDA GPO

This telegram was received in Navy code and must be closely paraphrased before being published.

FROM

MARDET TIENTSIN

May 9, 1938

Received 12:55 p.m.

ACTION: NAVY DEPARTMENT
INFO: CINCAF
MARDET
AMEMBASSY PEIPING

0009 Approximately 750 sick or wounded Japanese soldiers 2 May - 8 May inclusive transferred to hospital ship at Chinwangtao.

SMS

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APR 28 1938
Department of State

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Address Communications to E. H. Lockwood, Secretary, 198, The Bund, Canton. 廣州青年會外轉 No. VI.

CANTON COMMITTEE FOR JUSTICE TO CHINA

廣州外僑對華正義會

This Bulletin has been prepared by W. S. Johnston, English Methodist Mission
Canton, China March 1, 1938.

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OBJECTIVES.

1. Collaboration and united action between Great Britain, United States, France, Holland, and other countries, in the present Sino-Japanese Conflict.

2. Cessation of trade with Japan on the part of all nations.

3. Aid to China in the purchase and transportation of means of defence.

4. Insistence on China's sovereign rights and non-recognition of Japan's rule over invaded territory in China.

5. Contributions for relief of refugees and for those who suffer from Japanese atrocities, and medical aid for the wounded.

COMMENTS ON OUR PROGRAM.

Boycott and Justice.

On my desk lies correspondence clipped from the pages of an English weekly. The opening letter is signed by a writer who lived in South China for more than ten years, and who thinks of the war in relation to his Christmas shopping. "The shops here attract me with offers of presents which are both artistic and cheap. But the town where I used to live in China is half in ruins. As I look at those gifts again I see that they are blood-stained. I will not buy Japanese goods. And that resolve shall continue longer than the Christmas season." This letter gave rise to a number of criticisms which may be grouped roughly under two general objections.

(1) A general boycott would bear hard upon the Japanese people, who are not necessarily responsible for, nor in full sympathy with, the actions of their rulers.

(2) Though they have invaded China, the Japanese are not therefore sinners above all others. This war is the result of a complication of international stresses and strains for which all countries, or at least all the Great Powers, are to blame.

While agreeing with both these objections, I cannot concur with what, from lack of other constructive suggestions, I imagine to be the conclusion of the critics, namely, that nothing can be done. Boycotting Japanese trade is not a good method, but where is there a better? Surgical amputation is at best an unsightly and bungling method, but it is resorted to in desperate cases where no other will serve. The Sino-Japanese war is a desperate case. The insane militarism of the aggressor cannot be checked without suffering, but the boycott is the form of restraint which will cause least suffering to Japan and to the world. Governments will not act; each succeeding month makes that fact more plain. So the Canton Committee for Justice to China appeals to individuals who are guided by their sense of right and wrong and not by consideration for vested interests or political policies,—*Help to deprive Japan of the instruments of slaughter.*

Suffering All Round.

To the first criticism above the reply might be made: Yes, a boycott will bear hard upon the Japanese. The war is already bearing hard upon the unfortunate people of that bellicose country. All nations suffer for the folly of their rulers. The thousands of millions of pounds and dollars that are being spent on armaments in the West impose a burden that lies heavy on the people of those countries. Every failure to honor an international obligation makes another hole in the taxpayer's pocket. Japan cannot be exempt from this rule. But it may be added that whatever the Japanese may suffer through an economic boycott will be much less than the Chinese have already suffered. Their country will not be devastated as China is being devastated. For examples of what is happening the reader's attention is drawn to the facts set out on other pages of this Bulletin. The Japanese are not a nation of savages, but the deeds done by the Japanese forces in China are barbarous in the extreme. We who live in that country and see these things done feel that *action* is called for.

Our Objectives.

We make this appeal for action by individuals while Governments cannot or will not move. All the experience of the past years points the moral that if we wait for the statesmen to lead we will wait for ever. Our appeal is an appeal for ordinary people to strike straight at war by endeavouring to cripple the nation adopting war as its instrument for furthering a policy, be that policy what it may. But we would remind our readers of the second of the two criticisms above, namely, that the issues involved in this war are greater and more far-reaching than appears on the surface. What we are doing will react upon ourselves unless we clear our own hands of the guilty fruits of aggression. It is not the purpose of this Bulletin to discuss the tremendous problems hinted at in this statement. Much hard thinking will have to be done and many sacrifices made by those who would ultimately secure JUSTICE FOR CHINA and JUSTICE FOR JAPAN.

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AERIAL WARFARE VIEWED FROM THE BOTTOM UP.

Rev. W. H. Alton writes from Shiuchow;

Shiuchow is a small town on the North River about 140 miles north of Canton, on the Canton—Hankow Railway. Its only claim to distinction in recent years has been the doubtful privilege of having an aeroplane factory and aerodrome on its outskirts.

Shiuchow had scarcely realised there was a war between China and Japan until one morning, the last day in August, several Japanese bombers appeared over the town. People were just getting out of bed when four or six bombs were dropped. There had been no warning of any kind and no one had time to flee. All the bombs fell on the dwelling houses of the common people, with the exception of one bomb which hit a group of river boats. At least thirty people were killed by this one missile, and many boats smashed to atoms. The total number of casualties is not known, but sixty killed and about one hundred injured is a conservative estimate. Eighty injured were treated at the Methodist Mission Hospital during the day, six dying from the wounds received. Machine-gunning of the crowds which rushed out into the streets at the first sound of bombs exploding caused worse injuries than shrapnel.

A Town In Ruins.

I do not intend to go into the details of each raid, a few words about the state of the town to-day will be more to the point. The night before last (23rd Jan.) I went from the south-east corner right past the south gate, which is the town's main thoroughfare leading from the railway, and on into the centre of the town. Going through what used to be the busiest part of the town and thronged at that hour I met in all two policemen and a handful of soldiers. Walk along two sides of the southern section and there is not a single shop which has not its front blown in, and there are gaps of ruins where once ten or more shops stood. Some professors from Shanghai University passing through here the other day remarked "as bad as Nantai." Suffering and disillusionment have been caused through loss of livelihood more than through loss of life.

People have not evacuated the northern and eastern parts of the town. They carry on a little business, but the shutters are never taken down, for as soon as the air raid warning goes, (and it often sounds six days a week) they must shut up shop and off. On one occasion I was in the town when the second warning sounded. It was raining and a cold north wind was blowing. I joined the throng making for the north gate. Young fellows were half carrying, half dragging their old fathers along. Women were hustling their children, perhaps carrying one on each arm as well, while here and there were men and women who had obviously just jumped down from their sick-beds. Within fifteen munutes the bombers came, did their dirty work and went. Then the homeward procession began, many wondering if they had a home.

Railroad Travel.

For two months or more the planes have concentrated on the Canton-Hankow line, trying to break the line, bomb and machine-gun the trains. In early November the Methodist school closed, the last of the schools in Shiuchow to shut its doors. At that time this severe bombing of the trains had not commenced, and as there had been a period of comparative quiet during November, one of the boys took the train for Canton on 24th. The train was bombed near Sha Hau. At least two direct hits were made while it was moving. Two coaches were smashed to splinters, piled into one large crater. A waggon of buffalos seemed to receive one of the direct hits, otherwise the loss of human life would have been considerably greater. There were many anxious days trying to find out if anything had happened to that boy. He escaped with a few bruises. Two friendly men who had dashed off into the fields with him helped him back to his home near Canton. Seventeen of eighteen were killed, and whether the report that the passengers were machine-gunned is true or false is difficult to ascertain.

Japanese Work.

Another major disaster, due to bombing of the line, was the derailing of the northward bound Hankow express. On the evening of 2nd January I took the train from Shiuchow for Canton. When it arrived at Ying Tak the station master there said it must return as the express from Canton had been derailed near Laitung. I waved goodbye to the returning train from my hiding place near the water tower, and then looked round for the local relief train. It was dark, no one could see me, and so I arrived with the relief at the scene of disaster about 3.30 a.m. The engine had not left the lines, but behind it, just outside a tunnel, coaches had been hurled in all directions. There was a waggon of mail at the front. It had dived about five feet into the ground and its wheels were in the air. Then followed a passenger coach to the right of, and at right angles to, the line. The second coach had been thrown away to the right partly up a hillside. Standing on the track I tried to measure the distance with my eye and thought I wouldn't like to bowl on a wicket as long as that. It must have been twenty-five yards away, parallel to the line, and "pancaked." Both its sides had come together when it hit the hill. There was no way into it except by pulling out two dead bodies hanging out of holes in the bottom. Ninety per cent of the dead were in that car and few who were in it escaped. Four or five other coaches were scattered about, but being modern steel-made ones they had not collapsed. The last two coaches were still on the rails, and the more fortunate people who had escaped went back to Canton in these when an engine was sent up. The line at that place had been bombed the previous day and a faulty repair was the cause of the accident. It is difficult to estimate the number of casualties, but when I think of that coach I am inclined to believe the reports that sixty were killed and more injured.

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The following is the full text of an address Governor Wu Te-chen delivered at a meeting of the Canton Committee for Justice to China. Governor Wu has held many important Governmental positions such as Chief of Police in Canton; Mayor of Greater Shanghai for several years, including the trying period of 1931 and 32. In 1936 he became Governor of Kwangtung, a position of great trust and responsibility.

LEADERS OF UNITED CHINA APPEAL TO THE WORLD

JAPAN'S CHINA POLICY

Full text of an address, a condensed version of which was delivered by Governor Wu Te-chen at a meeting of the Committee for Justice to China, Canton.

Ladies and Gentlemen:

It gives me great pleasure to be with you this afternoon and to speak to you on a subject which has been occupying your attention. Before doing so I wish to thank you from the bottom of my heart and on behalf of the people of Kwangtung and other provinces for the excellent work you have been carrying on for the cause of right and justice.

China is facing a crisis of the gravest kind but it is not of her own seeking. It is forced upon her by Japan, whose one aim is to so conquer China that she herself would be in a position not only to be the master of China but also to dominate the entire world. Realizing what it would mean to be so conquered, China is putting up a determined resistance in spite of her lack of war supplies and weakness in armaments.

Japan has persistently denied the authenticity of the notorious Tanaka memorial, but nothing can hide the fact that Japan, by a series of rapid movements, is seeking to put the plan into materialization. The subjugation of China by Japan, if it can be consummated, would be the first step towards world conquest, for nothing short of world supremacy will satisfy the insatiable appetite of the Japanese militarist. That Japan's ambition goes far beyond the borders of Asia has been voiced by Machida, a leader of the Minseito Party and one time Tokio's Minister of Commerce and Industry, who said that Japan must advance into the Southern Pacific as it is most important to Japan from both the economic and military point of view. One may reasonably ask, "After the Southern Pacific, what?"

General Matsui, now commander-in-chief of of Japanese forces operating in Central China, once visited me as an envoy of a movement known as "Asia for the Asiatics" It was only a year and a half ago that he sat in my guest room and strongly urged me to "prevent Asiatics from fighting Asiatics." Today he is the man who directs nearly half a million Japanese soldiers in a wild orgy of destruction and slaughter throughout the length and breadth of Central China.

It is distasteful but necessary to point out in this connection that whenever a Chinese town is occupied by Japanese troops, the latter invariably demand that the youths of the place be given up or surrender themselves only to be shot in cold blood. After this would follow a search for women and wine. *Reuter* mentions one case in which three aged women were shot by Japanese soldiers because they were unable to produce younger women to satisfy their demand. This took place in the Shanghai area, but similar reports have been made by eyewitnesses in Nanking and other places.

Yet Japan's representative spokesmen pretend to be puzzled to know why the Chinese people are so anti-Japanese. General Matsui would even have us believe that he is on a special mission for the establishment of better relations between China and Japan. He even talks about the cultivation of friendly relations with the Chinese people. Would the world stand such an insult to its intelligence?

To understand the peculiar mentality of the Japanese, in whose land I lived for many years, it is helpful to know that "Bushido" or "The religion of war" plays an important part in the bringing up of the present day soldier of Japan. The hero worshippers of the land of the rising sun believe that a world war is once more imminent, that Japan would fire the first shot, and that the person who fires the first shot will be a hero. As a result, every son of Nippon seeks to be that hero. This, perhaps, explains the cause of laxity of discipline in the Japanese army, navy and airforce. That the world war is not yet in progress is certainly not Japan's fault.

Another phase of Japanese mentality is represented by the general belief prevailing among certain classes of people that Japan has a divine mission to rule the world, and that the Mikado who is the Emperor of

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Heaven is destined to fulfil that Mission. He is, they declare, therefore, above the organ of constitution. General Masaki, the Japanese Director of Military Education, took even a higher flight of imagination when he told the cadets that they were descendants of gods, and they too had the divine mission to extend "Japanese peace and civilization."

It is not to be admitted, however, that these fantastic views are shared by the thinking or even the mass of Japanese people. Saner thinking is still in existence even in Japan, but the voice of the people is stifled by the domination of their warlords. Constitutionalism is a dead letter in Japan.

It is not the Chinese people, but the farmers and laborers of Japan who are to be pitied, for we Chinese know what we are doing while the Japanese peasants do not know what they are paying for with life and money. Japan has embarked upon a costly war not by the choice of the people but by the dictates of a small but powerful clique. The masses are kept in the dark as to the true nature of the conflict. The small number who know are forced to look on in silent disapproval the continuation of a war against another people for whom they cherish no enmity.

Japan boasts of a powerful army, navy and an air-force. Are the forces well disciplined and under control as they should be? The answer is to be found in the sinking of the U.S.S. Panay, the shelling and bombing of H.M.S. Ladybird, the shooting of the British Ambassador, and other similar incidents. These horrible occurences are called "accidents" by the Japanese. If so, then the shooting of the Japanese Premier Inukai, the notorious Tokyo mutiny of Feb. 26, 1936, during which a number of important members of the Japanese government were slain, must also have been accidents, but we know they were not. The secret is that the younger or junior officers got out of control and did what they wished with no regard to the orders of their superiors while in action. These junior officers are therefore a real threat to good discipline in Japanese military forces. The Japanese higher command naturally look upon such a state of affairs with the gravest concern but instead of taking necessary steps to eradicate the evil, the easiest way out is always sought by finding excuses.

Needless to say that such behavior on the part of the junior officers is largely due to their training. They are taught that unless the white people were driven out of the Far East there would be no place for the Japanese, and that unless China is completely subjugated there is little hope of the white people being driven away. To strike at the white people whenever and wherever a chance presents itself is a guiding principle well drilled into the minds of the rank and file of the Japanese fighting forces.

Japan has always said that China's foreign policy is "to befriend the distant countries and attack the near neighbor." This is certainly a case of "putting Chang's bat on the head of Lee," for although anti-foreignism is an integral part of Japan's "national defence policy," she finds it expedient at the present time to play off one white against another while she herself is attacking China with a mighty force. In pursuance of this policy, she is engaged in the hopeless task of isolating Great Britain from the United States. This consists of campaigning against Great Britain and flirting with the United States. Hence, even while the Tokio Foreign Minister is declaring himself as being in favor of reviving the "cherished" Anglo-Japanese relations, an intensive anti-British campaign is proceeding right in the capital of Japan. One recalls with no little amusement the anti-American campaign of not long ago when Japan was trying to curry favor with the British nation. Although the latest anti-British outbursts come mostly from retired army and navy officers, it is important to bear in mind that General Matsui, who has on several occasions openly aired his anti-British views in public, was on the retired list only a few months ago, but is now engaged in "eradicating white influence from the Far East."

If is also logical to presume that General Abe, former Minister of War, who passed through Canton last summer on his way to Hankow as a member of the so-called Pan-Asiatic Society, may yet be Tokyo's choice for a commandership to lead an expeditionary force for the invasion of South China.

In fact, judging by the intensified activities of the Japanese fleet and its war-planes in this part of China, we may safely come to the conclusion that the invasion of Kwangtung is only a matter of time. This belief is confirmed by the utterances of no less a person than Admiral Hasegawa, commander-in-chief of the Japanese Third Fleet, who believes that it would be better to take Canton than to attack Hankow. Mr. Hirota, the Tokyo Foreign Minister, even declares that Great Britain will remain neutral when Kwangtung is attacked.

If that day should ever come, the invaders will find the Cantonese ready for them. They will find that not only the regulars but every daughter and son of Kwangtung ready to meet them with sword in hand.

It will then be a battle to the bitter end. Kwangtung is the cradle of Chinese nationalism. For our ideals and for our homesteads we will give the invaders a reception which they will not soon forget. The Cantonese are a peace-loving people, but when their homes are invaded they will teach the marauders what it means to be beaten.

But the war now being waged by the Japanese in the Far East is not aimed at the domination over China alone. The peace of the world is at stake. China is only fighting the advance-guard action of the next

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中華民國紅十字會廣州市分會

THE SOCIETY OF THE RED CROSS OF CHINA

CANTON BRANCH

12th March 1938

The Canton Red Cross Society was founded 34 years ago. It is an organization which, by its work of helping the sick, wounded and refugees, has won the respect of the community.

To meet the urgent needs of the present national crisis, an executive staff has been organized headed by an executive secretary loaned by the Canton YMCA from its staff.

We are planning to organize hospitals for use, if war comes to South China, for refugees and soldiers. We are, also, increasing the number of relief and ambulance workers.

The executive officers of the Canton Red Cross, which is affiliated with the International Red Cross through the China Red Cross Society, has for its officers men who are well-known in the community. They are ready to see that contributions of medicines or money from foreign countries are rightly used.

Mail to the Canton Red Cross may be addressed to:—

Mr. Edward H. Lockwood, YMCA, Canton.

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world war. Yes,we are even fighting for the liberty of the masses in Japan, and for their deliverance from the yoke of their task-masters, the warlords. As long as these warlords remain in control in Tokyo, there will be no peace either in the Far East or any other part of the world. Let us then bend our every effort in eliminating these warlords so that democracy may be made safer for all mankind.

Canton's Mayor and the International Peace Campaign.

The author of the following article is Mr. Tseng Yang Fu, Mayor of the City of Canton. He is a graduate of the University of Pittsburg in Mining Engineering. In addition to his office as Mayor he is the Provincial Commissioner of Finance and a member of the Central Government Executive Committee.

Canton, Feb. 13.

Over 50,000 people representing the various local organisations, attended the Anti-Aggression Mass Meeting which was held this afternoon in the People's Educational Institute in support of the International Conference at London to discuss ways and means of boycotting Japan and helping China. Addressing the meeting, Mr. Tseng Yang-fu, Mayor of Canton, declared:

"The Chinese people engaged at present in their sacred war against Japanese aggression have noted with especial gratification the opening at London under the auspices of the International Peace Campaign and the chairmanship of Lord Cecil, of the International Conference to discuss ways and means of checking the aggression of Japan and helping China. Morally, our people have been greatly encouraged by such an international movement to condemn aggression. The masses of Kwangtung, with a traditional opposition to aggression and a love for peace, are particularly delighted with the Conference.

To oppose aggression is a deep-rooted trait of the Kwangtung people. Towards foreigners with no desire for aggression, we harbour no ill feeling whatsoever. The masses of Kwangtung, imbued with the Principles as laid down by the late Dr. Sun Yat-sen, have worked untiringly for the cause of national revolution with the object of securing for China freedom and equality and for the world permanent peace. Consequently, to achieve this object our policy has been to ally ourselves in a common struggle with those people of the world who treat us on the basis of equality and to work in close cooperation with them. The Japanese Imperialists, who started aggression, are not only the enemy of the 450,000,000 people of China but also the common foe of all peace-loving people of the world. We are firmly convinced that the present International Conference now held in London under the chairmanship of Lord Cecil, who represents the traditional humanitarianism and love of peace of the British people, will surely reinforce the front safeguarding world peace. With the holding of this Conference, the peace-loving people of the world will certainly be able henceforth, with the spirit of fighting heroes, to resort to effective means of delivering a most severe blow to the aggressor and smashing all his dreams. We, the people of Kwangtung, should further strengthen our determination to continue our resistance, giving whole-hearted support to the national policy of prolonged resistance as laid down by Generalissimo Chiang Kai-shek. We must remember that so long as Japanese Imperialism is not beaten down, lasting peace in the Far East will be impossible.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

WHAT JAPAN HAS TO SAY.

The twentieth century has taught us to expect lying propaganda as one of the accompaniments of war, and it is not missing in the present struggle. The following is a sample of what the Japanese are compelling the Chinese newspapers in Shanghai to publish. The date is 8th January 1938.

"The municipality of Nanking is still as the streets of the dead. The sun's merciful rays spread forth with partiality for the refugee district in the north-east. The herds of refugees who fled for their lives from the midst of death have met with the gentle soothing of the Japanese army. They respectfully kneel by the side of the road in joyful thanks. Before the Japanese troops entered the city they suffered from the oppression of the anti-Japanese armies of the Chinese. Indeed, not a grain of rice or millet could reach their hands, the sick could not get medical aid, the hungry could not get food. The sufferings of plain good citizens were miserable. Fortunately the Imperial army entered the city, put their bayonets into their sheaths, and stretched forth merciful hands in order to examine and to heal, diffusing grace and favour to the excellent true citizens. In the region west of the Japanese Embassy many thousands of grateful refugees cast off their former absurd attitudes of opposing Japan and clasped their hands in congratulation for receiving assurance of life. Men and women, old and young, bent down to kneel in salutation to the Imperial army, expressing their respectful intention." And so on.

The Facts.

Information which has come through from unimpeachably reliable sources in Nanking shows that the horrors of murder and outrage which took place there after the Japanese occupation beggar description. It is not the purpose of this Bulletin to reproduce gruesome details. A correspondent sums up the description in a sentence, "The shells and bombs were almost comfortable, if we had only known it". The facts of what has happended in Nanking, and what is still happending in other war areas, are gradually finding their way into the foreign press, and readers in Western countries are asked to give attention to what is published on this subject in the non-sensational newspapers.

Japanese spokesmen declare that these happenings have been "greatly exaggerated", that the Japanese troops, coming on their mission of peace and civilisation, are being welcomed everywhere by the grateful Chinese people, rejoicing in their deliverance from the bondage of Chiang Kai Shek. One is reminded of what was said of the Roman legions long ago, "They make a wilderness and call it peace". Residents in the Far East, who know the tremendous contribution which the Japanese nation has the power of making to world civilisation, are bitterly disappointed that it should be bringing about its own stultification in the attempted destruction of China.

*

Chinese Junks and the Blockade.

In a statement to the Japanese House of Peers on 23rd January 1938, Admiral Yonai, Navy Minister, "emphasised that in enforcing the blockade the Navy refrained from attacking Chinese ships, but made a rule to release all junks supplying them with handbills explaining the aims of the blockade. Junks attacking Japanese warships or armed vessels were seized."

To people who have seen Chinese junks the idea of their attacking Japanese warships is ludicrous. Junks are picturesque but slow-moving wooden vessels, broad in the beam and high in the stern, some of them mounting antiquated cannon with a range of perhaps twenty yards. They are to be seen in thousands among the islands and bays of the Kwangtung coast, each of them a floating home containing a family which makes its living chiefly by fishing, and has no possessions whatever on dry land. When a junk is lost, the family, if fortunate enough to escape alive, is both homeless and bereft of the means of livelihood.

A submissive House of Peers in Tokyo may have believed Admiral Yonai's statement, but nobody here does, for along our Kwangtung coast have drifted the charred wrecks of harmless fishing junks, and groups of survivors have struggled into Hong Kong from time to time, with tales of the ruthless massacre by machine-gun fire of innocent people whose only home is the boat by which they make their living.

*

Remain Completely Silent.

A Japanese writes to his American friends;

"I would urge you to use the utmost caution as regards what you say or do concerning this crisis. At this juncture Japan is taking action at the peril of her future destiny, according to whether she succeeds or fails. As a matter of course the whole nation is aroused. Without this feeling of intensity Japan could not fight the war, though our government does not declare it a war. The whole of Japan is now resorting to a procedure unanimously supported by our people, and not a single soul is suffered to protest. If anyone of you feel

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

inclined to protest against this course there may be no other way than for you to remain silent. At any rate I do heartily reques: you to remain completely silent.

"On the other hand, if you object to this course, you may express your attitude on the ground that you are a foreigner, but please bear in mind that such liberty of speech, if exercised by you, will not be acceptable nor will it be recognized in this country. Still I hope that nothing unhappy will come about between you and our people. It is our urgent prayer that in our relations to each other we may get along smoothly and with the utmost friendliness and without any ill will and with no misunderstanding until the present trouble is ended".

This letter is its own most significant commentary. As this column is being prepared for the press the air vibrates with the noise of a flight of bombers making for the coast after a raid up country, leaving behind them who knows how many shattered homes and mangled bodies? We are the friends of Japan but not its accomplices, and we connot keep silent.

POINTS TO THINK OVER.

Mr. Li Lu Chao, Director of the Chinese Section of the Canton-Kowloon Railway, in the course of an address to the Thursday Club in Canton said;

"One of the paradoxes of the bombing incidents is that we recovered from a Japanese plane shot down somewhere along the line, a parachute, a wireless set and a machine-gun. Unknowingly I showed the gun to a member of the foreign staff near by. Much to his chagrin and to my surprise, the offending gun bore the mark of a British small arms company. Thus British guns are being used to destroy a railway built with British loans."

The reputation as speaker and writer of Dr. E. Stanley Jones is worldwide. During a visit to China in the early months of hostilities he strongly advocated an economic boycott of Japan by people in all countries, as the most effective form of protest against aggression and war.

"Let no one withdraw from Japan who will not withdraw from his own country if the roles are reversed. That will prove that we are not hating Japan in particular, but that we are hating war and oppression by whomsoever waged. The economic withdrawal may fail, but to succeed or fail is not your business or mine; our business is to do the right as we see it. *The right in this situation is to cease to support economically what we condemn morally.*"

In a further statement Dr. Jones made the points which are summarized below;

Where there are legitimate national needs we must try to meet them by collective action, and where there are legitimate national grievances we must remove them. We suggest, as steps in that direction that:

1. The United States remove at once the grievance that Japan has in the Immigration Law.
2. If we ask Japan to respect the political and territorial sovereignty of China, we must ask other nations to do the same. We therefore suggest that:

   (a) Extraterritoriality be renounced by all nations at once, except where China of her own free choice asks for its continuance.

   (b) All posting of foreign troops on Chinese territories or foreign gunboats in Chinese waters for the protection of foreign nationals should be done away with at once.

   (c) All territory of China now occupied by International Settlements or Concessions to individual nations, or territory which is legitimately Chinese now occupied by other nations, should be renounced and given back to China, except where China of her own free will asks for their retention.

3. Japan's demands for outlet for her surplus population, and for access to raw materials should be impartially and sympathetically considered by an International Commission, and appropriate action taken.

4. We urge on the part of all nations a change of attitude towards China, from being a country to be exploited for selfish ends to one that should be co-operated with and developed in her own interests. We are assured by Chinese economists that China would welcome economic assistance on the part of Japan or other nations, provided it leave China's sovereignty intact.

Erratum.

In the last issue reference was made to the Nippon Sei Kok Kuei (Anglican Communions) having broken off relationship with the Mother Churches. This proved to be unfounded. (Editor).

PRINTED BY WING FAT CO., 47, DES VOEUX ROAD, CENTRAL, HONG KONG.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 393.1163 P 92/90 FOR Telegram #-, 3 pm

FROM Hankow (Josselyn) DATED May 6, 1938
TO NAME

1—1127

REGARDING:

Sino-Japanese relations: Report from M.A. Hopkins that on April 21 projectiles landed in the American Presbyterian Mission at Tenghsien, causing no damage. A protest is not warranted in this case, but Chinese are being warned to take precautions against endangering the lives of Americans.

aa

793.94/ 12981

A181

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By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

FE
LE

EG

GRAY AND SPECIAL GRAY
Hankow via N. R.
Dated May 6, 1938
Rec'd 7:10 a.m.

Note
793.94

Secretary of State,

Washington.

May 6, 3 p.m.

M. A. Hopkins reports that on April 21st two projectiles landed inside and one just outside the compound of the American Presbyterian Mission at Tenghsien, Shantung. No one was hurt and no damage was done. He believes the projectiles were Japanese. From his description they were probably trench mortar shells and they may have been Chinese. In view of the uncertainty of their origin I do not believe a protest is warranted but I am reminding the Chinese authorities of the presence of Americans in this American compound and asking them to take what precautions they can to avoid endangering them or damaging the property. The Embassy may care to make a similar demarche to the Japanese in whose hands Tenghsien is.

393.1163 P92/90

CONFIDENTIAL. This information reached me in a letter from Hopkins dated Tenghsien April 22nd, copies of which he states were sent by him to the Consulates at Tsingtao and Tientsin.

Sent to Peiping, repeated to Tsingtao.

JOSSELYN

KLP:GW

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

4776

TELEGRAM RECEIVED

EC ... FROM

GRAY

Amoy via N. R.

Dated May 10, 1938

Rec'd 7:56 a.m.

COPIES SENT TO
O.N.I AND M.I.D.

Division of
FAR EASTERN AFFAIRS
MAY 10 1938
Department of State

Secretary of State,

Washington.

793.94

May 10, noon.

Amoy Island bombarded since 4 a.m. by combined Japanese naval and aerial units in most severe attack since the beginning of hostilities in southwestern China. Leaflets dropped by Japanese planes warned foreigners to leave Amoy Island as they intend to occupy Island and clear it of Chinese forces.

ALTAFFER

CSB

793.94/12982

FILED
MAY 13 1938

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR COPIES SENT TO FROM FOURTH MARINES

DT

May 10, 1938

Rec'd 8:30 a.m.

Division of
FAR EASTERN AFFAIRS
MAY 10 1938
Department of State

ACTION: CINCAF ADRN
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

793.94

8610. Japanese occupied Mengcheng Anhwei on 9 May Nipponese troops 7 May landed on south bank Chientang River and occupied Shanghsiang on Hangchow Ningpoo Railway Chinese guerillas have cut Yaiyen Haining highway northeast Hangchow. 1616.

CSB

FILED
MAY 11 1938

793.94/12983

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS
May 11, 1938.

~~MSM~~
~~JWB~~
~~JOV~~
~~LDS~~

Reference Shanghai's despatch no. 1326 of April 6.

You may be interested in "Miscellaneous" paragraphs in reports dated March 3 and March 12

JKF

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

NO. 1326

AMERICAN CONSULATE GENERAL,
Shanghai, China, April 6, 1938.

Cable For 11 Secy

1938 MAY 9 PM 3 55
DEPARTMENT OF STATE
COMMUNICATIONS AND RECORDS

SUBJECT: Intelligence Summaries for March 1938.

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

Division of FAR EASTERN AFFAIRS
MAY 11 1938
Department of State

SIR:

793.94/12799

I have the honor to refer to my dispatch no. 1278 of March 12, 1938, and to enclose, as of possible 1/ interest to the Department, copies of intelligence summaries prepared by Captain R. A. Boone, Intelligence Officer of the United States Fourth Marines, for the month of March 1937.

ASSISTANT SECRETARY
JUN 22 1938
DEPARTMENT OF STATE

Respectfully yours,

C. E. Gauss
American Consul General

Enclosure:
1/- Intelligence Summaries for March 1937.

800
EFS MB

In Single Copy

Copy to Embassy, Hankow.

Copy to Embassy, Peiping.

FILED
JUL 1 - 1938

793.94/12934

F/FG 12934

1—1221

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

1 March, 1938

RESTRICTED

R-2 REPORT

PERIOD 0800, 26 FEBRUARY, TO 0800, 1 MARCH, 1938

1. Operations

After almost a week of continued assaults on the Chinese lines north of Linfen, Shansi, the defenses of the town,--considered the most formidable in the province, fell to the Japanese on the night of the 26th. Swiftly following up their success, the Japanese pushed southward on the Taiyuan-Puchow railroad. After a period of bitter fighting about 10 miles south of Linfen, this column continued its march and succeeded in occupying Kwohsien on the night of the 27th.

Contributing largely to the success of the railroad column are the activities of the units basing on Luan in the southwestern part of the province. One motorized detachment advancing directly west from Luan took Fuchentsen on the 27th, and its advance section is reported to have cut the railroad, on the 28th, at Linfeng, the provincial capital.

In western Shansi, the Japanese mechanized unit which captured Lishih has moved westward to within 15 miles of the Shensi border. Another column, moving south from Lishih has taken Chungyang, and is driving rapidly southward in a race to cut the Chinese forces retreating westward from the railway.

It is obvious that the organized defenses of Shansi is almost broken, and that although guerilla activities will probably persist, the communication lines will soon be in the hands of the Japanese.

On the Tsinpu front the Japanese are making little progress. Chinese resistance in the Hsiang vicinity in the north and near Kuchen in the south has held the situation at an impasse for two weeks.

Chinese counter offensive activity in the Wuhu area has been answered by a landing of Japanese troops on the right bank of the Yangtze about 24 miles above Wuhu.

2. Miscellaneous

Japanese army forces in the immediate Shanghai area are undergoing intensive training in air defense. Infantry, machine-guns, and three inch AA guns have all been noted firing on towed sleeves.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

3 March, 1938

RESTRICTED

R-2 REPORT, PERIOD 0800, 1 MARCH, TO 0800, 3 MARCH 1938

1. Operations

The Japanese southward push on the Taiyuan-Puchow Railway is making rapid progress. After the capture of Hwohsien this unit swept on, covering 40 miles in two days, and took Chaochang and Hungtung, and on the 28th joined forces with the column which had taken Linfeng. (See report 1 March). After a brief reorganization the drive was resumed, and the advance detachment is reported nearing Mengcheng, 25 miles south of Linfeng, and about 65 miles due north of the Yellow River.

The mechanized force which entered Linfeng from the east has continued its westward advance in an effort to cut off retreating Chinese units which fled to the mountianous region in southwestern Shansi after the fall of Lingshih. Another motorized column moving westward from Lishih has reached the Shensi border and has turned southward to participate in this envelopment.

A third column, advancing westward along the north bank of the Yellow River is moving rapidly toward the Taiyuan-Puchow Railway. After capturing Yuanku on the Honan-Shansi border this motorized detachment has driven swiftly westward to within 35 miles of the railway town Yuncheng.

Mopping up operations continue in eastern Shantung, while in the Tsinning sector the Japanese continue to meet vigorous resistance west of Kiasiang. They have succeeded in penetrating about 10 miles west and 5 miles southwest of this town.

On the southern Tsinpu front operations are virtually at a standstill. This may be due to the widespread Chinese guerilla activities in the Tingyuan-Changpalin area, or possible because the Japanese believe the other, active offensives will soon force the complete abandonment of the Tsinpu defense.

2. Miscellaneous

A suggestion that the "moderation" element in the Japanese Army may be securing the upper hand comes with the reliable report that Colonel Hashimoto and three hundred more of the "Younger Group" are being sent back to Japan in the next three weeks. Hashimoto, notorious for his participation in the "Panay" incident and, who, it will be recalled, is credited with the deliberate shelling of the "Ladybird" and the "Bee", will be retired.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

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By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

RESTRICTED 5 March, 1938

R-2 REPORT, PERIOD 0800, 3 MARCH, TO 0800, 5 MARCH, 1938

1. Operations

The Japanese campaign in Shansi continues its swift procession of successes, while large numbers of the Chinese defenders are moving in retreat toward Shensi and Honan. On the 3rd, one of the Japanese columns driving westward across the southern section of the province occupied Wenhsi 55 miles south of Linfeng, and only 75 miles northwest of the Lunghai junction at Tungkwan.

The frontal column advancing along the railway is last reported at Kuwo, 10 miles north of Wenhsi, and meeting little opposition. Meanwhile, in the western part of the province, two columns are advancing southward in an effort to cut off the Chinese retreat. One of these units is near Tanning 55 miles northwest of Linfeng with the other almost due west, along the river bank.

A motorized detachment dispatched to extreme northwest Shansi to secure the Yellow River crossings in that area is reported at Hochu, 130 miles northwest of Taiyuan.

This rapid Japanese advance through the greater part of Shansi province in three short weeks has been accomplished by a campaign which shows a great measure of strategic planning and excellent coordination. While the main column with its flanking adjuncts, advanced down the railway, crystallizing the frontal resistance, the Chinese defense has been twice collapsed by well timed Japanese thrusts from the rear. First the Nipponese march from Juan, Honan, to Luan, and thence to Linfeng, forced the evacuation of 50 miles of the railway between Linshih and Linfeng. And now the wedge driven by the Japanese from Tsiyuan through Yuanku, to Wenhsi has compromised the 55 miles of rail line between Linfeng and Wenhsi. A third column moving along the Yellow River parallel to the first two of these flanking drives, is nearing Yuncheng, giving promise of repeating the identical maneuver.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

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By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

8 March, 1938

RESTRICTED

R-2 REPORT, PERIOD 0800, 5 MARCH, TO 0800, 8 MARCH, 1938

1. Operations

While large portions of the Chinese forces in Shansi are in retreat, the Japanese drive down the Taiyuan-Puchow Railway is by no means unopposed. The detachment which reached Hensi on the 4th has fought its way southward, and is attacking Anyi, 20 miles to the south, although an unconfirmed Domei report declares that this drive has reached Fuhtsi (Puchow). Meanwhile another paralyzing flanking drive from the west, skirting the north bank of the Hwangho has captured Haitichen, and gives all indication of rapidly covering the 40 remaining miles to the rail terminus opposite Tungkwan. In the wake of this flanking attack have come numerous batteries of heavy artillery which are subjecting Chinese defenses on the south bank of the river to an intensive bombardment.

In extreme northwest Shansi, the detachment which captured Kochu is reported to have put to rout a large Chinese contingent, and to have sent a mounted unit across the Yellow River in pursuit.

In the Shansi campaign, more than in any of the previous operations, the Japanese have pushed their offensive with little thought to the small Chinese units left behind their advance. This time, because of the extremely rapid Japanese penetration, the Chinese forces left in the rear of the advancing columns are larger, more formidable, and unless prompt action to disperse them is taken, bid fair to cause the Japanese serious trouble.

It is reported that the Japanese have recommenced their offensive activity in Suiyuan. Moving 35 miles northwestward from Paotowchen, a detachment is claimed to have reached Angai.

Chinese guerillas have intensified their activities in the Hangchow, Wuhu, and Wusih areas during the past fortnight. Several instances of Japanese supply columns being ambushed are reported. Apparently to combat these conditions, the Nipponese garrisons in the Wuhu area have been augmented by about 20,000 men.

2. Miscellaneous

That mere physical conquest of China by Japanese armed forces is no solution to Japan's problem, is illustrated once again by the assissnation yesterday of Chow Fang-chi. Chow was formerely commander of the 28th National Army, but estranged from the Chiang Kai-shek group and now impoverished, he had consented to become the puppet War Minister in the "Central China Government". Japan cannot capitalize on her conquest without men of the stamp of Chow and Loh Pa-hong. And if Chinese patriots continue to murder the men whom Japan has hired to govern her acquisitions, the Japanese problem is little closer to solution than before July last.

R. A. Boone
R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

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HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

10 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 8 MARCH, TO 0800, 10 MARCH, 1938

1. Operations

Following a rapid 50 mile southward march, the Japanese column operating along the Taiyuan-Puchow railway reached the terminus, opposite Tungkwan, during the night of the seventh, and early on the morning of the eighth took up a bombardment of the defenses across the river. On the 9th, the mechanized detachment which had been moving westward along the north bank of the Yellow River joined forces with the railway column. Except for units which were purposely left behind to carry out guerilla warfare, the greater part of the main body of the Chinese defense, - estimated by some as high as 270,000 men, made good its escape south and west of the Yellow River.

Japanese artillery on the north bank of the Hwangho is engaged in vigorously bombarding Chinese positions in numerous places. Tungkwan, Lingpao, Shanhsien and Mentsing (north of Loyang), are all suffering from the Japanese guns.

On the Pinghan Railway, despite vigorous Nipponese efforts at guerilla eradication, the menace to communications appears to be increasing rather than diminishing. From the Shihchiachwang-Anyang section come numerous reports of damaged right of way, wrecked trains, and general harassing of the Japanese supply system.

There is little change in the Tsinpu situation on either the southern or northern front. Sporadic fighting continues in southeastern Shantung, near Lini, which has been reported captured by the Japanese, lost, and then retaken.

The completion of the Shansi offensive consummates a campaign which military observers have predicted for almost a decade.-- The subjugation of the "Five Provinces", - all of the area north and east of the old bed of the Yellow River. The question immediately arises; - "What will Japan do now? Will she be content, or will she continue and take Hankow?" A reasonable assumption is that she will delay, for a time at least, waiting and hoping for a Chinese capitulation, - and failing in this, - resume her southward drive.

2. Aircraft

A Hankow report declares that Japanese planes, over a period of 5 months, have made 150 bombing raids on the Canton-Hankow railway, dropping a total of 1,433 bombs. Despite this intensive campaign, the trains continue to run. This illustrates the fact that, as noted previously (see report, 5 February) bombing aircraft, at itsbest, forms only an adjunct to the fundamental military operation. Without ground troops to seize the advantage gained by bombing attacks, aircraft, even though practically unopposed, cannot seriously hamper the operation of a railroad line.

R. A. BOONE,
Captain, U. S. Marine Corps,
Regimental Intelligence Officer.

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By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

12 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 10 MARCH, TO 0800, 12 MARCH, 1938

1. Operations

In northwest Shansi, near Hochu, the Japanese cavalry and motorized detachments which have crossed the Yellow River are rapidly strengthening their foothold in Shansi. The object of this drive however, is uncertain. It may be planned to sweep southward and capture Yenan,-the "Red" capital, or Lanchow, Kansu, the distributing point for goods coming overland from Europe, may be the objective.

In southern Shansi, along the Yellow River, Japanese artillery continues to pound the Chinese defenses on the south bank. A small scale crossing of the river by a Japanese detachment near Szeshui on the 10th is confirmed, but the success of this effort is unknown.

Farther north on the Pinghan line the magnitude of the Chinese guerilla activities has forced the Japanese to dispatch punitive expeditions into the interior on either side of the railway. One of these has penetrated as far as Fowping, in extreme western Hopei, claimed to be one of the guerilla strongholds.

There is no change on the Tsinpu front, although some activity in the Pengpu area may be presaged by the large numbers of Japanese troops recently sent to that sector.

2. Miscellaneous

It is interesting to note that the habit of drunkeness with which we indentify the rank and file of the Japanese military is a comparatively recent development. In 1932, although drinking undoubtedly did occur, such widespread intemperance as now exists was virtually unknown.

The character of the Japanese motor transporation has changed materially since the early days of the present conflict. At first, the trucks and staff vehicles fell into a very few standardized, homegeneous groups. Now a trip into the Kiangwan area discloses conveyances of every discription; nondescript cars and trucks of every conceivable make and vintage. The foregoing further accentuates the well known fact that Japan is highly dependent on foreign nations for her supply of transportation.

R. A. Boone

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Captain, U.S. Marine Corps,
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By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

15 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 12 MARCH, TO 0800, 15 MARCH, 1938.

1. Operations

The military situation has rested almost unchanged for the past three days. In Shansi the Japanese continue to line the north bank of the Yellow River with heavy artillery with which they are bombarding the Chinese positions. The cities of Tungkwan, Wensiang, and Shanhsien have suffered heavily. No large scale crossings of the river have yet been accomplished, although numerous attempts have been made. In far northwest Shansi near Hochu, where the one successful crossing was effected on the 10th the Japanese claim to have withdrawn their forces to positions east of the river after a punitive drive which took them 30 miles into Shensi.

Actually it is apparent that the Japanese are content, at least for the moment, to hold their present front line positions while the greater part of their force campaigns against the numerous bands of Chinese troops which still remain in the province and are harassing the Nipponese supply and communication system. Stronghold of these Chinese forces, which have frequently ambushed motor trains, and have cut the Tungpu Railway in several places, is the mountainous region north and west of the Fen River.

Along the Pinghan line, particularly on the section between Changteh and Sinsiang, the Chinese guerillas have redoubled their activities. According to Chinese claims, the town of Siuwu 23 miles west of Sinsiang has been taken by the mobile forces.

On the night of the 12th a group of Chinese irregulars entered Chefoo and engaged the local police. It appears that two police barracks were completely surprised, and were looted of all the arms in storage. Japanese naval reinforcements drove the guerillas from the town. A similar raid is said to have taken place in Weihaiwei on the previous night.

In the immediate Shanghai area the mobile units have once more put in their appearance. Reported to have been bought off some six weeks ago, these forces are again active in the Nanwei-Chuansha-Minghong region.

It appears that whenever the Japanese cease their offensives and turn to reorganization and consolidation of positions Chinese guerilla activity intensifies. Undoubtedly Chinese reports of this activity are exaggerated but sufficient reliable foreign eyewitness evidence is on hand to prove beyond a doubt that the trouble is widespread, and that numerous casualties are being suffered by the Japanese.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

- -

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

18 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 15 MARCH, TO 0800, 18 MARCH, 1938

1. Operations

The Japanese forces massed along the north bank of the Yellow River continue to pound the Chinese defense positions from Tungkwan as far east as Chengchow. The bombardment in the vicinity of Mengtsing has been particularly intense,--presaging a possible crossing effort in that sector. Meanwhile the Japanese units charged with mopping up the interior of Shansi province are encountering serious difficulties. Physically incapable of garrisoning every foot of the Shansi-Shensi border, the Japanese now find that small Chinese detachments are filtering back across the river, each one an added menace to supply and communication lines. Following the loss of several outpost units in southwest Shansi, near Hotsin the Japanese have been forced to consolidate their forces, and it now appears obvious that the subjugation of this province will require additional troops.

After a period of almost complete idleness, the Japanese force driving southward on the Tsinpu railway has resumed its offensive. Employing one main column on the rail line, assisted by one flank column on the west and two on the east, the attackers have advanced their positions to a line running from 5 miles north of Kinsiang,-through Tenghsien,-a point 5 miles north of Tsaochwang, and through Lini to the coast.

In the Central China area, interest centers on the Japanese efforts to clear Chinese forces from the area north of the Yangtze, in Kiangsu. According to their own report, Nantunchow, one of the cities important in Shanghai's food supply, was occupied by Army forces on the 17th.

Chinese guerilla activities continue to manifest themselves in every section of the embattled areas. Besides the situation in Shansi already mentioned, the Pinghan line is still seriously disturbed, travel on the Tsinan-Tsingtao railway is admitted by the Japanese themselves to be hazardous, and in the Hangchow-Tai Hu area the Japanese have been forced to devote an entire division to mopping up operations alone.

It is interesting to note that whenever there is a lull in active Japanese offensive operations, the guerilla bands spring into instant life. The guerillas undoubtedly comprise the most pressing and insoluble problem now faced by the Japanese Army.

for R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

21 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 18 MARCH, TO 0800, 21 MARCH, 1938

1. Operations

The renewed Japanese southward offensive on the Tientsin-Pukow Railway has made rapid progress in its advance on Hsuchowfu. After taking Kwankiao on the 17th the central column swept southward and entered Lincheng, late on the 18th, and after a short reorganization, continued its southward drive which is now scarcely 30 miles from Hsuchowfu. On the same day Tsaochwang, 15 miles east of Lincheng, was abandoned by the Chinese. Farther to the eastward Japanese forces are meeting considerable resistance in their efforts to capture Lini. West of the Tsinpu line the Nipponese offensive is moving much more slowly. Kiasiang, the first objective of the southward drive from Tsinning, still remains in Chinese hands.

It is worthy of note that while the Japanese have consistently siezed opportunities to overcome resistance by flanking tactics, they have neglected the apparently splendid opportunity to embarrass the Tsinpu defense by landing a force at Haichow.

In Shansi the counter-guerilla campaign continues, while the Lunghai between Tungkwan and Shanhsien suffers from a steady bombardment. A possible explanation of the withdrawal of the Japanese force which crossed the Yellow River near Hochu (see reports 10 March, 15 March) comes in a report that a large group of Mongol troops which were assisting the Japanese deserted and joined the defending Eighth Route Army forces. The combined group is said to have completely defeated the Japanese detachment.

In Kiangsu, the Japanese force which captured Nantungchow on the 17th has advanced northward and is now reported assaulting Jukao.

Sporadic fighting has taken place during the past few days in the region southeast of Wuhu, between Wanchih and Sungkiapu.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

23 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 21 MARCH, TO 0800, 23 MARCH, 1938

1. Operations

Japanese troops have established themselves in force along the north bank of the Imperial Canal in the Hanchwang sector, and batteries of field artillery are steadily pounding the strong Chinese defense works on the south side of the waterway. About 12 miles northeast of Hanchwang, the town of Yihsien, on the Lincheng-Yunho railway, has fallen to the Japanese.

This southward offensive has now reached a critical point.--While the center columns appear to find little difficulty in driving back the defenders, the two flank efforts have met resistance of such magnitude that their advance is virtually halted. The column driving southwestward from Tsinning, in an effort to seize Kinsiang, and thence Kweiteh on the Lunghai, is no nearer its objective than it was a fortnight ago. East of the railway, the strong Chinese defense before Lini, aided by widespread mobile activities, had effectively curbed the Nipponese attack. As noted in the previous report, a landing of Japanese forces at Haichow would undoubtedly break this stalemate.

In northern Kiangsu the Japanese offensive is moving swiftly forward. Occupying Jukao and Haian (30 and 42 miles north of Nantungchow respectively) on the 21st, the mechanized attack is now nearing Anfeng.

Despite the vigorous efforts of the Japanese to eradicate the guerilla forces in the Tai Hu Lake area, reports continue to arrive describing extensive irregular activities.

R. A. Boone

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

25 March, 1938

RESTRICTED

R-2 REPORT, PERIOD 0800, 23 MARCH, TO 0800, 25 MARCH, 1938

1. Operations

The deadlock on the Tsinpu front remains unbroken. Showing a surprising amount of offensive power the Chinese have pressed vigorous counter attacks on either side of the Tsinpu rail line. The Japanese column which has been trying, with little success, to fight its way through from Tsinning to Kinsiang has actually lost ground in the past three days. It's leading units, which have, perforce, become a front line defense, are only 10 miles south of Tsinning.

East of the railway severe fighting is in progress in the vicinity of Yihsien on the Lincheng-Yunho Railway. Chinese forces based at Taierchwang have launched several vigorous counter offensives which have immobilized the Japanese advance.

There is little change in the Lini sector, although the Japanese military claim that their capture on the 23rd of Tshuchen, 5 miles north of Lini, will cause the rapid fall of the city.

In Shansi the Japanese are faring little better. Small detachments of Chinese troops continue to make their way back across the Yellow River, and to possess themselves of an increasingly large portion of the hinterland. The Japanese appear, at least for the moment, to have given up the hope of complete subjugation of the province in the near future, for despite the obvious fact that the number of troops now in Shansi is insufficient for the task, there is no evidence of reinforcements being dispatched.

According to the Chinese reports, Japanese forces are converging on the Fengkiu area in Honan, across the river from Kaifeng.

2. Miscellaneous

A convoy of over 60 Japanese motor sampans similar to those used in the Hangchow Bay landing were seen on the 24th off Wenchow, heading southward. This may presage a resumption of the previously abandoned South China campaign.

We are informed that the flow of Soviet pilots, mechanics and material into Hankow continues unabated.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

29 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 25 MARCH, TO 0800, 29 MARCH, 1938

1. Operations

For a period of over a week the Japanese southward attack on Hsuchow has made no progress, despite the fact that reinforcements are pouring in from the Pinghan and Pingsui fronts. Having reached the principal defense line on the Tsinpu-Lunghai junction, the Nipponese forces are faced with the best army that China now posseses (estimated at 425,000 men) manning a set of defense positions that have been six years in the making.

In the past three days the Chinese forces have carried out a program of vigorous and well coordinated counter offensives. On the rail line the Japanese have been forced to abandon their positions along the north bank of the Imperial Canal, together with Hanchwang, which the Chinese occupied on the 27th. West of the railway the Japanese thrust from Tsinning, which had driven over 20 miles to the southwestward, has been forced to relinquish the greater part of the conquered ground.

East of the railroad heavy fighting is in progress north of Taeirchwang where the Chinese claim to have retaken Yihsien. Farther to the eastward, the defenses at Lini continue to resist the Japanese efforts.

Were this Japanese southward advance the only one the Chinese had to fear, they might be justly hopeful, but unfortunately for the defenders, there is another moving offensive in progress which makes the security of Hsuchow more precarious every day.--Sweeping northward from Nantungchow in Kiangsu, the Japanese have covered over 70 miles in ten days. This unit is now attacking Paichu 130 miles south of the Lunghai line.

In Honan, fighting is in progress near Menghsien where Chinese forces have recrossed the Yellow River.

2. Miscellaneous

On the 28th, after three previous false starts, the Japanese sponsored "Reform Government of Central China" was inaugurated in Nanking. Composed of a mediocre group of men, charged with administering a hostile, guerilla infested area, and faced with the outspoken mistrust of the North China Regime, this organization appears to have a hard task in store for it.

R. A. BOONE,
Captain, U.S. Marine Corps,
Regimental Intelligence Officer.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

HEADQUARTERS, FOURTH MARINES
SHANGHAI, CHINA

31 March, 1938.

RESTRICTED

R-2 REPORT, PERIOD 0800, 29 MARCH, TO 0800, 31 MARCH, 1938

1. Operations

Following several days of silence, Japanese military spokesmen have finally admitted that the Chinese forces on the northern Tsinpu front have launched numerous counter attacks, but according to the Japanese version, all these efforts have been repulsed. Actually, from the best information at hand, it appears that the vigorous and concerted Chinese counter offensive which was launched on the 26th found the Japanese unprepared, and forced them to abandon a considerable amount of front line territory in order to consolidate.

To meet the emergency, two divisions which had been in garrison along the Tsinan-Tsingtao railway were hastily assembled and rushed to the front, where they were thrown into the fighting in the Tsinning sector and along the Linchong-Yunho railway north of Yihsien, which town had been siezed by the Chinese.

At the present time the Japanese have regained the greater part of their lost ground, although the Chinese, themselves reinforced, are still carrying the attack in the Tsinning area. Heavy fighting is in progress north of Taierchwang, while Lini, despite all Japanese efforts, remains in Chinese hands.

Chinese units continue to filter back into Shansi across the Shansi border, and guerilla activities appear to be growing progressively more widespread. All the evidence at hand seems to lend credence to the Chinese claim that the Japanese Shansi campaign resulted in a costly empty victory.

There is no information on the progress of the Nipponese northward offensive from Nantungchow. It is believed that they will meet their first real resistance between Liuchwang and Wuyu where Chinese troops are manning prepared defense positions.

R. A. Boone

R. A. BOONE,
Captain, U. S. Marine Corps,
Regimental Intelligence Officer.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

a

DIVISION OF EUROPEAN AFFAIRS MAY 17 1938 DEPARTMENT OF STATE

TELEGRAM RECEIVED

OFFICE OF THE ... INTERIOR MAY 18 1938

EG
This message must be closely paraphrased before being communicated to anyone. (D)

FROM Paris

Dated May 9, 1938

(paraphrase) Rec'd 7:45 a.m. May 10

DIRECTOR TO Division of FAR EASTERN AFFAIRS MAY 10 1938 Department

Secretary of State,

Washington.

740, May 9, 8 p.m. (SECTION ONE)

Sun Fo, President of the Legislative Yuan, lunched with me alone yesterday and in the course of a long conversation made the following statements:

He was confident that China could continue to resist Japan for another year at least. In England there had been talk of mediation. He believed that no offer of mediation at the present time could have any chance of success but thought that by the end of another twelve months the Japanese would find themselves in such difficulties that they would be seeking mediation by England and the United States.

As a result of his lengthy visit to England he had the impression that while the British did not desire to see Japan overwhelm China, they also did not desire to see Japan defeated because they feared that the defeat of Japan would mean the domination of China by the Soviet Union. He asserted that the Chinese Communist leaders were now cooperating in full loyalty with Chiang Kai Shek and expressed the opinion

795.94/12985

FILED MAY 19 1938

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

-2- #740, May 9, 8 p.m. (SECTION ONE) from Paris

opinion that the Chinese Communists were Chinese patriots first and Communists second. There was no danger of Communism in China.

He said that the Russians had furnished China with munitions to date costing approximately 150,000,000 Chinese dollars. They had not asked China for any payments on these purchases and indeed had shipped some of the munitions even before China had promised to pay for them. The road across Sinkiang had been kept open all winter by an army of snow shovelers. There were 175,000 coolies working now on the road from Burma into the interior of China and he could assure me that within two months this road would be capable of bearing not merely light supplies but also trucks carrying planes and the heaviest cannon.

(END SECTION ONE)

BULLITT

WWC:RR

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

1779

TELEGRAM RECEIVED

JR •••
This telegram must be closely paraphrased before being communicated to anyone. (D)

FROM
Paris

Dated May 9, 1938

Rec'd 7:22 a.m., 10th.

Secretary of State,

Washington.

740, May 9, 8 p.m. (SECTION TWO)

793.94
893.515
893.51

Sun Fo said that the chief worry of his Government at the moment was the position of the currency. China did not need money for the purchase of war supplies but a currency stabilization loan or some other form of assistance for the stabilization of Chinese currency would be of immense help. He asked me if I thought there was any possibility of the Chinese Government obtaining assistance from the Government of the United States or from private American financial interests for this purpose. I said that I could not pretend to be sufficiently conversant with the subject to give him an authoritative answer but that it was my decided impression that the Government of the United States had no funds which could be used for this purpose and that it seemed unlikely that private bankers would be interested.

Sun Fo is leaving tomorrow for China via Moscow. He described to me in detail the six hour conversation he had

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

had with Stalin on his recent visit to Moscow. He said that Stalin had assured him that he knew that China was fighting Russia's battle as well as her own; that it was the ultimate objective of the Japanese to capture the whole of Siberia as far as Lake Baikal; that China would continue to receive all possible assistance from Russia in the form of munitions, airplanes and other supplies; that the Soviet Union would not, however, intervene militarily in the war. Stalin was apprehensive that Germany might attack the Soviet Union if the Soviet Union should make war on Japan. Stalin also felt that neither Great Britain nor the United States would permit Japan to be crushed by the Soviet Union.

(END MESSAGE)

BULLITT

RR:WWC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

[CONFIDENTIAL]

b

STRICTLY CONFIDENTIAL

PARAPHRASE

893.44/12785

A telegram (no. 740) of May 9, 1938, from the American Ambassador at Paris reads substantially as follows:

On May 8 the President of the Legislative Yuan of China (Sun Fo) lunched with the Ambassador alone. They had a long conversation during the course of which Sun Fo made statements as follows:

Sun Fo felt certain that China would be able for another year at least to continue resistance to Japan. There had been talk in England of mediation. Although Sun Fo was of the opinion that at the present time no mediation offer could have any chance of success he believed that the Japanese would find themselves at the end of another twelve months in so much trouble that they would be seeking mediation by the United States and England.

Sun Fo had received the impression from his lengthy visit to England that, although the British did not want to see Japan overpower China, they also did not want to see Japan defeated because they were fearful that this would mean the control of China by the Soviet Government. Sun Fo believed that the Chinese Communists were Chinese patriots first and Communists second. There is no danger in China of Communism. Sun Fo declared that at the present time the Chinese Communist leaders were cooperating with General Chiang Kai-shek in full loyalty.

Sun Fo stated that up to the present time munitions costing about 150,000,000 Chinese dollars had been supplied to

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

to China by the Russians who not only had not asked for any payments on these purchases but had even forwarded some of the munitions before China had promised to make payment therefor. All winter an army of snow shovelers had kept open the road across Sinkiang Province. Sun Fo assured the Ambassador that within two months the road from Burma into the interior of China, upon which 175,000 coolies were now working, would be able to bear not only light supplies but also the heaviest cannon and trucks carrying airplanes.

According to Sun Fo, the position of the currency is the Chinese Government's principal worry at the present time. China was not in need of money with which to buy war supplies; however, it would be of great help to have a currency stabilization loan or assistance in some other form for the stabilization of Chinese currency. In reply to Sun Fo's inquiry whether there was any likelihood of China's obtaining assistance for this purpose from private American financial interests or from the Government of the United States, the Ambassador stated that he could not pretend to know enough about the subject to make an authoritative reply. The Ambassador said, however, that it appeared unlikely that private financial interests would be interested and that he was decidedly of the impression that the American Government had no funds which could be used for this purpose.

On May 10 Sun Fo starts for China by way of Moscow. Sun

Fo

0147

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Fo gave the American Ambassador a detailed account of his six-hour conversation with Stalin when he (Sun Fo) visited Moscow recently. Stalin had assured Sun Fo that he was aware that the capture of all of Siberia as far as Lake Baikal was the ultimate objective of the Japanese; that the Soviet Union would continue to give all possible assistance to China in the form of supplies, including airplanes and munitions, but would not intervene in the war in a military way. Stalin assured Sun Fo also that he was aware that the Chinese were fighting Russia's battle as well as their own. Stalin was of the opinion that neither the United States nor Great Britain would allow Japan to be overwhelmed by the Soviet Union and he was apprehensive that if the Soviet Union should make war on Japan it (the Soviet Union) might be attacked by Germany.

793.94/12985
EJC
FE:EJC:HES
5-11

FE

0148

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

May 10, 1938.

My dear Mr. Secretary:

I enclose for your information a copy of a paraphrase of Telegram No. 740 of May 9, received from the American Embassy at Paris, regarding a conversation between the American Ambassador and the President of the Legislative Yuan of China.

Sincerely yours,

793.94/12985

793.94/12985

Enclosure:
From Paris, No. 740,
May 9, 1938.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury.

F/FG

EA:DJW

H.F.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

PARAPHRASE OF TELEGRAM RECEIVED

FROM: American Embassy, Paris

DATE: May 8, 8 p.m.

NO.: 740

I had lunch alone yesterday with Sun Fo, President of the Legislative Yuan, and he made the following statements, in the course of a long conversation:

Sun Fo was confident that China could continue to resist Japan for at least another year. There had been talk of mediation in England. He thought that at the present time no offer of mediation could have any chance of success, but believed that by the end of another twelve months the Japanese would find themselves in such difficulties that they would be seeking mediation by the United States and England.

He had the impression, as a result of his long visit to England, that while the British did not desire to see Japan overwhelm China, they also did not wish to see Japan defeated because they feared that Japan's defeat would mean the domination of China by the Soviet Union. Sun Fo made the assertion that Chinese Communist leaders were now cooperating in full loyalty with Chiang Kai Shek and expressed the opinion that Chinese Communists were first Chinese patriots and second Communists.

At the

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

At the moment the chief worry of Sun Fo's Government was the position of the currency. China had no need of money to purchase war supplies but a currency stabilization loan or some other form of assistance to help stabilize Chinese currency would help immensely. Sun Fo asked me if I thought there was any possibility of the Chinese Government obtaining assistance from private American financial interests or from the United States Government for this purpose. I told him that I could not pretend to be sufficiently conversant with the subject to answer him authoritatively but that it was my decided impression that the United States Government had no funds which could be used for this purpose and that it seemed unlikely that private bankers would show any interest.

EA:DJW

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EG

FROM COMSOPAT

May 10, 1938

Rec'd 10:31 a.m.

COPIES SENT TO
O.N.I. & M.I.D.
DT

ACTION: OPNAV

INFO: COMSUBRON FIVE
COMDESRON FIVE
CINCAF
COMYANGPAT
AMAMBASSADOR (CHINA)
USS MARBLEHEAD
FOURTH MARINES
ALUSNA PEIPING

793.94

0010. During entire day today Japanese ships and planes vigorously bombarded Amoy Island. 2025.

SMS

793.94/12986

F/FG

FILED
MAY 13 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Foochow/122 FOR Despatch #34

FROM Foochow (Ward) DATED April 1, 1938
TO NAME

REGARDING:
Sino-Japanese relations: Report concerning-, for month of March,1938.

aa

793.94/12987

12987

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

II. Foreign Relations.

A. Relations with the United States.

Nothing to report.

B. Relations with Other Countries.

1. Japan.

a. Air raids on north Fukien. Foochow was attacked from the air on the 15th and 16th of the month, the first time by three Japanese planes and the second by eleven planes, the object of the attack on both days being the airfield. The damage done was inconsiderable, and the authorities reported that there had been no casualties, although there is some reason to believe that this might have been an understatement, since the local authorities are attempting to "play down" the effects of Japanese raids on the city here in order to minimize the public reaction to them. The planes engaged in the attack on the 16th apparently also visited Lienkong (連江) on their way back to their base, that city having been bombed on the same day.

For several days after these bombings, T'sang Ch'ien Shan (倉前山), the hill on which the British and American Consulates and most of the foreign residences in Foochow stand, was crowded with refugees, it being generally supposed that the planes would not attack that area. Afraid that the planes would mistake this concentration of people for some sort of defensive manoeuver, the Chinese authorities subsequently forbade the gathering of Chinese on the hill.

If

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

If it is to be presumed that the Japanese air attacks on Foochow and Kienow (建甌) which took place in February were a show of force to back the demands rumored to have been made on General Ch'en I (陳儀) by the Japanese, the continuance of these attacks in March must be assumed to prove that he has not acceded to them. A singular circumstance connected with these visits to Foochow of Japanese airplanes is the low altitude to which they come when they are bombing. It speaks well for the discipline of Foochow troops that some soldier has not before now tried to bring one of the planes down with an ordinary army rifle.

b. Coast bombardments reported. Reports of the bombardment by Japanese naval vessels of Pinghai (平海), and an attempted landing there of Japanese marines, appeared in Foochow papers on March 20, creating some little excitement and apprehension here. It transpired, however, that although one or perhaps two Japanese warships did fire several rounds at the shore near Pinghai, the action was not relevant to a real attempt at landing such as the authorities apparently feared.

c. Coastal roads destroyed. Information received from several reliable sources indicates that in the course of the month, activated by the fear just referred to, the Fukien Provincial Government destroyed the roads feeding in from the northern Fukien coast to the Foochow-Amoy road, and, above Foochow, to such roads as ran lengthwise along the coast.

d.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

d. Government plans to move. Ranking officials of the Fukien Provincial Government asserted in the latter half of the month under review that the Government of the Province intended to move its archives and most of its administrative bureaus to the city of Yungan (永安), in the interior of the Province, within about two-week's time. Individuals close to the Government but in more subordinate positions asserted that complete preparations for the contemplated move were being made, file copies of all despatches, for instance, being now prepared in duplicate to permit copies of a certain part of the files being kept in Foochow after the move. For a week toward the close of the month there was so much talk of this move that it seemed a virtual certainty that it would be shortly undertaken, but in the last two or three days of March it became evident that the step might be postponed for a while at least.

e. Conscription continues. Amid the popping of fire-crackers which the shops along the route had been ordered to set off in honor of its departure, a further contingent of the "able-bodied corps" left Foochow on March 25 to join the Chinese troops on the southern front. Meanwhile conscription continued, with the publication of a set of regulations covering applications for complete exemption from army service, exemption from service in the standing army by service in the citizen's military corps, and for postponement of service. These regulations appear to

contemplate

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contemplate drafting immediately uneducated but able-bodied men not employed in the Government service and who have not travelled abroad, while permitting educated men of draft-age to postpone their service. The number of able-bodied men which the Province is expected to supply every month has apparently been fixed, as has the procedure for filling up the ranks after each contingent leaves for the front.

f. Women to be mobilized. The Provincial Headquarters for Social and Military Training were reported toward the close of the month to have established a Women's Training Class* with the commander of the Military Training Corps as its director. There are to be fifty-two members in the class, each of the twenty-six "unions of pao" - a municipal administrative division - being called upon to select two women between sixteen and twenty-five years of age for the corps. After their graduation from this corps, the women are expected to become commanders of the Women's Corps of the various "unions of pao" from which they come. The press report of the establishment of this training corps stated that there was no truth whatever in current reports that the Government was planning to draft able-bodied women, but it did not indicate exactly for what purpose the women were being trained.

Meanwhile

---

*The regulations under which the Class was formed stated that the premises of the former Japanese Primary School (in the same compound with the Japanese Club) were to be used for its training. It is a fact of considerable significance that toward the close of March the seals on this property were broken, and the School occupied by the Water Police for its training school.

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Meanwhile, on March 8, representatives of the various women's organizations had met in celebration of international women's day, and passed three resolutions: the first, that the Generalissimo and Madame Chiang be telegraphed sympathy and support, the second, that a telegram be circulated "to the women of the world" denouncing Japanese aggression, and the third, that the women of Foochow be henceforth prohibited from curling their hair and wearing high-heeled shoes.

g. Fukien's "traitors"*. In the delicate position in which General Ch'en I now apparently finds himself, it can have been no comfort to him when two Fukienese, both formerly his associates and friends, Ch'en Chün (陳羣) and Li Tze-i (李擇一), associated themselves with the formation of the puppet government set up by the Japanese in Nanking, the first-named as its Minister of the Interior.

At the same time, one of his subordinates, Kwan Chung-hsi (關仲義), with whom he had presumably been on the most intimate terms, and who up until March 12 was the Chief of the Foreign Affairs Department of the Provincial Government, but who had been on leave from Foochow for several months, was reported here to have accepted a position in Japanese employ. The Provincial Government stated

that

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*A report which appeared in a Shanghai paper, but which is only whispered in Chinese Government circles in Foochow, is to the effect that General Ch'en I's Japanese wife, who was reliably reported to have left the Province for Yunnan in February, is now under arrest in Chungking.

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that he had resigned from his Fukien post on account of sickness, and his son in Foochow published a letter stating that since his father had become a traitor to the Chinese cause, he wished to announce that he, the son, was severing all relations with his father, and would no longer recognize the relationship. The elder Kwan is said subsequently to have denied these allegations, but they are generally accepted in Foochow as being true.

h. Ch'en Chao-ying to Chungking.

Proceeding to attend what is now known to have been an important executive session of the Kuomintang in Chungking (重慶), the locally active and important party leader, Ch'en Chao-ying (陳肇英), left for the Capital on March 20.

C. Relations of a General International Character.

Nothing to report.

D. Foreign Military and Naval Forces in China.

Nothing to report.

E. Occupation of American and Other Foreign Property.

Nothing to report.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

GRAY

FROM

Peiping via N. R.

Dated May 10, 1938

Rec'd 8:25 a.m.

Secretary of State,

Washington.

793.94

288, May 10, noon.

Embassy's 283, May 5, 5 p.m. /12961

(1) There have been no reports of bombing or skirmishes with guerrillas in the Peiping area since May 5.

(2). An American who came yesterday to Peiping from Shuntefu Hopei gives partial confirmation of Reuter's Hankow despatch May 9 quoting a Chinese military spokesman as saying that the Japanese forces have evacuated South Shansi in order to reenforce their advance on Hsuchowfu. The American states that he has first hand information that the Japanese have abandoned Luan, southeast Shansi, and he believes reports that all south Shansi has been evacuated by them. It is probable that this evacuation began about the middle of April and was accomplished in a short time.

(3) The informant states also that since the withdrawal from Hopei of numbers of Japanese troops for the Hsuchow campaign the activities of the 18th army corps

795.94/12988

FILED
MAY 13 1938

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TELEGRAM RECEIVED

FROM

corps (formerly 8th route army) have increased in the Shunteh Paoting section and the Japanese garrison of three hundred at Shunteh is very ~~serious~~ nervous

WP 5/24/38

(4) In Honan he states the Japanese are running trains on the Pinghan railway as far south as Sinsiang some 40 miles north of the Yellow River.

Repeated to Embassy Hankow and Shanghai, by courier to Tokyo.

SALISBURY

CSB

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Foochow/121 FOR Despatch #33

FROM Foochow (Ward) DATED March 28,1938
TO NAME

1—1127 *FO

REGARDING:

Sino-Japanese relations: Report on conditions during month of February, 1938.

aa

793.94/12989

12989

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

B. Relations with Other Countries.

1. Japan.

a. Ch'en I warned. The local press of February 1 gave considerable prominence to a telegram from Generalissimo Chiang Kai-shek which had been received the day before by the Provincial Government in which the Commander-in-Chief of all Chinese forces pointedly informed General Ch'en I (陳儀) that the Central Government had on January 24 executed General Han Fu-ch'ü (韓復榘), sometime Chairman of the Provincial Government of Shantung and Commander of the 3d Route Army. He had been shot, so the telegram said, for withdrawing his troops from Tsinan (濟南) and other strategic points in defiance of orders to hold those points, thus entailing a great loss to the Chinese forces. The same punishment, according to the instruction, is to be meted out to anyone who deserts his defence area without authority, or who fails to exert himself in the war of resistance.

The accounts of this instruction available to the Consulate do not make it clear whether it was a circular to all provincial chairmen, or an instruction drafted specifically for General Ch'en I, but in the light of the still persistent rumors of Ch'en I's alleged pro-Japanese tendencies, the sharpness of its phraseology appeared here to be peculiarly pointed.

b. Fears of invasion. It may be that this pointed warning increased the Provincial Government's nervousness over its dilemma as to the action which it should take were a Japanese attack on the Province to be made; in any case, signs of something close to a panic became evident when reports began to

circulate

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circulate here of some impending Japanese action, probably affecting Amoy. In this atmosphere the bombing of the Amoy Forts on February 2 and of the city itself on February 3 and the brief bombardment of the Amoy Forts by a Japanese cruiser on the 5th were all taken as presaging a determined attack on Fukien. It was rumored, probably falsely, that some sort of ultimatum had been delivered, presumably to Chairman Ch'en I. A bombing attack carried out on Kienow (建甌) and Nanping (南平) by three Japanese airplanes on February 9 seemed to lend support to the idea that pressure was being put on the Chairman.

c. Foochow bombed. The city of Foochow itself escaped attack until the morning of February 24, when six Japanese bombers dropped about thirty bombs on the Foochow Airfield and a village to the south and east of it. The following day Kienow was attacked by sixteen Japanese bombers. Wireless sent to report whether Americans or American property had been affected by the bombing, the Father in charge of the Catholic Mission in that inland city replied promptly that all Americans were safe.

d. Anti-aggression week. Under the leadership of Ch'en Chao-ying (陳肇英), an anti-aggression propaganda week commenced on February 6, and closed on February 12. During the week, anti-aggression publicity campaign meetings were held, propaganda programs were broadcast, street lectures were given, and various other steps were taken to

further

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further popularize resistance to Japan.

e. Mass-training intensified. In a general intensification of student-mass-training work, the most explicit instructions to those participating in the work were issued, and the wide possibilities of the mass-training corps as an implement of anti-Japanese propaganda seemed to be attracting more and more attention from members of the Government.

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DOCUMENT FILE

NOTE

SEE 893.00 P.R. Shanghai/114 FOR Despatch #1352

FROM Shanghai (Gauss) DATED April 5, 1938
TO NAME

1—1127 ofo

REGARDING:
Sino-Japanese relations: Report on activities during month of March, 1938.

aa

793.94/ 12990

12990

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By Milton O. Gustafson NARS, Date 12-18-75

793.94/1

Relations with Japan.

Military Operations. There was little activity on the southern Shantung front during the first two weeks in March, the Japanese concentrating on the completion of their Shansi campaign.(5) However, about the middle of the month the Japanese forces in southern Shantung took the offensive.(6) The central thrust was made down the Tsinpu Railway with supporting columns operating just to the east and west of the railway. This operation met with initial success and resulted in the Japanese capturing Tenghsien and Linsheng and moving forward rapidly to Hanchuang on the north bank of the Grand Canal.(7) The columns operating just to the east of the railway also made rapid progress along the Linsheng-Yunho spur of the railway and occupied the city of Yihsien.(8)

The

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The rapid advance of the center columns was effected within a week but much to the surprise of the Japanese their right and left flanks operating in the Taining and Lini areas respectively met with the most stubborn Chinese resistance. The Chinese not only held their own in these areas but on March 26th commenced well coordinated counter offensives against the Japanese troops attempting to advance south of Taining against Kinsiang and also against Japanese columns attacking Tsierchuang and Lini to the east of the railway. Large numbers of fairly well equipped Chinese troops supported by a number of mechanized units were thrown into these counter attacks. To the west of the railway the Japanese right flank was forced to give ground and fall back towards Taining.(9) To the east, the left flank found itself so beset by vigorous Chinese attacks from regulars and guerrillas that it was hard pressed to maintain its position. The inability of the Japanese right and left flanks to make any headway and the strength of the Chinese counter attacks forced the Japanese units who had advanced to the Grand Canal to fall back along the railway for a considerable distance.

The strength of the Chinese opposition and the excellent Chinese strategy undoubtedly surprised the Japanese and appears to have caught them somewhat unprepared. To meet the situation two additional Japanese divisions on garrison duty along the Tsinan-Tsingtao Railway were rushed to the front.(10) With these additional reenforcements bringing the total of Japanese troops engaged along the southern Shantung front to approximately one hundred and fifty thousand men, the Japanese in turn

launched

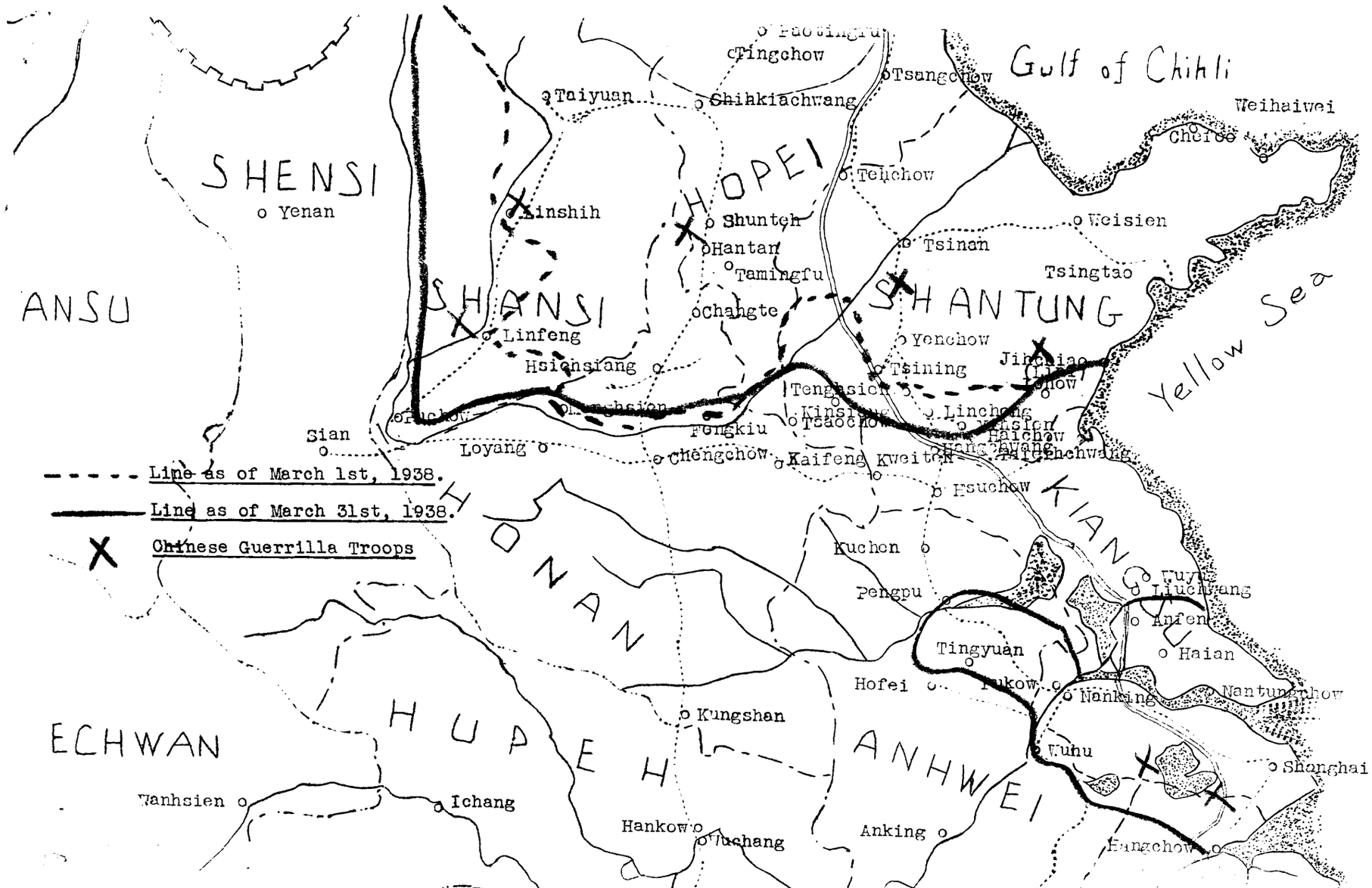
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launched counter attacks which they claimed had resulted, as the month closed, in their regaining most of the ground lost (see map next page). However, very heavy fighting continued along the whole Shantung front.

Although the strength of the Japanese forces along the southern Tsinpu front is known to have been materially increased during the first week in March, General Hata's troops made no attempt to press on Hsuchow from the south.(11) However, an offensive from the south against Chinese positions along the Lunghai Railway will unquestionably be launched in the near future. One move of considerable strategic significance was undertaken, however, by General Hata's troops. On March 17th a force of from fifteen to twenty thousand men was landed at Kuantungchow on the north bank of the Yangtze River.(12) This force advanced rapidly northward meeting with little opposition since the Chinese troops in this section of Kiangsu had long since been withdrawn to new Chinese defenses along the Lunghai Railway. At the end of March this force had advanced as far north as Tunghai, approximately one hundred and fifteen miles south of the Lunghai Railway, and unless checked may seriously endanger Chinese positions in the vicinity of Hsuchow.

Chinese guerrillas were exceedingly active during March and carried out their operations over a wide area. West of Lake Tai in particular, large numbers were in evidence and succeeded in seriously disrupting Japanese lines of communication. General Hata, who informed Japanese press representatives of his determination effectively

to



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to "mop up" in the occupied areas, assigned a full division to the task of exterminating the guerrillas in the area west of Lake Tai. Japanese military reports describing the progress of these operations reported that "over one thousand Chinese soldiers had been killed and that over "seven thousand" were being encircled, indicating that the strength of these Chinese mobile units is very considerable in that area.

Japanese Establish Puppet Government at Nanking. After many vicissitudes, including the assassination in Shanghai during March of General Chou Fen-ch'i, slated for the post of Minister of War in the puppet government for central China, the Japanese succeeded in setting up a Chinese government at Nanking. The new regime styled itself "the Reformed Government of the Republic of China" and was inaugurated at Nanking on March 28th. It received the felicitations of high military and civil officials of the Japanese Government, while representatives of General Hata and Admiral Hasegawa proceeded to Nanking, as did the Japanese Consul General at Shanghai, and other Japanese consular and diplomatic officials, to convey felicitations and pledge support. On the day of its inauguration the "Reformed Government" issued a manifesto which not unexpectedly roundly denounced the Nationalist Government and blamed it for the ruin, devastation and loss of life which have followed in the wake of hostilities; the "Reformed Government" pledged itself to the task of rehabilitating the war torn areas of central China. Of particular interest was the statement that the "Reformed Government" would merge with the "Provisional Government" in north China as

soon

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soon as through rail communication is reestablished between north and central China.(13)

The Japanese were unable to induce Tang Shao-yi or any other Chinese of equal prestige to head this puppet organization and in consequence Liang Hung-chih, President of the Executive Yuan, heads the new regime. None of the members of the "Reformed Government" is outstanding, the majority being elderly and mediocre politicians. The advent of the so-called "Reformed Government" was coldly received by the Chinese community here. The Japanese made some effort to induce the people of Shanghai to manifest joy and enthusiasm but were forced to hire a few hundred Chinese of the coolie class to stage two minor demonstrations, one being held in Hongkew and the other in the western extra-settlement roads area. A Japanese plane droned over-head, dropping leaflets, and endeavored to give the occasion some importance.

The "Reformed Government" which is obviously a make-shift organization designed to be absorbed by the "Provisional Government" in north China, is faced with a multitude of extremely difficult tasks and will doubtless exercise only the most nominal authority in an area which is being increasingly over run by both guerrillas and bandits. However, it will undoubtedly absorb the so-called "Great Way Government of Shanghai" and similar local Chinese organizations which have sprung up in various towns and cities. No doubt the "Reformed Government" will embark with a minimum of delay upon a comprehensive program of tax collection. It will also in all probability make demands upon the Customs and Salt Administrations of the National Government and seek to control the activities of

<u>these</u>

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these revenue producing organizations, or if unsuccessful will set up rival organizations. It was rumored during the month that a salt revenue office for the provinces of Kiangsu, Chekiang and Anhwei was to be set up in Shanghai under the new puppet government and color was lent to the rumor by the posting of a notification to this effect upon property formerly occupied by the Chinese Superintendent of Customs which was seized by representatives of the so-called "Great Way Government of Shanghai".

Statements Issued by General Nata and Minister-at-Large Ishii. During the month several interesting statements were made by General Nata, the Commander-in-Chief of the Japanese Expeditionary Forces in central China, and by Mr. Nagayuki Ishii, Japanese Minister-at-Large, dispatched to China as a special representative of the Japanese Foreign Office and charged with the control of all Japanese diplomatic establishments in China.

The statement made by General Nata aroused more than usual interest both because of its content and the fact that it was the first statement made public since he assumed command of the Japanese forces in central China. Of especial interest to foreigners were his references to the course he expected to pursue in dealing with third powers and the International Settlement. With reference to the former he stated "we shall follow the honorable path of justice in accordance with the Government's foreign policy", and with reference to the latter that he would exercise caution in dealing with the International Settlement and its many complex problems. He referred also to the return of General Matsui to Japan but

emphasized

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emphasized that this development did not indicate any change in policy and that the Army was prepared to carry on no matter how protracted the hostilities might be. General Hata made several interesting references to the establishment of a new regime in central China and said he had noted the "growth of popular sentiment" in favor of such an administration, which he added would receive the support of the Japanese Army provided its basic policies are friendship with Japan and war on the Kuomintang and the Communist Party. He advocated the speedy rehabilitation of the central China areas ravaged by war and the restoration of commerce.(14)

In an interview granted to Japanese press representatives Mr. Tani declared that Japan intends fully to respect foreign rights and interests in China and made particular reference to the necessity of respecting British rights. (15) In a subsequent interview with the representative of the New York Times, Mr. Tani sought definitely to allay fears that Japan will close the door to trade and investment opportunities in China. He asserted that in point of fact Japan will welcome American and European cooperation in the gigantic task of rehabilitating China. Mr. Tani also gave an interesting outline of Japan's aims and desires with reference to China. He reiterated that Japan does not desire, and does not expect, an acquisition of territory as the result of the present hostilities but wishes to see established a Chinese Government "definitely not anti-Japanese" but "cordial and friendly toward Japan". As regards the form of such government, Mr. Tani apparently favors a federation of semi-independent, regional administrations. Furthermore, Japan wishes, according to Mr. Tani, "a tariff not deliberately high-rated against Japan and the restoration of peace and order and internal stability in order to permit the normal growth of commerce".(16)

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793.94

DOCUMENT FILE

NOTE

SEE 890.00/92 FOR Memorandum

State Department
Far Eastern Division

FROM (Jones) DATED May 7, 1938
TO NAME

1—1127 GPO

REGARDING: The situation in the Far East for the past week.

793.94/12991

FRG.

12991

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 740.00/379 FOR Despatch #299

FROM Netherlands (Gordon) DATED April 28,1938
TO NAME

1—1127 ...

REGARDING: Far Eastern question. Conversation with Admiral Furstner, Chief of Naval Staff, in which he stated that the Far Eastern situation is easier. He observed that Japan is finding the Chinese adventure more and more difficult.

fp

793.94/12992

12992

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

REB

AMEMBASSY HANKOW

FROM

GRAY

Foochow via N. R.

Dated May 10, 1938

Rec'd 4:11 p. m.

COMCS SEN
G.N.I. A...

DT

Division of
FAR EASTERN AFFAIRS
MAY 11 1938
Department

Secretary of State,

Washington.

793.94

May 10, 3 p. m.

Five Japanese planes dropped from ten to fifteen bombs on the Foochow airfield at 10:15 this morning. Several houses near the field were reported to have been destroyed but no other damage was done and there were no casualties.

Repeated to Department and Peiping.

WARD

NPL

793.94/12993

FILED
MAY 17 1938

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

793.94

DOCUMENT FILE

NOTE

SEE 893.48/1523 FOR Letter

People's Foreign Relations Association of China

FROM ( ) DATED March 18, 1938
TO NAME

1—1127 ero

793.94/12994

REGARDING: Material assistance needed by Chinese government in the present Far Eastern crisis.

Solicits assistance of the U.S.; extends appreciation for past favors. (Message signed by fourteen Chinese organizations, headed by the People's Foreign Relations Association of China).

FRG.

12994

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 500.C.112/1343 FOR Tel 82 10pm

FROM Geneva (Bucknell) DATED May 9, 1938.
TO NAME

1—1127 U.P.O.

793.94 /12995

REGARDING:

Wellington Kee addressed a communique to the Secretary General today. He asked that it be communicated to the Assembly, the Council and to the Advisory Committee. He charged Japanese forces with having employed poison gas on the Shantung front and with making preparations for its extended use.

G

12995-

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
MAY 17 1938
DIVISION OF FOREIGN SERVICE ADMINISTRATION

TELEGRAM RECEIVED

MG

FROM Comsopat

COPIES SENT TO
O.N.I. AND M.I.D.
DT

May 11, 1938

Rec'd 12:30 p.m.

Action Opnav
Info Comsubron 5
Comdesron 5
Cincaf
Comyangpat
Amambassador China
USS Marblehead
4th Marines
Alusna Peiping

793.94 0011 Island of Amoy occupied by attacking force Kulangsu quiet air raid night of tenth air fields vicinity of Canton. 2000

CSB

793.94/12996

FILED
MAY 18 1938

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

LEGAL ADVISER
MAY 17 1938
DEPARTMENT OF STATE

TELEGRAM RECEIVED

MG

SENT TO M.I.D. FROM

Comsopat

May 11, 1938.

Rec'd 12:35 p.m.

Action Opnav
Info Comsubron 5
Comdesron 5
Cincaf
Comyangpat
Amambassador China
USS Marblehead
USS Tulsa
USS Edsall
4th Marines
Alusna Peiping

793.94

0011 Amoy city and island occupied today by Japanese landing force and Japanese flags hoisted in city at 1430 Chinese troops reported retreated to mainland attack commenced 1400 ten May consisting of landing force covered by extensive aerial and naval bombardment and continued until late afternoon eleven May estimated 50,000 Chinese civilians took refuge Kulangsu but are well under control ASHEVILLE will augment police International Settlement as necessary United States nationals reported safe. 2140

CSB

FILED
MAY 18 1938

793.94/12997

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
MAY 17 1938
DIVISION OF FOREIGN SERVICE ADMINISTRATION

TELEGRAM RECEIVED

MG COPY SENT TO OPNAV FROM Fourth Marines

May 11, 1938.

Rec'd 12:30 p.m.

Action Circaf Opnav
Info Amconsul Shanghai
Comsubron 5
Asst Naval Attache Shanghai
Comdesron 5
Comyangpat
Comsopat
Amambassador China
USS Marblehead
Alusna Peiping

793.94 8611 Japanese column driving south from Tancheng reached Hunghwapu 5 miles north of Lunghai line. Force advancing south from Tsining occupied position on north bank Kwei river 19 miles south of Tsinging on Hweinan railway. Sector Nipponese offensive reached point on Chaopsien Hofei highway about 25 miles from Hofei. Chinese continue reoccupy large sections southeastern and northern Shansi evacuated by Japanese troops. Japanese naval landing party reported in possession eastern half Amoy Island. On 9 and 10 May Japanese vessels shelled Saihoung on Taishan Bay 24 miles northeast Hong Kong, on 9 May Japanese sailors made unsuccessful attempt land Lanta Island eleven miles northwest Hong Kong, on 8 May Japanese sailors repulsed in attempt land Lappa Island 4 miles wouthwest Macao. Japanese aircraft heavily bombing

Chinese

795.94/12993
FILED
MAY 18 1938
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Chinese defenses in Hsuchowfu sector, 12 Chinese planes from Canton bombed Japanese warships off Macao. 1 destroyer claimed damaged. 1840

CSB

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
MAY 17 1938
DIVISION OF FOREIGN SERVICE ADMINISTRATION

4/81

TELEGRAM RECEIVED

MG

FROM

PLAIN

Amoy via N.R.

Dated May 11, 1938.

Rec'd 12:20 p.m.

COPIES SENT TO O.N.I. AND M.I.D.

Division of FAR EASTERN AFFAIRS
MAY 11 1938
Department of State

793.94

Secretary of State,

Washington.

May 11, 7 p.m.

Amoy city and hinterland on Amoy Island were occupied today by Japanese landing forces under cover extensive aerial and naval bombardment. Japanese now clearing island of straggling Chinese troops who were isolated from main force and trapped in hills near city. It is estimated sixty thousand Chinese took refuge in International Settlement of Kulangsu during last two days. Americans all safe on Kulangsu or inland stations in district.

Repeated to American Embassy Hankow, American Embassy Peiping, American Consul Canton, American Consul Foochow.

ALTAFFER

CSB

FILED
MAY 13 1938

795.94/12999

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 711.62/150 FOR Despatch #125

FROM Germany (Wilson) DATED May 2, 1938.
TO
NAME

1—1127 OPO

REGARDING: Sino-Japanese conflict.

Reports -, statement to German Foreign Minister that the American people were very apprehensive because they felt that it was an out and out aggression.

hc

793.94/13,000

13,000

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR ... COPIES SENT ... FROM DT

FOURTH MARINES

May 12, 1938

Rec'd 7:40 a.m.

FAR EASTERN AFFAIRS
MAY
Department of State

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

793.94

8612. Heavy fighting continues north and south Tsinpu fronts, no important change reported; Japanese planes raided Canton, scored number direct hits Tienho air drome, Nipponese claim occupied all vital points Amoy Island. 1869.

HPD

793.94/13001

FILED
MAY 17 1938

F/FG

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

FLEETWINGS
INCORPORATED
BRISTOL, PENNSYLVANIA
PHONE - BRISTOL 867

Ans'd May 21 1938

1938 MAY 11 AM 11 23

DIVISION OF
COMMUNICATIONS
AND RECORDS

Division of FAR EASTERN AFFAIRS MAY 19 1938 Department of State

May 9, 1938

793.94
NOTE
124.93

Secretary of State
Washington, D.C.

Dear Mr. Hull:-

I enclose herewith a letter received from a Chinese who visited this plant a few months ago. I send it to you for your interest and particularly refer you to page 2, paragraph 2, where he states that our American Embassy has been looted by the Japanese. I sincerely question whether our nation would ever allow such a thing to happen. I nevertheless pass the letter on to you for your information.

Yours very truly,

Carl de Gamahl

Carl de Gamahl
President
FLEETWINGS INCORPORATED

CdG:DC

793.94/13002

FILED
MAY 23 1938

F/FG 13042

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

(C O P Y)

Technical Division of the
Commission of Aeronautic Affairs
Hankow, China
April 3, 1938

Dear Mr. de Ganahl:-

I am certain you have either read or heard about brutal atrocities perpetrated by the Japanese Army in all cities they have occupied, notably in Hangchow, Sunkiang and Nanking. The lack of discipline and the want of chivalry as exhibited repeatedly by the so-called Japanese Imperial Army are now well-known. In their treatment of captives and harmless civilians, their much advertised "bushide" have been loudly conspicuous by its absence, In Naking, massacre, raping, arson and looting by the Japanese soldiers have yet to be stopped.

According to the narration of a Chinese who had been in Nanking for 55 days after its occupation, the criminal acts of the Japanese during the period he was there beggar description. Much of what he related he actually saw with his own eyes, as he was also staying in the Refugee Zone.

Of massacre, he said,"the objectives of the Japanese troops were Chinese soldiers who had already abandoned their arms, able-bodied and youthful civilians and those who, they charged, had offended them or failed to produce whatever was demanded of them." They would demand young women or girls to "comfort" them, and failure to comply meant certain death. Truckloads of disarmed Chinese soldiers and suspects were carted away from the refugee camps to be slaughtered en masse.

"According to a conservative estimate," he said, "more than 10,000 Chinese were removed and killed by the Japanese troops from inside the Refugee Zone." The number of slaughtered outside the Zone, he had no way of telling.

Proceeding he said: "It has been estimated that during the first three or four days after their occupation of Nanking, Japanese raped between two and three thousand women and girls. Later cases of mass attack on women became less frequent. Still scores of cases of raping were reported everyday during my 55 days dangerous stay inside the Refugee Zone. Very many cases of rape were never reported; many hundreds of better class women and girls who were criminally molested were silenced by shame and sorrow." The Japanese soldiers molested old Chinese women as well not so much to attack them as to humiliate them for amusement, the narrator pointed out. Most of the women victims were taken from inside the Refugee Zone by force, he said.

"For about one month after the fall of Nanking, a conflagration raged continuously in various parts of the city. Up to the time of my departure, fires still broke out once every three or four days. Many Chinese government buildings have also been destroyed by fire, and the Soviet Embassy was gutted on the New Year Day, although the Japanese authorities disowned all knowledge of their origin."

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

As to looting, he continued: "To Japanese soldiers, properties belonging to Chinese or to foreigners made no difference. They systematically ransacked every house both inside and outside the Refugee Zone for valuable.s They also searched all refugees and relieved them of whatever valuables they possessed. Even foreign embassies were not spared. The Soviet Embassy, the French Embassy, the British Embassy, and the American Embassy were all looted. The Italian Embassy, as far as I know, was the only one untouched."

Looting, he said, was not confined to valuables like gold, rings, bracelets, ornaments, and banknotes. "The articles of furniture in practically every Chinese Government Office had been removed and put aboard Japanese ships off Hsiakwan which is Nanking's river-front, to be carried back to Japan as part of her war trophies."

And on top of all that, the world is being told that the Japanese Imperial Army has exemplary discipline, and Japan is not at war with peaceful Chinese people.

Hoping to hear your opinion on the topic,

I am,

Yours faithfully,

(signed) Y.Y.Wu

0185

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

May 21 1938

In reply refer to
FE 793.94/13002

My dear Mr. de Ganahl:

The receipt is acknowledged of your letter of May 9, 1938, with which you enclose a copy of a letter which you have received from Mr. Y. Y. Wu from Hankow with regard to conditions in China.

Mr. Wu's letter has been read with interest and your courtesy in sending a copy of it to the Department is very much appreciated. In connection with the statement in Mr. Wu's letter in regard to looting of the American Embassy at Nanking, it may be said that the Embassy has not been looted, although it is understood that Japanese soldiers entered the Embassy compound a number of times between December 15 and December 25, 1937. These soldiers took away a number of motor vehicles and bicycles. They took also some money and personal property, such as flashlights, belonging to Chinese staff members and servants who

Mr. Carl de Ganahl, President,
Fleetwings Incorporated,
Bristol, Pennsylvania.

793.94/13002

F/FG

0190

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

who were living on the Embassy premises. Japanese officials paid without investigation the claims submitted for articles taken by the soldiers and also a claim submitted for damages to the property of one of the secretaries of the Embassy whose house outside the Embassy compound was looted. In addition to the motor cars taken by the soldiers, three motor cars belonging to officers of the Embassy were "borrowed" by the Japanese Embassy but were returned together with a supply of gasoline.

Sincerely yours,

For the Secretary of State:

Maxwell M. Hamilton
Chief
Division of Far Eastern Affairs

MAY 20 1938 CR
MAY 21 1938
FE:EGC:NN
FE
5/19/38

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

793.94

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Swatow/124 FOR #92

FROM Swatow (Ketcham) DATED April 6, 1938
TO NAME

1—1127 ORO

REGARDING: Sino-Japanese conflict: developments in summary for the month of March, 1938.

793.94/13003

FRG.

13003

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

793.94
(Pg 2-3)

(b) Relations with Japan.

Two air raids were made on the Swatow district by Japanese naval planes. Two planes bombed *Ooyang a village on the Swatow-Chaochowfu railway on March 9. Five bombs were dropped near the station but no casualties or damages resulted. On March 15, **sixteen planes raided the buss highway near Meihsien (Kaying) dropping a total of 21 bombs but only three people were injured. The planes were seen passing over Swatow but no attempt was made to attack the city.

It is generally believed here that the possibility of a Japanese attack in force on Canton, which might mean an attempted landing in this district, has again been postponed, and the excitement and apprehension noticeable in early February has completely disappeared.

Preparations for defense continued unabated, however, and General Liu Che-lu (劉志陸) the commander of the "Anti-Japanese and Mass Self Protecting Corps of the ninth district, which includes Swatow and Chaochowfu, arrived on March 2, and announced plans for the recruiting of one thousand men for special military training, after which all able bodied men in the district are to be enrolled for general military training. Men enlisted for the special training course will be more intensively drilled and will be trained to serve as regular army auxiliary troops.

Military training was more noticeable in March than at any period heretofore since the outbreak of hostilities.

*Telegram March 10, 10 A.M.
**Telegram March 16, 10 A.M.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.301/117 FOR Despatch #1327

FROM Shanghai (Gauss) DATED April 5, 1938
TO NAME

1—1127 o.p.o.

793.94/13004

REGARDING: Sino-Japanese relations: Japanese military authorities to prohibit all vessels on inland waterways except under permits issued by Japanese military. Americans must, therefore, apply for passes from the Japanese authorities.

aa

13004

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

CA

TELEGRAM RECEIVED

Plain

COMSOPAT VIA N. R.

FROM Dated May 12, 1938

Rec'd 11:42 p.m.

COPY SENT TO

Action: Opnav,
Info: Comsubron 5, Amembassador China,
USS Marblehead, 4th Marines,
Alusna Peiping.

Department of State
MAY 12 1938

793.94

0012. Japanese shelled Amoy forts heavily this morning and were today mopping up Amoy Island. Landing operations entirely naval. All Chinese departed Amoy city. Kulangsu remains quiet with about 5,000 refugees departing. Food and water supply may be inadequate remainig population.

On eleventh Chinese planes attacked San Cho Island; Japanese made night air raids fields Canton; one bomb in city; 10 casualties; destroyers exchanged gunfire with Boca Tigris forts. 2000.

CA

793.94/13005

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MAY 16 1938

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793.94

華美月刊
CHINESE DIGEST

"Covers all the Chinatowns"
868 WASHINGTON STREET
SAN FRANCISCO, CALIF.
Telephone CHina 2400

DEPARTMENT OF STATE
RECEIVED
MAY 5 1938
DIVISION OF
FAR EASTERN AFFAIRS
APR 29 1938
Department of State

Dear Friend:

Your interest in China has led us to believe that you would appreciate additional imformation on the Far East, so we are sending this sample copy of the CHINESE DIGEST. It is a monthly journal devoted to the interpretation of China, Chinese culture and contains:

I A month-to-month survey of the Far Eastern conflict written for the busy readers

II Review of the latest literature on China and Chinese life by book critics

III Articles on China and Far Eastern problems by some of the outstanding writers

IV Research in the ancient and modern arts and culture of China by scholars

V Ways of the Chinese women and Western life written specially by Lady Ping Yu

Besides the CHINESE DIGEST is the only magazine that has the national coverage of the activities and life of 75,000 Chinese in America from Coast to Coast. If what the Chinese are doing in your city is NEWS - the CHINESE DIGEST will cover it. For a dollar the magazine will come to you regularly every month for a year. We are,

Very truly yours,

CHINESE DIGEST

FILED
MAY 5 1938
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F/WB

"The Chinese Digest is a non-profit publication devoted to the interpretation of China and Chinese Culture, and to the dissemination of news and data of the Chinese in America. It is the only journal of its kind in the United States".

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75



793.94/13006

CHINESE LADY, ALMOND BLOSSOMS, AND STATUE OF AMITABHA

See Page 3 for details

1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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EDITORIAL

FEDERATIONS OF YOUTHS—A STEP IN THE RIGHT DIRECTION

The Los Angeles Chinese youth groups which recently came together to form the L. A. Federation of Chinese Clubs for the patriotic and humanitarian purposes of raising funds for war refugee relief in China should be highly commended by all. It is a significant step in the achievement of organizational unity which, with proper leadership and guidance, may blossom forth into a highly useful and beneficial agency for our generation's youths in that part of the state.

The Los Angeles F. C. C., in a way, should have been organized long before this, but allowance must be made for the fact that the Chinese there are not located in a closely knit community as is the case in San Francisco, and therefore to bring from fifteen to twenty-five young people's groups there together is no easy task. Even in San Francisco, where the young people's clubs are all located in Chinatown, it was not until last October—three months after the beginning of the present Sino-Japanese conflict—that the first meeting was called for the formation of the first Federation of Chinese Clubs.

"We Chinese youths of Southern California, whether legal citizens of China or citizens of the sympathetic democracy of the U. S. A., should . . . assume the responsibilities which are ours," this organization thus declared in a fashion typical of enthusiastic youths. The responsibilities are clear enough and need not be cited here. It remains to carry them out with a sense of responsibility, a maximum of cooperation, and a minimum of credit hunting, friction between member organizations, and those little difficulties that will face their leaders in all such pioneer undertakings. And Los Angeles's F. C. C. is a pioneer undertaking, and those who are its leaders should tackle every project with unlimited optimism, enthusiasm, practical mindedness, and with a real sense of responsibility.

As for the Federation of Chinese Clubs in San Francisco, it, too, should be warmly praised for the many benefit projects it has successfully carried out since its inception last October. We have watched its growth with a keen interest from the very first, and although there are many signs that the first flush of patriotic fervor and high enthusiasm among its member clubs is beginning to wear out, yet it is continuing with its program with the cooperation and support of those who, from the very first, have put their highest faith on the need of such an organization.

The F. C. C.'s recent move to acquaint the rank and file of its thirty member organizations by a lecture program aimed to enlighten them on the various aspects of the present Sino-Japanese war was an important undertaking, though it had nothing to do with raising relief funds. It is important because the youths of this community are not half as acquainted with the Sino-Japanese war and what it means as they should be. In inaugurating such a program the F. C. C. should deserve all commendation.

THE CHINATOWN CRIER

Korean Patriot On March 10 one who was considered the leading figure of the nationalist movement died in a prison in his own country. He was Ahn Chang Ho, well known in California and founder of the Korean National association in this country. Thus passed away a man who had fought for almost half a century to free 20,000,000 of his countrymen from the grip of Japan.

The cause of Ahn's untimely death was the present Sino-Japanese war. Last July, at the start of Japan's military campaign against China, Ahn, with two hundred other Koreans, were clapped into prison because the Japanese military were taking no chances with Korean patriots while they proceed with their plans for the subjugation of China. He died while in the hands of those whom he had fought all his life. An account of his life should be instructive to us at this time.

Ahn Chang Ho lived in the most tragic era of Korea's history. Born in 1878, he became a full fledged revolutionist at 20 when he joined a political organization to work for Korea's independence through reform. In 1902 he came to the United States to study western political ideas, bringing his wife with him. In 1906 he returned to his country to direct secret revolutionary activities through the New People's society. The writing was on the wall—that unless Korea could muster up strength to fight she was doomed for annexation by Japan.

In 1909 Ahn was imprisoned for complicity in the assassination of several Japanese officials, among them Prince Ito. He was freed for lack of evidence, however, and the following year, the year of the annexation, he secretly left the country. A man without a country, he traveled through the capitals of Europe and enlisted many Koreans in a new nationalist movement. Between 1912-19 he was in this country and during that period was instrumental in organizing some two million overseas Koreans all over the world.

An uprising of nationalists occurred in Korea on March 1, 1919. Ahn hurried eastward, going to Shanghai to take part in the organization of a provisional government there. But the uprising was quelled and once more the Korean revolutionist had to start all over again.

From that time on Ahn remained in the East, with the exception of a short visit to this country in 1925, where he had domiciled his family. In 1927 he was arrested in Manchuria at the instigation of the Japanese, but was released by Chang Tso-lin. In 1932, the year of the first "Shanghai Incident" he was again arrested and this time imprisoned until 1935. His fourth and last arrest was last July, which led to his death.

In many ways Ahn Chang Ho's tragic but valiant career paralleled that of China's Sun Yat-Sen. The latter, too, started his political career by agitating for a reform program when China was still under Manchu rule. Realizing the futility of this he then agitated for the overthrow of the Manchu dynasty before some other nation or nations reduced the country to a vassal state. Sun Yat-Sen succeded in his designs.

However, Ahn Chang Ho's revolutionary activities did not culminate in success. In his twenties he agitated for political reform and a Korea free from Japanese influences. Then, when Korea was annexed by Japan as a result of the Sino-Japanese war of 1894-95 and the Russo-Japanese war of 1904-05, he agitated for a free and independent Korea. The fact that his was a lost cause in the light of gigantic historic forces at work between China and Japan did not deter Ahn from consecrating his life to the Korean nationalist movement. Sun Yat-Sen succeeded in overthrowing the Manchu yoke because many historic forces were in his favor. Ahn Chang Ho failed because the historic forces were decidedly against him. Before Ahn was old enough to realize the tragic fate of his country, a statesman in Japan had already marked Korea for conquest when he said: ". . . Korea . . . is our stepping stone to the Asiatic continent . . . we . . . must begin to work on the problem now." The man who uttered these words was Prince Ito, and the year he said them was 1886, when Ahn Chang Ho was only six years old.

One can imagine that Ahn Chang Ho's last hours in a Japanese prison were hours of bitter frustration, of heartbreaking loneliness, physically helpless and without strength, his valiant heart crying out for his countrymen in bondage, and the final realization that, as his life ebbed away from him under the eyes of Japanese doctors, his mission was unfulfilled.

The tragic figure of this Korean patriot may well make us ponder on the fate of China in this hour of her crisis. And while pondering we should bend all our energy to aid her in her war of attrition so that in the end she may emerge as a free and independent nation and mistress of her own destiny. When that day comes perhaps the hopes of Ahn Chang Ho for his own country may also be realized.

Ahn's Friend In Chinatown here a Korean grieves over the death of Ahn Chang Ho as much as those who are personally near and dear to the late revolutionary. This Korean spent five years as Ahn's close friend and companion in China not very long ago, helping and joining with the latter in his revolutionary activities. He can tell much about Ahn Chang Ho, but in his grief over the latter's passing he prefers to keep silent. I have not mentioned his name since I am sure he would not want me to.

THE CHINATOWN CRIER.

THIS MONTH'S COVER

The Chinese character for her name means Accomplished; and she IS accomplished in the realm of histrionic art, having appeared on both stage and screen. In the picture, "Good Earth," she essayed two parts, the Ancient One and the Aunt, and made them both effective and memorable performances. Her name, if you haven't already guessed it, is Miss Soo Yong.

***Last month this charming Hawaiian-born Chinese actress visited San Francisco,* after having finished a transcontinental tour. Most of the time that she was here she spent in Chinatown, renewed acquaintances, and shopped on Grant avenue. Although she was thoroughly familiar with Chinatown, she was just as delighted as any tourist seeing it for the first time. And as for Grant avenue—"I love it!" she declared with a happy smile.**

The cover picture of Miss Yong was especially posed for the Chinese Digest and photographed by our cameraman Wallace H. Fong. She is seen against a background of many almond blossoms, as white, delicate and beautiful as her hands, and a bronze statue of Amitabha (Amita or O-mi-t'o Fo), a Buddhist deity who guides his devotees to the Western Paradise.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

FAR EAST

THE FACTS ABOUT COMMUNISM IN CHINA

So much capital has been made out of the allegedly communistic leanings of the Chinese government that it is important to make the situation clear to those who have been impressed by such falsehoods. Persistent efforts have been made by Japan's apologists to represent the Kuo Min Tang and the Comintern as being alike as two peas. It will be presently shown that the Kuo Min Tang is as free from communist influence as the Japanese government itself.

In reply to the allegation there is ample evidence to the contrary. Before taking office Prince Konoye recognized that the so-called "dual diplomacy" by Japan's soldiers and diplomats, instead of improving Sino-Japanese relations, merely exacerbated China's wounded feelings; now that he is premier he discreetly forgets the part his own countrymen play in creating bad feelings, and pretends it was the "machinations" of the Comintern which led to the disastrous clash which has brought death and destruction to a nation struggling for rejuvenation.

The neutral observer should also remember the significant fact that his former attitude was supported by Japanese who had been ambassadors in China, by Mr. Sato (foreign minister in the cabinet which preceded the Konoye administration), and by business men, political leaders, and journalists who repeatedly warned their own government that Japanese militarists and "hot blooded" young officials were provoking hostility among the Chinese.

If countries believe their national peace and security to be threatened, they are of course quite within their rights in taking measures of protection. Certainly she has no "moral mission" to suppress any "ism" in any country but her own. This is precisely what was done by China when it was recognized, in 1927, that the Communists were actively engaged in working against the National government, whereupon they were expelled from the Kuo Min Tang and the whole movement put under nation-wide proscription.

One more point calls for attention. On Aug. 21, 1937,—while Japanese troops were fighting in "self defense" in China, — a treaty of non-aggression was concluded between China and Soviet Russia. The provisions of this agreement were entirely negative in nature, consisting merely of mutual assurance of non-aggression and non-assistance to any aggressor who might attack either signatory. Vigorous attempts were made to represent this pact as affording new proof of secret understanding between the Chinese government and the Comintern. The fact was ignored that Soviet Russia already had various agreements with other countries none of which were favorably inclined toward Communism, including Japan and Italy.

Many a true word is spoken in jest. It has often been said that Japan's great mission is to "prevent China's becoming Red." And how often have those conversant with the facts smiled at this naive manner of camouflaging Japan's real ambition—yet, as things have turned out, this is just what Japan has done. True, this has come about not in the way she had intended, by taking military measures of suppression in Chinese territory, but by actually bringing about the voluntary surrender of the Communist party to the Kuo Min Tang, after ten years of bitter struggle!

For eighteen years China had a problem on her hands—the existence of a Communist party which, while at first friendly, subsequently became actively hostile to the National government. In November, 1936, when the anti-communist pact between Germany and Japan was signed, and other countries were invited to join in this agreement, China promptly announced that there was no need for her to participate in the pact,—not, however, because she was any more enamoured of Marxist teachings than either of those two countries, but because she considered herself fully capable of dealing with the communist situation.

The fact had been recognized for years that the problem of suppressing Communism in the Republic was of a political character; the military danger was minimized as a result of large-scale punitive operations against the Red forces. Meanwhile, by steadily persevering with its program of reforms (so far as Japan's interference would permit), the National government had effectively neutralized the effects of persistent communist propaganda.

(To be continued next month)

THE SINO-JAPANESE CONFLICT

(Day by day resume of the highlights of the present "undeclared war" between China and Japan, continued from last issue.)

February 19—Fifteen Japanese planes attempted to raid Hankow but were met by 17 Chinese fighting ships. In the encounter 5 Japanese planes were shot down, while the Chinese lost only one ship.

February 20—"Informed foreign sources" reported that seven months of war in China have cost Japan 260,000 casualties, and China 1,000,000.

Adolf Hitler of Germany, in the course of a three-hour speech to the Reichstag, announced his country would recognize "Manchukuo," and also said, "I do not think China spiritually or materially strong enough to resist a bolshevist offensive alone. But I do believe even the most sweeping Japanese victory would be infinitely less dangerous for civilization and the general peace of the world than a bolshevist victory."

February 23—For the first time since the war began, eight Chinese planes raided the capital and two other cities on the island of Formosa, Japanese territory wrested from China in 1895. Ten were killed and 30 wounded.

February 26—The Nanchang airdrome in Kiangsi, nerve center of China's aviation, was heavily bombed by Japanese.

February 28—Guerilla fighters of the Chinese Eighth Route army balked continued attempts of Japanese forces to drive through at the Lunghai front.

Mme. Chiang Kai-Shek relinquished her position as head of China's air force.

March 2—T. V. Soong reported as new head of the Aeronautical commission, to succeed Mme. Chiang Kai-Shek.

March 8—After eight months of war Japan, according to official Chinese estimates, has lost about 400 planes, while China has lost 350.

March 13—By recapturing two important towns, Chinese forces were still effectively defending Shensi against a new Japanese drive toward the Yellow river.

March 17 — Chinese forces reported pushing back Japanese in several sectors in Shansi and Shensi provinces.

(To be continued next month)

THE JADE BOX

Lady P'ing Yu

My Favorite Recipe

SOOK MAI YUK

Have you ever met anyone who does not like corn? Well, I haven't.

Delicious, juicy corn! corn on the cob, corn off the cob, or just plain canned corn.

Some like them golden—
Some like them young—
But just give me corn—
Any way they come!

Take ½ pound pork, ground. Season with salt, dash of sugar. ½ tsp. flour and 1 tsp. of soy sauce. Have frying pan hot with grease, put in pork. Using chopsticks, break up pork into small lumps. Brown, then cover for just a minute. Turn gas low.

Add 1 can corn, preferably sweet, young variety, with 2 tsp. cold water. Simmer for 5 minutes. Remove from fire and serve piping hot. Garnish with Chinese parsley. If you like a thick gravy, add ½ tsp. flour diluted with ½ cup of cold water. Then simmer for 5 minutes.

And it tastes simply preponderous when served with rice!

(Psst.—I have a real surprise in store for you next month. Gaily winging our way, it comes with the freshness of spring, it combines the heaven and the sea. And does it taste good! I'll bet even the most fantastic of you cannot guess what it will be. Or am I the one that is fantastic? Who knows?)

—o—

LET CHINATOWN SHINE FOR '39

The last issue of the Chinese Digest reported the Chinatown beautification 11-point program and with what eagerness the Chinese Six Companies and the Chinese chamber of commerce have indicated their willingness to carry out this program, and with what enthusiasm San Francisco as a whole accepted this welcome news. But I can truthfully say no one should be more delighted than Chinatown housewives over this "very comprehensive and specific" program. For conscientious and careful housekeepers everywhere always find their menfolks unconscious to the need of beautiful surroundings and indifferent to neat and orderly living.

Now it seems to me, their silent hope and prayers should be that this store-and-street-beautification plan would include home-beautification as well, that these Chinatown fathers (especially the property-owners) would also renovate and remodel the dwelling places where Chinatown women can work better and children can thrive more healthfully. With better housing facilities women can make better homes, and beautiful homes, as an asset to Chinatown, are as important as beautiful stores, if not more important.

We cannot deny the fact that children as products of clean and orderly homes will automatically keep the streets and public places clean and later as residents of these quarters, they, being accustomed to good taste and respectable surroundings, will take increased pride in keeping Chinatown always beautification-conscious. The "Start to shine for '39" committee exhorts all San Franciscans to clean up the housetops, as, living as we are on hills, we are constantly being looked down upon. Let us Chinatownians, men, women, and children, work together to keep Chinatown so clean that we will be looked up to when we're looked down upon!

—o—

FIRST LADY VISITS CHINATOWN

Ninety-nine per cent of the population of Chinatown did not realize what had happened until the next day. And March 14 will long remain a red letter day in the memories of the little nursery school children at the Y. W. C. A. and of the three persevering young ladies who got her autograph and shook hands with her because "Eleanor Roosevelt—Private Citizen" visited the W. P. A. nursery school and shopped in Chinatown on that day.

The First Lady's visit to S. F. was conspicuous by the absence of fanfare because of her wish to go about as a private citizen. Would that we had more private citizens like her. In every sense of the word, Mrs. Roosevelt is an autocrat by right though she became a democrat by choice and an outstanding woman by her deeds in the interest of social service, education, and philanthropy.

—o—

GOOD EARTH OR GOOD LIFE?

Pearl Buck's "Good Earth" produced good life—but what good is good earth when there is no life? As shown in the smuggled movies from China which we saw recently and by the descriptions of an eyewitness whose words cannot be doubted, there is every evidence of China's abundant good earth left, but the good life has long departed from the horribly treated and manged corpses lying everywhere.

To quote the First Lady—in her appeal for peace at the Civic auditorium on the evening of March 14, she asked this very pointed question: "Why talk about soil conservation when we make no effort to conserve life to live on this soil?" Is it not true that if destruction, as we know it today, is allowed to continue unabated there will soon be no life left? What need is there then, to speak of its enhancement?

Furthermore, for all those who would think of peace, Mrs. Roosevelt would have us think of these points:

1. Teach our children to have self-restraint and to refrain from resorting to fisticuffs to settle disputes.

2. Teach our children to think of others—to have fair play and just dealing at all times.

3. Encourage young people to study and to respect that which is fine in other peoples and nations.

4. Work to establish good foundations of peace—fair play, mutual trust, faith, and good will—to eliminate the need to resort to war to further selfish and unfair aims.

5. Bring about a broader patriotism by giving all we can give in peacetime (as well as in wartime) to save the nation.

6. The people must wake up and assert their leadership, as a democratic government moves as its people move.

Everyone in a democracy, warned Mrs. Roosevelt, must prove himself a worthy citizen by not shirking his responsibility or he will not escape the catastrophes of war. And because we are rich and strong, we were told, we have a greater responsibility to help keep the whole world at peace.

Although simply presented, these sincere convictions manifesting the spiritual qualities of a great universal mother, drew her large audience very close to Mrs. Roosevelt. The fact that first and foremost the First Lady is a good wife and mother became clearer to us, and I don't believe anything can change that; no, not even the august title of "Madame President."

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

ART AND CULTURE

Chingwah Lee

NUMBERS 76-80: THE CHINESE INVENTED COINAGE 500 YEARS BEFORE LYDIA.

CONCLUDING ARTICLE — THE RISE AND FALL OF THE CH'IENS.

Despite counterfeiting on the part of the people and debasement on the part of the government, rapid progress was made toward the universal adoption of the metallic round coins or ch'iens over commodities or utensil coins.

(1) In the year 251 B. C. Emperor Shih Huang Ti issued a pan liang coin, at the same time abolishing all such commodity monies as shells and grains in favor of metallic coins.

(2) In 187 B. C. free coinage was still permitted under Emperor Kao Huo, but the State itself issued a pan liang coin.

(3) The powerful Emperor Wu Ti made coinage an imperial monopoly in 135 B. C. He issued coins of an alloy of silver and tin in three weights: a circular coin with a dragon design weighing 8 ounces; a square-shaped coin weighing 6 ounces, and an oval-shaped coin with tortoise symbol weighing 4 ounces. Extensive counterfeiting resulted in these being replaced by parchment currency in 119 B. C. (Chinese Digest, July, 1937).

(4) Emperor Wu Ti also produced a 3 chu coin, and this coincides with the demonetization of all metallic utensil coins. The wu chu coins which followed in 118 B. C. lasted till 618 A. D., and were instrumental in winning the day for the present cash, for it was accompanied by the suppression of all previous issues of circular coins. Its use for over seven centuries has stamped itself into the mind of the people as a "penny of account," and all subsequent ch'iens attained a size and weight somewhat similar to the wu chu coins.

During the Han dynasty there was a shortage of metal and many wu chu coins were divided into two h- the ingenious method of striking them with a steel tube whose diameter was about two-thirds that of the coins—resulting in an outer large ring coin and an inner small cash coin (see cut, last issue).

A 22-Year Interlude

Coinage from the beginning of the Christian era to the time of the Republic was a fairly uniform, rather repetitious affair except for a brief interval when Wang Mang was at the helm. While a regent in I A. D. he replaced previous issues with the sword and round coins; after he became emperor he replaced these with twenty-eight experimental monies; and in 14 A. D. he again replaced all previous issues with tokens known as hou pu.

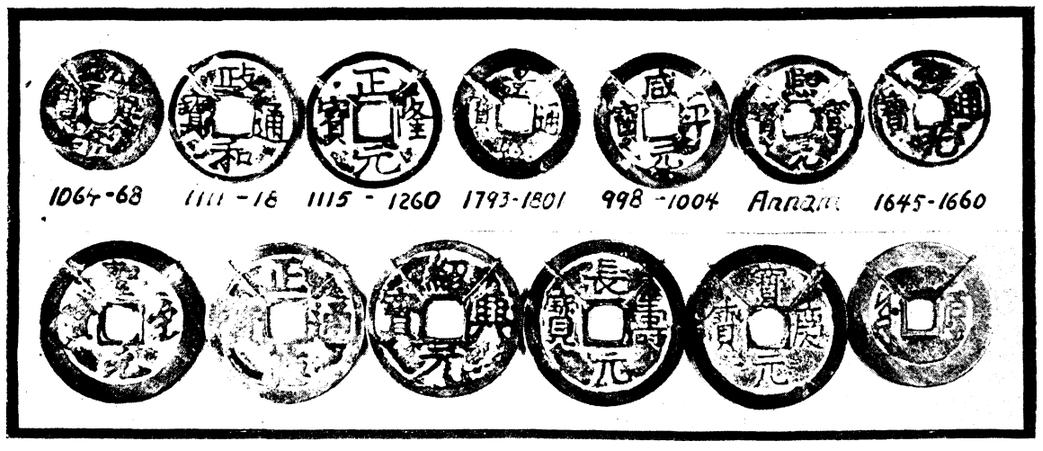
1. The round cash coins of Wang Mang are known as hou ch'uans and are marked with code words and units: small ch'uans, worth one; middle ch'uan, thirty; large ch'uan, fifty, etc.

2. As was described previously, the short sword or knife coins are all of the same size, but bear different face values: fifty, five hundred, five thousand, etc.

3. The twenty-eight experimental monies are divided as follows: (a) six types of cash coins; (b) one standard gold coin; (c) two silver coins; (d) four tortoise shells; and (e) five grades of cowries. The Annal of the Han dynasty gives us an idea of the relative value of shells (presumably cowries) and cash: Shells of 4.8 inches or over, 216 cash; 3.6 inches or over, 50; 2.4 inches or over, 15; 1.2 inches or over, 10; and one inch or under, 3 cash.

4. The spade coins or huo pu are ten in number and are represented by code words which indicate units in hundreds. The spade and sword coins may be said to have made their last serious stand with Wang Mang, and when he fashioned the handle of the short sword to resemble coins, perhaps he unintentionally symbolized the eventual absorption of the knives by the cash. A series of Ching Ting bar or blade coins were produced by the Southern Sungs at Lin An; and spade and short sword coins were issued by Hsien Feng, but they were of minor importance.

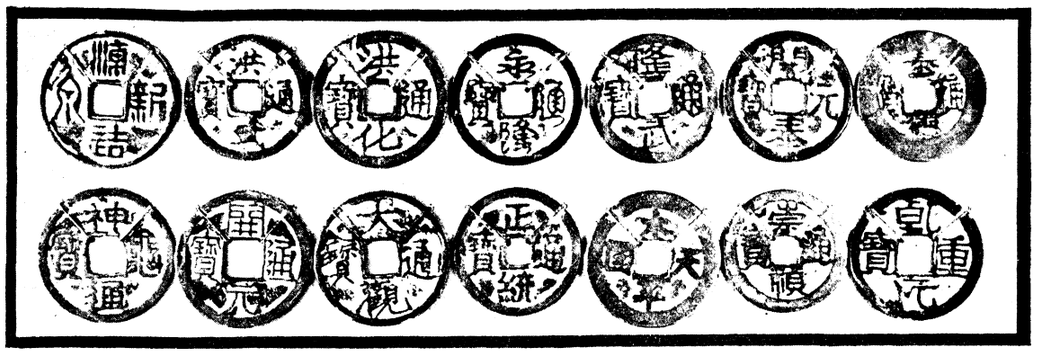
During the Han dynasty there was much talk about a return to commodities as a means of combating counterfeiting. After Wang Mang's death in 23 A. D. counterfeiting was so general that coinage



Standard and large sized coins compared. Large coins were generally cast in time of prosperity, at the beginning of a new reign, or when a governor sends "specimens" to the capital. Upper left shows a Sung cash with round hole. From 1644 to 1911 the reverses bear mint mark in Manchu characters, as in lower right. Courtesy of Mr. Samuel N. Lee.

ART AND CULTURE

Chingwah Lee



Standard sized coins of various dynasties extending over a thousand years. Note close uniformity of sizes, all being influenced by the wu chu coins which held sway from 118 B. C. to 618 A. D. Sizes smaller than standard may be the result of depression, of counterfeiting, or of state manipulation. Minted cash coins are sharply defined but cold in comparison with these examples of unrivaled fine casting. Author's Collection.

was replaced by such commodities as hemp, silk, grains, and ingots. This lasted but a short time when the wu chu reappeared in 26 A. D. Another short return to commodities was made in the State of Wei between 221 and 227 A. D. These two radical changes are illustrative of the fact that there was no slavish reliance on money in early Chinese society.

The Nien Hao Series

The weight, place, or motto inscription on the ch'iens was replaced by the nien hao or reign mark which first appeared with the Ch'ien Feng Ch'uan Pao coin in 666 A. D. The Emperor's name being considered too sacred for common usage, the nien hao serves to designate his reign. (The nien haos K'ang Hsi, Yung Cheng, and Ch'ien Lung, so often used to designate periods of Ch'ing dynasty art objects, mean respectively peaceful lustre, harmonious rectitude, and celestial support.) A more definite dating, the cyclical year, was found on some coins of the Mongol period, as well as some Ch'ing dynasty and Republican coins. Some Southern Sung Hsien Ch'un coins as well as the Ch'ing dynasty Kuang Hsu dollar give the year of the reign also. The Republican coins are generally dated by the year of the Republic. Nien Hao dating lasted till 1911.

The term "t'ung pao" (universally-valid money) was to my knowledge, first used on coins of the Three Kingdom, when the Ching Yuan T'ung Pao was produced in 260 A. D. Besides "t'ung" there are many other adjectives. Chia Ting of the Southern Sung apparently attempted to exhaust the possibilities when he issued ch'iens bearing some thirteen modifiers. Even so he missed some thirteen others: chung, ch'uan, seng, sung, shing, shih, feng, fu, ta, yung, t'ieh, p'ing, and chih.

As was stated above the wu chu has standardized the size of the ch'ien, the majority being as large as the wu chu, which is somewhere between an American quarter and a fifty cent piece. There are a few exceptions: (a) The Han Hsiang of 338 A. D., some pan liangs, and the one wen cash of our time are about the size of a dime. They were often the result of a depression. (b) "Large" ch'iens, about a half dollar in size. These were often produced at the beginning of a dynasty, to inspire the confidence of the people. Also, provincial governors would send well-made large ch'iens to the throne as "specimens," producing ordinary sized ones for the masses. (c) "Giant" sized ch'iens are rare, and were invaribly intended to be worth more than a cash: the ch'un yu of the Southern Sung, the Ta Chung of the early Ming, and the K'ang Hsi Chung Pao, the Hsien Feng Worth a Hundred, and the Chia Ching Worth a Thousand of the Ch'ing dynasty.

The Passing of the Ch'iens

Composition of coins varies enormously. Some are known as red copper, being apparently mostly copper, others are known as yellow brass, having a high tin content. Typical ch'iens are about half copper, the remaining half being zinc with or without a small percentage of lead and tin. Some are bronze colored and a few have a finish not unlike gun metal, called hei chi ku. Old ones often acquired beautiful patina ranging from turquoise green to aquamarine blue.

During the World War when the price of copper was soaring, Japanese who realized that the bronze in the cash coin was worth more than the coin itself purchased them by the hundreds of shiploads and smuggled them to Japan, draining the country of nearly all the cash. In Japan these speculators discovered that the metal contained a high percentage of gold, silver and platinum, because of the crude method of refining, and that these precious metals alone were worth the price of the coins. A huge fortune was made by them, but immense havoc was done to the masses.

After serving the country for over 2,000 years the ch'iens were being eliminated from circulation not only by the above drainage, but also by the introduction of the minted coppers (or "pennies") which first came into existence in

(Continued on p. 19)

Chinese Works of Art

NATHAN BENTZ & COMPANY

Philip Bentz, Resident Partner
441 Grant Ave. San Francisco

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

SOCIOLOGICAL DATA

Lim P. Lee

The Chinese In Tucson, Arizona

(In the first part of this article the writer gave a short summary of the coming of the Chinese to Tucson, how they went into the truck gardening and grocery business, and a description of the early Chinese stores.)

Chinatown

But the sons and daughters of these early Chinese store operators went to American schools, assimilated the American way of life and livelihood. Then when they took over their parents' businesses great strides were made in modernizing the stores — cleanliness, sparkling windows, enlarged stocks, tempting displays, and advertising in local American papers. Today there are 60 modern groceries, some manned by entire families and others employing from ten to a dozen people. Trucks take care of deliveries to all parts of the city.

All the fortunes and other benefits which the Chinese men and women in Tucson enjoy today many be traced back to the humble provision stores their parents opened in the eighties, which grew and expanded with the city.

Modern Stores

The original Chinatown came into being in 1881. It was not "one distinct groups of building" but more or less distinct groups separated by three or four blocks of non-Chinese residences. In an old map of Tucson dated 1883 Chinatown is indicated geographically by the location of the joss house, opium dens, school, groceries, and laundries.

The old community held its own by the addition of new edifices every so often, but the Women's club, built in 1910, displaced a large portion of it, and the city hall, constructed in 1916, helped to completely obliterate it. The inhabitants of the old Chinatown maintained laundries and stores within its boundaries, and many among the populace were employed as domestic servants. However, no more than 150 to 200 Chinese ever really settled permanently in the old Chinatown as many had their businesses and homes scattered throughout the city.

The present Chinatown covers four blocks and has within it several stores selling Chinese commodities and restaurants. It has an atmosphere typical of San Francisco's Chinatown, which shows very little life before noontime.

The oldest Chinese restaurant in Tucson today is the Richlieu cafe established by Gin Lung, Gin Gong, and Yee Teung. Staffed with the relatives and cousins of the owners, the Richlieu has a truly cosmopolitan patronage made up of American, Greek, Negro, Papago, and Yaqui Indians, German, Armenian, and Syrian peoples. Chinese food is the Richlieu's specialty but the "mainstay of their daily menu" is American food. The Papago Indians who patronize this cafe consume more bread at one sitting than any other race. It is not unusual for them to consume one loaf per person at one meal as it tastes like cake to them.

Laundries

The Chinese laundry business, strange to say, never attained much progress in Tucson. The first laundries were located in old Chinatown but the buildings have been razed. There used to be three but now only two remain.

Following are business statistics of the Chinese in this city:

Groceries	60
Restaurants	10
Laundries	2

The amount of business license fees paid annually by Chinese merchants is around $3,486.

Education

The first Chinese settlers knew little or nothing of the English tongue and soon realized that a knowledge of the language was a great necessity in earning their livelihood. They suffered much difficulty and at times humiliation when made to feel ridiculous by some who spoke English fluently. However, while working as railroad section hands, domestic servants, or in grocery stores they managed to acquire a vocabulary needed to carry on their occupation or business. Even at the present time many adult Chinese from the old country with no knowledge of English readily learn essential phrases needed in the grocery business — *que quires; no hay pelon; cuesta tanto; adios,* etc.

The educational development of the Chinese here is closely allied with the church. They had trouble in attending public schools regularly because most of their time was taken up with work. Those that managed to reach the junior high school level were considered fortunate.

First Night School

No schools were conducted for adult education until 1910 when the Rev. Mr. Burrough, pastor of the First Baptist church at Tucson, started the first night school for Chinese wishing to learn English. At the suggestion of Lee Park Lin (who now lives in Oakland, California), application was made to the Woman's Baptist Home Missionary society to work among the Chinese. A night school was consequently established at the church and four nights a week, classes were conducted in English, and at times the Christian gospel was also taught. This work lasted 10 years, during which time many Chinese were converted and joined the First Baptist church. Then the night school was discontinued because attendance had dwindled to merely a few people. Today, however, many of these former adult students are sending their children to the Sunday school at the church. To this same church belongs the credit of being the first American organization to take an active interest in the Chinese.

The present-day children of the pioneer Chinese generation are all enrolled in public schools and are great favorites and much liked by their teachers. Through the frugality and industry which their parents practiced, many of the present Chinese generation are able to secure a college education. The Chinese here have been complimented on their facility in being able to speak English, Chinese, and Spanish. Chinese is spoken in the family; Spanish is spoken with their playmates and in business; and English is spoken at school and with friends.

Those not familiar with the Chinese in Arizona have the assumption that they are far from urban civilization. The Tucsonian Chinese are well informed on current affairs, national and international. Some have penetrated the professional fields of medicine, aeronautics, teaching, mining and civil engineering, and business administration.

Tucson has never had any move toward establishing a Jim Crow school for Chinese, as has been the case in a southern state. Chinese children are loved by their teachers in the public schools, and the latter have often commented about how well disciplined, courteous, and intelligent they are. James Yee, now a student at the Stanford Medical school in California, has the distinction of being graduated among the highest three in the class and becoming a Phi Beta Kappa while in his junior year. Seeing the names of Chinese students on honor rolls either in the university, or in secondary or elementary schools is not at all unusual.

SOCIOLOGICAL DATA

Chinese in Schools

The following figures give approximately the number of Chinese enrolled in Tucson's public schools, including the university:

Elementary school	58
Junior high school	17
Senior high school	12
University	6

Many students have been sent by the Chinese government to matriculate in the University of Arizona to study political science, soil conservation, and meteorology. Much of their interest is focused in agriculture, in the study of the problem of arid land. Some of these who have attended the university are: Tin P. Kwok, who received an A. B. in 1924 and later his M. A. and J. D. in Columbia, now being a member of the bar in Canton; Yee Hsuek Ting received his A.B. and M. A. here and was connected with the ministry of finance at Nanking; Chieh Sung, M. A., was on the faculty of the University of Peiping.

Six local youths have graduated from the university. They are:

(1) James Yee, B. S., 1934. Now attending Stanford University School of Medicine.

(2) May Nelda Don, A. B., 1934. Major in physical education.

(3) Maude Don, A .B., 1934. Major in business administration. .

(4) Hom Jung, B. S., 1937, in mining engineering.

(5) Sue Don, A. B., 1937, in education.

(6) May Y. Tom, A. B. in education.

In 1919 the Chinese community was jubilant when the first Chinese boy, Don S. Hoy, graduated from high school. There was a community celebration in honor of that rare occasion. Today, Chinese are graduating from the university and high schools in great numbers.

The Chinese have not neglected the study of their mother language. A native language school has been established in the Chinese Evangelical church and classes are held on week days after the American school hours.

There used to be a "mayor of Chinatown," but he was in reality a figurehead since he had no legal power whatever. The Chinatown, so-called, covered a distance of four blocks. About twenty years ago the majority of the Chinese lived right in Chinatown—on Meyer and Main streets—which was then the business district of Tucson and thickly populated by Mexicans. At the present time the Chinese are scattered in all directions and live in nicer homes. However, since most of them are in the grocery business these usually live in the back of their stores, although there are some who have their homes separate from their stores.

Chamber of Commerce

There is no organization here similar to the Six Companies in other Chinese communities, but there is a chamber of commerce with a membership of 50. This was organized in 1920 as a protective corporation for the benefit and interest of the Chinese. It handles matters in the fields of immigration, taxation, city and state ordinances which might be discriminating against the Chinese.

Legal protection for the Chinese is also one of the many things which this chamber handles. Before this organization was formed many Chinese had difficulty in obtaining just and adequate prosecution against thieves who looted their stores and sometimes committed murder while perpetrating robberies. Many culprits would run across the border into Mexico, which is only 60 miles away, and thus evaded the law. The grievances of the Chinese were taken to court and justice was demanded, but the law was lax. In self-protection many Chinese grocerymen put up bars over their windows and boarded up their doors against unlawful entries, but to no avail.

This situation prevailed for a long time. Then it was brought to a climax when a prominent Chinese groceryman named Lee, while eating rice in his store one day, was murdered in cold blood. The entire Chinese populace called a meeting and sought Louis G. Hummel, a lawyer, for advice. They were all apprehensive and fearful of what might happen in the near future unless some real action was instituted this time to catch the murderer of their countryman. Hummel, wise in the ways of border justice, counseled them to post a reward of $2,000 for the apprehension of the murderer. The amount was raised by voluntary contributions from among the Chinese merchants. The law began to grease its machinery and before long the culprit was captured. The reward was paid, the prisoner was tried and sentenced to life imprisonment.

After this incident the Chinese realized that in order to get action on those who took unlawful measures against them, rewards should be posted. Consequently an organization was formed and monthly contributions were made by its members to set up and "perpetuate a fund for protective purposes." Louis G. Hummel was then appointed legal counselor and is still active. Today if any organization wants to launch a campaign for money among the Chinese it is referred to Hummel. If the campaign is a worthy one, such as funds for the Red Cross, Boy Scout, Organized Charities, etc., the stamp of approval is given and money is generously contributed by the Chinese chamber of commerce and other Chinese individuals. If the cause is considered not a worthy one, then all Chinese doors are closed.

The Chinese chamber of commerce has a schedule of rewards ranging from $100 to $500 for thieves and $2000 for the capture of murderers. In case a murderer is not apprehended the reward money is given to the victim's family.

Social and Religious Aspects

Until 1920 there were more social and fraternal activities among the inhabitants in Chinatown. Feasts and social gatherings used to be held mostly in the Chinese Free Masons building (Chee Kung Tong). On some festival occasions, such as Chinese New Year, prominent Americans would be invited. It is to be noted with regret that these community affairs are fast dying out.

The church has always been considered a community center and the history of the development of the church for Chinese here is marked with highlights of interest. The first contact Chinese had with the church was in 1910 when some of them attended night schools at the Baptist church. In the late 1920's the church conducted services for the Chinese from 3 to 4 each Sunday. Miss Mary Fickett, now married and doing missionary work in China, and other members of the church volunteered their time in teaching classes and the gospel. After several years, however, interest began to lag and some, fearing that the services would be stopped entirely, arranged to conduct them in the evening in the Chinese chamber of commerce on

(Continued on p. 19)

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By Milton O. Gustafson NARS, Date 12-18-75

CHINATOWNIA

LABOR STRIKE IN CHINATOWN OFFICIAL STATEMENTS OF PARTIES INVOLVED

(Editor's Note:—The first organized, large scale labor strike between Chinatown workers and Chinatown employers occurred here recently, a fact which is history making in the life of the Chinese in America. On the morning of Feb. 26, 1938, the newly organized Chinese Ladies Garment Workers, an affiliate of the International Ladies Garment Workers' union, declared a strike against Chinatown's largest garment factory at 720 Washington street, and pickets of the Chinese local were thrown around the place. At the same time picket lines were also thrown around three units of the National Dollar Stores, a chain dry-goods firm with two score branches in several states, in this city. Employees of the Dollar Stores, who were members of the Retail Clerks' union, refused to pass the picket lines, and the three stores as well as the factory all suspended operation.

(In order to secure the pro and con views on this situation, spokesmen of the parties concerned were requested by the Chinese Digest to state their positions in this labor dispute. The following statements from the National Dollar Stores, Ltd., the Golden Gate Manufacturing company, and the Chinese Local No. 341 of the I. L. G. W. U. are authorized for exclusive publication in this journal. These statements are herein released for the first time and the parties involved may now read each other's views. These statements have been secured for publication here in the interests of frank and impartial discussion.

(The importance of this present labor dispute may be gauged by the fact that the livelihood of several hundred Chinese workers and their families is being jeopardized. Unless the matter is settled soon, it will have immense adverse effects on the Chinese community's economic life.)



TWO GENERATIONS, BUT ONE PURPOSE—PICKETING

Among the 159 or so women garment factory workers who recently called a strike for higher wages and guarantee of steady work are young and older women of Chinatown's immigrant and American-born generations. Of these, scores have been put on picketing duty while their union and their employers negotiate for settlement of the strike. The above picture shows two of these pickets, the one on the left being American-born and typically American in dress and coiffure, while the woman on the right is typical of the older generation, from her Chinese slippers and earrings, to the way she has her hair fixed. (Read story of the strike on this page.)

The National Dollar Stores, Ltd.
(Statement)

The National Dollar Stores, Ltd., chain store operators, operating their stores and a warehouse in San Francisco, was forced to close three units as a result of a picket line that has been established by members of the International Ladies Garment Workers' union, an affiliate of the C. I. O., although all of the stores and warehouse workers are members of the Retail Clerks union, Local 1100.

On Jan. 24, 1938, the I. L. G. W. U. entered into negotiations with the National Dollar Stores affecting only the factory workers at 720 Washington street. While these negotiations were going on, there were other negotiations between the National Dollar Stores and other parties for the sale of the factory, and on Feb. 8, 1938, this factory was sold to a group of men who decided to do business under the name of Golden Gate Manufacturing Co.

There was no deception practiced by the National Dollar Stores since the union was advised of these pending negotians and the final sale of Feb. 8, 1938.

Prior to this sale, the National Dollar Stores had agreed with the union to make retroactive to Jan. 24, 1938, any increase in salaries that might be agreed upon. Coincidently with the sale, the National Dollar Stores agreed with the Golden Gate Manufacturing Co. that in the event the Golden Gate Manufacturing Co. reached an agreement with the union involving higher wages, the National Dollar Stores would pay the difference between the higher wages during Jan. 24 to Feb. 8, 1938.

As soon as the union was informed of the sale, they took the position that the sale was not in good faith and declined to negotiate with the Golden Gate Manufacturing Co., unless the National Dollar Stores agreed to buy all of its requirements from the Golden Gate Manufacturing Co., up to its full manufacturing capacity, and that the National Dollar Stores participate in and guarantee all agreements that might be concluded between the Golden Gate Manufacturing Co. and the union.

An impasse having been reached between the union and the National Dollar Stores, the union resumed negotiations with the Golden Gate Manufacturing Co. and demanded a guarantee to the union that it would employ the workers in the factory for not less than eleven months during the next calendar year and in order to insure performance of this agreement the union demanded a guarantee deposit of $10,000. To such a demand the Golden Gate Manufacturing Co. refused to yield.

By reason of this position the factory workers established a picket line in front of the stores and warehouses of the National Dollar Stores in San Francisco and as soon as this picket line was established the members of the retail clerks union who were employees of the stores and warehouses declined to pass through the picket line and since Feb. 26, 1938, the National Dollar Stores have been closed.

All of the pickets marching up and down in front of the stores inform passers-by that the National Dollar Stores is the owner of the factory, when the fact is that it is not.

The fact that a bona fide sale was made by us to the Golden Gate Manufacturing Co. is susceptible of demonstration by records in the office of the Secretary of State, in the office of the county clerk in San Francisco, and in the office of the Corporation commissioner of the State of California.

The Golden Gate Manufacturing Co.
(Statement)

The Golden Gate Manufacturing company was organized in the early part of February, 1938, with G. N. Wong, as president, Hoo Joe Sun as vice president and treasurer, Wong Goon Dick, Ng Doon Foon, Albert K. Chow, and others as directors. This was registered in February, 1938, with the Secretary of State of California as a corporation to do business in the state as a manufacturer of ladies' wearing apparel and to sell directly to retailers.

The company bought the factory at 720 Washington St., from the National Dollar Stores, Ltd., at San Francisco on Feb. 8, 1938, and continued to operate the factory and conduct normal operations without ceasing since the purchase. On Feb. 26, 1938, at 8 a. m. the Chinese Ladies Garment Workers' union, an affiliate of the I. L. G. W. U., declared a strike and picketed our factory.

Since the purchase of the factory the company has always been willing to negotiate with the Chinese Ladies Garment union, and we have no disputes with any of our employees.

The Chinese Local of the I. L. G. W. U.
(Statement)

The Chinese Ladies Garment Workers' union welcomes the kind offer of the Chinese Consolidated Benevolent association (Chinese Six Companies) to lend its good offices in an attempt to solve the labor dispute between the National Dollar Stores, the so-called Golden Gate Manufacturing Co., and the workers now on strike for living conditions. We are eager as is the Chinese Consolidated Benevolent association for an amicable and just settlement.

The main issue at stake in this strike is whether the workers of Chinatown are to be supplied with work, or whether they are to be deprived of their livelihood.

The workers are certain this obviously fictitious sale of the National Dollar was solely for the purpose of freezing them out of their job. To protect the workers in their need of employment, the Chinese Ladies Garment Workers' union asked the National Dollar Stores to give the union guarantee that it would buy from the Golden Gate—from its own people, before it would buy merchandise elsewhere. This, the National Dollar flatly refused. *It is on this point, rather than on any other, that the Chinese Ladies Garment Workers are striking.*

In the hope of reaching some sort of satisfactory agreement without a strike, the union however did meet with the Golden Gate, in spite of the fact that we were convinced that they were not the real owners. From the Golden Gate Manufacturing company we demanded that we must have some sort of guarantee that the workers will be kept working. We asked for an eleven months' guarantee, and for a cash security, since by their own admission, the firm was not one that had financial capacity to guarantee a continued period of employment.

The attorney for the Golden Gate agreed with us that the principle of time guarantee was a practical and sound one economically, but he did not see how the Golden Gate could guarantee that amount of time. He suggested that he would, however, work out some form of aggregate hour guarantee and submit it to the firm with his recommendation. At this meeting, on Feb. 24, our representative agreed to reliquish any request for cash security.

We told the firm—in fact, we told both firms, that so far as wages were concerned, the Union would be very pleased to consider a compromise.

At no time did we have any offer from the firm to meet *any* of the workers' demands for a better living! On the contrary, the firm resorted to what all decent citizens should resent, it resorted to a so-called sale of its factory! The National Dollar "sold" its factory to whom? Joe Sun, the factory foreman, and G. N. Wong, the National Dollar Stores manager suddenly blossomed out as the new "owners"!

We reiterate: The problem at issue is one of guarantee that work will remain in Chinatown. The union supports the workers in this fair demand to the full. The strike will remain as long as necessary to obtain the protection that the Chinese people must have for their very lives! The union will be glad to compromise on wages. But the National Dollar insists that it wants to be free to buy elsewhere before supplying the Chinese work-

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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ers with work, as a disciplinary measure because the Chinese workers joined a union for collective bargaining.

(A restraining order was granted to the National Dollar Stores on March 19, 1938, by the Superior Court at San Francisco, and the picket lines were removed from the three National Dollar stores, while picketing is being continued at the factory on 720 Washington street.) The I. L. G. W. U. commented:

"That will only intensify the fight! The fact that the National Dollar Stores resorted to the hated anti-labor weapon, the restraining order, as protection against its own Chinese workers, will not help the friendly feeling that organized labor has for the present unfortunate struggle of the Chinese in their home against their aggressor. Calling for an injunction may temporarily remove pickets, but it never solves a labor problem."

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CHINESE EDITOR AWARDED $1,000 FOR BEATING BY POLICEMEN

San Francisco—Liang Chow-Kit is the venerable editor of the second oldest existing Chinese language daily in this city, the Chinese World (Sai Gai Yat Po), founded by constitutional monarchist Kang Yu-wei, in 1899. As a molder of public opinion Mr. Liang is considered one of Chinatown's most respected citizens.

Last Chinese New Year, it seemed, Mr. Liang, staunch conservative that he is, had a little party at his home to celebrate the occasion. However, while he was making merry, his neighbors complained to the police that he was drunk and creating a disturbance. In the name of the law Mr. Liang was arrested.

But last month editor Liang triumphed over what he considered an act of injustice. He charged the two policemen who took him in custody with false arrest and also charged that he was beaten by them. In Judge G. Conlan's court he was awarded a $1,000 verdict.

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L. A. CHINESE CLUBS UNITE

Los Angeles—Seventeen young people's groups here have recently joined forces and formed the Los Angeles Federation of Chinese clubs. Like the organization of the same name (the two are not inter-related) established in San Francisco last October, the Federation here came into existence in response to the crisis in China and the need for raising relief funds for war refugees in the battle-torn sections of China.

The purpose of this Federation was explained in a special mimeographed bulletin recently. Abstracts: "Our elders long before have coordinated themselves into a centralized society . . . to undertake with greater effectiveness the heavy tasks of relief, medical aid, etc. . . . Unity is the watchword. . . . The L. A. Chinese youth groups, uniting (in a) Federation, have taken a decisive step in the correct direction. Upon such a basis we shall be in a position to plan concerted action to aid the Chinese cause."

Chairman of the F. C. C.'s provisional executive committee is Ernest Chinn, and other officers include Bill Got, Bernice Louie, and Tom Jock Young. First activity of this organization was a youth rally held on March 19.

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SEATTLE WOMEN HOLD SUCCESSFUL BENEFIT SHOW

Seattle, Wash. — Two performances of a Chinese classical drama were given by the Chinese Women's club here on March 12 and 13 for war relief benefit. With many tickets selling as high as $10 each and foodstuffs donated for sale, the show netted $2000. Capacity crowds attended the performances, coming from all sections of Seattle.

Members who were active in the sale of tickets included Mrs. S. C. Dong, Mrs. Emory Chow, Mrs. Sam Luke, Mrs. Louie Loy, Mrs. Lew Soun, and Mrs. Moy Ling.

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MISSISSIPPI CHINESE AT LAST HAVE OWN SCHOOL

Cleveland, Miss.—For almost two years the 1500 Chinese in this state, as well as numerous Americans, have been called upon to contribute funds toward building a Chinese school to give American and Chinese education to children who have heretofore found it difficult to acquire learning because of legislative discrimination.

Recently the hopes of these Chinese were realized when their school building was finished and ready to receive pupils. However, there were little funds for necessary classroom equipment and dormitory facilities.

Last month, therefore, those who had worked actively to bring this project to a completion set out once again to raise some extra funds. So far over a thousand dollars has been raised.

NEW YORK NEWS NOTES

The General Relief Fund campaign here to obtain money for medical and other aids to China has netted $14,500 at this writing. On March 13 and 14 two benefit Chinese opera shows were given, sponsored by the On Leong society. The performers with one exception were selected from the ranks of the Chinese Patriotic league, the Jeune Doc club and the Quon Oy club. The exception was little 12-year-old Edward Chan, who is considered quite a rising juvenile actor. Another feature of interest in the program was the appearance of Joseph Reinhart, or Fung Kwock Keung, the 19-year-old American boy who was brought up by Chinese in China (Chinese Digest for February).

The Chinese Consolidated Benevolent association held its biennial election last month and selected the community's elders for the next two years. Mr. Franklin Wong, an alumnus of both the University of California and of Columbia, was elected president, succeeding Paul T. Lieu. F. C. Lee became Chinese secretary, and Moy Kam, English secretary.

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MRS. ROOSEVELT VISITS CHINATOWN NURSERY AND BAZAAR

San Francisco—At the Chinese Y. W. C. A. here, 965 Clay street, is a Chinese nursery school with an enrollment of 30 and conducted as an educational project of the Works Progress administration, one of six such schools in the entire city.

To this place one day last month came a distinguished visitor, none other than Mrs. Franklin Delano Roosevelt, wife of the U. S. President. And with her was her secretary, Mrs. Malvina Scheider, Mr. George Creel, U. S. Commissioner for the 1939 Golden Gate International exposition, and Mr. Lawton, W. P. A. official.

Oblivious that a great personage was coming to see them the tots were busy at their play when Mrs. Roosevelt, tall, slim, dressed in heather blue tweed suit, fuchsia blouse and silver fox neckpiece, entered their room. But to the almond-eyed youngsters the First Lady was just another visitor.

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"LADY PRECIOUS STREAM" ENACTED BY ALL-CHINESE CAST

Portland, Ore.—Shih I. Hsiung's English adaptation of "Lady Precious Stream," an old Chinese drama depicting the ways of a maid with a man in ancient China, was given here on April 1 and 2 by members of the Oregon Chinese Students Association. The play was sponsored by the Portland China Relief committee and the proceeds went for war relief in China.

The picture above shows June Dove Wong and Wallace Chin, who played the leading parts of Lady Precious Stream and Hsieh Ping-Kuei respectively. Others in the cast included Elaine Hong, Edith Leong, May Seid, Phillip Jan, James Wu, Harding Chin, and Madeline Chin.

Wrote Mrs. Roosevelt next day in her syndicated column, "My Day": ". . . we visited a nursery school . . . for little Chinese-Americans. Characteristic arrangements of water and flowers, which only Oriental people seem to be able to produce, have given their building great charm. The children seemed happy and the same regime is carried as in any other nursery school. All their mothers work, so this school is a real help to them."

Head teacher of the Chinese nursery school is Mrs. Mildred Tomsik, with Mrs. Mildred McKenna as assistant teacher, and Miss Rose Giacomazzi, R. N., as nurse. How highly the school is thought of by its sponsor is reflected in the following sentence from the annual report of the W. P. A. education program for the state of California, recently released: "The Chinatown nursery school in San Francisco is frequently used throughout the nation as a model type of school."

One other place Mrs. Roosevelt visited while she was in Chinatown. This was a bazaar from which she had made purchases on previous visits to this city. She had a few bewildered moments trying to remember where the bazaar was until a Chinese Digest staff member came along and respectfully conducted her to her destination. (See The Chinatownian Roams Around.)

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CHINESE YOUTHS AIDED BY PUBLIC APPEAL NOW FIND WORLD GOOD PLACE TO LIVE IN

San Francisco — Last Christmas the S. F. Chronicle, seeking to emulate the journalistic social service work performed by the N. Y. Times over a quarter of a century, went into consultation with numerous social work agencies in the city. Its purpose was to find 45 "neediest cases" which needed special financial help, over and above those already given by these agencies,—cases in which rehabilitation was possible with a little extra fund at the disposal of the agencies. For these cases the Chronicle was to make a public appeal to its readers for contributions, setting forth the problems, their methods of treatment, and the financial assistance needed to accomplish the work.

When the 45 cases were selected they included three which concerned Chinese —a nine-year-old boy with a rheumatic heart, an invalid youth, and a young girl who needed special help in order to start her university education. They were all cases known to social agencies for some time. The Chronicle listed them as cases number 34, 16, and 32, respectively.

Case number 34 concerned nine-year-old Jefferson, who had eight brothers and sisters (one of them tubercular) and the total income of whose parents is less than $100 a month. Jefferson's heart, crippled by rheumatic fever, his little body undernourished, could hardly walk. He needed bed care and the proper general supervision of his various other needs for at least a year. The budget for this was set at $240.

Case number 16 was that of a young boy, Dan Wong, who came from China not very long ago and who had been made an invalid by a cruel accident. Dan wanted to master English so he could write stories.

Case number 32 was that of Clara, an American-born girl who dreamt of a medical career as a surgeon. But to learn surgery takes years and a great amount of money, and her father was a hopeless invalid, her mother always sickly, and there were several younger brothers and sisters. She had worked her way through high school, graduating with high marks, and she was willing to work her way through the university. But no amount of part-time employment

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could finance her medical education unless there was a little reserve fund to pay for costly textbooks and equipment. For these at least $240 was needed to carry her through the next two years.

These were the three out of 45 cases which the Chronicle presented to the public for financial contributions. And the budgets were met by donations of men and women from all walks of life.

That was more than three months ago. Now what has happened to these three Chinese cases? Little Jefferson was placed in a foster home in January. He is getting good medical care and is improving marvelously. Reported the Chronicle: "Love and interest and intelligent care were your gifts to this little boy who is beginning to realize that life is fine and that courage is built on physical well being."

With the budget subscribed for him, Dan Wong has been getting special coaching in English; and a typewriter, dictionaries, and other equipment of learning have been purchased for him.

As for Clara, she is now taking her medical course at college and working for her room and board. The budget that was subscribed for her is going for tuition, laboratory fees, and books.

Through this philanthropic effort the Chronicle has brought a measure of happiness to three young Chinatownians and has given them hopes for a brighter future.

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TWO CHAMBERS OF COMMERCE PLEDGE SUPPORT OF CHINATOWN BEAUTIFICATION PROGRAM

San Francisco—The program to beautify Chinatown for the 1939 Golden Gate exposition (Chinese Digest for March) received the full support of the S. F. chamber of commerce recently. This support was voiced in a letter to the Chinese chamber of commerce after the latter body had informed the former of its projected plan to work for the transformation of St. Mary's square into a Chinese garden. In a letter to the Chinese chamber executives, Charles Page, vice president of the S. F. C. C., said:

"So great an asset is Chinatown to San Francisco that, if Chinatown were to lose any of its quaint charm through modernization, San Francisco would lose proportionately some of the individuality that has characterized this city for many years.

"It was with graditude, therefore, that the San Francisco chamber of commerce learned of the Chinese chamber's leading part in the 11-point program designed to erase the tendencies toward modernization and Occidentalization that have been manifested in certain sections of Chinatown."

Commenting on this letter the S. F. Call-Bulletin in an editorial said: "If the program, as planned, be realized Chinatown will be a world's exposition in itself."

At the same time Victoria Chin, student at the Francisco junior high school, wrote a "Model Beautification Program" for the city's homes which was sent to Dr. Adolph Schmidt, chairman of the Citizen's City Beautiful committee. The program included the following pledges to improve the beauty of the home by: keeping clean windows and curtains, having it painted, using window boxes, cleaning out attics, basements, garages and back yards, repairing fences, planting lawns and gardens, having frequent and proper garbage removal, and keeping streets and sidewalks clean.

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WORKS BY HAWAII CHINESE ARTISTS SHOWN

Honlulu, T. H.—Works of five local Chinese painters and water colorists were exhibited alongside many local American artists last month at the Honolulu Academy of Arts.

An oil painting by John Young won the exhibition's second prize. Hon Chew Hee displayed a fresco of Hawaiian forms entitled "Na Pomaikai No Ka Aina"; Wah Min Chang had two well-drawn portraits, while S. Y. Ing entered a water color called "Torch Ginger." Reuben Tam, who both writes poetry and paints (See Chi. Dig., February, 1938), was represented by two pictures. Of his work Alf Hurum, president of the Association of Honolulu Artists, had this to say:

"A new name among artists, which in the future will have to be reckoned with, is that of Reuben Tam. The color in both of his pictures is cultivated and restrained."

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A RADIO PROGRAM—FROM INSIDE CHINESE SIX COMPANIES

San Francisco—For three quarters of a century no proceedings in the assembly room of the Chinese Benevolent Consolidated association here have ever been aired. That is, it has never known a nationwide radio broadcast aired from its santum sanctorum.

Last month, however, this very thing happened. Jerry Belcher, who conducts the "Interesting Neighbors" weekly program over the N. B. C. network, moved his microphone into the Six Companies council table and interviewed half a dozen old and young Chinatownians on such subjects as the origin of the Six Companies, the Chinese tongs and the American-born Chinese youths. It was the second time within a year that Jerry Belcher broadcasted from Chinatown—a rare occurrence in his program.

Those who participated in this half-hour program included Victor K. Kwong, Churchill Chiu, Daisy K. Wong, Wong Goon Dick, Lim P. Lee, T. Y. Tang, Wm. Jack Chow and Catherine and Patricia Joe.

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NEW RESTAURANT CONTRIBUTES INITIAL EARNINGS FOR RELIEF

San Francisco—When the Tao Lee Yuan Chinese restaurant opened here last month it announced that $150 of its first income, equivalent to $500 Chinese money, would be donated for war relief. In 24 hours this sum was earned and was turned over to the China War Relief association.

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DAILY PAPER TO HAVE WEEKLY PICTORIAL

San Francisco—The "Young China," Chinese language daily newspaper here, organ of the Kuomintang, will inaugurate a weekly pictorial section beginning April 3. The section will carry pictures of the Sino-Japanese war taken by both Chinese and foreign photographers in the war zones, and will have Chinese and English explanations.

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ANNA MAY WONG MOVES AWAY FROM JAPANESE GARDEN

Hollywood—Because of the present Sino-Japanese conflict, anything Japanese has become anathema to Anna May Wong, Chinese actress.

Up until last month Miss Wong lived in an apartment overlooking a Japanese garden. This was perfectly all right since she did not have any dealings with any Japanese, but it became a source of considerable annoyance when Miss Wong's friends and visitors constantly called her attention to it.

So last month the Chinese actress moved to another part of Hollywood, away from any Japanese influence.

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$50,000 CHINESE RESTAURANT OPENS

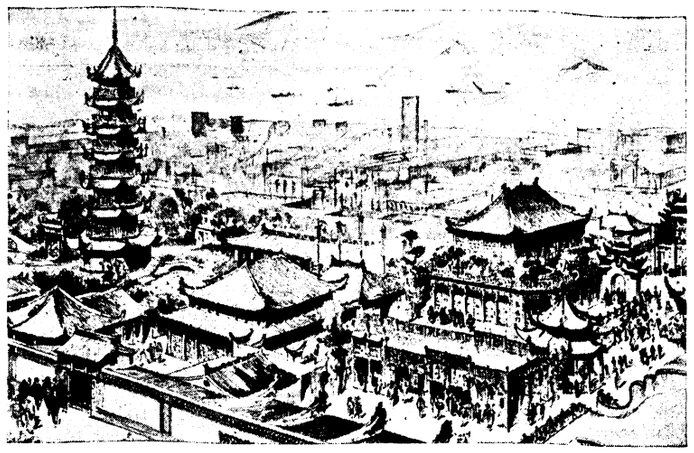
Honolulu, T. H.—Conceived in Chinese architectural style, Honolulu Chinatown's newest, currently costliest eating place is the Wo Fat Chop Sui house. The three story building of green tile roof and curved, overhanging eaves took four months to construct and cost $50,000.

Designed by architect Yug Tong Char, the first floor of this place houses a long cocktail bar, a business firm, and part of Wo Fat's kitchen. A special dining hall is on the second floor, while on the third story is a pavilion and open air dance floor where patrons may "dance in cool comfort under the tropic moon."

Interesting is the history of Wo Fat. The firm was established in 1881—57 years ago—with only six partners and stockholders. In 1898 a letter exchange business—on commission basis—to facilitate the remittance of money to China by local Chinese, was added to the company's occupations. This sideline later grew profitable enough for the company to maintain a branch in Shekki, Chug shan district of Kwangtung.

Wo Fat was completely burned in the Chinatown fire of 1899. Later a new place was found for it. It moved several times during the intervening years. Then last year it was decided that a new concrete building should be erected in order to keep up with the times.

At Wo Fat's opening last month the Hawaiian Chinese Journal proudly editorialized: "Wo Fat building with its graceful Chinese roof and curved eaves, especially at night when these architectural features are accentuated with neon lights, is the equal in beauty with any in San Francisco's Chinatown."



THE CHINESE VILLAGE IN THE COMING 1939 EXPOSITION

With three quarters of the sum needed for this gigantic concession already said to be raised, construction of an authentic Chinese village is starting this month, according to Miss Chang Ho Gee, newly elected president of Chinese Factors, Inc.

After nine months as promotion manager, Ching Wah Lee resigned from that position last week; he may accept in a purely professional capacity a commission offered him as Art Exhibit Director.

The above sketch, as conceived by the well-known architect, Mr. Mark Daniels, shows two entrnces, a pagoda for art exhibit, a tea pavilion, a cocktail cafe, theater, and shops and game booths. Surrounding the pagoda is a botonical garden and a model rustice farm.

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THE CHINATOWNIAN *Roams Around*

Blossoms in bloom, green grass, sunshine and showers, parade of milady's smartest Easter outfit. . . . It all combines to make the month of April a gay, charming, and colorful one. . . . Down to earth and to work. . . . *Mrs. Franklin D. Roosevelt* came to San Francisco to lecture on "Peace" at the Civic auditorium. During her one day stay here she conducted press conferences, gave interviews, attended private dinners, and presided at the ground breaking ceremonies of the Federal building on Treasure island, the site of the 1939 Exposition. . . . In spite of the fact that she had only 11 short hours in the city, she spent over an hour in our Chinatown. . . . Yours truly, in his roaming around, came upon Mrs. Roosevelt and her party at the corner of Stockton and Jackson streets, a bit uncertain as to the location of Tai Chong, her favorite Chinese shop. He presented himself and was able to direct her to the shop where she purchased art goods, curios, and Chinese treasures for friends back home. . . . After her shopping was done, she strolled through Grant avenue to the Chinese Y. W. C. A., where she admired the little tots of the Chinatown nursery school at play. . . . The First Lady of the Land is certainly a gracious and busy woman!

Dances as usual will inaugurate the arrival of spring. . . . All New Yorkers should be prepared to attend the Jeune Doc club's Easter frolic on April 15. . . . It will be a dinner dance for war relief. . . . Celebrities from the stage and radio will be featured on the evening's entertainment program. . . . The University of California Chinese Students club's spring informal dance will be held on April 16 at the International house in Berkeley. . . . A percentage of the proceeds will be contributed to the War Refugee fund. . . . The newly organized Rice Bowl athletic club will start their social season with a slam and a rip! . . . During Easter vacation week they will stage a snappy skating party over at the Oakland Roller Land with plenty of own home town rivalry involved. . . . The boys planned to have a medley (both boys and girls) race between the various Bay region clubs for team prizes 'n everything. . . . The date is April 12, Tuesday nite at 55th and Telegraph avenue. The club issues a challenge to clubs thru this column for a track meet. . . . The Chinese Y. W. C. A.'s hay frolic will be held April 9. It's a barn dance and carnival combined . . . so, save your pennies and make your confession to the fortune teller! . . . All the Y's girls are behind this, as it is for the benefit of the camp and conference fund. . . . On the same evening over across the bay, the Waku Auxiliary juniors will give their "Junior Apple Dance" at the Oakland Danish hall. . . .

Frank Chan Yuen, energetic business manager of the Twin Dragon team and *Jenny Lai* recently announced their engagement. . . . When this information first came out, no one would believe him, for if we remember right, he has just had his 'eenth birthday. . . . It is all arranged for next year, . . . the world of happiness to you two! . . . A new orchestra is slowly smoothing out its musical style. . . . They practice twice a week at the Chinese clubhouse under the direction of *Rene Hu* from Shanghai, China, student at S. F. State college. . . . *Hu* can play any musical instrument; he excels at the clarinet. . . . He can make it laugh, cry, and even talk! . . . *Fred Mah* is business manager.

The Bakersfield gang of *Lawrence Leong, Rodney Yee, Edith, Pauline* and *Lloyd Lum, Alice, Henry* and *Delbert Wong, Bill* and *May Ko, Alice* and *Warren Lee, Tulip* and *John Lewis, Bob* and *Dick Schoon, Lawrence, Annie, Bessie* and *Mary Sue* jammed into six cars one cold morning and headed for the snow line. . . . Upon their arrival at Frazier Mountain park, they found over three feet of snow on the ground and more of the same on its way. . . . Just the ideal condition for a snow frolic. . . . So with skis, sleds, and a big toboggan, they took turns spilling and tumbling all over the landscape. . . . *Mary Sue* insisted upon perching a beanie cockily on her head so she was the frequent target of accurately thrown snowballs. . . . Hot baths were the order of the nite for the whole crowd afterwards. . . . For those of you who plan your dates way ahead . . . the Bakersfield girls will have their dance on Sunday night, May 29. . . . The "B" girls' reputation of always putting on a good dance, and the fact that it is a double holiday and a benefit affair will assure a large attendance. . . .Happy congrats to the following "to be's" of L. A.: *Dorothy Lung* and *Dick Young, Jane Chan* and *Walter Chung.* . . . And also to *Mamie Moy* of Detroit and *Allan Chan* of Chicago. *Jean, Beatrice,* and *Anita Moy* all joined in and gave a wedding shower for them at the Moy's Chicago home. . . . It's smooth sailing ahead for *Frances Young* of Fresno and *Bernard Chan* of Bakersfield. . . .A cozy love nest is all ready for her.

Our former "POO-Poo-er," *Robert Poon,* announced his engagament to *Lilly Tom* recently. . . . Don't leave us behind, *Bob,* we (the whole staff) will be on deck at your wedding banquet! . . . At the Lowell Hi dance, the tongue of one of the dancers was hanging out from his strenuous efforts in doing the Big Apple. . . . His not-so-very-nimble partner accidentally bumbed into his jaw which caused him to bite his own tongue rather painfully. . . .The dazed youngster exclaimed, "O-o-o-Oh, it bite me!!!!" Keep it inside next time. . . .*Flora Hall,* president of the Sigma Omicron Pi was hostess at a pledge tea given recently at the Palace hotel . . . New pledges are *Daisy Fung, Violet Wong, May Lai, Ruby Dong, Gertrude Young, Helen* and *Margaret Tam,* and *Bertha Lew.* . . . A penny march netted them exactly $12. . . . *Dorothy Yarn* of Portland paid her first visit to San Francisco and enjoyed her stay here immensely. . . . *Toby Louis* of San Louis Obispo dropped in town on a buying trip. He is restocking his store, one of the town's oldest and best known general merchandise stores. . . .

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CHINATOWNIA

Wah Ying club put on an award dance that was a wow! . . . The place was jammed to the rafters with people dancing and watching the Big Apple contest, the prize waltz, and the presentation of gold balls to the Twin Dragon team, winner of the club's basketball championship. . . . *Jack Lee,* the Lowell Hi go-getter, has been receiving thick wads of letters from a certainly charming Miss of Vallejo. . . . I'll keep it a secret for you, Jack!!!! . . . *Miriam Woo* of Oakland has been in the state civil service for a long time; she is the capable secretary to the Deputy State Insurance commissioner.

Benjamin Chow and *Hing Lee* have been admitted into the Eta Kappa Nu, national electrical engineering society. . . . Chow has an enviable scholastic record and is a senior from San Jose. . . . *Hing* is a junior from Salinas where he won a block S for track. . . . The recent record flood put *Sammy Chin's* ranch under water, but that did not prevent him from (swimming?) out to see the girl friend. . . . In this column, several months ago, I listed *Henry Low's* points of perfection and stated he was scouting around for a gal friend. . . . At last I have an answer from an unknown girl in the East . . . and so to you, Miss Anonymous, I'm very glad to tell you that he is 25 years of age, still as husky as I last described him, and is playing tennis even better now. He is, to quote his own words, "Ready, willing, and able to write to you!" . . .

Historic Portsmouth Square will be the scene of a pageant given by the Chinese Playground under the direction of *Polly Maguire* and *Lillian Yuen.* . . . The date is April 29, and is free to the public. . . . *Beatrice Moy* is studying to be a dietician at the U. of Chicago. She is an active club worker and is secretary of the Chinese Student's club. Learning how to ice skate is her latest concentration . . . In spite of the wintry weather, the Y. C. C. and the Y. C. A. of Chicago gave a Valentine dance for their members and friends. . . . All had a gay time.

Margaret Kan had a swell time during her short stay at Memphis, Tennessee. . . . The Chinese civilian relief committee of Chicago is still doing their part by collecting coins for war relief there. . . . Boys of the West Coast had better watch out!! A fair warning to you all. . . . *Gertrude Moy* of Chicago might be a visitor here next year and they tell me that she is cute, dynamic, and the most popular girl in Chicago's Chinatown. New York's Chinese bowling club members jammed *Mamie Moy's* lunch room during their invasion of Philadelphia for a bowling contest. . . . When you see something doing at a party in Philly, it must be *Tommy Goon.* . . . He is always the life of the party wherever he goes. . . . *Eugene Chan,* Philly's only left handed bowler is challenging New York's one and only south paw to a match. . . . The Mrs. has returned from Hawaii and so *Doc Chunn* is all smiles again. . . . The *Van Horn Lee's* should see the stork this month . . . It will be No. 3. . . . *Gloria Mark* just celebrated her sixteenth birthday. . . . She claims that she has never been kissed. . . . Come on out to California and I'll get the local Clark Gables all lined up for you!! . . . Latest arrivals at L. A. J. C. are *Yvonne Basworth* of Oakland and *Kenny Jann* of Stockton; *Ken* is a grad from Hollywood Hi. . . . *Nellie Lew* of the same school received a year's scholarship from the L. A. J. C.'s women's club for her good sportsmanship and fine scholastic record. . . . She is also a ranking player of the L. A. Chinese tennis team. . . . *Richard Shih,* diplomatic student at U. S. C.. is president of the University's Chinese student club and is also an outstanding photographer. . . . *Dr. Morgan Lee, Gene Dong, Eugene Choy,* and their friends danced to swingy music at the first inter-frat dance of the P. & S. College of Osteopathy. . . . The only Chinese band leader in Southern California is *Phillip Kwan.* He swings the baton for the Pol Hi band.

The L. A. Chinese tennis club is planning for a large and varied program for the coming year. . . . New officers are *Harding Wong* at the helm as president; *Betty Chow,* V. P.; *June Lau,* secretary; *George Tong,* team manager; and *Milton Quan,* captain. . . . *Tony Jue,* state accountants, is the new treasurer. . . . Every one of these new officers is a top ranking tennis player. . . . Good luck to you on your new term, and more of the same plus a sincere congratulation to *Violet Leong* of Bakersfield and *Harold Wong* of L. A. . . . Engagement in the spring and the merger will be in the fall. . . . *Corinne Jue* of Van Nuys took L. A. by storm and is splashing around the town with her new Lincoln Zephyr. . . . She is attending U. C. L. A. . . . At the International institute's Chinese dinners were these smartly clad girls: *Barbara* and *Clara Quon, Anna Woo, Esther Sue,* and *Alice* and *Elsie Lee.*

L. A.'s C. S. C.'s snow hike to Big Pines was a grand success. . . . Not one of the forty persons who hiked that day had any complaints to make except *Henry Wong,* and his complaint was only of his accident on the way home. . . . A pretty maid from the Islands, *Evelyn Ho* was the cynosure of all eyes. . . . *Florence Ong,* L. A. queen, is now attending a hair styling school. . . . *Guy Fong* of Sacramento has been sharpening his tennis ground strokes daily at the Tenth and Q streets court. . . . *Gim Fong* is the new prexy of the Sacramento Hi

(Continued on p. 19)

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

SPORTS

By CONRAD FONG *and* DAVISSON LEE

NEW YORK SPORT SHOP

Albert Lew Chong, one of Chinatown's well-known athletes, is manager of the up-to-date New York Sport shop, which was recently opened and which carries a complete line of sport and athletic goods. The shop specializes in selling to clubs and teams. According to Mr. Lew his sport shop will promote more competition among the younger boys by sponsoring various sport events. The first one on th's program is a lightweight basketball league, a series to be played at the French court from March 27 to May 1. A large number of high class teams have been entered in the various classes. The next event will be a track meet to be staged some time in May for both unlimited and weight teams.

—o—

RICE BOWL ATHLETIC CLUB

The San Francisco Rice Bowl team has banded together socially. Primary purposes of the organization are to perpetuate the traditions of the Bowl game, to raise the standards of sportsmanship, and to develop young athletes. With hustling H. K. Wong, at its helm as president, the Rice Bowl Athletic club, as it is known, plans as it first activity a skate fest on April 12 at the Oakland Rollerland. Vice-Prexy George Wong, with Fred Hing, plans to organize and coach a lightweight football team the coming season. Harding Leong, their athletic manager, announces a Rice Bowl invasion of all sports, with track the most imminent field.

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—o—

SPRING TENNIS TOURNAMENT

The Chitena Annual Spring Tennis tournament will be held the week preceding Easter according to announcements made by Arthur Hee, president of the club. Tennis stars from all over the Pacific Coast are expected to enter and vie for the many prizes and trophies. Entries may be mailed to club headquarters at 876 Sacramento street.

—o—

GIRLS BASKETBALL

The S. F. Mei Wah club entered the P. A. L. league, with but three veterans on the team, namely, Jo Chang, Franche Lee, and Mary Chan, plus a host of promising juniors, who are favored to go far in the league. In their opening contest, they defeated the First United church 33 to 27. Franche Lee led the scoring with 16 counters.

Another potentially strong girls' team has appeared on the horizon under the name of the Young Chinese auxiliary of Oakland, which numbers among its members most of the championship softball team, the Dragonettes.

—o—

BOYS BASKETBALL

The most breath-taking game of the current season found the Young Chinese A. C. nosing out the Wah Ying champs by two points. In a game jammed with thrills and climaxed by a real "photo finish," Twin Dragon led by a comfortable score until the last two minutes. The breaks came for the East Bay quintet when Francis Hin Chinn was taken out of the game by injuries, and Allan Lee Po was forced out because of four personal fouls. The Y. C. five tanked 10 points in close succession which gave them the long end of a 26-24 score. Members of the Young Chinese A. C. casaba tossers are Edwin and George Chan, Wallace Wong, Key Chinn, and Howard Joe.

WAKU AUXILIARY JUNIORS

The Oakland Waku Auxiliary Juniors defeated the Y. L. I. girls 39 to 3 in a fast game. With Capt. Stella Lew leading the defense and Laura Tom starring on offense the Oakland lasses ran away from their opponents early in the game.

TRACK

The S. F. Recreation committee will sponsor a novice meet 70 to 120 lbs. Boys who have not competed in high school meets are eligible. Rice Bowl A. C. are looking for opponents on the cinder paths.

TENNIS

Henrietta Jung stroked her way to the finals of the Northern California indoor tennis tournament only to lose to Shirley Catton, top ranking California star.

KITE

The ninth annual kite tournament will be held Saturday, April 16, at Funston playground. . . . Medals and ribbons will be awarded to winner. The Chinese playground won all prizes last year with the exception of one second prize.

Y CAPTURES TITLES

The Chinese Y. M. C. A. captured four basketball championships this season. . . . The 110's under Coach William Wong won in the P. A. A. while Lee Critchton's 120's, Frank Wong's 90 pounders, and Ted Lee's 80 pound midgets walked away with the J. A. F. titles.

SHANGHTAI 120'S

Art Hee's Shanghtai 120's won the P. A. A. casaba championship with decisive wins over all of their opponents. . . . In the finals against Stockton, Hank Kan, Babe Moy, and Arnold Lim ran wild and set up a new P. A. A. high scoring record of 69 points, surpassing the old record by four digits. Stockton was able to net only 14 points.

TWIN DRAGON IN P. A. A. FINALS

The strong Twin Dargon quintet is favored to defeat the Columbia Boys for the P. A. A. 130-lb. championship as we go to press. . . .

GOLF

Chinese golfers of the San Francisco Bay region ran the annual tourney off at the Harding course. William R. Lee defeated B. K. Chan five and four for the right to meet C. C. Wing in the finals with Lee emerging the ultimate victor. Low gross winner was C. C. Wing, and Wing Chuck copped low net honors.

—o—

SACRAMENTO TRIMS JAP

The Chung Wah school of Sacramento defeated a Japanese nine in a bitterly fought contest, 12-11. Performing creditably for the Chinese were Donald Yee, Joe Fong, Jimmy Gee, and Harold Gee.

CONTINUATION PAGE

CHINATOWNIAN ROAMS

(Continued from p. 17)

C. S. C. with *Laura Dong* as vice president. . . . *Soo Yong*, at the end of her transcontinental tour stopped over at San Francisco. She was so interested in our city that she nearly missed her train. Another state visitor from the Pacific Northwest, Portland to be exact, was *Eva Moe*. . . . Her many California friends showed her around the high spots.

Al Louie of Seattle, M. I. T. student, has just returned home from the hospital. He left the East several months ago when he was taken ill. . . . *Mary* and *Frances Hong* are new comers to Seattle all the way from New Jersey. . . .The China club sponsored a mass meeting to raise relief funds. *Dr. Hu Shih* was a guest speaker. . . . "Good Earth" was recently shown at the King's theatre, Hongkong, for the first time. . . . In celebration of the showing, hundreds of overseas Chinese organized theatre parties and crowded the theatre to capacity. . . . The reaction, according to report, was very favorable. . . .

Friends of *Frank Chan* regretted deeply the passing away of a sportsman. . . . *Mr. Chan* was an ardent outdoor man; his greatest hobby was to go fishing in his own motor launch. He was the treasurer of the S. F. Chinese sportsman club and was a wholesale jeweler for the past 15 years and the proprietor of a Chinese jewelry store. . . .

Portland's Wah Kiang club will play Seattle's tennis team during the Easter vacation. The Portland outfit will go North with a powerful squad, including a number of hi school lettermen on the team. . . . *Joe Wong* has improved so much that he is now ranked No. 1 man of the Washington high school. *Warren Moe* and *Kay Chinn* won their letters at Lincoln Hi. . . . The club's ping pong team is so good that it will represent the Central Y in the city. . . .

Last minute news: From our newsgetter in Arizona we hear that *Mrs. Paul Don* is the mother of a baby girl. *Mrs. Don,* who lives in Tucson, is a sister of *T. Y. Tang,* general secretary of the Chinese Y. M. C. A. in San Francisco. . . . *Rose Tang* came from China, where she attended Lingnam, and is now living in Phoenix . . . while *Huey Tang* and *Ben Tom* have left Arizona for China.

And oh yes, the Mei Wah club at L. A. had their seventh anniversary dance recently, which was a grand affair, what with the Hawaiian motif and everything. . . . *Eleanor Soo Hoo* is its new prexy. . . . The best birthday gift *William Lee* of San Mateo ever got in his life happened when Mrs. Lee presented him with a baby girl on the very day of his own birth! The baby has been christened Sharon. . . .

—o—

CHINESE DISCOVERIES

(Continued from p. 7)

Kwangtung in 1900. These coppers were issued by the progressive Cantonese who were anxious to see a modernized China. Before our very eyes the ch'iens became a thing of the past.

Notes to Collectors: Many "rare" coins were not mentioned in this series because only those of historical significance are included as important. Also, we have neglected to mention the Liao and T'ang currencies because lack of space prevented the discussion of controversial items. Those interested see "Certain Chinese Notes" by Andrew McFarland Davis in the Proceedings of the American Academy of Art and Sciences, 1915.

Articles to Appear Later: "Minted coppers and gold and silver coins," "Iron and other metallic coins"; "Marginal, rebel, and Invader Coins"; and "Temple and Picture Coins."

Errors in Previous Issues: The word "tunny" in the first coin article should have been "tuna." The word "hsiu" (meaning embroidery) in the last civil service article should have been "hsiu" (meaning flowering, with the ho or grain radical).

References: The best book for collectors in general is "Coin in China's History" by Arthur Braddan Coole, 1937. For researches, consult "The Stewart Lockhart Collection of Chinese Copper Coins" by J. H. Lockhart; the "Catalog of Coins from the Seventh Century B. C. to 621 A. D." by Terrien de Lacouperie; and "Annam—Edutes Numismatic" by Albert Schroeder. General: "Ancient Chinese Coinage" by Rev. Frank H. Chalfant, 1913; "Chinese Currency" by W. Wissering; "Evolution of the Dollar" by Harwood Frost; and the series of articles on Chinese coins in the China Journal, beginning September, 1922.

Chinese References extend back to the beginning of literature. I am indebted to my uncle for the use of his Chinese library on numismatics: Ku Ch'uan Hui; Ku Chin Ch'ien Pu; Ch'in Ting Ch'ien Lu, and the Ku Kin So Kien Lu. See also "Rare Chinese Coins" by S. C. Wong, and the Eastern Miscellany, Vol. 27, No. 2. The End.

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—o—

CHINESE IN TUCSON

(Continued from p. 9)

south Meyer street. Later in 1926 a Chinese Evangelical church was established on Main and Mesilla streets. It is an unpretentious building but has many facilities such as a large year, reception room, kitchen, and an auditorium.

K. T. Wong, a University of California graduate, is employed as a missionary and to teach Chinese. Most of the Chinese teachers who have taught here are overseas students attending the university and working their way through by teaching. At the Chinese Evangelical church, classes are held from 5 to 7 and there are about 30 pupils. The congregation numbers 25 and a one hour service is held every Sunday.

Tucson has no Chinese on relief or on Works Progress Administration projects. During the depression the Chinese were no better off than the other peoples here, but still there have been no Chinese cases on the charity roll. The reason, of course, is that those who were in need were taken care of by their own relatives or cousins.

Relations between the Chinese and Americans here are very cordial, and racial prejudice is almost non-existent. Many of the well-to-do and educated Chinese mingle in American social circles and frequently serve as hosts at teas and banquets. All public places of business and entertainment are opened to the Chinese. However, there is one swimming pool which prohibits Chinese from attending, but that does not prevent them from swimming as there are other pools in the city which welcome Chinese.

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By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

FS ... [redacted] DT FROM USS ASHEVILLE

May 13, 1938

Rec'd 8:45 a.m.

...ION OF ...ESE AFFAIRS

ACTION: COMSOPAT
INFO: CINCAF BY COMSOPAT
OPNAV BY CINCAF

793.94

1013 This forenoon one Formosan killed, two more badly beaten by Chinese refugees on Kulangsu. Am landing all Marines to assist local police. Three Japanese destroyers outer harbor off Kulangsu and three cruisers inside Tsingsu continue firing on fort previously reported.

1320

793.94/13007

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MAY 18 1938

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

From Chinese Embassy

DEPARTMENT OF STATE
MAY 1 1938
DIVISION OF COMMUNICATIONS AND RECORDS

Division of
FAR EASTERN AFFAIRS
MAY 9 1938
4:25 pm
Department

Hankow, May 9, 2:26 P.M.

793.94/

Meeting with strong resistance in South Shantung where the enemy is unable to claim slightest gain after over two weeks of heavy fighting, the Japanese seem again turning attention to the Tsinin sector in West Shantung. In Tsinin the Japanese increased to over 10,000 with the apparent intention of striking southwestward toward the Lunghai corridor via Peihsien and Fenghsien, northwest of Hsuchow. The Chinese forces in this sector were also reinforced to meet the possible attack. Meanwhile fighting is proceeding in the Hwai River valley since the Japanese resumed attack along the south sector of the Tientsin Pukow Railway. One enemy column held south of Kuchen on the Tsin-pu line another pushing northwestward from Hwaiyuan being engaged by the Chinese in the vicinity of Mengchen. Further southward the Chinese are counter-attacking Chaohsien to repel the Japanese threat against Hofei in Central Anhwei. In North Kiangsu the Japanese have taken Faoning which was defended by local militia. Heavy fighting is expected should the Japanese continue to advance to Haichow, 100 miles northward. Operating in enemy's rear the Chinese guerillas made numerous daring raids on the railway towns near Peiping. The Peiping-Suiyuan and Peiping-Hankow railway communication is disrupted and a number of Japanese military trains has been derailed on the Tientsin-Pukow line. Two battalions of the Japanese chemical warfare troops have arrived at Shantung, and more are being despatched from Japan. It is feared that the Japanese will be resorting to large scale of chemical warfare on the Shantung front.

793.94/13008

F/WB

13008

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Department of State letter, August 10, 1972
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CHINESE EMBASSY
WASHINGTON, D. C.

Mr. Maxwell M. Hamilton

Chief, Far Eastern Division

State Department

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

1782

DIVISION OF
EUROPEAN AFFAIRS
MAY 17 1938
DEPARTMENT OF STATE

TELEGRAM RECEIVED

EG GRAY

FROM Peiping via N. R.

Dated May 13, 1938

Rec'd 7 a.m.

DT

Secretary of State,

Washington.

793.94/15009

291, May 13, 3 p.m.

The following telegram has been received from the American Consul at Harbin:

"15. May 12, 3 p.m. Yesterday 1000 carts and horses and many more coolies were impressed in Harbin for use probably on the eastern border. Chinese with a knowledge of Japanese or Russian were taken from their places of employment, which is legal under the national defense mobilization law enforced yesterday.

It is reported that the Okamura division (second division) which has been stationed in Harbin for about a year has left for the East.

Japanese residents feel that a war with Russia is more likely now than several months ago, and they say that Japanese forces in Manchuria exceed those in China. The war feeling in Harbin is stronger than it has been for over two years, with Japanese civilians admitting that if it comes it will be brought about by their own leaders.

Repeated to Tokyo."

SALISBURY

CSB

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MAY 17 1938
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR SPECIAL GRAY

FROM Canton via N. R.

Dated May 10, 1938

Rec'd 9 a.m., 13th.

Secretary of State,

Washington.

793.94/15010

193.91

May 10, 3 p.m.

Japanese aerial scouting and raiding over Kwangtung continued each day of May except 3rd and 9th when the weather was bad. Particular objectives were the Canton-Hong Kong railway which suffered slight damage not interrupting night service; and Canton-Hankow railway badly damaged especially at Yingtak where planes (are?) as reported to have dropped one hundred bombs, sixteen on sixth, and machine gunned civilians causing some casualties. Canton-Hankow railway service suspended on 5th, 6th and 7th because of damage but resumed on 8th following repairs.

MAY 16 1938 FBI

Canton Tienho military airport bombed this morning by four sea planes without serious damage.

Sixth and 7th Japanese marines attempted landings on Lappa Island near Macao but were reported repulsed after skirmishes with Chinese militia. Temporary Japanese naval landings reported on other delta islands.

On

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By Milton O. Gustafson NARS, Date 12-18-75

On 6th Japanese destroyer shelled Swabue on east Kwangtung coast. Aforementioned naval air raids believed merely to test defenses.

Sitau sugar mill previously decommissioned by bombing has resumed production. Suncho sugar mill scheduled to reopen soon.

Sent to Peiping, Hankow and Shanghai.

FLETCHER

DDM CSB

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By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

HM

FROM

GRAY

Foochow

Dated May 13, 1938

Rec'd 1:25 p.m.

Secretary of State,

Washington.

793.94

SENT TO O.N.I. AND M.I.D.

May 13, 5 p.m.

Naval gun fire and bombing were audible in Foochow this morning, and according to presumably reliable but unconfirmed report, Japanese have effected landing near Futsing under cover of 30 bombing planes and naval guns and perhaps at Meihua on point of land south of Min River mouth. To Hankow and Peiping.

WARD

RR:RWC

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793.94/13011

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By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

FOURTH MARINES

May 13, 1938

FROM

Rec'd 1:35 p.m.

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

793.94

8613. Japanese column moving south from Tsining reached point 9 miles north Kingshan. Column advancing from Mengcheng occupied Yungcheng Honan 33 miles south Lunghai then spread out on line paralleling Kwei River reaching from Nanpingcheng to Wukiapsu. Column advancing north from Pengpu along Tsinpu railway occupying the part of Kuchen south of Kwei River then divided certain units maintaining pressure on north half Kuchen remainder swung left and occupied Fanchiaotshi half way between Sushien and Mengcheng this column again split certain units advancing northeast claimed occupied Lungkoupsi Tsinpu railway 16 miles northwest of Kuchen remainder drove north to Linhwantsih 28 miles west of Sushien heavy air raids on Hsuchow continue. Reliable foreign reports from Shaoping Chekiang deny Japanese have captured town. All quiet there. 1954.

RR:CSB

MAY 18 1938
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

CA

Gray

SHANGHAI VIA N. R.

TELEGRAM RECEIVED

Dated May 13, 1938

Recd 8:05 p.m.

FROM

Secretary of State

Washington

Amembassy Hankow

Amembassy Peiping

Division of

19394

651, May 13, 10 a.m.

My 631, May 7, 4 p.m. 19374

Japanese offensive operations on the southern Tsinpu front have resulted in the capture of Mengcheng approximately 60 miles northwest of Pengpu but the Chinese are reported to be concentrating strong forces in that area to counter this Japanese thrust against the Lunghai railway. Japanese column advancing on Hofei, Anhwei, is reported to be within 25 miles of that city but is being vigorously attacked. In eastern Kiangsu the Japanese captured Fowning after a severe engagement.

Another bombing incident occurred in the Central District on May 10; no Japanese were involved and the incident apparently had no political significance. As in the case of the incident which occurred about ten days ago, a detachment of British troops immediately appeared on the scene and remained there until the Settlement police had completed their investigations. A few Japanese gendarmes in plain clothes also appeared but remained only a few minutes.

LOCKHART

ROW EMB

793.94/13013

F/A

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

REB

GRAY

FROM Foochow via N. R.

Dated May 12, 1938

DT Rec'd 3:35 p. m. 13th

Secretary of State,

Washington.

Division of
MAY 13 1938

May 12, 3 p. m.

793.94

Fall of Amoy has led to widespread apprehension here that attack on Foochow will follow almost immediately, and a reliable informant close to Provincial Government states that both Chairman and Commander of 80th Route Army are determined to resist such an attack; that Chairman will remain in Foochow although removal of Government, which was postponed, will now be completed by May 21; that resistance will be continued until Chinese are defeated or orders for withdrawal, which are not expected, are received; that capture of Foochow will "be nothing like as easy" as was that of Amoy.

Informant himself believes that capture of Amoy will be followed by an attack on Canton rather than by an

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MAY 18 1938

793.94/13014

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Department of State letter, August 10, 1972
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REB

2- From Foochow, May 12, 3 p. m.

an immediate advance on Foochow; that attack on Foochow will be preceded by conquest of Southern Fukien. To Hankow, repeated to Peiping, Canton and Amoy.

WARD

CSB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

FROM

EG

FOURTH MARINES

May 14, 1938

Rec'd 10:05 a.m.

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
AST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING
COMSOPAT

793.94/13015

8614. Japanese claim mobile unit advancing from south reached Lunghai line at 1500 this date blew up iron bridge at Wangchi east of Tanghan Kianghu 50 miles west of Hsuchow. Also state column advancing from Puhsien crossed Yellow River. 1810

RR:SMS

MAY 17 1938
FILED

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EG

FROM COMSOPAT

May 14, 1938

Rec'd 10 a.m.

ACTION: OPNAV

INFO: COMSUBRON FIVE
COMDESRON FIVE
CINCAF
COMYANGPAT
AMAMBASSADOR CHINA
USS TULSA
USS EDSALL
FOURTH MARINES
ALUSNA PEIPING

793.94

793.94/13016

0013. Three cruisers three destroyers shelled Fort Tipan point mainland south of Kulangsu. Kulangsu and Amoy city quiet day and night air raids vicinity Canton no unusual damage. 2000

RR:SMS

FILED
MAY 18 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

MB

GRAY AND SPECIAL GRAY

CANTON VIA N.R.

FROM

Dated May 12, 1938

Rec'd 10:05 a.m. 14th.

COPIES SENT TO O.N.I. A[illegible]

DT

Secretary of State,

Washington.

793.94

May 12, 4 p.m.

Last night Japanese planes dropped over 20 bombs on Canton Tienho airfield apparently without serious damage, this morning air field bombed again. During raid this morning one or two bombs were dropped on thickly populated east central district of Canton city proper, causing a few civilian casualties and damaging an apartment building.

All Chinese planes reported to have left field before this morning's raid began.

Sent to Peiping, Hankow, Shanghai.

FLETCHER

RR SMS

FILED
MAY 13 1938

793.94/13017

122

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

a

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 16, 1938.

793.94/13018

RCM
MMH

Reference Peiping's 295, May 14, 1 p.m., in regard to shelling by Japanese of American Board Mission near Paotingfu.

In view of the fact that slight damage only was caused to one Mission building by Japanese shelling, of the fact that the matter was brought to the attention of the local Japanese garrison, and of the fact that the Mission does not wish an official protest to be made, it is suggested that unless and until further developments are reported, the Department take no action on the telegram under reference.

793.94/13015

FE:Spencer:HES/DT

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1783

LEGAL ADVISER
MAY 20 1938
DEPARTMENT OF STATE

TELEGRAM RECEIVED

EG

DEPARTMENT OF STATE
MAY 21 1938
DIVISION OF FOREIGN SERVICE ADMINISTRATION

FROM GRAY

Peiping via N. R.

Dated May 14, 1938

Rec'd 7 a.m.

Secretary of State,

Washington.

295, May 14, 1 p.m.

One. A reliable American who has just come from Paotingfu, Hopei states that this Japanese occupied city is virtually in a state of siege from Chinese troops affiliated with the 18th Army Corps (formerly 8th Route Army) some 20,000 with headquarters at Chichow (Anping) about 20 miles to the southeast having gathered in the vicinity since the withdrawal in April of Japanese garrisons from small towns near Paotingfu. He states that there are frequent skirmishes between Chinese and Japanese soldiers in the outskirts of Paotingfu, that the Chinese have torn up roads within two or three miles of the city, the railway is constantly being damaged by Chinese soldiers and interrupted, the Japanese withdraw at night to a barricaded section and Chinese troops come nightly into the city.

Two. Informant states that shells directed May 7 at Chinese soldiers in the south suburb by a Japanese armored train

FILED
MAY 23 1938

793.94/15018

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

train endangered the American Board Mission there, two falling in the mission compound, two near by and one further, shell slightly damaging a mission building. The mission brought this to the attention of the local Japanese garrison and was informed that no guarantee against recurrence could be given since Chinese soldiers in the vicinity must be attacked. The mission thinks however that more care will be taken by the Japanese in the future but does not (repeat not) wish an official protest to be made.

Three. There are ten Americans in Paotingfu, two men and two women in the Presbyterian Mission. The Embassy suggested to the informant that their position appeared too dangerous for them to remain but he indicated that all the missionaries including the women were unwilling to leave.

Four. Repeated Embassy Hankow and Shanghai.

SALISBURY

CSB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

EG

COMSOPAT

May 14, 1938

Rec'd 11:05 a.m.

ACTION: OPNAV

INFO: COMSUBRON FIVE
COMDESRON FIVE
CINCAF
COMYANGPAT
AMAMBASSADOR CHINA
USS MINDANAO
USS TULSA
USS EDSAL
FOURTH MARINES
ALUSNA PEIPING

793.94

0014. Kulangsu quiet overcrowded with about sixty thousand refugees faced with problem food sanitary conditions. Japanese naval landing force complete control Amoy is cooperating Kulangsu matter food and water Canton area and railroads routine bombing on thirteenth, thirty planes, fifty casualties Shiuhing city. 2145

csb

793.94/13019

FILED

MAY 17 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

EG

TELEGRAM RECEIVED

SPECIAL GRAY

Canton via N. R.

FROM

Dated May 13, 1938

Rec'd 10:17 a.m. May 14

Secretary of State,

Washington.

793.94

May 13, 6 p.m.

Late yesterday at least 30 enemy planes, including pursuits and bombers, arrived in Canton. Last night Japanese bombed Canton airfield but did not damage any Chinese planes. Today the Chinese planes attacked Japanese naval forces off Kwangtung coast. Early incomplete official reports state several Japanese naval vessels hit by bombs, some Japanese planes destroyed and Japanese oil tanks destroyed on occupied delta island believed to be Hopao.

Sent to Peiping, Hankow and Shanghai.

FLETCHER

PEG:CSB

FILED
MAY 18 1938

793.94/13020

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Mitton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

REB

FROM

GRAY

Foochow via N.R.

Dated May 14, 1938

Rec'd 1:35 p. m.

Secretary of State,

Washington.

793.94

May 14, noon.

Reported landing at Futsing did not occur, and bombardment of Meihua apparently effected no damage. Tension in Foochow, which yesterday was extreme, has eased somewhat, although mass exodus which began two days ago continues with some of the refugees moving over to Nantai and others by road up river. Government has forbidden Chinese to leave province, but is encouraging their dispersal to the interior. To Hankow and Peiping.

WARD

RR

CSB

MAY 14 1938

795.94/13021

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

Division of
FAR EASTERN AFFAIRS
MAY 17 1938
Department of State

VM
This telegram was received in Navy code and must be closely paraphrased before being published.

FROM COMSOPAT

May 15, 1938

Rec'd 9:10 a.m.

ACTION: NAVY DEPART ENT
INFO: CINCAF

743.94

0014 Attended conference senior consul. Commanding officers ships present rear Admiral G. Miyota, Commander Japanese naval landing force. Latter agreed assist situation Kulangsu permitting rice water be drawn storage and reservoir Amoy exception Formosans. Practically entire Chinese population forced evacuate that city. Refugee problem Kulangsu acute(food, medical and sanitary) Good order maintained. Marines Asheville assisting police duties. Japanese ships present Amoy: six destroyers; Shima Kaze, Sio Kaze, Nada Kaze, three unidentified, four light cruisers; among which Hatuta Tenryu, one heavy cruiser; two mine layers; Tubome, Kamome; two trawlers; three tenders. If no further developments contemplate present flagship returning last port Monday or Tuesday. Three days later returning North stopping Amoy. Medical supplies etc flag to prep seventy-five 2359.

ROW

793.94/13022
FILED
MAY 19 1938
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

a

1785

DIVISION OF
EUROPEAN AFFAIRS
MAY 21 1938
DEPARTMENT OF STATE

EU

TELEGRAM RECEIVED

VM
A portion of this message must be closely paraphrased before being communicated to anyone.(C)

FROM GENEVA

Dated May 14, 1938

Rec'd 8:35 p.m.

paraphrase

COMMUNICATION

Secretary of State

Washington.

in strict confidence

Division of
FAR EASTERN AFFAIRS

VR CMB

793.94

Note 793.94/16

(GRAY) Paraphrase sent to Peiping, Code, WAA Tokyo

95. May 14, 10 p.m.

The Council this evening in public session passed unanimously (Poland abstaining) the following resolution:

The Council,

Having heard the statement by the representative of China on the situation in the Far East and on the needs of the national defense of China;

I. Earnestly urges members of the League to do their utmost to give effect to the recommendations contained in previous resolutions of the Assembly and Council in this matter, and to take into serious and sympathetic consideration requests they may receive from the Chinese in conformity with the said resolution;

Expresses its sympathy with China and her heroic struggle for the maintenance of her independence and territorial integrity, threatened by the Japanes invasion, and in the suffering which is thereby inflicted on her people.

II. Recalls that the use of toxic gases is a method

793.94/13023
FILED
MAY 23 1938
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

2- VM No. 95, May 14, 10 p.m. from Geneva.

method of war condemned by international law, which cannot fail, should resort be had to it, to meet with the reprobation of the civilized world; and requests the Governments of states who may be in a position to do so to communicate to the League any information that they may obtain on the subject".

Koo said he accepted the resolution on the understanding that the Council remain seized of the Chinese appeal under articles 10, 11 and 17 of the Covenant. He made an appeal for "financial and material aid and facilities for purchase, transport and transit of arms and military supplies, facilities which should in no case be less than those which she enjoyed before the commencement of the present hostilities with Japan".

Bonnet in supporting the resolution said that "acting in accordance with the Assembly resolution and with the resolutions of the Council, France has so far as was possible endeavored to give her aid to China and any recommendation which the Council may in this connection make to states members will be taken into very serious and sympathetic consideration by France". He then referred to the intention of the French Government to make a considerable contribution to the anti-epidemic work in China and called attention to the protection

already

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

3- VM No. 95, May 14, 10 p.m. from Geneva.

already accorded Chinese refugees in the French concession

Halifax likewise supported the resolution and referring to previous resolutions stated "His Majesty's Government have done their best within the limits which the situation in the United Kingdom imposes upon them to implement to the full their obligations to China under these resolutions. I can assure Mr. Koo that His Majesty's Government will continue as they have done in the past to give, in the words of our resolution today, serious and sympathetic consideration to any requests they may receive from the Chinese Government in conformity with these resolutions". Council session was then closed. (END GRAY)

At the close of the meeting Quo and Koo in private conversations expressed themselves as pleased with the result of the Council's action feeling that an advance had been made in their favor as compared with previous sessions, particularly as regards the statements of Bonnet and Halifax.

Koo informed Minister that Halifax had just told him that arrangements for credits mentioned in my No. 93, May 13, 6 p.m. would be concluded "in a manner satisfactory to the Chinese".

BUCKNELL

RR

0232

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

(CONFIDENTIAL)

b

PARAPHRASE

793.94/13023

A telegram (no. 95) of May 14, 1938, from the American Consular Officer in charge at Geneva reads substantially as follows:

The Council this evening in public session passed unanimously (Poland abstaining) the following resolution:

The Council,

Having heard the statement by the representative of China on the situation in the Far East and on the needs of the national defense of China;

I. Earnestly urges members of the League to do their utmost to give effect to the recommendations contained in previous resolutions of the Assembly and Council in this matter, and to take into serious and sympathetic consideration requests they may receive from the Chinese in conformity with the said resolution;

Expresses its sympathy with China and her heroic struggle for the maintenance of her independence and territorial integrity, threatened by the Japanese invasion, and in the suffering which is thereby inflicted on her people.

II. Recalls that the use of toxic gases is a method of war condemned by international law, which cannot fail, should resort be had to it, to meet with the reprobation of the civilized world; and requests the

Governments

0233

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Governments of states who may be in a position to do so to communicate to the League any information that they may obtain on the subject".

Koo said he accepted the resolution on the understanding that the Council remain seized of the Chinese appeal under articles 10, 11 and 17 of the Covenant. He made an appeal for "financial and material aid and facilities for purchase, transport and transit of arms and military supplies, facilities which should in no case be less than those which she enjoyed before the commencement of the present hostilities with Japan".

Bonnet in supporting the resolution said that "acting in accordance with the Assembly resolution and with the resolutions of the Council, France has so far as was possible endeavored to give her aid to China and any recommendation which the Council may in this connection make to states members will be taken into very serious and sympathetic consideration by France". He then referred to the intention of the French Government to make a considerable contribution to the anti-epidemic work in China and called attention to the protection already accorded Chinese refugees in the French concession.

Halifax likewise supported the resolution and referring to previous resolutions stated "His Majesty's

Government

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

CONFIDENTIAL

Government have done their best within the limits which the situation in the United Kingdom imposes upon them to implement to the full their obligations to China under these resolutions. I can assure Mr. Koo that His Majesty's Government will continue as they have done in the past to give, in the words of our resolution today, serious and sympathetic consideration to any requests they may receive from the Chinese Government in conformity with these resolutions". Council session was then closed.

With regard to the matter of commercial credits to China the American Minister learned from Koo that he (Koo) had just been informed by Lord Halifax that arrangements satisfactory to the Chinese would be concluded.

In private conversation after the meeting was over Koo and Quo expressed pleasure at the result of the action taken by the Council. They felt that, as compared with previous sessions, an advance had been made in favor of China, especially with regard to statements of Lord Halifax and Bonnet.

793.94/13023

FE:EGC:MJY
5-17-38.

FE

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR [redacted] FROM COMSOPAT

May 15, 1938

Rec'd 6:50 p.m.

ACTION: CINCAF
COMYANGPAT
OPNAV

INFO: COMDESRON FIVE
COMSUBRON FIVE
AMAMBASSADOR CHINA
USS MINDANAO
USS TULSA
USS EDSALL
FOURTH MARINES
ALUSNA PEIPING

793.94

0015. Yulangsu and Amoy area quiet, immediate needs food and water arranged. 2152.

HPD

793.94/13024

FILED
MAY 17 1938

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EDA GRAY

GPO FROM FOOCHOW VIA N.R.

Dated May 15, 1938

Received 7:05 p.m.

CDT

Secretary of State

Washington

May 15, 3 p.m.

793.94

Seven Japanese planes dropped from ten to twelve bombs on Foochow air field at 10:10 this morning, with probably no casualties. Air raid siren was sounded continuously at 10 p.m., but no planes appeared. Three armed merchantmen, probably transports, passed mouth of Min River on night of May 13th headed south and one air craft carrier is also reported to have been sighted heading south in same locality. Japanese transport anchored at mouth of river yesterday morning was fired upon by shore batteries without sustaining damage and moved off without replying.

The most reliable information obtainable indicates that up to late last night there had as yet been no (repeat no) actual attempt on the part of Japanese to make landing in force at any point of coast line in this district although in extreme tension which exists in Foochow reports of landings at various points have gained wide currency.

Exodus

793.94/13025

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

EDA - 2 - May 15, 3 p.m. from Foochow

Exodus from city continues.

To Hankow; Repeated to Peiping.

HARD

FPD

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EDA

FOURTH MARINES

GPO

FROM

May 16, 1938

Received 7:35 a.m.

ACTION: CINCAF
OPNAV ROUTING
INFO AMCONSUL SHANGHAI
ASTALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMEMBASSADOR CHINA
ALUSNA PEIPING
COMSUBRON FIVE
USS MARBLEHEAD

193.94

8616. Several Japanese columns reported closing on Lunghai from north. Unconfirmed Japanese reports say Chinese troops beginning retreat westward from Hsuchow. Japanese aircraft extremely active bombing strategic Lunghai points to prevent orderly withdrawal Hsuchow area. Chinese deny Lunghai line cut. 1621.

DDH

795.94/13026

FILED
MAY 17 1938

F/FG

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

GPO

FOURTH MARINES

FROM

May 15, 1938

Rec'd 6:55 p.m.

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
ALUSNA PEIPING

793.94

8616. Chinese deny Japanese have cut Lunghai line near Tangshan, claim they inflicted severe loses on column making this attempt claim recapture Chaoshien Anhwei, also of Yungchen Honan. Admit Japanese north of Lunghai attacking Yutai, Kinghsiang and Chuqai, Japanese claim capture Hofei Anhwei. Hsuchow sector heavily bombed. Unconfirmed report Japanese attempted landing southern shore Min River 10 miles from Foochow on 13 May. 1944.

FILED
MAY 1 1938

HPD

793.94/13027

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

a

1788

FE

DI

TELEGRAM RECEIVED

COPIES SENT TO
O.N.I. AND M.I.D.
In Confidence

JR

CORRECTED COPY

FROM

A portion of this telegram must be closely paraphrased before being communicated to anyone. (A)

Canton via N. R.

Dated May 13, 1938

Rec'd 7 a.m., 16th.

Division of
FAR EASTERN AFFAIRS
MAY 1 7 1938
Department of State

Secretary of State,

Washington.

May 13, 5 p.m.

Reported number of Chinese planes arriving Canton on 10th is 70 including 12 Russian bombers, 32 Russian pursuits and 17 Siberian Russian pilots. In organizing two raids on Japanese on 11th one Japanese destroyer set on fire, one Japanese plane shot down, fuel tanks on Japanese occupied island airfield set on fire. No Chinese planes lost. Most Chinese planes left Canton early on 12th to avoid danger to city from aerial combats.

(SPECIAL GRAY) Canton airfield bombed on night of 11th without damage. Both Canton airfields on 12th. (GRAY)

Boca Tigris forts shelled by Japanese warships afternoon 12th without reported damage and forts not replying.

Sent to Peiping, Hankow, Shanghai.

FLETCHER

CSB

793.94/13028

FILED
MAY 23 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

b

TELEGRAM RECEIVED

JR
A portion of this telegram must be closely paraphrased before being communicated to anyone.
(A)

FROM Canton via N. R.
Dated May 13, 1938
Rec'd 7 a.m.

Secretary of State,

Washington.

793.94

May 13, 5 p.m.

Reported number of Chinese planes arriving Canton on 10th is 70 including 12 Russian bombers, 32 Russian pursuits and 17 Siberian Russian pilots. In organizing two raids on Japanese on 11th one Japanese destroyer set on fire, one Japanese plane shot down, fuel tanks on Japanese occupied island airfield set on fire. No Chinese planes lost. Most Chinese planes left Canton early on 12th to avoid danger to city from aerial combats. (SPECIAL GRAY) Canton airfield bombed on night of 11th without damage. Both Canton airfields on 12th. (GRAY)

Boca Tigris forts shelled by Japanese warships afternoon 12th without reported damage and forts not replying.

Sent to Peiping, Hankow, Shanghai.

FLETCHER.

CSB

793.94 /13028

F/A

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

[CONFIDENTIAL] CONFIDENTIAL

PARAPHRASE

A telegram of May 13, 1938, from the American Consular Officer in charge at Canton reads substantially as follows:

On the afternoon of May 12 the Bocca Tigris forts were shelled by Japanese warships without reported damage, the forts not replying.

On the night of May 11 the Canton airfield was bombed without damage. On May 12 both Canton airfields were bombed. It is reported that the number of airplanes arriving on the tenth in Canton is seventy. Included therein are thirty-two Russian pursuit planes, twelve Russian bombers, and seventeen Siberian Russian pilots. During the course of two raids on the Japanese on May 11, one Japanese plane was shot down, fuel tanks on island airfield occupied by Japanese were set on fire, and one Japanese destroyer was set on fire. There was no loss of Chinese airplanes. In order to avoid danger to the city from aerial combats, most of the Chinese planes left Canton early on May 12.

793.94/13088

E.G.C.
FE:EGC:MJY:HES
5-19

FE

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

From Chinese Embassy

DEPARTMENT OF STATE
RECEIVED
MAY 13 1940
DIVISION OF

Hankow, May 11, 3:45 P.M.

In both the northern and southern sectors of the Tientsin-Pukow Railway, the center of hostilities has at present been shifted to the west of the Railway. In the southern sector heavy fighting is raging around Mengcheng in North Anhwei. 500 Japanese were killed in the last two days as a result of severe hand to hand encounters at 10 kilometers south of Mengcheng. Japanese reinforcements continue to pour in to Tsining. Skirmishes occurred in the neighborhood of Kiahsiang and Guacheng. Major hostilities are expected shortly. Observers discern the evolvement of the Japanese pincers movement aimed at cutting the Lunghai Railway in the vicinity of Kweiteh. Chinese authorities are however confident of frustrating such attempt.

1,000 Japanese attacked Chinese positions at Hunghuapu, 10 kilometers south of Tancheng, and fighting is still in progress. Otherwise it is quiet on the South Shantung fronts. In Central Anhwei the Chinese recaptured Hanshan, east of Chaohsien which the Chinese are besieging. The Japanese have lost practically all ground in the south-eastern part of Shansi which they gained two months ago at a tremendous price. The Japanese Sakai detachment is estimated to have suffered 5,000 casualties while withdrawing from Southeastern Shansi.

The Japanese planes and warships attacked Amoy yesterday to cover landing operations. Two hundred bombs were dropped, some hitting Amoy University which is badly damaged. 500 Japanese marines are reported to have landed near Amoy. Fighting is proceeding.

793.94/13029

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

CHINESE EMBASSY
WASHINGTON, D. C.

RCH

WASHINGTON, D.C. MAY 11 9-PM 1938

Mr. Maxwell M. Hamilton

Chief, Division of Far Eastern Affairs

Department of State

Washington, D. C.

1241

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

FE

TELEGRAM RECEIVED

MM GPO

FROM GRAY

Tsingtao via N.R.

Dated May 16, 1938

Rec'd. 7:20am. May 17.

Secretary of State

Washington, D.C.

COPIES SENT TO
G-2, M.I.D.

793.94

May 16, 2pm.

Train which left Tsinanfu May 14th arrived Tsingtao ten hours late. It is reported that delay was due to guerrilla activities near Changtien.

Sent to Peiping, Hankow.

GOURLEY

WWC

HPD

FILED
MAY 19 1938

793.94/13030

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

MM GPO

FROM 4th Marines

May 17, 1938

Rec'd. 9:30am.

Action: Cincaf
Opnav
Amcon Shanghai
Comsubron 5
Ast Alusna Shanghai
Comdesron 5
Comyangpat
Comsopat
Amambassador China
USS Marblehead
Alusna Peiping

793.94

8617 Japanese claim converging on Hsuchow from all directions nearest column 8 miles west Hsuchow advancing along railway force advancing from southwest placing artillery on hills within range Hsuchow claim capture Sinchen. Chinese state raids on railway have all been by mechanized units and cavalry all repulsed, claim they still control Lunchai line, Chinese admit loss Hofei, say fighting still proceeding outskirts of town. One thousand Nipponese troops mopping up near Linghu 27 miles north of Hanchow. Reliably informed Paotingfu Hopei virtual state seige by Chinese Eighth Route Army 1845.

HPD

792.94/13031
FILED
MAY 19 1938
F/FG

124

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1789

TELEGRAM RECEIVED

MM GRAY

FROM

Amoy via N.R.

Dated May 16, 1938

Rec'd. 7:20am, May 17.

DT

Secretary of State

Washington, D.C.

copy sent V to Off Servof Red Cross by VA May 17, '38 recd

793.94

May 16, 6pm.

Amoy Island and city occupied by Japanese and under martial law. City and rest of the island almost completely deserted, about 60,000 Chinese taking refuge in International Settlement Kulangsua. Japanese have ordered few remaining Chinese to evacuate.

Senior Consul, Commander ASHEVILLE with Commander of the South China Patrol called on Japanese Rear Admiral Migata and arranged for transfer of 5,000 bags of rice from Amoy to Settlement temporarily averting serious food shortage, also arranged for obtaining water supply from reservoir in Amoy. Arrangements were made through this office for shipment of food supplies from Hong Kong and have requested American Red Cross Manila send two Red Cross units fully equipped to assist with sanitary work of Settlement, which so far satisfactory but personnel and supplies inadequate in case of emergency.

Situation in Amoy quiet and also in Settlement. although

FILED MAY 20 1938

793.94/15032

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

4790

although American and British marines and local police patrol Settlement. Twenty-nine Americans safe on International Settlement. I have not been able communicate with nine Americans on mainland but messenger sent today. To Hankow. Repeated to Peiping, Canton, Shanghai, Swatow, Foochow and Hong Kong.

ALTAFFER

PEG

KLP

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

793.94

DOCUMENT FILE

NOTE

SEE 890.00/93 FOR Memorandum

State Department
Far Eastern Division

FROM (Jones) DATED May 14, 1938
TO
NAME

1—1127 ***

REGARDING: Situation in the Far East: review of the past week.

FRG.

793.94/13033

/13033

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

GPO

FROM

HM [illegible] DT

GRAY

Shanghai via N.R.

Dated May 16, 1938

Rec'd 7:20 a.m. May 17

Secretary of State,

Washington.

672, May 16, 6 p.m.

My number 651, May 13, 10 a.m.

Japanese column which captured Mengcheng advanced northwest rapidly and occupied Yungcheng, Honan. Japanese claim that mobile mechanized unit from Yungcheng made quick thrust at the Lunghai Railway and on May 14 succeeded in cutting it at a point approximately 50 miles west of Hsuchow. It is now claimed that railway has been cut at two other points namely near Langfang and Tangshang. However, it is not believed that Japanese units involved in these operations are in great strength. Chinese claims that these units have been driven back may be correct. Heavy fighting is reported in progress near Suhsien 50 miles south of Hsuchow on the Tsinpu Railway. The Japanese column advancing against Hofei Anhwei is not believed to have made

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MAY 21 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

made much headway in the last few days. Chinese claim to have recaptured Chaohsien 40 miles southeast of Hofei. In northeastern Kiangsu the Japanese claim that the column which captured Powning is advancing on Haichow.

E. S. Wilkinson, well known local British resident and naturalist was assaulted and stabbed in the back by Japanese soldiers on May 13th while walking in the Hungbland District and observing bird life with his binoculars. He was held by the Japanese military for 11 hours in spite of the efforts made by British military and Consular officials to effect his release. It is alleged by the Japanese that Mr. Wilkinson was walking in a prohibited military area but it is understood to be the feeling in British circles that even if such was the case the assault, stabbing and long detention of this well known British subject was quite inexcusable. It is understood that British authorities here have reported the incident to London and that a formal protest will be made upon receipt of instructions. The British community and British officials here are considerably aroused over the incident. Repeated to Hankow, Peiping.

LOCKHART

WWC:DDM

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EDA

GRAY

GPO

FROM

FOOCHOW VIA N.R.

Dated May 17, 1938

Received 12:05 p.m.

Secretary of State

Washington

May 17, 8 a.m.

Vernacular press reports that three Japanese planes bombed Kutien and Kiehnow yesterday morning, with over ten casualties at the former, and none as yet reported at the latter. To Hankow and Peiping.

WARD

WWC:CSB

793.94/13035

FILED

MAY 19 1938

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025

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

a

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 20, 1938.

~~ICV~~ ~~KMH~~
~~ARR~~
~~MSM~~
~~WSA~~
~~RCM~~

793.94/13036

793.94/13036

Reference Moscow's despatch no. 1199 of April 22, 1938 enclosing a translation of part of an article from the Pravda on "The Eighth Chinese Army". Interesting portions of this enclosure are summarized below.

Units of the Chinese ex-Communist forces arrived at the front September 24, 1937 and have been operating continuously since. Although some of these troops are poorly armed and equipped, "supply groups" specializing in the capture of Japanese equipment, are remedying this lack.

Chu Teh is quoted in the Hsin Hua Jih Pao (Hankow Communist paper) as saying that mere guerrilla warfare cannot bring about final victory and that the partisans must therefore carry on operations in close co-operation with regular troops at the front.

Subversive literature is distributed among the Japanese soldiers urging them to stop fighting for the Japanese imperialists.

The

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

The tactics employed by the Eighth Route Army are discussed briefly but no new information on this subject is given.

FE:Penfield:MJY

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

EMBASSY OF THE
UNITED STATES OF AMERICA

Moscow, April 22, 1938.

No. 1199.

Subject: Soviet Newspaper Comment on the Eighth Chinese Army

DIVISION OF EUROPEAN AFFAIRS MAY 26 1938 DEPARTMENT OF STATE

1938 MAY 17 PM 1 25

DEPARTMENT OF STATE
PHYSICAL CHARACTERISTICS AND RECORDS

COPIES SENT TO
W.J.D.

Division of Far Eastern Affairs
MAY 18 1938

ADVISER ON POLITICAL RELATIONS
MR. HUNN
MAY 27 1938
DEPARTMENT OF STATE

Copy Transmitted by The
Commercial Office (A-M/C)
To

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to transmit herewith a translation of a part of an article from the Pravda of April 14, 1938, entitled "The Eighth Chinese Army", by a Russian named N. Lyakhov. In view of the orthodox and authoritative nature which necessarily attaches to any article appearing in the Government-controlled Soviet press, as well as the probable paucity of information regarding the Eighth Army under present conditions in China, it is believed that the enclosed article may be of interest to the Department.

It will be noted that the article gives certain

tactics

793.94/13036

F/FG 13034

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

tactics and principles which have been worked out by the Chinese Communist Army in fighting the Japanese and alleges that in the main its actions, although desultory and at times apparently meaningless, are undertaken in close collaboration with the regular forces of the Chinese Army. The impossibility of overcoming the Japanese forces by the guerrilla frontier tactics of the Chinese Communist Army is admitted, but the importance of its harrying of the Japanese rear and the demoralizing effect upon the Japanese troops of constant rear-guard skirmishes with this corps, which has had long experience in such tactics, is stressed. The writer alleges that it also has instituted a so-called "Supply Corps" whose duty is to intercept Japanese arms and munitions for the use of the Chinese Communist forces.

It is of interest to note that, according to the writer of the article, the Chinese Communist Army has spread subversive leaflets among the Japanese troops, similar to the tactics used by the Bolshevik Party in Russia during the latter days of the Provisional Government, such as the following:

"Comrades and brothers:

"For whose, and for what, sake have you left your home in distant Japan, your weeping parents, wife, and children?

"You have abandoned them in order to participate in the aggressive war of Japanese imperialism.

"Remember the seizure of Manchuria. Who poured out their blood on its fields? You, comrade, and

your

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

your brothers. What did you receive for this? What did your parents receive? Nothing, except growing poverty.

"End the war against the Chinese people which is struggling for its independence against Japanese imperialism. Come over to us. We will greet you as brothers."

It will be observed that not only is such propaganda carried out against the enemy forces but that, according to the writer, the Eighth Army has "created agitation-propagandist groups who are working among the fighters as well as among the population" of China.

Respectfully yours,

Joseph E. Davies.

Enclosure:

Translation, from the Pravda.

In quintuplicate.
Copy to Riga.

820
SEG:ep

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure to despatch No. 1199,
dated April 22, 1938, from the
Embassy at Moscow

793.94/13036

Translation

THE EIGHTH CHINESE ARMY

by H. Lyakhov

.....

The military activity of the Eighth National-Revolutionary Army of China in the war against the Japanese usurpers began with the glorious victory at Pininkuan. This battle took place on the 24-25 of September of last year, immediately after the units of the Eighth Army had arrived at the front. Since that time the Eighth Army has not ceased military operations for a day, fighting on the front as well as in the rear of the enemy, beating off Japanese units and attacking them when they least expected it.

The enemy, armed to the limit, is powerless before the light and mobile units of the Eighth Army in spite of their insufficient armaments. Many of the soldiers of this heroic army are armed only with old rifles which have been carried through the whole of China in the many marches of the Chinese Red Army. Old rifles, from whose barrels all traces of rifling have long since disappeared, serve well, in skilled hands,

the cause

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

the cause of the struggle for the independence of the country.

Every cartridge must be accounted for by the soldiers of the Eighth Army. Therefore, a strict discipline has been established in the units of the army. In these units there are many excellent sharpshooters. In battle the riflemen keep to the following rules:

> Shoot only at a visible enemy.
> Shoot only at a plain target.
> Shoot only when certain of hitting.

The lack of weapons of the Eighth Army is in part made up for by booty captured from the enemy. In its units there have been set apart "Supply Groups" whose duty it is to capture Japanese supply trains with armaments, military supplies, and food stuffs. These groups fulfil their "supply" functions quite well.

The operative-tactical methods of the command of the Eighth Army, well known now in the whole of China and which have more than once justified themselves in practice, consist of making wide use, in spite of the lack of technical equipment, of the methods of guerrilla warfare in the rear of the enemy, in close conjunction with action on the front. The commander of the army, Tchou Te, made the following remark in this connection:

> "In war one cannot stick to standardized tactical methods. It is necessary to fight battles in different ways, taking into consideration the strength of the enemy, the character of the locality, time, and other factors. Of course, mere guerrilla warfare cannot bring about final victory.

It can

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

> It can only inflict upon the enemy individual defeats and hold up his advance for a certain time. In order to attain complete victory, the partisans must carry on their operations in close cooperation with the regular troops on the front.
>
> "Large guerrilla groups can best of all attain success by using a deep flanking move on the enemy and by engaging in fierce but short battles. If one continually applies flanking and surrounding tactics, the enemy will always be under threat of a blow and will not be certain of his flanks and rear, and this circumstance is exceptionally favorable to us." (Sinkhuaz hibao, February 9, 1938.)

The lack of technical equipment compels the Eighth Army to combine guerrilla tactics in the rear of the enemy with operations on the front according to the methods of regular troops. The relationship of these two methods of fighting at each period depends on the concrete situation. Cases are not rare when whole units of the army adopt guerrilla tactics. Sometimes the guerrillas are concentrated in one of the most important directions and wage battle as regular troops.

The Eighth Army considers attack to be the basis of battle. During actions in the rear, ambushes and unexpected attacks are widely used. In order to render Japanese technical equipment useless, units of the army approach the enemy under cover and, having come up close, begin the attack. Such a method does not permit the enemy to deploy his technical equipment and carry on organized fire. A hand-to-hand encounter takes place, in which the Japanese usually are beaten.

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By Milton O. Gustafson NARS, Date 12-18-75

Manoeuvering cunningly, the units of the Eighth Army draw the enemy into mountainous regions where suitable roads do not exist and Japanese technical equipment cannot be made use of. The army is made up of inhabitants of the mountainous regions, well acquainted with the locality. The soldiers are brave, capable of long forced marches. The units have very simple property with them. They are even able to profit by their weaknesses; lack of artillery increases their mobility.

The morale of the soldiers of the Eighth Army is particularly high. The cadres of the army have been tempered in many battles and marches. In the intervals between battles, the units undergo military training, and after a battle, if the circumstances permit, they analyze its course, acquiring military experience, learning lessons.

The units of the Eighth Army operating in the Japanese rear are the organizers of numerous guerrilla bands among the population, and, in the distant regions, set up local anti-Japanese governments. A large region located between the Peiping-Hankow and the Tatung-Taiyuan railroads is actually under the rule of the guerrillas and of units of the Eighth Army.

The working population of the occupied regions takes a considerable part in the guerrilla groups. In October of last year in the region of Yantsyuan (Eastern part of the province of Shansi) upon the approach of the Japanese, the miners of that region

created

726

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

created guerrilla bands, armed themselves, blew up the railroad and remained in the rear of the enemy. When they learned that units of the Eighth Army were operating nearby, a group of the Shansi miners joined it and took part in battle with it in the defence of Taiyuan.

The political organs of the army print and distribute leaflets among the Japanese soldiers. Here is the contents of one of them:

> "Comrades and brothers!
>
> "For whose sake and for what reason did you leave your houses in far-away Japan, sobbing fathers, mothers, wives and children?
>
> "You left them in order to take part in a war of conquest of Japanese imperialism.
>
> "Remember the seizure of Manchuria. Who poured out their blood on its fields? You, comrades, and your brothers. What did you get for it, what did your parents get for it? Nothing except increasing poverty.
>
> "Stop fighting against the Chinese people which is fighting for its independence against Japanese imperialists. Come over to us, we will receive you like our brothers."

The Eighth National-Revolutionary Army enjoys wide fame and general affection in China. In a region of military actions, the army carries on work among the population. In each town, in each village through which its units pass, meetings are organized, the tasks of the Chinese people are explained, as well as the aims of the war of liberation for which the army is fighting.

The population helps the army in every way. The absence of transport makes it very difficult for the

units

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

units of the army to carry its wounded from the field of battle. In this matter the population of the region of military action helps them greatly. Peasants carry the wounded on stretchers for long distances to hospitals in the rear, taking good care of them on the way. In each village warm quarters and food are prepared ahead of time for the wounded. Local doctors bandage the wounded, ease their sufferings.

Everywhere the Eighth Army fights, the population stays on the spot in order to help it. Local peasants serve as guides for the units of the army, bring them food supplies and frequently enter the ranks of the army and proudly wear its simple uniform. In the Eighth Army they say: "Our rear is everywhere where there are Chinese. Our base is any part of Chinese territory, even in the rear of the enemy."

In the Eighth Army there have been set up propaganda groups which work among the soldiers as well as among the population; call meetings, arrange spectacles, et cetera. The army strives to strengthen its ties with the popular masses by every means.

***

"We believe and know," said Tchou Te, the commander of the army, at one of the meetings, "that the masses will aid us. The most important thing for victory is the support of the army by the masses of the Chinese people. The experience of our Eighth Army has shown that if the masses are with us, then victory is with

us.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

us. The union of the Chinese army with the Chinese people will aid us in overcoming Japanese tanks, artillery and airplanes...

"The success with which we have met is not yet sufficient. We must attain greater and greater success until we win the final victory and drive the last Japanese from our country.

"At the present time everybody knows the Eighth Army, but we don't want the people merely to be delighted with the victories and work of the Eighth Army. The people must prepare substitutes for us."

Along country roads and mountain paths, in wintry cold and in rain, night and day, the units of the Eighth Army move along. They track down the enemy, fight him and overcome him. When they are cold or hungry, when their legs begin to fail, the soldiers sing songs. These are old songs of the Chinese Red Army or recently composed songs calling for struggle against the Japanese usurpers. Songs inspire the soldiers, give them new strength.

The struggle of the Eighth National-Revolutionary Army and its exploits inspire the entire Chinese people to struggle for a free fatherland for an independent China.

Translated from Pravda of April 14, 1938.

TGK:ep

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

LMS GPO

FROM COMSOPAT

May 17, 1938

Rec'd 7:04 p. m.

ACTION: OPNAV
INFO: COMSUBRON 5
COMDESRON 5
CINCAF
COMYANGPAT
AMAMBASSADOR CHINA
USS MINDANAO
USS TULSA
USS EDSALL
FOURTH MARINES
ALUSNA PEIPING

VISA DIVISION
MAY 20 1938
Department of State

0017 Jcjl SS TJIBADAK took one thousand refugees from Kulangsu sailing at 2400 for Hong Kong. Evacuation difficult due to restriction Manila, Hong Kong, and refusal Chinese soldiers permit passage through lines on mainland. Canton area air raids railroads and airfields on sixteenth. 2325

EMB:ROW

FILED
MAY 25 1938

793.94/15037

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

COPY SENT TO G-2 G.P.O. ONI A.A.

DT

FROM FOURTH MARINES

May 18, 1938

Rec'd 8:35 a.m.

ACTION: CINCAF

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST NAVAL ATTACHE SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

793.94

8618. Japanese artillery on mountain five miles southwest city continues shell Hsuchow, planes bombing town, Chinese resisting stubbornly, Japanese report main body Chinese army withdrawing from Hsuchow to south and southeast. Chinese reoccupied Pinglu Shansi north bank Yellow River and Puhsien southwestern Shanai, guerillas very active between Hangchow and Huchow Chekiang. 1747.

RR

793.94/13038

FILED
MAY 21 1938

F/FG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 19, 1938.

JCV MSM WAA

Reference Bern's despatch no. 342 of May 4, 1938.

This despatch encloses a memorandum of a conversation with the First Secretary of the Chinese Legation in Bern and includes the following statements:

The Chinese deliberately staged the Hungjao airdrome incident to involve Japanese forces in operations on terrain less favorable to them than north China;

Russian assistance is most encouraging. Sun Fo has had several very satisfactory interviews with Stalin who assured him that Russia would continue to send supplies and would openly come to the aid of China if the latter could not continue its struggle against Japan;

A new all-weather highway between Chungking and Russia via Sinkiang will be completed by July;

The Sun Fo mission will visit the United States before returning to China;

Chinese

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Chinese Government silver stocks are almost entirely in London and the United States. No information was given as to what percentage of this silver is pledged for loans;

Japan, through the British Ambassador in Tokyo, recently suggested that the British Government act as mediator between China and Japan;

Although China cannot hope for a conclusive military victory Japan will soon be forced, by economic conditions and unpopularity of the war in Japan, to withdraw from central and subsequently north China.

In evaluating the above information it may be noted that the informant may not be in a position to speak authoritatively on all the subjects discussed.

FE:Penfield:HES

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

LEGATION OF THE
UNITED STATES OF AMERICA

Bern, May 4, 1938

No. 342

RECEIVED
DEPARTMENT OF STATE
1938 MAY 17 PM 1 24

ADVISER ON POLITICAL RELATIONS
MR. HORNBECK
MAY 28 1938
DEPARTMENT OF STATE

Subject: Report of conversation with Mr. Raymond Y. C. Ouang, Secretary of Chinese Legation in Bern.

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761.93
793.94/1

CONFIDENTIAL

Copy Transmitted by
Commercial Office
To Tokyo
Peiping
Tientsin
Shanghai
4/6/38

The Honorable

The Secretary of State,

Washington.

DIVISION OF EUROPEAN AFFAIRS
MAY 31 1938
DEPARTMENT OF STATE
Division of FAR EASTERN AFFAIRS
MAY 18 1938
Department of State

Sir:

I have the honor to enclose herewith a copy of a memorandum prepared by Mr. Donald F. Bigelow of a conversation with Mr. Raymond Y. C. Ouang, First Secretary of the Chinese Legation in Bern, touching on certain phases of the Sino-Japanese conflict.

Mr. Ouang's definite statement, given in strictest confidence, to the effect that, if necessary, the Soviet Government would openly come to the aid of China, should the latter be unable to continue its struggle against Japan, appears to be of particular interest. Mr. Ouang's remarks respecting the possibility of mediation between China and Japan by the British Government correspond with the most recent reports submitted by the Consulate at Geneva.

DEPARTMENT OF STATE
JUN 2 - 1938
ASSISTANT SECRETARY

Respectfully yours,

Leland Harrison.

Enclosure:
Memorandum,
April 29, 1938.
File No. 711
LH/mk
Quintuplicate

FILED
JUN - 8 1938

793.94/15039

F/FG 793.94

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

(Enclosure to despatch No. 342 of May 4, 1938)

C O P Y

MEMORANDUM FOR THE MINISTER

April 29, 1938.

In a talk which I had yesterday with Mr. Raymond Y.C. Ouang, First Secretary of the Chinese Legation in Bern, he discussed the following points: (1) Reconstruction of Chinese Army; (2) Strength of Chinese and Japanese Forces in China and Manchukuo; (3) Russian Assistance; (4) Communications with Russia; (5) Special Chinese missions in Europe; (6) Financial support; (7) Assistance from Great Britain; (8) His views regarding outcome of conflict.

(1) Chinese aviation, he said, had now been built up to the strength (700 planes) that had been erroneously reported to Marshal Chiang Kai-Shek before the beginning of hostilities. He admitted (and this, he said, was confidential) that the incident at Lunghua precipitating the Japanese operations in the Yangtze valley was deliberately provoked by the Chinese as a means of involving Japanese forces in operations on terrain less favorable to them than in northern China. The new Chinese aviation has been supplied mainly by Russia (material and instructors).

(2) Chiang Kai-Shek's new forces are finally satisfactorily equipped with arms and number nearly a million men. Steps are being taken to build up a reserve of one to two million men. Japanese forces in China, after deducting losses, are now approximately 700,000 men: 400,000 in Manchukuo and 300,000 in China proper.

(3) Russian assistance, Mr. Ouang stated, is most encouraging to the Chinese Government. Dr. Sun Fu, son of Sun Yat Sen and President of the Legislative Yuan, has recently been in Moscow (February 1-March 15) where he had a number of very satisfactory interviews with Stalin.
Stalin, according to Mr. Ouang, had assured Dr. Sun Fu that, while the Soviet Government was unable to intervene at present because of the European situation, it would continue to send supplies and would openly come to the aid of China if the latter could not continue its struggle against Japan. This information, I was told, was given to me in strictest confidence.

(4) The new all-weather highway between China (Chungking) and Russia, through Sinkiang, would be completed by the end of this coming July. I understood him to say that 700,000 men are engaged at work on this road.

(5) A special Chinese Government mission headed by Dr. Sun Fu has recently been in France, the Netherlands, Russia and Great Britain; it is now in London. Mr. Ouang said that Dr. Sun Fu would soon visit the United States before returning to China (via Europe and Hong Kong), and

he

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

he offered to give me information as soon as possible in regard to Dr. Sun Fu's visit to the United States, with details as to itinerary, date of sailing, et cetera.

He mentioned that another Chinese special mission now in Europe is headed by Monsignor Yu Ping, Roman Catholic Bishop of Nanking. This churchman, who, he said, has been an extraordinarily effective Chinese propagandist, would be in Bern on May 5 and would lecture in Geneva on May 6.

(6) Financial Support of Chinese Resistance. The Chinese Government's silver stock is now almost entirely in London and in the United States. He was unable to tell me what part is pledged as security for Chinese loans. Funds are sufficient for the time being, and he called attention to the foreign exchange value of the Chinese dollar and to its being better sustained than Japanese currency. A great deal of assistance is received from Chinese colonies abroad.

(7) He thought that Great Britain would soon be able to bring some pressure to bear on Japan in favor of China. It was significant, he said, that the British had yesterday demanded the release of a British vessel in the lower Yangtze and had made preparations to use one of their naval vessels to enforce their demand for the release of the boat. He asked me if I was aware of the fact that the Japanese Government, through the British Ambassador in Tokyo, had recently suggested that the British Government act as mediator between the Chinese and Japanese Governments. This, he went on to say, was very indicative of a desire in Japan for peace with China.

(8) China, he admitted, cannot of course hope to obtain a conclusive military victory over the Japanese armies but as a result of persistent Chinese resistance, both military and on the part of the civilian population, and because of the economic situation in Japan and the growing unpopularity of the war in Japan amongst the rank and file of the Japanese people, he thought that Japan would soon have to abandon the territory which it holds in central China and, subsequently, also in northern China.

D. F. B.

DFB/mk

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

FE

TELEGRAM RECEIVED

McL Special Gray.

FROM Peiping via N. R.

Dated May 18, 1938.

Rec'd 12.10 p.m.

Secretary of State,

Washington.

307, May 18, 6 p.m.

One. A Chinese in close association with the local authorities states that (1) the Japanese intend to follow up the expected fall of Hsuchowfu with an advance on Hankow, presumably in the hope of (a) causing or hastening the wished for political collapse of Chiang Kai Shek's regime, and (b) cutting off the military supplies which have reached the Chinese over Canton Hankow Railway; (3) the success which is apparently meeting the Japanese drive on Hsuchowfu has so encouraged the jingoistic tendencies of the young officer group that all talk of possible peace negotiations has ceased.

Two. The local Japanese military spokesman stated today that the Japanese expect to capture Hsuchowfu within less than one week.

Three. According to foreign military in Tientsin, 10,000 Japanese troops have just passed through Tientsin from Manchuria ~~into~~ for duty in North China.

795.94/13040

F/FG
FILED
MAY 20 1938

WB 6-28-38

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

This movement indicates that reports (see Embassy's 291, May 13, 3 p.m. quoting Harbin's 15, May 12, 3 p.m.) of possible large scale hostilities on the Siberian Manchurian border are at least premature and the destination of these troops indicates that the Japanese command feels it has sufficient forces on the Lunghai front to accomplish its purposes there.

Four. Repeated to Embassy Hankow and Tokyo, American Consulate General Shanghai.

SALISBURY

CSB

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

PREPARING OFFICE WILL INDICATE WHETHER
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OR
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TELEGRAM SENT

Department of State

TO BE TRANSMITTED
CONFIDENTIAL CODE ✓ A-1
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Washington,

1938 MAY 19 PM 5 11

May 19, 1938.
6 PM.

This cable was sent in confidential Code. It should be carefully paraphrased before being communicated to anyone. A

AMEMBASSY,

PEIPING (CHINA). Via NR.

136

Your 307, May 18, 6 p.m., paragraph 3.

War Department desires to receive further information, if readily available, in regard to destination of troops mentioned.

Hull
(m.m/H.)

793.94/13040

Note
Sent at the oral request of Major Mayer of M.I.D.
Mackay -

FE:JKP:HES

FE

CR ✓ com
MAY 19 1938 PM

793.94/13040

F/FG

Enciphered by .....

Sent by operator ..... M., ..., 19....., ...

D. C. R.—No. 50 1—1462 U. S. GOVERNMENT PRINTING OFFICE

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By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

DIVISION OF
EUROPEAN AFFAIRS
MAY 21 1938
DEPARTMENT OF STATE

HM GPO

FROM GRAY

Moscow

Dated May 18, 1938

Rec'd 1:50 p.m.

COPIES SENT TO
O.N.I. AND M.I.D.
in confidence

Division of
EASTERN AFFAIRS
MAY 1938

Secretary of State,

Washington.

120, May 18, 7 p.m.

793.94/1235

Referring to the Embassy's despatch No. 882 January 21, 1938, PRAVDA and IZVESTIYA of this morning state that Sun Fo, Chinese Ambassador on special mission, who has been absent from Moscow since the end of February, mostly in England, returned here yesterday. He was met by the Chief of Protocol and other officials of the Commissariat for Foreign Affairs.

DAVIES

CSB

793.94/13041

F/FG
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MAY 23 1938

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

SENT TO M.I.D. DT

JR

FROM COMSOPAT

May 19, 1938

Rec'd 7:30 a.m.

ACTION: OPNAV

INFO: COMSUBRON FIVE
COMDESRON FIVE
CINCAF
COMYANGPAT
AMAMBASSADOR CHINA
USS MINDANAO
USS TULSA
USS EDSALL
FOURTH MARINES
ALUSNA PEIPING

Red Cross rec'd this information from its Manila office. cou

Division of FAR EASTERN AFFAIRS MAY 1938 Department of State

793.94

0018. Seven BLP, twelve BSP bombed Changchau area Kulangsu. Amoy area quiet, conditions somewhat improved. Red Cross and sanitary unit required thirty-five hundred bags of rice left Hong Kong eighteenth Douglas steamship Haiching for Amoy. 2202.

DDM

793.94/13042

F/FG

FILED
MAY 24 1938

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TELEGRAM RECEIVED

EG

FROM

FOURTH MARINES

May 19, 1938

Rec'd 8:10 a.m.

ACTION: CINCAF
OPNAV

INFO: AMCON SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANGHAI
COMDESRON FIVE
COMYANGPAT
COMSOPAT
AMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

Division of FAR EASTERN AFFAIRS MAY 19 1938 Department of State

793.94

8619. Japanese claim entered Hsuchow from North, East, West heavy fighting proceeding in town Japanese columns on eighteen May occupied Kaocheng twelve one half miles northeast Lanfeng continue drive towards Langfeng thirty two miles east Kaifeng Nipponese occupied Suhsien Chinese retreating eastward. On eighteen four Japanese vessels shelled Tikangchen on right bank Yangtze thirty miles above Wuhu Chinese claim capture Yungho on east bank Yellow River southwest Shansi. 1823

KLP

793.94/13043
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MAY 23 1938
F/FG

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON, D.C.

May 12, 1938.

1938 MAY 18 AM 10 07
DIVISION OF COMMUNICATIONS AND RECORDS
RECEIVED DEPARTMENT OF STATE

Mr. M. M. Hamilton,
Far East Division,
State Department,
Washington, D. C.

Division of FAR EASTERN AFFAIRS
MAY 18 1938
Department of State

ack'd. may 18

Dear Mr. Hamilton:

As of possible interest to members of your unit I am enclosing a report on Japanese Plans for Economic Development in North China which we have just received from our representative in Shanghai, Mr. Dawson.

In transmitting this report Mr. Dawson indicated that he was indebted to the Consulates in Shanghai and Tientsin for information in respect to the organization of the new bank.

Very truly yours,

D. F. Christy

D. F. Christy,
Acting in Charge,
Foreign Agricultural Service Division.

Enclosure

FILED
MAY 18 1938

793.94/13044
F/FG 3044

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

SHANGHAI
MAY 1 1938

UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

OFFICE OF THE AGRICULTURAL COMMISSIONER

113 SASSOON HOUSE
SHANGHAI, CHINA

30702

Report No. 5

JAPANESE PLANS FOR ECONOMIC DEVELOPMENT IN NORTH CHINA WITH SPECIAL REFERENCE TO CERTAIN AGRICULTURAL PRODUCTS

Prepared by Agricultural Commissioner _____
Owen L. Dawson

Prepared: April 5, 1938.

Mailed: April 15, 1938.

Shanghai, China.

0281

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Japanese Plans for Economic Development in North China with Special Reference to Certain Agricultural Products

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By Milton O. Gustafson NARS, Date 12-18-75

JAPANESE PLANS FOR ECONOMIC DEVELOPMENT IN NORTH CHINA WITH SPECIAL REFERENCE TO CERTAIN AGRICULTURAL PRODUCTS

Introduction and Summary

Japan's plans for economic development and exploitation of resources in North China according to announcements and tendencies evident to date involve important changes which will directly and indirectly affect the volume and direction of the trade in agricultural products.

Expansion of industry and improvement in transportation and communications envisaged will affect demand for agricultural products within the country and drastic tariff changes and currency developments linking North China with Japan and Manchuria in the yen bloc will affect the amount and direction of foreign trade in such products.

The Board of Planning of the Japanese Cabinet determines the general policy for China Economic Affairs and a supreme controlling company for developing basic industries in North China has been formed. A Sino-Japanese Economic Council has been established at Peiping as a liaison bureau between the Development Company and the new government at Peiping.

Plans with respect to promoting production and regulating the trade would seem to come under the purview of the Council. To date many unofficial announcements, suggestions and developments by Japanese agencies have come to light affecting directly certain agricultural products as cotton, tobacco, flour, wool and other animal products. Doubtless official announcements will be forthcoming linking the whole movement in one program.

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A similar development company is organized for Central China as shown in the text of the bill attached but early efforts will be concentrated more in North China where control is better established. The great amount of capital required makes it seem that large scale developments must proceed slowly until major hostilities have ceased although there is much pressure to push such programs as fast as possible.

Purpose of Program

The main purpose of Japan's program in North China is to consolidate her political control and to exploit the natural resources as an aid to the economy of Japan which has already been supplemented by control in Manchuria. It is noted that the main features of the industrial plan for Manchuria which was initiated are: the development of heavy industry, improvement of agriculture and forestry, and the development of communications and control of water power. A plan with similar features in its general outlines may be drawn up for North China in conjunction with plans for the different areas under Japanese control.

The principal resources in which Japan is interested in North China are iron, coal, salt and textiles. In order to strengthen industrial control electric power will be developed, transportation both by road and railroad extended, and communication by telegraph and telephone developed. A great improvement in river control to lessen danger of floods and reduce losses to crops and stabilize development is also envisaged. When a more thorough going appraisal

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of the resources in North China and their feasibility of development has been made it may be found that their value has been over estimated in some cases, while in other cases it will be decided to concentrate in North China and diminish effort and capital expenditure in other areas under Japanese control. This shifting of emphasis is anticipated with respect to cotton and perhaps other agricultural and animal products, and it may also be true with respect to the development of certain mineral resources.

During recent months many plans for the development of North China have been proposed by various official and semi-official agencies in Japan. The final authority in determining the economic policy of Japan in North China is now invested in the Board of Planning of the Japanese Cabinet. This board has recently presented texts of bills to the Diet in connection with the establishment of national policy companies to exploit North and Central China. Copies of these bills are attached to this report.

Planning and Controlling Agencies

The supreme controlling agency designated to carry out industrial development is the North China Industrial Development Company, a subsidiary of the South Manchuria Railway, with a capitalization of 350 million yen, half of which is to be paid up. Of the total amount 150 million yen is to be furnished by the Japanese Government, and 200 million yen is to be obtained from public subscriptions in Japan. Subsidiary companies in North China are to be Sino-Japanese enterprises if Chinese capital can be obtained. This

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company is designed principally to include in its control all basic and national defense industries as communications, electric enterprises, transportation, harbor works, mining of coal and iron, and salt production. The underlying principal is that all basic and national defense industries such as listed will be placed under Japanese control and managed on a monopoly basis. It seems that the monopoly principal or something quite similar will be applied to other industries as fast as conditions permit. According to early Japanese reports small scale enterprises were to be left to free enterprise although under indirect control of the suprems controlling body. This would include the cotton and wool trade according to the reports but wool is being taken over by a monopoly and a large cotton company recently organized seems to be the forerunner of the same kind of control for cotton. Similar developments are reported underway for flour and in an early stage for tobacco.

A Sino-Japanese Economic Council was formed in Peiping on March 26 which will be the highest organ to supervise the economic development of North China and to serve as a liaison bureau between the government and the North China Development Company.

The nature of the Council is evident from its make up which is given in the press as follows:

"Chinese members of the council are expected to include Mr. Wang Keh-Min, as Chairman; Mr. Tsao Ju-lin, adviser to the Provisional Government; Mr. Yin Tung, chief of the Construction Department, and Mr. Wang Shih-ching, President of the Federal Reserve Bank of China.

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Japanese members will include Mr. Hatsusaburo Hirao, Economic Adviser to the Japanese Expeditionary Force in North China, who is slated to be Vice-Chairman; Mr. Ryuta Ohno, Financial Commissioner in China; Mr. Renzo Sawada, Counsellor of the Japanese Embassy in Manchoukuo; Mr. Mototake Yugawa, Secretary of the Ministry of Agriculture and Industry, and Mr. Shogi Suganami, Secretary of the Ministry of Commerce and Industry."

Owing to the tremendous scope of the task and the many financial problems involved the best advice considers it necessary to make extensive surveys of the possibilities of the different resources and proceed with caution in development plans. There seems however to be an urgency to proceed as fast as means permit in order to consolidate control of the area.

Nature of Programs

The first of the series of the programs likely to be drawn up is expected to be for only four years so that it will coincide with the current phase in Manchoukuo started a year ago. It is indicated by Japanese sources that foreign investments will be welcomed in accordance with the "Open Door Policy" and that Chinese capital would be expected to be called upon for improvement of railway and harbor facilities, but that Japanese capitalists would be invited to assist in the exploitation of natural resources.

Capital

As above stated, the estimated capital for the China Development Company was set at 360 million yen. There is no doubt, however,

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that considerably more capital than this would be required and some estimates place it as high as one billion yen to carry out any such program as envisaged in the various plans. It will evidently be difficult to secure such a large amount of capital from Japan owing to the present drain upon her resources and foreign capital will be slow to flow in unless adequate assurance of safe guards of contract rights is forthcoming. Many of the enterprises envisaged would not yield returns in the immediate future which in view of other uncertainties is an additional handicap to capital investment. It seems unlikely therefore that many large scale developments will take place until major hostilities have ceased.

Tariff and Monetary Arrangements

A drastic revision in North China duties has been previously reported. This was considered a necessary prelude to the program of economic development linking up Japan, Manchuria and North China. Reductions were made on important commodities imported from Japan as textiles and flour, and export duties reduced on wool and bristles and abolished on raw cotton. The tariff revision was mostly for this purpose rather than to facilitate foreign imports for development purposes, and to the end of promoting Japan's economic aims will be flexible. This is illustrated in the case of flour which is "temporarily free." With further development of economic plans and currency arrangements an import control system coordinating with Japan and Manchuria will probably be devised.

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By Milton D. Gustafson NARS, Date 12-18-75

It is just reported that a new revision of the tariff will be made about May 15th in order to further consolidate the economic bloc of Japan, Manchoukuo and China and improve the international trade balance. It is stated by Japanese semi-official sources that this second revision of the tariff along with the introduction of the new currency system will have great significance in North China trade.

The Federal Reserve Bank of North China was established on March 10th with the declared purpose of stabilizing the currency and controlling financial conditions. It was considered a necessary part of the plan to carry out economic construction and development of resources and to facilitate trade with Japan. It was designed to include North China in the yen bloc now comprising Japan, Manchuria and Inner Mongolia. Some reports from Japan indicate it is destined to become the Central Bank of China and form the foundation of the Oriental economic bloc which would aid Japan in reaping the economic fruits of the present China incident.

The chief features of the new bank are as follows:

a. Area of Control: For the present the bank will have control of the money market under the jurisdiction of the Provisional Government of the Chinese Republic of Peiping but when the territory included in such a government is expanded to Central and South China in the future, the money market in the new district will be placed under the Bank's control.

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b. The Bank will be capitalized at fifty million yuan, the first payment is to cover half the capital. Of this portion one-half is to be supplied by Chinese banks and half by the Provisional Administration at Peiping. It is understood the share of the Administration will be advanced by the Bank of Chosen, the Yokohama Specie Bank and the Industrial Bank of Japan.

c. The Federal Reserve Bank will be given extensive privilege of issuing bank notes which are to be circulated in all government and public circles. The bank is expected to recover all existing notes issued by the Chinese banks which will be declared inconvertible after the lapse of the prescribed period.

d. The note issue is projected at 300 million yen, and with an expansion of economic activity will be increased. The problem of linking the new currency to the yen will not be solved all at once but will be approached gradually to realize practical results.

e. The bank is required to hold gold and silver specie amounting to a combined value of 40 percent of the total note issue and fiduciary reserves of 60 percent.

f. It is contemplated that silver cash now held by the banks in Peiping and Tientsin[1/] will be concentrated in the new bank as specie reserve. Silver cash held in Peiping is estimated at 16 million yuan and in Tientsin at 40 million yuan.

1/ The reserves in Tientsin are in the French Concession and are considered difficult of access at the present time.

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g. An agreement of some sort is expected to be concluded between the new bank and the Japanese banks as to the maintainence of exchange rates. It is expected that the new bank will arrange a credit of 100 million yen with Japan for exchange operations. For effecting such a credit a syndicate will be organized by the Yokohama Specie Bank, the Bank of Chosen, Industrial Bank of Japan and the Hypothetic Bank of Japan.

Besides issuance of notes and foreign exchange operations (which seem to be restricted at present) the bank will have other functions as given in the Appendix.

A period ranging from three months at the shortest to one year at the longest has been set for the withdrawal of Chinese bank notes. The law prohibits circulation of these old notes after a prescribed time for conversion, whereas one year's grace is granted for circulation of the notes issued by the Bank of China and the Communications Bank (with the names of Tientsin, Tsingtao and Shantung specifically presented on the notes) as well as those issued by the Provisional Bank of Hopei and the East Hopei Bank. Only three months of grace is granted for conversion of notes issued by southern banks, including the Central Bank, the Bank of China and the Communications Bank. As a result the southern banks have ceased to function in North China. The conversion at par of the notes issued by the banks of the Chinese Central Government was limited to a brief period in consideration of the possibility that the market value of these southern notes might depreciate due to disturbance of their credit. Room is reserved for

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a change of measures to deal with any new situation that may arise. The Provisional Government has promulgated the temporary legislation to severely punish those who might attempt to disturb the financial stabilization plan through purchasing or selling paper notes and foreign exchange bills, or by circulating groundless rumors.

It was hoped by the founders of the Federal Reserve Bank to be able to convert the notes received into foreign exchange and thus obtain reserves for their bank but the Central Chinese Government was prepared for such a move and immediately inaugurated foreign exchange control. Following this there was a downward movement in the Chinese dollar on foreign exchange which caused an end to the above parity ruling.

(Confidential) It is to be noted that the capital of the bank is not actually all paid in but is in the nature of a book transaction as that part supplied by the Chinese banks made against the security of the silver stored in some of the participating banks in the French Concession in Tientsin. The 12,500,000 dollars to be supplied by the Provisional Government was effected by means of a loan by Japanese banks the exact nature of which is not known. This was originally supposed to be obtained from customs and salt revenue. It is thus quite open to doubt that the new bank has the reserves considered essential for good banking practice. (end confidential).

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The adviser to the bank has recently stated that the bank was under no obligation to provide foreign exchange facilities for foreign banks, and that the assets of the bank were to support its currency and were not intended for despatch abroad. He stated that as export bills come into possession of the bank they would be available for foreign exchange purposes and inasmuch as North China enjoyed a favorable balance of trade and it was only in connection with trade that operations in foreign exchange should be carried on there would be adequate coverage for all imports.

It is not certain however to what extent they would release such export credits for foreign exchange to finance foreign imports. It will probably be allowed only in the case of necessities which cannot be procured from Japan or Manchuria. Since the new currency will be convertible at par with the yen as much as possible of the imports will be forced to be taken from Japan unless foreign companies are willing to take the new currency and use it to purchase goods in North China, Japan or Manchuria. It is estimated that at present 60 to 70 percent of the import and export trade at Tientsin goes through Japanese hands.

It is therefore evident that foreign business is much concerned with the outlook. This will affect imports of flour, tobacco and many other products, and the tendency will be to definitely restrict them and divert as much as possible of the trade to Japan. Export trade in cotton, wool and animal products with foreign countries will still be encouraged but will pass largely through Japanese hands.

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Reports from Tientsin indicate much difficulty there in introducing the new notes and forceful measures are being taken. The new notes are also not meeting with great favor in rural districts but farmers are forced to take them or yen in order to dispose of their products. Offering of low-priced Japanese goods in some cases is an incentive for farmers to part with their produce when otherwise they would object to holding quantities of the new notes. Under present currency conditions there is a tendency for prices to rise but as Japanese get control it is expected they will force prices down.

German Barter Proposal

Another aspect of the situation is the proposal recently reported in the Japanese press of an extensive barter arrangement by German representatives which, if consummated, would have an appreciable effect upon the production and trade situation for agricultural products.

In order to continue and enlarge their foreign trade this proposal has been brought forth by representatives of two important German firms. It is put forth as a plan not affecting the Provisional Government's financial policy.

The gist of the German application is reported as follows:

1. Germany will sell machinery and general construction materials to Japanese and Chinese factories in North China.

2. Germany will receive payments in the new notes and purchase wool, raw cotton, peanuts and other products of North China with the new notes. These products will be exported to Germany.

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It is reported that favorable attention is being given the matter and that the German Consulate will be asked to submit documents naming the products Germany desires to sell to North China and which she wants to buy from North China, their quantity and value.

An additional incentive toward this proposal is the inability of Japan to supply many kinds of machines and construction materials.

Plans Affecting Agricultural Products

Cotton

Early indications show important developments in Japanese plans for expansion and control of cotton spinning in North China and hopes for enlarging the source of supply of raw cotton in that area.

A North China Raw Cotton Company was formerly established in Osaka on March 19th for the purpose of promoting the cotton industry of North China. The new company will engage in cotton ginning, cotton mixing and other lines connected with the raw cotton business in North China. The company will have its head office and plant in Tientsin and in the future will open branches at leading towns in North China. The company is capitalized at three million yen. The opening of business is expected in early April. This may be the beginning of a move toward a raw cotton monopoly similar to that in Manchuria where all cotton is bought up by a government sponsored company.

According to press reports some cotton seeds besides many other kinds of seeds have been distributed by the Japanese authorities among distressed farmers in North China. It does not seem however

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that cotton acreage this year in North China or for the country as a whole will equal last year's acreage owing to poor yields in 1937 and difficulties in marketing the crop. The expected tendency to increase acreage in grain this year in many sections to assure food supplies during the period of unsettled conditions is a further reason to expect a reduced acreage.

The promotion of cotton cultivation in North China will undoubtedly be encouraged in every way possible by Japan and eventually a significant increase will be attained, but probably not in the degree hoped for. Her efforts to develop an important source in Korea and Manchuria have not been successful and are proceeding slowly on account of certain natural climatic difficulties. She has therefore been turning attention increasingly to North China in the hope of developing an extensive source of supply in that area and expansion of cotton production has been frequently mentioned as one of the important features of the economic program for North China.

It is true that success in improving cotton in North China during recent years has indicated the feasibility of encouraging an extension of the crop. Preliminary general observations however indicate only a moderate increase is possible without encroaching upon grain supplies required for domestic consumption. In order to show the optimism of certain Japanese estimates regarding possible increases of cotton planting in North China the following table is enclosed from one of the recent articles[2] published in Japan which indicates

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2/ "Diamond" Vol. No. 36. Dec. 11, 1937.

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By Milton D. Gustafson NARS, Date 12-18-75

the tremendous increase envisaged. The questionable assumption is also made that desired qualities could be produced in the volume projected. The lower section of the table is added to show the approximate piculs of grain which could be produced upon such an area converted to cotton, assuming a yield of 1.2 piculs per mow which is a rough average for kaoliang, millet and corn from the China official estimates. It can be seen that this transfer from grain to cotton will result in the loss of approximately 40 million piculs of grain assuming no increase in average yield of grain on the area remaining.

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Table I - One Japanese Proposed Cotton Plan with Comparisons

	Total Cultivated area 1/	Cotton area Contemplated 2/	Percent of total cultivated area	1937 Cotton area 3/	Percent of total cultivated area
	Mow	Mow		Mow	
Hopei	103,432,000	20,686,400	20	15,030,650	14.5
Shantung	110,662,000	22,132,400	20	6,048,927	5.5
Shansi	60,560,000	6,056,000	10	2,461,817	4.1
Total 3 prov.	274,654,000	48,874,800		23,561,394	
Honan	112,981,000	16,947,150	15	7,012,385	6.2
Shensi	33,496,000	5,024,400	15	5,235,564	15.6
Total 5 prov.	421,131,000	70,846,350		35,809,343	
Cotton production in piculs of 133-1/3 lbs.		21,253,905		6,173,937	
Yield per mow in catties of 1-1/3 lbs.		30.0		17.2	
Total cotton area all China				67,455,514	
Cotton area in percent of all China				53.1	
Total cotton production all China				11,050,785	

	Area to be shifted from other crops 4/	Average production of grain on this area, assuming 1.2 piculs per mow
	Mow	Piculs
Hopei	5,655,750	6,786,900
Shantung	16,083,473	19,300,168
Shansi	3,574,183	4,289,020
Total 3 provinces	25,313,406	30,376,088
Honan	9,934,765	11,921,718
Shensi	- 211,164	- 265,368
Total 5 provinces	35,037,007	42,032,438

1/ Source: "The Statistical Monthly" January and February combined issue, 1938.
2/ Based on plan presented in "Diamond" Vol. No. 36, December 11, 1937.
3/ Estimated by Central Cotton Improvement Institute, Nanking.
4/ Increased cotton area contemplated over 1937 planted area. Calculations by Shanghai Office. Note: 1937 was a record area. This is the second estimate and excludes some abandonment.

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Table II - North China Cotton Production

Production

(In piculs of 133-1/3 pounds)

	1932	1933	1934	1935	1936	1937 1/ 2nd estimate	1937 1/ 1st estimate
Hopei	1,282,929	1,444,912	2,836,127	2,166,447	2,468,814	2,214,854	3,301,821
Shantung	1,769,394	1,468,932	1,334,053	407,215	1,736,122	1,345,812	1,966,100
Shansi	53,921	502,412	601,096	252,592	481,154	522,365	526,111
Honan	596,755	816,650	1,022,357	416,778	1,326,067	1,119,827	2,162,896
Shensi	157,813	544,935	1,004,114	802,053	911,051	971,081	1,391,761
Total	3,860,812	4,777,841	6,797,747	4,045,085	6,917,208	6,173,939	9,348,089

Area Planted

(In mow)

Hopei	5,143,195	6,121,971	7,807,442	6,315,970	10,430,684	15,030,650	13,845,414
Shantung	6,844,166	5,357,335	5,493,362	1,801,137	6,111,054	6,048,927	7,893,852
Shansi	301,950	1,310,761	1,796,260	1,067,902	2,074,667	2,481,817	2,701,472
Honan	3,424,140	3,707,637	4,091,771	1,795,360	6,068,046	7,012,385	8,392,543
Shensi	1,412,664	2,106,667	3,710,938	3,657,014	4,254,709	5,236,564	5,530,417
Total	17,126,115	18,604,371	22,899,773	14,637,383	28,939,160	35,809,343	38,363,678

Yield 2/

(In catties per mow)

	22.5	25.7	29.7	27.6	23.9	17.2	24.4

Average 1932-36 = 25.9
Source: Chinese Cotton Statistics Association.
1/ Estimates by Central Cotton Improvement Institute, Nanking.
2/ Calculated.

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An examination of the trade for North China indicates that the export balance of grain is quite small, therefore substitution of cotton acreage for grain acreage will require that an important quantity of grain be imported. Some of the increased production can be attained by increased yield of cotton per mow but with a large expansion of the area this will be slow as it is assumed that the most suitable land is now growing the crop.

It was indicated by a qualified authority on cotton improvement in China in 1933 that acreage might be increased by as much as twenty percent by working out a proper balance between cotton and other crops in those sections growing cotton satisfactorily. Such an increase on the acreage of 18,604,371 mow[3/] for 1933 reported in North China would have increased the total to 22,325,245 mow assuming all the land under cotton in 1933 was growing the crop successfully. This is considerably less than the 1937 area of 35,809,000 mow, which would indicate that the cropping system had already experienced a heavy strain. Some increase in yield was also indicated as possible by the same authority with the adoption of better varieties and the extension of foreign varieties to regions where they were adapted. The net result in production increase due to larger acreage and with an allowance for higher yields would indicate a prospective

3/Area estimated by China Cotton Statistics Association.

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total of 6,880,091 piculs compared with the 1937 production of 6,173,939 piculs and the anticipation of 21,600,000 piculs in this Japanese proposed plan for future production, given in Table I. It is to be noted that had weather and political conditions been favorable the crop in 1937 as shown in Table II would have been much larger but still less than half of the production hoped for.

New Land Available

Very little uncultivated land is available for cotton in the North China provinces shown. It is difficult to believe with the pressure of population in China that any important proportion of arable land is not cultivated in the provinces mentioned in the table, and this is confirmed by different American and other agricultural specialists working in China who indicate that very little of the land not under cultivation in these provinces is adapted for cultivation. There is some land that could grow cotton more extensively if irrigated, but no serious study of this possibility has yet been brought forth to support the plan of greatly increasing the cotton growing area in North China. Conclusions on the subject of extending cotton growing will be affected by any such facts brought to light in the future.

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It is believed that plans will soon be made by the new Sino-Japanese Economic Council at Peiping to take up the problem of converting more land to cotton and increasing the yield, and some program will be announced, but the above indicates the scope of the problem to be solved in obtaining any major part of Japan's quantitative raw cotton requirements in North China, not to say anything of the question of producing desired qualities. Further investigation will probably suggest a much more conservative program than the one above discussed.

Table III - Exports of Cereals & Cereal Products from North China Ports[1] to Foreign Countries

	1933	1934	1935	1936	1933-36 Average
	piculs	Quintals	Quintals	Quintals	
Beans & peas	170,804	114,698	117,856	177,449	
Bran	763,184	844,682	569,452	679,287	
Flour, wheat	19	2	0	2	
Flour, n.o.r.	17	1	28	118	
Buckwheat	-	579	18,080	446	
Kaoliang	-	1,192	45,964	1,666	
Maize	361	-	2,147	1,027	
Millet	-	348	673,068	460,859	
Rice & paddy	-	7	97	467	
Wheat	10,054	59,368	56,008	26,675	
Cereals other kinds	4	63,964	137,105	3,245	
Quintals		1,084,841	1,599,799	1,350,641	
Piculs	944,385	1,793,750	2,645,188	2,233,217	1,904,130
Less Total Imports, piculs	4,892,364	1,281,263	1,050,190	578,342	1,950,540
	- 3,947,981	512,467	1,594,998	1,654,875	- 46,410

Source: Chinese Customs Returns.

1/ Chinwangtao, Tientsin, Lungkow, Chefoo, Weihaiwei & Tsingtao (Kiaochow)

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By Milton O. Gustafson NARS, Date 12-18-75

Table IV - Imports of Cereals & Cereal Products from Foreign Countries into North China Ports 1/

	1933	1934	1935	1936
	piculs	Quintals	Quintals	Quintals
Bran	1,161	883	184	94,416
Rice & Paddy	849,126	428,822	284,946	66,782
Wheat	2,003,315	167,768	267,200	59,220
Cereals, n.o.r.	115,420	105,479	3,682	36,899
Flour, wheat	1,895,453	49,658	115,038	60,034
Flour, n.o.r. 2/	16,602	18,268	21,003	31,249
Beans & Peas	11,267	4,625	3,098	1,239
Total, quintals		774,903	635,151	349,779
Total, piculs	4,892,364	1,281,263	1,050,190	578,342

Source: Chinese Customs Returns.
1/ Chinwangtao, Tientsin, Lungkow, Chefoo, Weihaiwei & Tsingtao (Kiaochow).
2/ Including starch which is non-edible.

Wool

With regard to wool a definite monopoly seems to be underway. This is reported to be taking place in Inner Mongolia and the consequences felt by the different merchants in Tientsin. For the purpose of facilitating this monopoly a Mongolian Frontier Bank is established. It is also reported that a Wool Purchasing Guild composed of various Japanese interests is operating in Mongolia. The Mongolian Border Wool Association was recently established in Kalgan for the purchase of the wool. It is reported the Association expects to purchase $4,000,000 out of the existing stock of $7,000,000 and to purchase the whole of the 1938 supply. Besides the purchase of wool, various plans are underway for the operation of woolen textile weaving in North China by the Japanese.

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By Milton O. Gustafson NARS, Date 12-18-75

It is believed that purchases of wool are for re-export purposes as such wool is only used to a limited extent by Japanese woolen mills. No definite plans have come to our attention regarding the improvement of wool in North China but it is expected such attempts would be made as have already been initiated in Manchuria. There is interest also in goats' hair, camels' hair, and pigs' bristles, and items exported from North China such as various furs and hides.

Wheat

There is some interest in wheat production in North China as a source of raw material for the flour milling industries. Large amounts of flour are consumed in North China. Average import of foreign flour over the last five years has been 779,403 piculs and of native flour 6,019,640 piculs. This is offset to a partial extent by shipments of wheat to Central China. Only small amounts of foreign wheat are imported. There is a definite plan underway for extending the operation of the Japan Flour Milling Company in North China. The Japan Flour Milling Company is one of Japan's two largest milling companies which control about 85 percent of the industry in Japan and is preparing for large scale operation in North China. The company has recently purchased the Chinese-owned mill at Tientsin and will buy another at Tsingtao. Its only mill at Tsinan which has recently been damaged will be repaired. Other mills will either be brought under control of this company or the other important milling interests in Japan, with the result

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that the North China flour milling will be managed by Japan. If this develops as planned there is no doubt that improved wheat production will be encouraged in North China and the endeavor made to make the area more self-sufficient regarding wheat and flour, and possibly supplement its wheat supplies by import from Manchuria. There may be an effort later to gain control of the Shanghai flour milling industry and bring it into any program involving wheat and flour for China.

Tobacco

No definite plans have been put forth yet regarding tobacco in North China but it is rumored that the Japanese will attempt to control the crop there. They may not be able to finance the buying of the Shantung crop this year and so will have to grant others considerable participation, but eventually they will no doubt wish to command the major part of the supply for their own uses to supplement to the fullest extent requirements in Japan of high quality flue-cured leaf.

Recent press reports are to the effect Japan is pressing for a tobacco monopoly in North China. These reports indicate that the Japanese Toa Tobacco Company is negotiating for the purchase of the only Chinese cigarette factory in Tientsin as the first step toward a monopoly. The contemplated transaction was said to be part of a plan already drawn up for a Japanese tobacco monopoly with the Toa Company assigned to the Tsinpu Railway area where a large foreign company has built up its sales organization and market. The Manchukuo Tobacco Company was said to have been assigned to the Pinghan

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Railway area under the plan. No other new company will be permitted to come in for a share of the promising North China market, according to the report. The Toa Company will enlarge its present factory at Chinwangtao and build new plants at other points. Shantung tobacco leaf will be used by this company. The Manchu Company will be in a position to use Chengchow tobacco. It is expected that the two companies will at first produce about one-fifth of the cigarettes but will gradually extend their influence until they attain a commanding position in the trade. Owing to the importance of trade control in Japan's plans for the Japan-Manchukuo-North China economic bloc any move toward a monopoly could be expected to hasten the move toward self-sufficiency in leaf tobacco in the Orient.

There has recently also been a move by the Japanese in the Shanghai area to enter cigarette manufacturing which would tend toward using and developing China supplies to the exclusion of American tobacco. The Japanese now have control of Shantung, the most promising area, and may soon control the Anhwei area. The Honan area is still in Chinese hands. The leaf tobacco crop in 1938 will doubtless be reduced materially but a large crop encouraged in 1939 when political conditions may be more settled.

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By Milton O. Gustafson NARS, Date 12-18-75

Appendix I

JAPANESE CHINA COMPANIES

Charters for North and Central China Firms Revealed; Wide Scope of Development Organs

Tokyo, March 25.

Texts of the bills recently presented to the Japanese Diet in connection with the establishment of national policy companies to exploit North and Central China are as follows:

The North China Development Company Limited (Kitashina Kaihatsu Kabushiki Kaisha) will be established with the object of further cementing economic relations among Japan, Manchoukuo and North China, of accelerating economic development in North China and contributing to the prosperity of North China.

1. The proposed company shall be a Japanese judicial person under provisions of the special law.

2. The proposed company shall be capitalized at ¥350,000,000 (£20,000,000) the fund to be furnished by the Japanese Government and those other than the Japanese Government on an equal basis to the amount of ¥.175,000,000 (£10,000,000) respectively. Of the total investment of the Japanese Government, about ¥.150,000,000 shall be made in commodities. Investments by those other than the Japanese Government shall be invited by public subscription. The capitalization of the proposed company may be increased subject to the approval of the Japanese Government.

Dividends and Objectives

3. Preferred dividend privilege shall be recognized for the investments made by parties other than the Japanese Government in the proposed company. By supplementing the profits of the said company, the dividend will be guaranteed and other similar favorable treatment will be given.

4. The proposed company shall invest funds or accommodate funds in the following enterprises or attend to the control and adjustment of such enterprises in North China:

1. Major traffic and transportation enterprises.
2. Major communications enterprises.
3. Major power generating enterprises.
4. Major mining enterprises.
5. Salt and salt utilization enterprises.
6. Other enterprises recognized as being specially necessary to be controlled and adjusted for the acceleration of economic development in North China, and specially licensed by the Government.

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The said company shall be required to obtained the approval of the Japanese Government in case of establishing any affiliated companies for the operation of the foregoing enterprises.

Debentures, Tax Rights

5. The proposed company is authorized to issue debentures to a value five times as much as the paidup capitalization. The Japanese Government shall consider measures for guaranteeing the payments of capital and interest of such debentures.

6. The Japanese Government shall give a special privilege to the proposed company in the registration tax, the income tax and business profit tax for the year of its establishment and for the period of nine years from the following year.

7. The proposed company shall have one president, two vice-presidents, directors exceeding five in number, and auditors exceeding two in number.

The president and vice-presidents of the company shall be appointed by the Japanese Government with Imperial approval, the directors shall be named by the shareholders' general meeting, subject to the approval of the Japanese Government. The company may have advisers, to be commissioned by the company with the approval of the Japanese Government.

Special China Rights

8. The Japanese Government shall attend to the supervision of the proposed company through the approval of its plans relating to investments and accommodations for each business year (to be conducted in the manner as provided by separate clauses) and other important matters, the establishment of the inspectors' system and orders necessary for military reasons or for the attainment of the original objectives of the company.

9. The Government shall make efforts to make the new Government in China consider granting special treatment to the proposed company and its affiliates.

Separate Clauses: 1. Applications for the approval of plans for the investment or accommodation of funds by the North China Development Company in each business year and their alterations shall be submitted one month prior to the start of the business year or the start of the alteration plans. In the alterations of such plans, when such alterations are simple, simple methods shall be followed.

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2. The Government shall complete the treatment of applications for approval of investments or accommodation of funds or their alterations of the said company by the time of the start of the business year concerned or the start of such alterations.

Central China Company

The Central China Promotion Company (Chushina Shinko Kabushiki Kaisha) shall be established in the Central China district on the basis of the Japan-China mutual prosperity principle to attend to the investment in or accommodations of funds to enterprises concerned with the public interest and other enterprises necessary for the industrial development of the district. If necessary, the company is empowered to attend to the management of such enterprises.

1. The proposed company shall be a Japanese judicial person in accordance with the provisions of special law, with its head office to be in Shanghai.

2. The proposed company shall be capitalized at ¥.100,000,000 (£6,000,000) to be furnished by the Japanese Government and Japanese private circles to the amount of ¥.50,000,000 (£3,000,000), respectively. The capitalization of the proposed company may be increased subject to the approval of the Government.

3. For public investments in the proposed company, a preferred dividend privilege shall be given. The supplementing of profits over a certain fixed period of time and other special treatment measures to guarantee the dividend shall be considered.

4. In the initial stage, the investors in the proposed company shall be confined to Japanese interests but, in future, the participation of Chinese and Manchoukuo interests will be invited. Investments from third countries other than Japan, Manchoukuo and China shall be recognized in the industrial companies affiliated to the proposed company.

5. The proposed company shall invest in or accommodate funds to the following enterprises;

1. Enterprises relating to traffic, transportation and communications.
2. Enterprises relating to electricity, gas, and water works.
3. Enterprises relating to mining production.
4. Enterprises relating to fisheries.
5. Enterprises necessary for the promotion of public interest and industrial development, licensed by the Government.

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By Milton O. Gustafson NARS, Date 12-18-75

The proposed company will specialize in investments and or the accommodation of funds, but under special circumstances and subject to the approval of the Japanese Government may attend to the direct management of the foregoing enterprises.

The proposed company shall obtain the approval of the Japanese Government for the establishment of affiliates to operate the foregoing enterprises.

Debentures, Directorate

6. The proposed company is authorized to issue debentures to the value five times as much as its paidup capitalization. The Government shall consider measures for guaranteeing the payment of capital and interest of such debentures.

7. The proposed company shall have one president and one vice-president, more than three directors, and more than two auditors. The President and Vice-President shall be appointed by the Japanese Government with Imperial approval. Directors shall be named by the general shareholders' meeting with the approval of the Japanese Government.

8. The Japanese Government shall supervise the proposed company by the approval of its plans for investments or accommodation of funds and other important matters for each business year (by methods provided by separate clauses), the establishment of the inspectors' system, and orders necessary for military objects or for the attainment of the objectives of the proposed company.

9. The Government shall make efforts to make the new regime Government in Central China, if such is created in the business territory of the proposed company in the future, consider special treatment methods for the proposed company and its affiliates.

Subsequent Adjustments

Separate Clauses:

1. Applications for the approval of plans for the investments or accommodation of funds for each business year of the Central China Promotion Company or for the alterations of such plans shall be submitted to the Government one month prior to the start of the business year concerned or the start of such alterations. When alterations of such plans are simple, simple methods shall be followed.

2. The Japanese Government shall complete the treatment of the plans relating to the investments or accommodation of funds or their alterations before the start of the business year concerned or the start of such alterations. - Reuter.

Source: The North-China Daily News, March 26, 1938.

0305

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Appendix II

FEDERAL RESERVE BANK

Special Privileges and Business

The Government confers on the Joint Reserve Bank the special right of minting coins and issuing notes.

The coins and notes issued by the bank shall be legal tender in all public and private transactions.

The currency to be issued by the Joint Reserve Bank shall be of the following kinds and denominations, but notes may be used in place of hard money:

(Paper money) $100; $10; $5; $1.
50 cents, 20 cents, 10 cents,
5 cents, 1 cent and half-cent.

For its note issue the Joint Bank should maintain a reserve of over 40 percent in paper, silver, gold, and foreign currencies or deposits in foreign currencies, and less than 60 percent in bonds, bills issued or guaranteed by the Government, securities or commercial bills and other reliable securities or loans.

The Government may order the Joint Reserve Bank to supervise various financial organs or exercise a part of the authority which the Government should enforce over other financial matters.

It is decided that the Joint Reserve Bank shall engage in the following types of business:

(1) Discount of bills and securities issued or guaranteed by the Government;
(2) Discount of commercial bills;
(3) To act as surety for the discounting of reliable securities or on the security of commercial products that may be easily sold or to make loans on such securities;
(4) Extension of overdrafts on current accounts;
(5) Purchase of gold, silver and foreign currencies;
(6) Collection of various bills on behalf of its clients;
(7) To act as custodian of silver, gold and other valuables;
(8) To accept deposits of all kinds; and
(9) Exchange.

The Joint Reserve Bank may accept or buy bonds, and other reliable securities.

In accordance with the regulations of the Government the Joint Reserve Bank may manage Government loans or other matters pertaining to the National Treasury.

0310

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

May 16 1938

In reply refer to
FE

My dear Mr. Christy:

I have received your letter of May 12, 1938, enclosing as of interest to members of the Division of Far Eastern Affairs a copy of a report prepared by Mr. Owen L. Dawson in Shanghai entitled "Japanese Plans for Economic Development in North China".

I appreciate very much your thoughtfulness in sending us a copy of Mr. Dawson's report and assure you that it will be read with interest.

Sincerely yours,

Maxwell M. Hamilton
Chief
Division of Far Eastern Affairs

A true copy of the signed original

Mr. D. F. Christy,
Acting in Charge,
Foreign Agricultural Service Division,
Bureau of Agricultural Economics,
Department of Agriculture,
Washington, D. C.

FE:JMJ:NN FE 5/16/38

793.94/13044

F/FG

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By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

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GRAY

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DT

FROM

SHANGHAI VIA N.R.

Dated May 18, 1938

Received 8:35 p.m.

Division of
FAR EASTERN AFFAIRS
MAY 19 1938
Department of State

Secretary of State

Washington

686, May 18, 9 p.m.

My 672, May 16, 6 p.m. 1303 4

Japanese forces are now steadily converging on Hsuchowfu and column advancing from the southwest is believed to have occupied the hills overlooking the city. A general assault on the city is expected momentarily. Situation along the Lunghai Railway west of Hsuchowfu is obscure, the Japanese claiming to have cut it in several places and the Chinese maintaining that they still control the line. However, military observers here are inclined to believe that the majority of Chinese troops will be able to withdraw although large numbers are likely to be sacrificed in delaying operation. It is also believed that Chinese units will filter in between the various Japanese columns and engage in guerrilla activities. Japanese occupied Hofei Anhwei May 15 after overcoming vigorous Chinese resistance.

With reference to the Wilkinson incident it is learned

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MAY 23 1938

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By Milton D. Gustafson NARS, Date 12-18-75

EDA - 2 - #686, May 18, 9 p.m. from Shanghai

learned from British consular authorities here that a formal protest has now been made by the Consul General and also that the British Ambassador addressed an unusually strong informal communication to Tani, Japanese minister at large. No reply has yet been received from the Japanese who claim to be investigating the case.

Repeated to Hankow and Peiping.

LOCKHART

SMS:CSB

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By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

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FROM

COMSOPAT

May 19, 1938

Received 2:25 p.m.

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OPNAV WASHINGTON
USS MINDANAO
RADIO CAVITE IN AMCONSUL HONG KONG
AMCONSUL SHANGHAI
COMSUBRON FIVE
COMDESRON FIVE
CINCAF
COMYANGPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
USS TULSA
USS EDSALL
FOURTH MARINES
ALUSNA PEIPING

Division of
FAR EASTERN AFFAIRS
MAY 19 1938
Department of State

793.94
2-6
393 1115

0019. For Amcross Manila and Hong Kong.

Kulangsu Amoy Swatow areas quiet BS steamer TALMA has sailed from Kulangsu with two thousand refugees for Hong Kong on seventeenth air raids Shuising Samshui and various points Canton Hankow railroad no serious damage. 1945.

CSB

according to Capt. Harridt a copy of this message was sent to Red Cross by Navy RCW

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MAY 23 1938

F/FG

793.94/13046

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EG GRO FROM GRAY

COPIES SENT TO
O.N.I. AND M.I.D.

Shanghai via N. R.
Dated May 20, 1938
Rec'd 7 a.m.

Division of
FAR EASTERN AFFAIRS
MAY 21 1938
Department of State

Secretary of State

Washington.

691, May 20, noon.

My 686, May 18, 9 p.m.

Japanese spokesman this morning announced the capture of Hsuchowfu late yesterday and stated Japanese troops now engaged in mopping up scattered Chinese units. I am requesting Japanese Consul General to ascertain the safety of Americans in Hsuchowfu.

Repeated to Hankow and Peiping.

LOCKHART

DDM:RR

793.94/13047
FILED
MAY 23 1938
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

DI.

MG

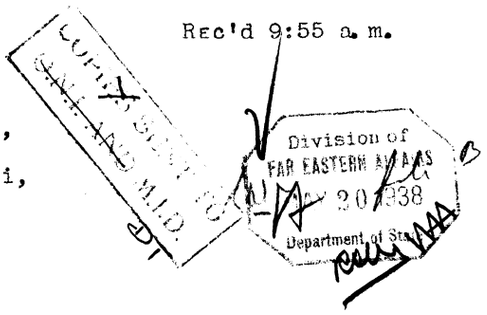
4th Marines Shanghai

GPO

FROM

May 20, 1938.

Rec'd 9:55 a. m.



Action Cincaf,
Opnav,
Info Amcon Shanghai,
Comsubron 5,
Asst Alusna Shanghai,
Comdesron 5,
Comyangpat 5,
Comsopat
Amambassador China,
USS Marblehead,
Alusna Peiping.

793.94

8620. Japanese announce complete occupation of Hsuchow late afternoon 19 May. Hankow announces 27 Chinese bombers took off from secret base midnight 19 and 20 May flew over Nagasaki, dropped leaflets, made extensive reconnaissance over Sasebo naval base, encountered no antiaircraft, no Japanese planes. Bombers returned safely to base. Eleven Japanese war vessels reported shelled Wuwei and Fangchang on opposite banks Yangtze about 20 miles upriver from Wuhu on 19 May. 1800

SMS

KLP

793.94/13048

F/FG

FILED

MAY 23 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
RECEIVED
MAY 20 1938
DIVISION OF COMMUNICATIONS AND RECORDS

Handed to me by Chief of the Chinese Embassy 14 V. JWB

793.94

Hankow, May 14, 8:20 P.M.

The Japanese forces are pushing northward toward the Lunghai Railway from Mengcheng in North Anhwei and are at present in the vicinity of Yungcheng near Honan-Anhwei border. Fighting is severest in North Anhwei where the Japanese casualties for the last six days are estimated to have reached 6,000. Yungcheng has changed hands twice in the last forty-eight hours, and the latest report says that the Chinese re-occupied the city yesterday afternoon. The Chinese forces are remaining close to Mengcheng to continue attack on the Japanese flanks and rear. Along the southern Tsin-pu sector, bitter engagements are proceeding south-west of Suhsien.

In West Shantung heavy fighting is raging in the huge triangle formed by the Yellow River and the Grand Canal. The Japanese southward attacks from Tsining, Chiahsiang and Yuncheng are encountering spirited resistance from the Chinese troops defending Kuyeh, Kinhsiang and Yutai.

Competent observers estimate that the Japanese are employing no less than 13 divisions of between 25,000 to 30,000 men each in endeavor to break Chinese defence of the Lunghai line. Thus the Japanese strength in South Shantung, West Shantung and North Anhwei totals over 300,000.

Indiscriminate Japanese bombing of cities and towns behind the battle fronts were intensified during the last few days resulting heaviest civilian casualties. Civilian buildings demolished include Presbyterian Church at Hsuchow and Catholic Church at Suhsien and American Hospital and Italian Catholic Church at Chengchow.

793.94/13049

FILED MAY 23 1938

4

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR

GPO

CORRECTED COPY

FROM

GRAY

Tsingtao via N. R.

Dated May 20, 1938

Rec'd 8:30 p.m.

COPIES SENT TO O.N.I. AND M.I.D.

Division of FAR EASTERN AFFAIRS MAY 24 1938 Department of State

Secretary of State,

Washington.

May 20, 4 p.m.

In a letter from an American missionary in Tsinanfu to his wife in Tsingtao it was stated that on May 18, Chinese airplanes attempted to bomb the recently repaired railway bridge over the Yellow River. Effectiveness of the bombing is not known.

No authentic information available as to military situation on the Hsuchowfu front but persistent rumors indicate Japanese have overcome Chinese defense there.

Sent to Hankow, Peiping.

GOURLEY

EMB

FILED MAY 25 1938

793.94/13050

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

HRE

GRAY

COPIES SENT TO O.N.I. AND M.I.D.

FROM TSINGTAO VIA N. R.

Dated May 20, 1938

Rec'd 8:30 p.m.

Division of FAR EASTERN AFFAIRS MAY 21 1938 Department of State

Secretary of State

Washington

May 20, 4 p.m.

In a letter from an American missionary in Tsinanfu to his wife in Tsingtao it was stated that on May 18, Chinese (?) attempted to bomb the recently repaired railway bridge over the Yellow River. Effectiveness of the bombing is (is not?) known.

No authentic information available as to military situation on the Hsuchowfu front but persistent rumors indicate Japanese have overcome Chinese defense there.

Sent to Hankow, Peiping.

GOURLEY

EMB

FILED MAY 24 1938

793.94/13050

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

LMS GPO

FROM

COMSOPAT

May 20, 1938

Rec'd 8:35 p. m.

COPIES SENT TO
O.N.I. AND M.I.D.
DT

ACTION: OPNAV
USS MINDANAO
RADIO CAVITE

INFO: AMERICAN CONSUL HONG KONG
AMERICAN CONSUL SHANGHAI
COMDESRON 5
COMSUBRON 5
CINCAF
COMYANGPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
USS TULSA
USS EDSALL
FOURTH MARINES
ALUSNA PEIPING

Division of
FAR EASTERN AFFAIRS
MAY 21 1938
Department of State

793.94
793.94/

0020 Kulangsu Amoy area quiet. B and S steamer ANKING sails twenty-third with refugees for Foochow and Manila. Arrangements made with mayor of Swatow to receive and assist refugees in groups not exceeding one thousand as vessels become available to that port. Refugees going to Swatow to be preferably those who can move to inland points. 2350

FILED
MAY 24 1938

EMB:ROW

793.94/13051
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

FE

TELEGRAM RECEIVED

VM
This telegram must be closely paraphrased before being communicated to anyone (A-1)

FROM Peiping

Dated May 21, 1938

Rec'd 7:45 a.m.



Secretary of State

Washington.

311, May 21, 11 a.m.

Department's 136, May 19, 6 p.m. 13040

Military Attache's office is investigating and will report to War Department today.

SALISBURY

Destination of troops.

McL

FILED
MAY 31 1938

793.94/13052

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EG GPO

COPIES SENT TO
O.N.I.

FROM FOURTH MARINES

May 21, 1938

Rec'd 10:45 a.m.

Division of
FAR EASTERN AFFAIRS
MAY 21 1938
Department of State

ACTION: CINCAF
OPNAV

INFO: SHANGHAI
COMDESRON FIVE
ASST NAVAL ATTACHE SHANGHAI
COMYANGPAT
COMSOPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING

793.94

8621. Japanese press Tokyo reports Chinese planes dropped handbills Japan night 19 20 May. Guerrilla activities vicinity Shanghai renewed, heavy artillery fire audible Hungjao area afternoon 21 May. Japanese columns pursuing Chinese southward reached point 6 miles southeast Hsuchow and Swangkow 18 miles southeast Hsuchow 20 May. Chinese retreating toward Lingpi 55 miles southeast Hsuchow. Sutien 18 miles east Lingpi and toward Hungtze Lake. 1810.

FILED
MAY 23 1938

KLP

793.94/13053

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

a

EG
This message must be closely paraphrased before being communicated to anyone. (A)

Tokyo 1795

TELEGRAM RECEIVED

Dated May 21, 1938

Rec'd 2:14 a.m.

FROM

Secretary of State,

Washington.

paraphrase
COPIES SENT TO O.N.I. AND M.I.D.
Division of FAR EASTERN AFFAIRS MAY 21 1938 Department of State

322, May 21, 11 a.m. in confidence DT

793.94

One. The Japanese Government is discouraging through the press and radio any disposition on the part of the public to assume that the capture of Hsuchow will directly lead to the collapse of Chinese military resistance. Such indication of the Government's views has had a sobering effect, and there is general realization that the end is still far off.

Two. Among informed Japanese, both official and private, emphasis is being placed on the fact that since classic times Hsuchow, by reason of its strategic position, has been the goal of those who sought to conquer China, and that its occupation by Japanese forces will have profound immediate effects, both strategic and psychological, on the Chinese. They admit, however, that the secondary effects are as likely to be the passing of control from Chiang Kai Shek to the Communist element, with intensified Chinese resistance and increased possibility of Soviet involvement, as the development of Chinese internal dissension.

Three

793.94/13054

F/FG
FILED
MAY 26 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

THREE. BELIEF that THE DRIVE on Hankow will occur (SEE my 282, April 28, 7 p.m.) is BECOMING MORE PRONOUNCED.

REPEATED to Shanghai for Hankow.

GREW

WWC:GW

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

[CONFIDENTIAL]

CONFIDENTIAL

793.94/13054

PARAPHRASE

A telegram (no. 322) of May 21, 1938, from the American Ambassador at Tokyo reads substantially as follows:

The opinion is becoming more decided that there will be a drive on Hankow. (See Tokyo's telegram no. 282 of April 28.)

Both private and official informed Japanese emphasize the fact that on account of its strategic position Hsuchow has, since classic times, been the goal of those who tried to subjugate China and that the immediate effects, both psychological and strategic, on the Chinese of occupation of Hsuchow by Japanese troops will be profound. These informed Japanese admit, however, that it is as likely that the secondary effects will be the passing of control from General Chiang to the Communist faction accompanied by increased possibility of Soviet involvement and intensified Chinese resistance as the development of internal dissension among the Chinese.

Any inclination on the part of the public to take for granted that the collapse of Chinese military resistance will result directly from the capture of Hsuchow is being discouraged through the press and radio by the Japanese Government. This indication of the views of the Japanese Government has had a sobering effect and it is generally realized that the end is still far in the future.

793.94/13054

E.J.C. ATGP

FE:EGC:HES FE
5-23

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

FROM

GRAY

Shanghai via N. R.

Dated May 21, 1938

Rec'd 8:30 a.m.

FG GPO COPIES SENT TO O.N.I. AND A.A.G.
DT

Division of FAR EASTERN AFFAIRS MAY 21 1938 Department of State

Secretary of State,

Washington.

793.94

702, May 21, noon.

My 686, May 18, 9 p.m. 13055

Following a general assault on Hsuchowfu Japanese claim to have completely occupied the city by the morning of May 20th. To the west of Hsuchowfu a Japanese column is reported to be driving on Langfeng which is approximately four miles east of Kaifeng and to have occupied Kaocheng 15 miles northeast of Langfeng. South of Hsuchowfu the Japanese have occupied Suhsien on the Tsinpu Railway. The main body of Chinese troops is believed to have withdrawn west to the vicinity of Langfeng but a considerable number also withdrew into the mountains southwest of Hsuchowfu. Japanese claim to have trapped over 200,000 Chinese troops but this report lacks confirmation and is doubted by military observers. Chinese guerrillas very active around Shanghai and throughout Central China area.

Repeated to Hankow and Peiping.

LOCKHART

DDM:WWC

793.94/13055

FILED MAY 25 1938

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

VM GRAY

FROM

Shanghai via N.R.

Dated May 21, 1938

Rec'd 9:30 a.m.

COPIES SENT TO
O.N.I. AND M.I.D.

Division of
FAR EASTERN AFFAIRS
MAY 21 1938
Department of State

Secretary of State

Washington.

793.94

704, May 21, 3 p.m.

Following from Tokyo:

"May 21, 2 p.m. Your 393, May 20, 2 p.m. Nagasaki reports that according to the local press "airplane, nationality unknown, scattered pacifist literature." No report from Osaka. Please repeat to Department and Hankow as our 324, May 21, 2 p.m.

Grew"

LOCKHART

KLP

793.94/13056

FILED
MAY 25 1938

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

June 3, 1938.

JWB

Tokyo's despatch no. 2916 of May 2, 1938 encloses a copy of a memorandum, under date April 16, 1938, from the British Embassy to the Japanese Foreign Office in which Japanese interference with the administration of Shanghai harbor (including seizure and non-return of 31 out of 36 Harbour Department and Custom House craft) is pointed out.

JKP

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

LEGAL ADVISER
JUN 4 1938
DEPARTMENT OF STATE

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY

No. 2916. Tokyo, May 2, 1938.

SUBJECT: ADMINISTRATION OF SHANGHAI HARBOR.

1938 MAY 21 AM 11 59
DIVISION OF COMMUNICATIONS AND RECORDS

Per Distribution Chart
Routed In U S A
ONI-MID

Division of
FAR EASTERN AFFAIRS
MAY 23 1938
Department of State

793.94/13057

The Honorable

The Secretary of State,

Washington

Sir:

1/ I have the honor to enclose a copy of a memorandum from the British Embassy to the Ministry of Foreign Affairs, dated April 16, 1938, concerning interference with the administration of the Shanghai harbor as a result of the Sino-Japanese conflict and the actions of Japanese authorities in China.

Respectfully yours,

Joseph C. Grew.

Enclosure:
as stated.

815.6
ESC:mg

Copy to Ambassador Johnson.
Copy to Consulate General, Shanghai.

FILED
JUN - 6 1938
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure no. 1 to despatch
no. 2916 of May 2, 1938,
from the Embassy at Tokyo.

With the compliments of the British Embassy to the American Ambassador, Mr. Grew, April 18, 1938.

(The British Embassy to the Ministry of Foreign Affairs)

MEMORANDUM

For the normal administration of the Shanghai Harbour, eighteen launches, fire-floats and hulks are required for the work of the Harbour Department in connection with the transport of Harbour officers, allocations of berths, control of the Fairway, fire fighting etc. ; and eighteen launches and hulks are required for the work of the Custom House in connection with the transport of Revenue Officers and supervision of wharves etc.

Seventeen out of eighteen of the Harbour Department craft have been seized by the Japanese authorities and the two fire-floats and one hulk only have been returned up to date; and eighteen Revenue craft have been seized by the Japanese authorities and one only has been returned.

In addition the Whangpoo Conservancy Dredgers remain idle in Japanese hands. Conservancy work in the new channel in the Estuary (near the Fairy Flats), and elsewhere remains at a standstill in consequence and international shipping interests may suffer accordingly. In this connection it should be noted that Whangpoo Conservancy Board was constituted by International Treaty and that the Board is financed by "Conservancy Dues" 80% of which are contributed by foreign-flag shipping.

Moreover a large number of Preventive ships and launches have necessarily been immobilised throughout China by the Customs authorities in order to avoid seizure or destruction.

British Embassy,
Tokyo
16th April, 1938.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

JR GPO

FROM

COPIES SENT TO
O.N.I. A.A. U.S.D.
DT

FOURTH MARINES

May 23, 1938

Rec'd 7:45 a.m.

ACTION: OPNAV

INFO: AMCONSUL SHANGHAI
COMSUBRON FIVE
ASST ALUSNA SHANCHAI
COMDESRON FIVE
COMYANGPAT
AMAMBASSADOR CHINA
USS MARBLEHEAD
ALUSNA PEIPING
ROUTINE OPNAV
CINCAF

Division of
FAR EASTERN AFFAIRS
MAY 25 1938
Department of State

793.94

8623. Li Tsung Jen, commander Chinese forces Hsuchow area, states escaped Japanese ring with all his troops. Crossed Tsinpu Railway moving westward former junction with other Chinese columns southeast Yungcheng. Japanese admit 25 divisions escaped claim 45 divisions still surrounded. 1830.

FILED
MAY 25 1938

HPD

793.94/13058
F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

COPIES SENT TO O.N.I. AND M.I.D.

JR

A portion of this telegram must be closely paraphrased before being communicated to anyone. (A)

FROM

Peiping via confidence DT

Dated May 23, 1938

CONFIDENTIAL

Rec'd 5 a.m.

Division of FAR EASTERN AFFAIRS MAY 26 1938 Department of State

Secretary of State,

Washington.

793.94 not [illegible]

313, May 23, 1 p.m.

(GRAY) One. There are persistent reports, supported by sources considered reliable, that Yen Hsi Shan has been bought over by the Japanese with a view to (1) lessening Chinese military resistance in Shansi, (2) demonstrating the "disunion" of China, and (3) possibly placing him in a high political position in North China. Local Chinese newspaper editorial of yesterday has appearance of preparing the way Yen's emergence on the side of the Peiping Provisional Government and states that Fu Tso Yi has been the chief obstacle to Yen's capitulation. Yen's whereabouts is unknown. (END GRAY)

Two. Reference is made in this connection to Captain Dorn's telegram from Hankow, No. 35, May 13, stating that Yen should strike in southwest Shansi but would not act.

Three. Repeated to Hankow, Shanghai. Courier to Tokyo.

SALISBURY

PEG:KLP

793.94/13059

F/FG

FILED
MAY 26 1938

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

(CONFIDENTIAL) CONFIDENTIAL

PARAPHRASE

A telegram (no. 313) of May 23, 1938, from the American Embassy at Peiping reads substantially as follows:

Reference is made to telegram no. 35 of May 13 from Captain Dorn at Hankow to the effect that Yen Hsi Shan should strike in southwest Shansi Province, but that he would take no action.

There are persistent reports, supported by sources considered reliable, that Yen Hsi Shan has been bought over by the Japanese with a view to (1) lessening Chinese military resistance in Shansi, (2) demonstrating the "disunion" of China, and (3) possibly placing him in a high political position in north China. Local Chinese newspaper editorial of May 22 has the appearance of preparing the way for Yen's emergence on the side of the Peiping Provisional Government and states that Fu Tso Yi has been the chief obstacle to Yen's capitulation. Yen's whereabouts is unknown.

793.94/13059

E.G.C.
EGC
FE:[redacted]:NN FE 5/23/38

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

(CONFIDENTIAL) CONFIDENTIAL

PARAPHRASE

A telegram (no. 313) of May 23, 1938, from the American Embassy at Peiping reads substantially as follows:

Reference is made to telegram no. 35 of May 13 from Captain Dorn at Kaukow to the effect that Yen Hsi Shan should strike in southwest Shansi Province, but that he would take no action.

There are persistent reports, supported by sources considered reliable, that Yen Hsi Shan has been bought over by the Japanese with a view to (1) lessening Chinese military resistance in Shansi, (2) demonstrating the "disunion" of China, and (3) possibly placing him in a high political position in north China. Local Chinese newspaper editorial of May 22 has the appearance of preparing the way for Yen's emergence on the side of the Peiping Provisional Government and states that Fu Tso Yi has been the chief obstacle to Yen's capitulation. Yen's whereabouts is unknown.

793.94/13059

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

No. 47

AMERICAN CONSULATE

Yunnanfu, China, March 31, 1938.

COPIES SENT TO O.N.I. AND M.I.D. in confidence DT

RECEIVED DEPARTMENT OF STATE 1938 MAY 23 AM 9 00 DIVISION OF COMMUNICATIONS AND RECORDS

For Distribution Check
Grade For M Meyer | Yes ✓ | No — | ONI MID

SUBJECT: Plan for the Ending of the Sino-Japanese Hostilities.

793.94

CONFIDENTIAL

Division of FAR EASTERN AFFAIRS MAY 23 1938 Department of State

793.94/15060

The Honorable

The Secretary of State,

Washington.

Sir:

1/ I have the honor to enclose for the information of the Department a copy of this Consulate's despatch No. 32, dated March 31, 1938, to the Embassy at Hankow on the above subject.

Respectfully yours,

Paul W. Meyer

Paul W. Meyer,
American Consul.

Enclosure:
1/ Copy of despatch No. 32, March 31, 1938.
in quintuplicate
800 - PWM:JLM

Received ... Division ... Section

F/FG

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

No. 32

AMERICAN CONSULATE

Yunnanfu, China, March 31, 1938.

SUBJECT: Plan for the Ending of the Sino-Japanese Hostilities.

CONFIDENTIAL

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Hankow.

Sir:

I have the honor to state that Mr. Peter Fleming, Special Correspondent for the London "Times", was recently in Yunnanfu and propounded to me the following scheme for the ending of the Sino-Japanese hostilities:

Should the Japanese Government find it impossible or too expensive to bring the present hositlities to an

end

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

end by military force, they might bring the incident to a close by announcing that their present forces in China are expeditionary forces whose object is the crushing of the Chinese army, which they might consider as having been accomplished after the capture of an important city such as Hsuchowfu or Hankow; that then the Japanese forces in China would withdraw to certain limited areas in Central and North China which they could defend with a relatively small number of troops. Thereafter, if the Chinese were amenable to entering into peace negotiations the Japanese would be in a favorable position to negotiate, and, if not, they would simply continue to hold these strategic military and commercial positions.

This plan was represented to me by Mr. Fleming as being his own, but in view of his prominence in British newspaper circles and his reported close association with the British Foreign Office, it is possible that this may be a plan which the British Government itself will at the psychological moment suggest to the Japanese Government. The plan has its merits in that the Japanese army could to some extent save its face, and at the same time the Chinese would have the satisfaction of recovering large areas of their country now occupied by the Japanese. Should the Japanese carry out such a plan it is the writer's personal opinion that Chinese resistance would be very effectively broken, the necessity for continuing the war having been removed.

Mr. Fleming is now in Hankow, and it might

be

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

be possible for the Embassy to draw him out further on this subject, particularly as to the British Government's possible connection with the plan.

Respectfully yours,

Paul W. Meyer,
American Consul.

Single copy by air mail
Copy to the Embassy at Peiping
In quintuplicate to the Department

800
PWM:JLM

A true copy of
the signed original

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

JCV
~~[illegible]~~
~~MSM~~
~~WAA~~
~~[illegible]~~

May 25, 1938.

Reference Yunnanfu's despatch no. 47 of March 31, 1938, and Hankow's despatch no. 23 of April 5, 1938, both entitled "Plan for the Ending of the Sino-Japanese Hostilities."

The first-named despatch outlines a plan proposed by Peter Fleming, special correspondent of the London Times, which envisages the withdrawal of Japanese forces to certain limited areas in central and north China. In commenting upon this plan in the second despatch referred to above Ambassador Johnson states that views of this kind are widely held in British official and non-official circles. He believes, however, that Chinese spirit of resistance is spreading and growing and that it is therefore hardly likely that the present hostilities between Japan and China will end in a "stalemate."

FE:Penfield:HES

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

EMBASSY OF THE
UNITED STATES OF AMERICA

Hankow, April 5, 1938.

No. 23.

Subject: Plan for the ending of the Sino-Japanese hostilities.

RECEIVED
DEPARTMENT OF STATE
1938 MAY 21 AM 11 45
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Division of FAR EASTERN AFFAIRS
MAY 23 1938
Department of State

ADVISER ON POLITICAL RELATIONS
MR. HORNBECK
JUN 14 1938
DEPARTMENT OF STATE

JUN 16 1938

793.94/13061

FILED
JUN 29 1938

F/FG/3061

The Honorable

The Secretary of State,

Washington.

Sir:

I have the honor to make the following comment upon despatch No. 32 dated March 31st from the American Consul at Yunnanfu bearing the above subject.

Mr. Peter Fleming called upon me here in Hankow the other day, and in the course of our conversation I discovered that he was very much imbued with an idea which I find current among the British just now: that the present hostilities between Japan and China will end in what he terms a stalemate. Mr. Fleming and other British nationals who have discussed this possi-

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

ble development of the situation appear to feel that it will end in a retirement of the Japanese to the areas now held, leaving Japan dominant in those areas, and a Chinese Government to eke out an existence in what is left of Chinese territory.

I have been unable to accept this forecast of developments, believing as I do that the spirit of resistance is spreading and growing among the Chinese. It is my belief that it will be difficult now for the Japanese to stop, for their occupation will be subjected to threat and actual disturbance from armed Chinese just beyond any area they may be occupying. The Japanese can no more announce that they have succeeded in their crushing of the Chinese Army after the taking of Hsuchow or Hankow than they could after the taking of Nanking; and it may be accepted as a fact that if the Japanese were to retire from places now held Chinese forces would advance into those areas feeling that a victory had been achieved, and it would be difficult indeed for Chinese leaders to prevent Chinese forces - organized or unorganized - from attempting to make forays into areas occupied by the Japanese Army.

Whether or not Mr. Fleming may have come to China under instructions from his paper to take such a line in his discussions of these matters locally, it would be difficult to say; but that ideas of this kind are widely held, in British official as well as non-official circles, there is no doubt.

Respectfully yours,

Nelson Trusler Johnson.

Nelson Trusler Johnson.

In quintuplicate to the Department.
Copies to Peiping and Yunnanfu.
710.
NTJ.EA

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

a

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

June 1, 1938.

~~ICW~~ ~~WAA~~ ~~EKP~~ ~~BGM~~ ~~WMH~~

893.94/13912

Hankow's no. 25, April 7, 1938, "Interview with Representative of the Eighth Route Army".

It is suggested that you read in full the attached despatch which is in the nature of a summary of Captain Dorn's memorandum covering his interview with Commander Chou Enlai of the Eighth Route Army. It is believed that you will find of particular interest Commander Chou's statement (bottom of page 1 of memorandum) that political training by Communists has been entirely discontinued pending the culmination of the present hostilities, and his further statement (bottom of page 4 of memorandum) that the present Central Government has already agreed to recognize the agrarian laws and policies in areas converted to Communism, both as they stand now and as they may expand in the future. The underlying principle appears to be that landlords are to receive a

fixed

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By Milton D. Gustafson NARS, Date 12-18-75

fixed scale of payments for a certain number of years, after which the land is to become the property of the former tenant-farmers in proportion to the amount of land they can keep in production.

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By Milton D. Gustafson NARS, Date 12-18-75

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EMBASSY OF THE
UNITED STATES OF AMERICA

1797

Hankow, April 7, 1938.

No. 25

Subject: Interview with Representative of the Eighth Route Army.

Confidential

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Division of FAR EASTERN AFFAIRS MAY 23 1938 Department of State file

The Honorable

The Secretary of State,

Washington.

Sir:

1/ I have the honor to enclose a memorandum prepared by Captain Frank Dorn, setting forth certain facts and observations of interest which came to his attention as a result of a recent interview with Commander Chou En-lai, representative of the Eighth Route Army in Hankow.

The memorandum appraises the strength of the Eighth Route Army, describes its organization and touches on the methods of training in use. It defines the areas in which Communist influence is a vital factor at present, and deals with Communist efforts in central Hopei, and to a lesser degree in the areas of northern Honan and Shantung

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By Milton D. Gustafson NARS, Date 12-18-75

Shantung under Japanese occupation, toward organizing the people in defense groups, both military and non-military in character.

It is of interest to note that Commander Chou expresses the belief that, in the event of a Chinese victory, the Central Government will emerge from the present struggle with greater solidarity than ever, but that such a development, far from constituting a threat to Communism, would in fact further the cause. In reaching this conclusion he visualizes a new China forged from the conflict, in which party differences will give place to a national consciousness and respect for the authority of the Central Government. This Government, he believes, will be democratic in character and will be therefore built on majority representation, as in Western democratic countries; as China's outstanding problem is an agrarian one, the farmers and villagers will be ready converts to the principles of so-called Communism, which may accordingly be expected to flourish.

In referring to the reconstruction period which will follow the cessation of hostilities, and the need for foreign capital, Commander Chou makes the following noteworthy remarks: "It is expected that this foreign investment shall apply only to heavy industries, shipping and communications. Merchandising, handcrafts and all their allied activities, and all purely native-Chinese industries, should remain in Chinese hands".

This note has a familiar sound, as does the following statement which appears at the end of Captain Dorn's interesting memorandum: "He did not see how China could rehabilitate

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rehabilitate itself without 'friendly' foreign investments, but he remarked rather significantly that, just as China must achieve emancipation from the military domination of Japan, so must she achieve emancipation from the financial domination of foreign capital".

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson.

Enclosure:

Memorandum of interview between Captain Dorn and Commander Chou En-lai of Eighth Route Army, dated April 1st.

In quintuplicate to the Department.

Copies to Peiping and Tokyo (Via the Department)

CWA.EA

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Gordon Orpiew
Received 7-1

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

C

Hankow, April 1, 1938.

Subject: Interview with Chou En-lai.

On March 31, 1938, the undersigned interviewed Chou En-lai, the 8th Route Army representative in Hankow. After a preliminary conversation touching in general on the progress of the Sino-Japanese hostilities and the aims of the Chinese Communist Party, Commander Chou answered a series of prepared questions as indicated below.

In Central Hopei, and to a lesser extent in the Japanese-occupied areas of Northern Honan and Shantung, the Communists are now organizing the people into so-called Partisan Groups. This takes the form of both military and people's organizations for defense purposes. The former are usually organized as units about the size of regiments with the mission of raiding Japanese lines of supply and communication, and of inflicting such casualties as is possible on small or isolated groups of Japanese troops. An example of such activity is that of the Cavalry Regiment which three days ago advanced from Weihsien, Hopei, and recaptured Pingyuan on the Tsinpu Railway in Northern Shantung. Due to former contacts between Communist groups and Szechwan troops, the latter now operating in Southern Shantung, Kiangsu, and Southern Hopei, the task of reorganization has been simplified greatly. Many of the Szechwan troops are accepted as being thoroughly imbued with Communist principles. Commander Chou particularly stressed the absence of political training of any kind until after the culmination of the present hostilities.

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In the South - Kwangtung, Kwangsi, and Fukien - the Chinese Communists have no influence of any kind, and at present are not attempting to acquire any.

Formerly attempts had been made to win over the Mohammedans of the Northwest - Ninghsia, Kansu, and Hsinkiang - but these efforts had met with little success and had been abandoned temporarily. This failure was partly attributed to the inherent racial enmity of Mohammedans and Chinese in general, and partly to the difficulties in overcoming religious differences. At the time of the outbreak of hostilities Communist activities among the Mohammedans consisted of no more than efforts to win their good will.

Among the Outer Mongolians a similar effort had been made, but due to the great distances and virtual Russian domination, this had not resulted in success. Among the Inner Mongolians of Jehol, Chahar, and Suiyuan definite connections had been established, though it could not be said that these connections were close. However, most of the Inner Mongolian princes wished to resist the Japanese and were at present in constant communication with the Communists.

In Manchuria the Chinese Communists had little influence, though there existed in Heilungkiang Province a growing Communist movement, which is independent of the Chinese movement. Commander Chou did not consider that reported mutinies and risings in this province since the outbreak of hostilities had been led or fostered by Communists of any description.

The 8th Route Army now consists of nearly 100,000 men organized in three divisions (the 115th, 120th, and 129th) of approximately 20,000 men each, and a number of

<u>independent</u>

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By Milton O. Gustafson NARS, Date 12-18-75

independent regiments or units of about the same size as regiments. The seven divisions of provincial troops recently attached to the command of the 8th Route Army (the 47th Army Corps, 3rd Army Corps, and one other Army Corps) have been increased by two or three more divisions, making the total of attached troops between nine and ten divisions. No political training is being attempted among these troops, but training of a military nature is intense. The troops are rated as "not good". Training is being accomplished by attaching officers of the 8th Route Army to Division Staffs, and granting these officers wide executive authority. It is expected (or hoped) that these provincial troops will improve rapidly. The assignment of these divisions to Chu Teh is based purely on temporary convenience of command, as they have been cut off by the recent Japanese offensive in Shansi from direct command by other senior generals.

When asked what would be the reaction of the Chinese Communist Party to Chinese Commanders who now have armies and considerable power of their own after the completion of the war - and assuming an eventual Chinese victory - Commander Chou stated that he did not believe this issue would arise. The present steady "nationalization" of all armies and their consequent subordination to the Central authority; the separation of such commanders from their former territories; the collapse of all the northern warlords who had been the most independent in the past; and the present determination to submerge party differences; he believed would give the Central Government such increased authority, while at the same time giving the people a national consciousness, that such commanders as might entertain any semi-independent ideas would find

themselves

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By Milton O. Gustafson NARS, Date 12-18-75

themselves without real power and probably without wealth.

Commander Chou did not believe that this increased power of a national government would constitute any danger that such a government might turn to crush its old enemies, the Communists, after it had become firmly established. He believed that should China achieve an ultimate victory, the years of struggle would amalgamate all parties in a permanent union which would be democratic in nature. Nation-wide recognition would be given the Central Authority, but each group would have proper representation, and adherents of any group would have the same rights of majority decision as in western democratic countries. Inasmuch as the main problem of China is agrarian, this in itself would result in a gradual spread of the principles of so-called Communism; and its obvious advantages to the farmers and villagers would convert whose sections of the population at a fairly rapid rate. Commander Chou could not envisage a bitter party struggle after an ultimate victory, nor could he envisage an ultimate defeat even though Japan succeeded temporarily in occupying the greater part of the country. If the war should end in defeat, there would be nothing for any Chinese, and no theories would carry any weight whatever. He could see nothing in the future for what he termed such independent and self-seeking politicians as Wang Ch'ing-wei.

The present Central Government, predominantly Kuomintang, had already agreed to recognize the agrarian laws and policies in areas converted to Communism, both as they stand now and as they may expand in the future. The underlying principle of this recognition was that landlords would receive a fixed scale of payments, comparable to the old rent system, for a certain number of years (the

number

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By Milton O. Gustafson NARS, Date 12-18-75

number not yet determined), after which the land would become the property of the former tenant-farmers in proportion to the amount of land they could keep in production. It was hoped that in this manner the landlords would not become destitute, but would be given a certain number of years during which they could adjust themselves to new conditions. They too would be eligible to a share of the land.

As for the so-called puppet leaders of the Japanese-occupied territories, it was always hoped that they would return to the fold of China. But it would appear that those who did not manage to escape to foreign countries were doomed to assassination. In this connection Commander Chou stated that he had received information that Wang Keh-min had been severely wounded in the recent attempt on his life.

It was believed that a Chinese victory would result in a rapid spread of Communism - particularly in the North where abuses were considered to have been worse than in the South. However, all political training and propaganda had been suspended for the duration of the war.

Commander Chou stated that he believed the Chinese and the Japanese could be friendly neighbors, but no more; and then only after the military party in Japan had been crushed. Because of obvious racial and temperamental differences, neither nation could ever achieve the amalgamation which Japan professes to be her present aim.

After the culmination of hostilities the immense amount of reconstruction can only be accomplished with the aid of foreign capital. It is expected that this foreign investment shall apply only to heavy industries, shipping, and communications. Merchandising, handcrafts and all their allied activities, and all purely native, Chinese

industries

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industries should remain in Chinese hands. The construction of factories or plants incident to the rehabilitation of these so-called Chinese industries would be financed by Chinese capital which would be forced out of hiding by the great demand for its use. Foreign investments, which will be welcomed, should be controlled in part by the new national government with guarantees of protection. In this connection, though he did not state it exactly, Commander Chou implied that extraterritoriality was finished. He believed that the new united government would be in a position, because of its strength from within, to guarantee and give protection to foreign capital and at the same time control or check a too great exploitation of the country by such capital. He believed that foreign investors who had lost property as a result of the present hostilities had the right to expect to recover their losses through concessions. But such concessions should be granted with a reasonable term of expiration which must be clearly understood before any investment might be made. He did not see how China could rehabilitate itself without "friendly" foreign investments, but he remarked rather significantly that just as China must achieve emancipation from the military domination of Japan, so must she achieve emancipation from the financial domination of foreign capital.

Commander Chou requested that the above remarks be considered strictly confidential.

FRANK DORN
Captain, F.A.

(A true copy EA)

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

JWB

May 25, 1938.

Taihoku's despatch to the Embassy at Tokyo of April 9 reports the following developments connected with the China incident: Prince Higashi Kuni made an inspection trip to Taiwan. A thousand young farmers, mostly Formosan Chinese, were to leave for the Shanghai area to raise vegetables for the Japanese army on evacuated Chinese farms in that vicinity. Spy societies continue to flourish.

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AMERICAN CONSULATE,
Taihoku, Taiwan, Japan, April 9, 1938.

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MAY 23 1938
Department of State
AMERICAN CONSULATE GENERAL
APR 14 1938
TOKYO, JAPAN.

The Honorable

Joseph C. Grew,

American Ambassador,

Tokyo, Japan.

Sir:

I have the honor to report the following developments since the first of this month connected with the China Incident.

Visit of Prince Higashi Kuni.

Although no announcement has yet been made either by press, radio or official notice it was quite evident that a personage had arrived in town last Saturday, since the street leading to the Taiwan Shrine was lined with police. Grapevine telegraph had the day before divulged the correct information that H.I.H. Prince Higashi Kuni, Commander of the Imperial Air Corps was in Taiwan on an inspection trip. Aeroplanes then commenced their manouvers in earnest and only since yesterday have they taken a well earned rest with the departure of the Prince for inspection in the South of Taiwan. Sham battles, formation flying and searchlight play at night constituted the main outward show. Whenever the Prince passed the Consulate the inevitable line of police appeared and on one occasion when the crossed Japanese and American flags were not in display

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By Milton D. Gustafson NARS, Date 12-18-75

display, a plain clothes police requested that they be put out. Asked why he replied that an Imperial Prince was passing and only after about five minutes of questioning did he finally divulge the name Higashi Kuni, which reticence may of course have been due to fear in saying an Imperial name.

Farm Volunteer Corps

There is enclosed a translation of the organization of the Taiwan Farm Volunteer Corps as given to the press by Mr. Tabata who is the head of the Corps as well as being the Acting Director General and the Chief of the Bureau of Productive Industries in the Government General. It is understood that mainly Formosan Chinese are joining the group which is to number 1,000. These youthful farmers are to leave within a week to raise vegetables for the Japanese Army on about 720 acres of evacuated Chinese farms in the vicinity of Shanghai. Should the project prove to be a success additional units may be sent, since according to reports twenty or thirty men have applied for each place allotted.

Spy Societies

Announcements concerning counter spy activities continue to appear daily in the press and the latest information of interest is the enclosed translation of a newspaper article with admonitions concerning spies and the action expected of the public by the Keelung Spy Prevention Society. It is pointed out that these societies are organized under the

auspices

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auspices of the mayors of towns and other high local officials including of course the people, and to that extent represent official opinion. It will be noticed that one of the points of warning set forth in the enclosed article is that notification should be made to the police when foreign government offices make inquiries of a commercial nature, or even engage in sightseeing. The British Consul had a rather unpleasant experience recently in going to Keelung to meet a friend. Finding the boat was late to kill time he drove out a highway in Keelung being used by busses and was stopped, taken to a police station and questioned at length of his reasons for being on that road. He satisfied his inquirers and was permitted to go on his way, but not without a feeling of resentment.

Respectfully yours,

Gerald Warner
American Consul.

Enclosures:

A translation of the organization of the Taiwan Farm Volunteer Corps.

A translation of a newspaper article concerning Keelung Spy Prevention Society.

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GW/tkh

3 copies to Department.
1 copy to Consulate General, Tokyo.

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By Milton D. Gustafson NARS, Date 12-18-75

Translation.

FARM VOLUNTEER CORPS ORGANIZED BY JAPANESE AND FORMOSAN FARMERS FOR VEGETABLE CULTIVATION IN SHANGHAI - SUPPLY OF FRESH VEGETABLES TO IMPERIAL JAPANESE TROOPS.

To the long period resitance by Chiang Kai Sek Japan is responding with a long period punitive war. Now the Taiwan Government General has decided to organize a "Farm Volunteer Corps" as a result of consulations with the Japanese army in Shanghai and the Taiwan Army. The Farm Volunteer Corps will be sent to Shanghai where vegetables will be raised on 720 acres of farm land to supply fresh vegetables to Japanese troops. The Volunteer Corps will be composed of 1,000 Japanese and Formosan farmers, and will be sent to Shanghai in the middle of April. This project will test abroad the agricultural skill of Taiwan which has witnessed wonderful development during the 43 years of Japanese administration, in addition to being agricultural contribution to the holy war. Success of this enterprise will give promise of future activities for Taiwan farmers in foreign countries. The farmers will be hired by the army for the time being, and the Government General plans to have them settle in Shanghai in the future.

In this connection Mr. Tabata, Acting Director General and Chief of the Bureau of Productive Industries, issued the following statement:

"The purpose of the present China Incident is to punish the Chiang Kai Sek Government which has brought suffering to 400 million people at home and is striving to encourage communism and anti-Japanism. The coexistence and mutual prosperity of Japan and China and the establishment of permanent peace in the Orient are of course the purpose of the Incident. Since the outbreak of the Incident Japanese troops have fought well in North and Central China, occupying one fort in the morning and another in the afternoon. Our troops have been victorious in every battle, and Nanking, the capital of China, has fallen into the hands of our troops. The greater part of North and Central China is in peace and order which is being maintained by our troops. It is a matter of mutual congratulation that a new impartial government has been created in China.

"Since the outbreak of the Incident Taiwan's people have shown patriotism in support of this great historical mission of Japan, and have cooperated in contributing funds for national defense, relief of soldiers, war supplies, etc.

"Now as a result of consultations with the Japanese army in Shanghai and the Taiwan Army the

Taiwan

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Taiwan Government General has decided to send a "Farm Volunteer Corps" to Shanghai for cultivation of vegetables to supply the Japanese troops. The Volunteer Corps will be organized in accordance with the following plan.

"The rapid and wonderful progress and development of Taiwan over the past 40 years through the cooperation of the government and the people is due to the indiscriminate benevolence of the Imperial reign. Now is the time for the accumulated agricultural strength of Taiwan to show its real merit in a foreign country. It is a great pleasure that this opportunity has been offered at this critical time to repay the Imperial favor.

"Earnest cooperation of the people of Taiwan with this plan is desired. The title of this corps is the "Taiwan Nogyo Giyudan" (Taiwan Farm Volunteer Corps). As Chief of the Bureau of Productive Industries of the Taiwan Government General, I will act as president of the corps, and the Chief of the Agricultural Division will be vice president. Governors of provinces will be advisors, and directors will be appointed from among officials of the Agricultural Division and chiefs of Industrial Encouragement Divisions in provincial governments. Expert (Agriculturist) Kumasawa of the Taihoku Provincial Agricultural Experiment Station will act as manager of the corps. The organization of the corps is to be as follows:

"The corps will consist of five units, and each unit of 201 persons recruited from five provinces. One person of each unit will act as the chief of the unit. The unit will have 20 sub-units, and each sub-unit will contain 10 farmers. One of the 10 farmers will act as chief of a sub-unit.

<u>Terms and conditions for recruiting the farmers.</u>

I. Qualifications:
(1) Japanese or Formosan Chinese males, about 20 years of age, experienced in agriculture.
(2) Persons of good conduct without bad habits.
(3) Persons of strong physical constitution without loathsome diseases.
(4) Persons who are in a position to sail at any time designated.
(5) Persons who are unaccompanied.

II. How to join the corps:
A person desiring to join the corps shall send in his application to the Industrial Encouragement Division in one of the provincial governments, together with a copy of his family registration, certificate of standing issued by the mayor of a town or headman of a village, and a letter of consent by the head of a family, and a health certificate.

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III. 1,000 persons are to be recruited from Taihoku, Shinchiku, Taichu, Tainan and Takao Provinces (Karenko and Taito are omitted).

IV. Method of recruiting.
Applicants shall be summoned to the Industrial Encouragement Division of each prefectural government at a designated time, and employment will be decided upon after examination by the officials in charge.
(1) Time of recruiting: the first part of April, 1938.
(2) Date of sailing: About the middle of April, 1938.

V. Place where vegetables are to be cultivated.
The place where vegetables will be raised is on farm land near Shanghai, where the soil is fertile and peace and order is being maintained. Health conditions and communication facilities in this region are satisfactory. About seven-tenths of an acre will be allotted to each farmer, and the total area will be about 720 acres.

Status of farmers and allowances.

1. The manager of the corps sent from the Taiwan Government General and the chiefs (instructors) who are sent by each provincial government shall be attached to the army as non-regular members of staff, and accorded the rank of "Sonin" or "Hannin".
2. The farmers shall be called "Gumpu" (army coolie), and shall be attached to the army as temporary army employees. The period of hire shall be for about one year.
3. Daily wages of 1 yen will be paid to each farmer, and the chief of each sub-unit will be paid Yen 1.10. (The wages will be somewhat reduced in case of illness or absence from duty) For the first six months there will be paid an extra sum of 50 sen daily as an allowance for travel from and back to Taiwan. No special travel allowances shall be paid when sailing from Taiwan, but in case of need, Agricultural Association of each provincial government is authorized to pay not more than Yen 45.00 per person. This advance shall be deducted from wages within the first three months.
The extra wage from the fourth month shall be deposited with the army, and paid at time of return to Taiwan.

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By Milton O. Gustafson NARS, Date 12-18-75

4. The army farmers shall organize sub-units, and depending on the results of each sub-units bonuses will be granted at the end of the year.
5. Food and clothing of army farmers will be provided by the government, but the farmers shall carry with them clothing, bedding, and other personal effects of immediate need. At the time of sailing the uniform of the Youth Organization shall be worn.
6. Construction materials for the living quarters of the farmers will be provided, and the farmers will build their living quarters with the materials supplied.
7. Medical care will be provided by the army.
8. Army transports will be used for transportation of the farmers.

(Taiwan Nichi Nichi April 3, 1938)

RECRUITING OF FARMER VOLUNTEERS HAS CREATED A SENSATION IN TAIWAN.

As soon as the recruiting of farmer volunteers for Shanghai was published a sensation was created everywhere in Taiwan. Young men of the rural districts have been enthusiastic in responding to the call, and on the 5th the number of applicants exceeded 1,000. The young men consider that this is good opportunity for them to serve the country through farming, and they aspire to become rich farmers in China. In the city of Taihoku there were over 20 applicants for the seven persons allotted. By the 7th which is the time limit for sending in applications it is expected that the number of applicants in all provinces will be several times as many as the number required, which is 1,000. This evidences commendable patriotism, and a desire for an outlet long cherished but not yet realized. Selection of qualified farmers will be completed on the 8th. Mr. Ichibagase, Chief of the Agricultural Division of the Government General, will accompany the farmers as Vice President, and Agricultural Expert Kumasawa of the Government General will be in command of the Volunteer Corps which will sail from Taiwan for Shanghai the middle of this month.

(Taiwan Nichi Nichi April 6, 1938)

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Translation.

SPIES ARE RIGHT BEFORE YOUR EYES
12 POINTS CONCERNING SPY PREVENTION

Keelung is on the threshold of Taiwan in the matter of the eradication of organs for gathering spy information. Numerous foreign ships and foreigners enter and leave the port, and from the standpoint of its being a fortified zone, we should contribute to the country's national defence by exercising extreme zeal along with officials. Previously the Sea Spy Prevention Society for guarding the sea was formed, and then the Land Spy Prevention League for guarding the land, and before long things will be doing on a large scale. To get results on spy prevention, the 100,000 people in the city must form a harmonious group and act in harmonious cooperation, and always be on guard with the greatest zeal and attention. Since actual spies are like ordinary humans but carry on their activities under cover, not only do they not enter into an amateurs scheme of things but even when they are in front of ones eyes one doesn't know it. In connection with this a certain person said:

"There are actually spies. They may even be before your very eyes. Especially in a place like yours which is a fortified zone, and moreover an international port, there is no objection to thinking that spies swarm here. As subjects of Japan living in such an important place as this all of you must be careful to guard Japan's secrets. It is absolutely wrong to think that such work should be left to the military police and the police corps. Of course the military police and police are exerting their utmost efforts in policing in the protection of military secrets, but with such a small force they can't spread over such a wide area as you might think. For that reason it is important that all subjects act as guard and defence for our country's sake. Whatever one may say four eyes can watch more efficiently than two and eight are better than four, etc."

In order to urge the city people to greater zeal and caution the Spy Prevention League of Keelung present the following 12 articles of precaution:

1. Be careful of your own speech and behavior.

2. Absolutely no mention to be made to others of things recognized to be military secrets.

3. Not to speak to others in conjecture or as a rumor about anything connected with army movements or important equipment or resources connected therewith, either out of curiosity or with a pretension to knowledge.

4.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

4. Put down attempts to lead public sentiment astray with wild rumors.

5. Immediately notify or send a notice to police officials when it is seen that someone is, within the city of Keelung, unlawfully photographing, sketching, note taking, or making measurements.

6. Immediately notify the police when it is seen that a suspicious foreigner is putting up somewhere for the night or when his comings and goings are observed.

7. Immediately notify the police not only whenever foreigners are discovered but when it is suspected that suspicious movements are being made to find out military secrets or the country's condition for spy information.

8. Notify the police office at once when an inquiry is made by foreign government offices or a foreign firm, or a foreign newspaper or magazine writer concerning resources, industries, or economics, or sightseeing or other things.

9. Report the fact to a responsible person for for instructions whenever a foreigner or other suspicious person expresses the desire to inspect a factory or other various kinds of equipment.

10. Burn secret documents and maps which are no longer valid.

11. In doing away with foreign spies the people shall act as if they were police themselves.

12. Study the law for the protection of military secrets and the law concerning fortified zones etc., and while deepening one's understanding, endeavor to find violators.

(Taiwan Shinbun April 7, 1938)

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

June 3, 1938.

JCV
RFW

Foochow's despatch no. 33 of April 21 to the Embassy at Peiping reports that a delegation of the "War Zone Women's Publicity Corps of Fukien Anti-enemy War Aid Association" called at the Consulate and asked that an appeal (a copy of which is enclosed with the despatch) be transmitted to the Embassy and the American Government. The appeal asks "friends of China" to make contributions to child welfare work, cooperate with the Japanese boycott, stop the transport of arms to Japan, organize China clubs, and give publicity to Japanese atrocities.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

NO. 35

AMERICAN CONSULATE

Foochow, China.

1938 MAY 21 PM 12 44

April 21, 1938.

DIVISION OF
COMMUNICATIONS
AND RECORDS

SUBJECT: Call on Consulate by representatives of the Foochow War-Zone Women's Publicity Corps.

Division of
FAR EASTERN AFFAIRS
MAY 24 1938
Department of State

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

I have the honor to transmit herewith a copy of this Consulate's despatch No. 33, dated April 21, 1938, to the Embassy, concerning a call paid on the Consulate by representatives of the Foochow War-Zone Women's Publicity Corps.

Respectfully yours,

Robert S. Ward

Robert S. Ward
American Consul

Enclosure:

To Embassy Peiping No. 33,
April 21, 1938.

800
RSW:TKW

In quintuplicate.

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F/FG 13064

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to despatch No. 35 dated April 21, 1938, from Robert S. Ward, American Consul at Foochow, China, on the subject of "Call on Consulate by representatives of the Foochow War-Zone Women's Publicity Corps".

No. 35

AMERICAN CONSULATE
Foochow

April 21, 1938.

Subject: Call on Consulate by representatives of the Foochow War-Zone Women's Publicity Corps.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping.

Sir:

I have the honor to report that on April 19, 1938, six delegates of an organization which styles itself the "War-Zone Women's Publicity Corps of Fukien Anti-Enemy-War-Aid Association" called at the Consulate to ask that I transmit to the American Embassy and Government an appeal, a copy of which the delegates handed to me, setting forth certain statements in connection with the treatment accorded women by Japanese soldiery in the areas occupied by them, and presenting five suggestions which they ask "friends of China" to follow. Briefly summarized, these "suggestions" advocate subscriptions to child-welfare work, cooperation with the Japanese boycott, cessation of the transport of arms to Japan, the organization of China clubs for the study of conditions in modern China, and the publication of the facts

about

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

about Japanese atrocities in China. For the Embassy's information, a copy of the letter containing this appeal is enclosed.

I informed the delegates that I would transmit to my Embassy and to the Department of State information of the fact of their call, and a statement of the substance of their appeal. In reply the Chairman of the delegation stated that Chinese were very appreciative of the attitude of Americans and of the American Government toward China in her present struggle.

Respectfully yours,

Robert S. Ward
American Consul

Enclosure:

From the War-Zone Women's
Publicity Corps of Fukien
Anti-Enemy-War-Aid Association,
April 19, 1938.

800
RSW:TKW

Five copies to Department, under cover of despatch No. 35 of April 21, 1938.
Copy to Embassy Hankow.

A true copy of the signed original.

0366

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to despatch No. 33 dated April 21, 1938, from Robert S. Ward, American Consul at Foochow, China, on the subject of "Call on Consulate by representatives of the Foochow War-Zone Women's Publicity Corps".

[illegible] CHINA.

Dear Friends:

Of all the tragic results of Japan's war of aggression on China, none perhaps is more soul-shaking than the piteous plight of numberless children who have been deprived of their parents and homes by Japan's indiscriminate air-bombings and wanton destruction of property and lives of non-combatants.

A mere thought on the fact that Japanese guns and airplanes have already killed 500,000 Chinese, while 50,000,000 Chinese are now without shelter, and thousands upon thousands of Chinese mothers are giving birth to babies in the streets or dropping dead on the roadsides with their deceased children in their arms will suffice to shock the conscience of humanity.

In Shanghai alone, there are more than 100,000 desperate children in 171 local refugee camps, according to H. C. Chen, Chairman of the Education Committee of the Shanghai International Red Cross. In Wuhan area, the condition is more serious. Judging from the enormous number of these young victims now found in the refugee camps in these two areas, it should not be difficult to imagine how many children in the same plight have suffered in other parts of China.

In Japanese occupied areas, the situation has been aggravated by the animalism of Japanese soldiery. The violation, raping and killing of the helpless innocent Chinese women and children are reported daily, not only in Chinese newspapers but also by foreign news agencies, such as a Reuter reports of estimates to as high as 20,000 women having been raped in Nanking following its occupation by Japanese troops. A foreign eyewitness, the writer of "Soochow Nightmare", in his article published by the Chin Weekly Review, gives an almost incredible account of Japanese wholesale assaults on women in Soochow. Girls of as tender an age as eleven years, women as old as fifty-three have been the forced victims of the lust-mad Japanese army. Recently on April 10, Japanese reckless bombings, according to a Reuter message, took toll of 450 women-workers in a Cotton Spinning Company in Canton. You can easily imagine how many more motherless children are added to the ever increasing list of the young war victims! Such are the Japanese atrocities, brutalities and inhumanity, which have undoubtedly shocked the moral sense of all civilized people except the Mikado's militarists.

The present Sino-Japanese conflict is, therefore, not only a life and death issue to China but to the whole world as well. Japan has broken international

laws

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By Milton O. Gustafson NARS, Date 12-18-75

laws. She has torn to pieces the Nine-Power Treaty. It is a war against all nations. She has tolerated her army to commit appalling crimes against innocent people. She has suffered her soldiers to practice the most horrible abuses imaginable on helpless women and children. The challenge is to all humankind. We, as a member of the world community, are doing our bit in checking this great menace of Japanese against civilization, but we should also like to see all Friends of China throughout the world united in this struggle. There can be neither progress nor peace for a world-society where such menace goes unchecked. The world must be made safe for humanity.

At the suggestion of Madame Chiang Kai Shek, the Chinese Women's War-Aid Association recently decided to appropriate $10,000 as initial expenses for the establishment of the First Wartime Orphanage. In view of the vastness of the task confronting us and the increasing need of help which the prolonged conflict might incur, appeals for aid are hereby sent to all Friends of China throughout the world.

We thank you heartily for your sympathy and for all you have done for China, and ask you to continue your help and influence by following some or all of the suggestions that follow. We know that you will take them in the spirit in which they are given.

1. Subscribe for the cause of Child-welfare Movement in China. You can aid in this humanitarian task either by contributing to a fund to help in meeting the extreme distress of millions of desperate children in China or by sending protests to Japan to stop this terrorism of indiscriminate destruction of lives.

2. Cooperate to promote a world-wide boycott against Japanese goods. Every dollar you can prevent reaching Japan means the saving of lives of innocent Chinese. We hope that you will support the resolution of a world-wide boycott of Japanese goods passed by the International Peace Conference on Feb. 14, 1938 in London, especially by urging your friends, colleagues, families, neighbors and fellow citizens to refuse to buy Japanese goods.

3. Stop the transport of munitions to Japan. Much of the munitions and other war materials used by the Japanese soldiers have been bought in Europe or America. We appeal to you to use whatever influence you can to stop this traffic which, while it results in profits for a few, means the death of thousands.

4. Organize China Clubs. The organization of these clubs to study the Sino-Japanese Conflict, to seek real knowledge about modern China and to give spiritual and material aid is an effective method

through

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By Milton O. Gustafson NARS, Date 12-18-75

through which you can assist in attaining the ideals that we young women of China all want.

5. Make public the Japanese atrocities. We must call on the enlightened opinion of the whole world to condemn the Japanese aggression. If such aggression should be allowed to pass unchecked, it is bound to spread. If China should be swallowed by Japan, we wonder who will be the next victim, for Japan wants to conquer the world. We hope you will voice your condemnation and let the world know something of your disapproval of the Japanese invasion.

By The War-Zone Women's Publicity Corps
of Fukien Anti-Enemy-War-Aid Association.
Dated at Foochow, China, April 19th, 1938.

Chen Toe Sin (Signed),
Secretary General.

Copied by: TKW
Compared with: HCY

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

1938 MAY 21 PM 12 02

DIVISION OF
COMMUNICATIONS
AND RECORDS

No. 2920.

AMERICAN EMBASSY
Tokyo, May 2, 1938.

SUBJECT: ACTIVITIES OF MR. P.W. REEVES.

COPIES SENT TO
O.N.I. AND M.I.D.

DT

Assistant Secretary
of State
JAN 10 1939
MR. SAYRE

For Distribution Check
Grade For | Yes | No
In U.S.A. | ONI | MID

Copy in PI.
Copy sent to Bureau of Insular Affairs, War Dept.

OFFICE OF PHILIPPINE AFFAIRS
MAY 25 1938
DEPARTMENT OF STATE

Division of
FAR EASTERN AFFAIRS
MAY 24 1938
Department of State

The Honorable

The Secretary of State,

Washington.

Sir: 793.94/12775

Referring to my despatch No. 2830 of March 19, 1938, with which there was enclosed a clipping containing a report of an address made in Tokyo by Mr. P.W. Reeves, described as a former member of the staff of the High

1/ Commissioner to the Philippine Islands, there is enclosed a clipping from the JAPAN TIMES of April 21, 1938, containing the text of an address delivered at Kobe on April 20, at a luncheon of the Kansai America-Japan Society in which Mr. Reeves discusses at length the conflict between

Japan

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

2/ Japan and China. The text of another and substantially similar address made by Mr. Reeves, delivered on April 21, before the Oriental Culture League in Osaka, is contained in a clipping from the JAPAN TIMES of April 28.

The JAPAN CHRONICLE took occasion in its issue of April 28 to comment in an editorial note, copy
3/ of which is also enclosed, on the views being expressed in Japan by Mr. Reeves.

Respectfully yours,

Joseph C. Grew.

Enclosures:

1. Clipping from the JAPAN TIMES of April 21.
2. Clipping " " " " " " 28.
3. Clipping " " JAPAN CHRONICLE of April 28.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 , to despatch
No. 2920 , dated May 2, ,1938.
from the Embassy at Tokyo.

The Japan Times.

Tokyo, Thursday, April 21, 1938.

American Sympathies Misdirected Says U.S. Ex-Official In Address At Japan-America Meeting In Kobe

(Special To The Japan Times)

KOBE, April 20—P. W. Reeves, former member of the staff of the United States High Commissioner to the Philippines, delivered an address at the luncheon of the Kansai Japan-America Society here today in which he stressed his conviction that the present attitude toward China prevalent in the United States was a serious mistake and gave his promise that on his return to his country, he would do his utmost to do away with any misunderstanding that might exist for the betterment of relations between Japan and America. The gist of his one-hour speech follows:

Mr. Chairman, Ladies and Gentlemen:

I am very grateful for the honor you have bestowed upon me in inviting me to address you. I first visited Japan in the early part of April, 1937, when I was en route to Manila as a member of the staff of the American High Commissioner in the Philippines. It so happens that my first visit to Kobe was made exactly one year ago today. My second visit to Kobe was on September 2, 1937, when I was selected to make an international broadcast over your Station JOBK to the United States, Canada, Europe, South America, Asia, Australia and the Philippines. During the 16 minutes which I spoke I attempted to describe the merciless, inhuman and wilful bombing of the S.S. "President Hoover" by Chinese warplanes on August 30, 1937. Never before in all history was a passenger liner, unarmed, bombed by a belligerent nation. Our ship was bombed six times by the Chinese and would have been sunk if two Japanese warships had not come to our rescue.

Admiration Increased

This is my third visit to Kobe and it is the second time I have been honored by the citizens of Kobe. Long before I set foot upon your fair land I greatly admired the Japanese people. I have never lost an opportunity to improve my knowledge of your country, your traditions, your culture, your customs and your patriotism. So I say I knew something about you before I came to your shores. The three visits I have made to Japan have increased my admiration for your spirited, thrifty and proud people. I have learned a lot from your politeness, your extreme modesty, your gentleness, your honesty and your desire for fair play. The Japanese can teach the entire world a great deal about human kindness because there is no place on God's foot-stool where you will find human kindness and hospitality such as I have found in Japan. I shall always love Japan. I am very proud to be among you.



Speaker at Japan-America Society Meeting in Kobe

I was astounded to find so much sympathy for China in America. After reviewing the record and studying the causes leading up to this Sino-Japanese conflict I became convinced that this anti-Japanese feeling abroad existed because of false pro-Chinese propaganda. I determined to do my utmost to acquaint the American people with some true facts in connection with this war.

Enmity Unjustified

There is not one single, valid reason why America should take sides with China in this present conflict. The Japanese have always been our friends. Japan has been our best customer. Japan buys more American products than all the rest of the Far East combined. Japan buys more of our cotton than England, France and Germany combined. Only 8 per cent of Japan's exports to the United States are competitive with products which we manufacture. In 1935 China bought $38,156,000.00 worth of our goods. In the same year Japan bought $203,260,000.00 worth of our goods. In 1935 China sold $64,164,000.00 worth of her goods to the United States. In the same year Japan sold $151,396,000.00 worth of her goods to the United States. Thus, for every 60 cents spent by China in the United States, the United States spent one dollar in China. And for every one dollar spent by the United States in Japan, Japan spent $1.35 in United States. When the jingoists and paid propagandists are building up anti-Japanese sentiment in the United States they very conveniently fail to mention these facts and figures.

Many of our motion picture theaters and a vast number of our newspapers in America and other parts of the world have been most unfair to Japan. They have done much to excite our passions and inflame

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

hatred against Japan—a hatred ~~which is not~~ justified and entirely unwarranted. America has heard only one side of this question—China's side. The Chinese are quite skilled in the art of circulating propaganda in favor of their cause. On many occasions in years past they have been most successful in building up sympathy for themselves. Most of the newspapers in America and England have carried only those articles and news items which were favorable to the Chinese. We have listened to paid lecturers who portrayed beautiful word pictures about "Down-trodden China" and her just cause. We have read articles about "China, The Underdog" and "New China Awakens." Some in Americoa have gone so far as to urge a declaration of war against Japan. Yes, New China is awakening—awakening with hatred for the Japanese. This false propaganda has not only been used effectively against Japan in America and other parts of the world, it has had effect in China.

The entire human race has paid dearly for China's blunders not only in bringing about this war but former wars in which China has played an important part. Japan is fighting to free the Far East from the treacherous tactics which China has instinctively, traditionally and skillfully resorted to for many decades. If the people of America and England will turn away from this anti-Japanese propaganda and study the facts and causes leading up to this conflict they will sympathize with Japan and will understand the crisis Japan is facing. They will know that Japan's aims are: the overthrow of the warlords and bandits in China; the stabilization of China and East Asia and the restoration of law and order; and the establishment of permanent peace.

Problem for Japan

No Western nation has had to cope with as many perplexing problems from its weaker neighbors as Japan has stood for in her relations with China. The warlords and military despots in China who are responsible for this war, with its property loss and untold misery, must be wiped out for all time to come. Hatred for the Japanese must be eliminated from the minds of the Chinese. Japan is fighting for the good of the world. Japan is the only nation that can maintain and enforce peace and bring prosperity to the Far East. The task is great but, notwithstanding the false reports which have gone forth to America and other parts of the world, Japan is prepared to go through to the bitter end no matter how long it takes and no matter what the cost is. The Japanese understand that this war had to be fought now in order to restore law and order in war-torn China so that both China and Japan can enjoy permanent peace for years to come.

The anti-Japanese feeling in America and England exists because of lack of understanding of the true facts. The anti-Japanese propaganda has misled people abroad. A sympathy for China has been created which China does not merit. War news sent out by Chiang Kai-shek and his followers has left the impression that Japanese losses have been great and that Japanese troops have encountered the stiffest resistance imaginable from brave Chinese troops. We have been told that the Chinese troops have been greatly outnumbered in practically all engagements. If we are to believe the bulletins from Chiang Kai-shek's headquarters, the Japanese are being repulsed on every front. The world has been told that the Japanese Air Force is crippled and that the Japanese are poor aviators. Reports have gone from China that the morale of the Japanese armies is low—that revolutions are springing up throughout Japan and that Japan's war funds are almost exhausted. The Generalissimo's latest blast was that Japan cannot hold out much longer and that China will soon achieve the victory she is seeking. All these reports are malicious lies.

There are no signs of unrest in Japan. The spirit of the people is high and every Japanese is eager to fight for his country. The finances of the country are in wonderful shape.

American citizens in Japan have never been kidnaped, robbed and murdered. They have never been harmed in any way. They have been treated with the greatest of kindness and respect. Compare this treatment with the treatment which has been accorded to American citizens in China. Property in Japan belonging to Americans has not been destroyed, burned or confiscated. Such is not the case in China. A large percentage of the money Japan spends broad is spent in America. During the last year Japan spent more than two hundred millions of dollars in America. Japan sends her young men and young women to America to our institutions of learning. The Japanese in America are law-abiding and cause us no trouble whatsoever. We are glad to have them there. In America many of the Chinese are not law-abiding. We have had to put up with numerous tong wars in some of our larger cities. The Chinese have been notorious in the deadly narcotic traffic.

It is not strange, therefore, that the Japanese people are dumbfounded over the sympathy for China which is shown by many of our American people. They have a right to be dumbfounded because there is not one scintilla of justification for the anti-Japanese feeling which exists in America.

The American people have been deceived and misled. Regardless of the huge amount of money which has been spent in America by the Soong family and other selfish interests in trying to turn America against Japan—the American people will never be made to take up arms against the Japanese. In every war in which America has fought our people have had just reason to fight. False propaganda has never led our people into a war and it never will.

Japan is not the aggressor. Japan was forced into this war. A stabilized China, ridden of its bandits and warlords, freed of civil war and oppressive taxation, will benefit not only China but the entire world. Japan does not wish to crush China, but, on the contrary wishes to help China. Japan seeks an honorable peace in which the lives and property of her citizens will be protected and in which commerce can be carried on between the two countries in the same orderly manner as in the other countries of the world. China has nothing to lose, either politically or economically, by cooperating closely on neighborly terms with Japan. China's share of such a harmonious relationship would undeniably be great. China's trade would flourish and her people would be happy and prosperous.

When I return to America I shall urge my people to stop criticizing Japan and seek the truth. If the people of America knew more about the skill and industry of the Japanese people, more about the human kindness which is in the make-up of your spirited and proud people, more about the progress Japan has made in the finer things in modern civilization, more about Japan's true history, more about the causes leading up to this Sino-Japanese conflict—a much friendlier feeling for Japan and the Japanese people would exist in America. When the nations of the world endeavor to honestly appraise the realities which Japan faces, when the true facts are impartially analyzed, a great step will be made in the advancement of the cause of world peace. Right always triumphs and Japan will be victorious. Japan is crusading for peace and friendship with the entire world. I believe it will be won! I thank you and bid you "Sayonara."

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. 2920 of May 2, 1938 from the Embassy at Tokyo.

The Japan Times

Tokyo, Thursday, April 28, 1938.

China's Strategy Against Japan Built On Sympathy Created By False Propaganda

Panay Incident Unfortunate But Hoover Bombing Inexcusable; Situations Altogether Different

(Following is the gist of an address delivered by P. W. Reeves on April 21 before the Oriental Culture League in Osaka.)

It was with a great deal of pleasure that I accepted the invitation to speak in Osaka—and to be asked to speak to the members of the Oriental Culture League makes me doubly grateful. This is my third visit to Japan but the first time I have had the good fortune to visit Osaka, your largest industrial city.

As you know, we are experiencing in America the worst depression in all of our history. Many of our people are out of work and our President has had to cope with many perplexing problems. I assumed that this depression was more or less world-wide and that some phases of it had reached Japan. Every place I have visited in Japan has brought me surprises. In Yokohama I found the people busy and happy. Tokyo is a bee-hive of activity. Osaka is a great industrial city. I was fascinated by your many factories, your beautiful hotels, your large department stores. I have greatly admired your educational institutions. When one comes to Japan he is immediately shown your institutions of learning. When I arrived in Kobe yesterday to speak to the members of the Japan-America Society, I was met at the train by President Tasaki of Kobe University and I was shown through that great University. These are some of the things which endear the Japanese people to all who visit your fair land.

No Sign of War

I have had to marvel at your peaceful, serene, calm way of taking things. Throughout all of Japan there can be seen no signs that a war is going on. All the restaurants, hotels, theaters and other places of business are enjoying full patronage. There are signs on all sides of prosperity. It is pleasant, indeed, to know that there is one country in the world where there are no boycotts, no riots, no strikes, no labor troubles, no mob spirit, no depression. Everywhere I have gone I have found your people enjoying the greatest measure of happiness. The Japanese people seem to understand that this war had to be fought now so that both China and Japan can have permanent peace for years to come.

Much has been done to prejudice the people in America and England against Japan. Many writers and correspondents are in China today. They are paid to write their articles and they are doing their job well. They are sending their hair-raising stories back to America and to England. Their cabled news flashes and special articles sent by airmail relate to air-raids, bombings, destruction of lives and property. Most of these special writers know the feelings "back home" and they are writing stories which are in demand. They have written much about the symptoms, (about what is taking place now) but their articles have told us little about the causes which brought about this conflict. China's blunders and China's provocations brought about this conflict. Japan had stood for so much from China that the Chinese thought Japan would continue to submit to her outrages. Let us review some of these outrages:

The American people are not acquainted with these gruesome facts. The Japanese people have not resorted to propaganda in this war. They have not engaged high powered publicists to write breath-taking descriptions of these scenes and incidents in order to win the sympathy of other nations. But, my friends, these facts speak for themselves. When the American people know more about these revolting barbarities which have been perpetrated on the Japanese, without the slightest justification, much of the sympathy for China which now exists in America will disappear.

That you may know how this anti-Japanese propaganda has taken effect in America I will give you a concrete test. The "Panay" was a small gun-boat of 450 tons. The S.S. "President Hoover" was a passenger liner of 33,000 tons. The "Panay" was armed with anti-aircraft guns. The "President Hoover" was unarmed and had no protection whatever. The "Panay" was flying a small American flag and had no other signs or markings to show its identity. The "President Hoover" had two American flags. The flag flying aft, high above the ship, was about five feet by seven feet. A large American flag, forward, was nailed fast to the flat surface which constitutes the roof over the Captain's quarters. This flag was 10 feet by 12 feet. In addition the emblem of the Dollar Line is more than 10 feet in length and about eight feet in width. These emblems are prominently displayed on both sides of both funnels. In other words, there were four of these Dollar Line emblems. These emblems can be seen day or night, no matter what direction one may be from the ship, for more than one-half mile. The "President Hoover" dropped anchor about one o'clock in the afternoon and we were waiting for the tide so we could go up the Woosung, and the ship was, therefore, a still target. The ship was at anchor for more than 4 hours before the bombing took place at 4:55 p.m. on a clear afternoon when visibility was perfect. Many refugees who were picked up in China and carried to Manila were being returned to the United States on the President Hoover. There were more than 350 passengers aboard. There were many children. In fact one of the bombs dropped by the Chinese warplanes landed in the children's sand box where they played every afternoon.

The President Hoover had a right, as an unarmed passenger liner carrying the flag of a neutral nation, to be at the spot where she was bombed.

Honest Mistake

At the time the Panay was sunk it is a matter of record that many Chinese troops were fleeing from Nanking by way of the Yangtze River—and the Japanese naval planes were within their rights in pursuing these Chinese troops. Unquestionably the Japanese planes thought the "Panay" was a Chinese boat and was loaded with fleeing Chinese troops. There is no question but that the bombing of the "Panay" was an honest mistake.

On Aug. 30, 1937, Secretary of State Hull expressed the hope that all American ships would avoid the war zone. Instructions were issued to Rear Admiral Yarnell, Commander of the American Asiatic Fleet, that American ships entering the war zone would do so strictly at their own risk.

On Sept. 6, 1937, President Roosevelt stated that the Sino-Japanese warfare had become so critical that the United States can no longer assume responsibility for American citizens who remain in the war zone. The President urged all Americans to leave the danger areas. The President closed his statement with these words: "Those who wish to remain in China must do so at their own risk."

On Sept, 14, 1937, President Roosevelt announced that merchant vessels owned by the merchant marine of the United States will not, until further notice, be permitted to transport to China or Japan arms, ammunition or implements of war. Our President also proclaimed that any other merchant vessels flying the American flag which attempt to transport any of the forbidden list of articles to China or Japan will, until further notice, do so at their own risk.

Notwithstanding our general policy of avoiding risks and in defiance of instructions which were issued to the Commander of the American Asiatic Fleet, the Panay was in the war zone at the time it was sunk.

When the President Hoover was bombed by the Chinese, one man was killed; one man jumped overboard from fright and lost his life; and more than a score were injured by shrapnel, falling glass and other causes incident to the bombing.

Hon. Tatsuo Kawai, Spokesman for the Foreign Office, announced a day or two ago that a check for $2,214.-007.36 would be sent to Washington immediately in full payment for the sinking of the Panay. This prompt decision of the Japanese Government to make indemnification for the Panay was another testimonial of its policy to maintain friendly relations with the United States.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Deep Regret

Also, it is generally known throughout Japan that the immediate reaction in Japan to the sinking of the Panay was deep regret and extreme sympathy. Japanese sympathizers have contributed to a fund to help the victims who were injured on the Panay. More than 8,000 Japanese citizens have contributed ¥30,000 up to date. The contributors are widely representative of all classes in Japan. Since the "Panay" was sunk many Japanese delegations and individuals have appeared at the American Embassy in Tokyo to express their sympathy on account of this unfortunate incident. This is further evidence of the friendly feeling which the Japanese people have for America. Did the Chinese people manifest any concern over the death of Lionel Haskell of Baltimore, Maryland, the 23-year-old American who lost his life when the Chinese warplanes bombed the "Hoover?" They did not!

In spite of these startling facts, many of the American people were greatly agitated over the sinking of the Panay but little or no concern was manifested when the Hoover was bombed. The reason for this is obvious—pro-Chinese propaganda in America has greatly prejudiced many of our people against your nation.

It has been, it is now and it will continue to be my earnest endeavor to change this unfounded feeling in America toward Japan.

Spoiled Nation

China has had so much aid of various kinds from abroad that she is now a spoiled nation. She expects something for nothing. Hospitals have been established and schools have been built with foreign contributions. Aid has been sent for famine and various kinds of relief. Foreign missionaries have been sent to China to teach the Chinese. Western education has not helped China. China has always been in need of money. At various times she has gotten help from practically all of the larger nations. She is allied with Russia. She has borrowed money from the United States, England and other nations and today she has the sympathies of these nations. Upon this world support she has built her strategy against Japan. All of these nations are disgusted with China and her begging. Although she does not know it, today China is waging a war against her best friend.

The memory of China's past history with all her culture will not erase the reality of the corruptness of political conditions in China which brought about the Sino-Japanese conflict. Our people in America have judged the Chinese of today too much on the strength of their ancestors. Too much thought has been given to China's ancient history. Our people have been too eager to revive the glories of China's past. We must face the cold untarnished facts. Sympathy for a nation does not augur for true justice. The pro-Chinese propaganda which has been manufactured by high-priced publicists has dazzled and blinded our people momentarily. True facts and true conditions have escaped the attention of our people in America.

Americans have always insisted upon fair play and honesty. We have been a peace-loving nation. It is true that our people have shown great sympathy for China but this is because of the false pro-Chinese propaganda which has been scattered throughout the United States, and a lack of understanding of the true facts. The American people have admired the progress your people have made. The American colonies had the same obstacles to overcome which your nation has had to overcome. Our people surmounted one handicap after another just as your people have done. Our nation became one of the leading powers of the world just as your nation has become one of the leading powers of the world. It is but natural, therefore, that our people should be friendly to your people. American-Japanese relations must always remain friendly. The destiny of the Pacific and the Pacific area is in the hands of these two nations.

Friendly America

An American President's mediation resulted in the Treaty of Portsmouth and the termination of the Russo-Japanese War. America was the first to send aid to Japan at the time of the great earthquake.

You know and I know that in the event of another national disaster or calamity America would be the first to send relief to your people.

I don't want to see America dragged into this mess to help China pull her chestnuts out of this far Eastern fire. I don't want to see the young men of our country sacrificed.

We have gone through the most disastrous depression in all our history. We have in the neighborhood of 15 million out of work and we have suffered enough during the last six or seven years. I don't want to see additional tax burdens levied on our people on account of an unnecessary war debt.

Our country has always adhered to our traditional policy not to enter into entangling alliances or involvements with other countries. We must not depart from that policy now!

When our people analyze the true facts and learn more of the rotten political conditions that have held sway in China for the past 40 years; when our people turn on the searchlight and see China as she really is and when our people have more knowledge of the Japanese people and the real causes that made this present conflict inevitable, then the feeling in America against the Japanese will undergo a great change.

Japan and China should work hand in hand for reasons culturally, politically, economically and geographically—each needs the other. Japan has always been sympathetic with the aims of China. China has never reciprocated Japan's friendly sentiments. Japan's one desire is to get China to understand and cooperate to the end that law and order will be established in China.

Japan and China cooperating and working hand in hand, bound together by the common ties of race and script, nurtured by the same cultural ideals, will contribute to the development and betterment of all humanity.

The Peace and stability of Eastern Asia will be realized when the two greatest Oriental nations sincerely cooperate one with the other. Only a new and powerful China will render Japan's future secure. A new and powerful China would help the entire world. If our people will turn away from the pro-Chinese propaganda which has saturated America and seek the truth, they will understand the problems which Japan has had to face—they will know that Japan was forced into this campaign and is fighting so that peace will reign supreme in the Far East.

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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No.3 , to despatch
No.2930 , dated May 2 ,1938,
from the Embassy at Tokyo.

The Japan Chronicle.

Kobe, Saturday, April 23, 1938.

Mr. P. W. Reeves, former secretary to Mr. McNutt, American High Commissioner to the Philippines Government, appears to be having an entertaining time in Japan. Mr. Reeves was a passenger on the Hoover when she was bombed off Woosung and on arrival in Kobe he broadcast a description of the incident. Then he went to America, returning here several weeks ago, since when he has lunched out extensively repeating on each occasion the story of the Hoover bombing and his opinion that it is the worst outrage in history. Mr. Reeves' opinion can be left to look after itself; what even those who pay for his lunch ought to realize, however, is that Mr. Reeves is so careless of his facts that his after-luncheon addresses are doing Japan more harm than good. He has said, for instance, that six bombs wrecked the Hoover from end to end, whereas the fact is that the one bomb that hit the liner made a hole in three decks and damaged three cabins. In addition the vessel's plates were freely riddled by flying fragments. As contrast to the wrecking of the Hoover, Mr. Reeves cites the unfortunate mistake that sent the Panay to the bottom of the Yangtze. This American gunboat, he says, was steaming through the fighting zone and was sunk by one bomb. But according to Lieutenant-Commander Hughes, the vessel's commander, the Panay was anchored, was bombed "continuously" from 1.27 until 2.25, and "must have received 24 direct hits." It is a disservice to Japan to recall the Panay bombing, but if the incident must be mentioned at all at least Mr. Reeves ought to get his facts straight.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

JUN 2 1938

No. 1514

CONFIDENTIAL: FOR STAFF USE ONLY

The Honorable

Joseph C. Grew,

American Ambassador,

Tokyo.

Sir:

With reference to the Embassy's despatches, No. 2830 of March 19, 1938, and No. 2920 of May 2, 1938, in regard to addresses on the conflict between Japan and China delivered in Japan by Mr. P. W. Reeves, a former member of the staff of the United States High Commissioner to the Philippine Islands, the Department believes that it might be of interest for you to have some background information on Mr. Reeves in the event that he continues to make public in Japan his personal views on the subject mentioned.

The Department has been informed by the Bureau of Insular Affairs of the War Department that Mr. Posey W. Reeves was, for a number of years, the secretary of Mrs. Ruth Pratt while she was a member of Congress from the State of New York, during which period he developed a wide acquaintance with other members of Congress, from many of whom he obtained letters of recommendation. These letters, together with one from Vice President John N. Garner, he presented to the Honorable Paul V. McNutt at the

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the time of his appointment as High Commissioner to the Philippine Islands. The Bureau of Insular Affairs, at the request of Mr. McNutt, gave Mr. Reeves a clerical appointment on the High Commissioner's staff with a salary of $2,280 per annum. Mr. Reeves sailed for Manila on April 16, 1937, and arrived there on April 28. His services did not prove satisfactory and, at the end of August, after four months' service, he was given return passage to the United States. His resignation was tendered and accepted on September 20, 1937.

Very truly yours,

For the Secretary of State:

Sumner Welles

JUN 3 1938.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

NC

This telegram must be closely paraphrased before being communicated to anyone.

FROM

Mardet at Tientsin China

May 23, 1938.

Rec'd 12:40 p.m.

DIVISION OF FAR EASTERN AFFAIRS MAY 25 1938 Department of State

Action: Navy Department

Info: Cincaf
4th Marines,
Mardet at Amembassy Peiping

793.94

0023. Transports unloaded 400 nurses 400 horses 598 Japanese troops 16 to 22 May, Chinwangtao hospital ships received 1319 wounded or sick. 1535

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MAY 25 1938

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By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 761.94/1045 FOR Despatch #2242

FROM France (Wilson) DATED May 11,1938
TO NAME

REGARDING: Relations between China and Japan. Statement of Sokolin, Russian Under Secretary of the League, thataside from the planes delivered to the Chinese, there were one hundred and fifty piloted by Russiansand operating as special distinct corps. It was the air force which carried out the raid on Formosa.

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793.94/13067

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

June 2, 1938.

~~Jay~~ ~~Roy~~ ~~Mott~~ A

Reference Shanghai's despatch no. 1385 of April 20, 1938 entitled "Action Taken by United States Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Consul General Gauss expresses his appreciation of the assistance and cooperation extended by Admiral Yarnell and encloses copies of letters, memoranda and other official documents on the above subject. The enclosures are grouped in 55 sections and are fully indexed.

Although this despatch forwards documents for the record and possible future reference only, one item may be of interest in connection with the statement made in the attached Red Cross report (p. 3) that all refugees to Manila were charged a flat rate of Shanghai$200 regardless of class. Enclosure no. 14 to the present despatch gives a table of rates ranging from Shanghai$200 to Shanghai$72.

FE:JAP

In my opinion the Red Cross Report is more likely to be correct. RWG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

NO. 1385

Guide For G ONI MID

AMERICAN CONSULATE GENERAL,
Shanghai, China, April 20, 1938.

DEPARTMENT OF STATE
1938 MAY 23 PM 3 20
DIVISION OF COMMUNICATIONS AND RECORDS
COPIES SENT O.N.I. & M.I.D.

SUBJECT: Action Taken by United States Naval Authorities During Shanghai Hostilities of Interest to Consulate General.

793.94/13068 Asiatic 4/1.30

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

Division of FAR EASTERN AFFAIRS MAY 24 1938 Department of State

SIR:

I have the honor to enclose, for the records of the Department of State, copies of numerous letters and memoranda on the files of the Consulate General relating to action taken by the United States Navy in the situation in the Shanghai area arising out of the Sino-Japanese hostilities.

Many of the matters dealt with in the correspondence have been reported or mentioned in my telegraphic messages to the Department. The pressure of the emergency, however, has heretofore prevented my submission of the documentation to support the telegraphic record.

As the copies are numerous, an effort has been made to facilitate reference and examination by the preparation of (a) a subject outline and (b) an index of the file.

I take this opportunity to record my very sincere appreciation of the assistance and cooperation extended to the Consulate General by Admiral Yarnell and his officers

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JUN - 4 1938
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By Milton D. Gustafson NARS, Date 12-18-75

officers during the whole period of the Shanghai emergency. My service in China, dating back to 1907, has given me repeated evidence of the fine cooperation and ready assistance of the United States Navy to the Department of State establishments in China, particularly during times of emergency. My relations with the Navy during the past nine months of the emergency in China have been most gratifying, and I am deeply indebted to Admiral Yarnell and his officers for their kindness and consideration, and their cordial cooperation and unfailing assistance to me and to the officers of my staff at all times. Needless to say, the Consulate General on its part has endeavored to extend a full measure of cooperation and assistance to the Fleet in every way possible.

Respectfully yours,

C. E. Gauss
American Consul General

Enclosures:
1 to 294 as listed in Outline of Documentation.

800
CEG HHS MB

In Quintuplicate.

Copy to Embassy, Hankow.

Copy to Embassy, Peiping.

3 sets
ENCLOSURE FILED IN
[illegible]
DATE FILED 6-8-38

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Outline of Documentation

Subject	Enclosure Nos.
1. Safe anchorage for neutral ships:	
(a) in Lower Yangtze	1/8
(b) in the Whangpoo	9/11
Efforts were made during August 1937 to set aside safe anchorages for neutral vessels at the mouth of the Yangtze River and in Shanghai harbor. While complete agreement on the proposals could not be obtained from the Chinese and Japanese sides, the areas in question came to be regarded as more or less neutral anchorages.	
2. Protection of American Property by U.S. Vessels.	12/13
U.S. Navy vessels were berthed alongside the Standard Oil and Texas Company oil installations, and off the Shanghai Power plant for purposes of protection.	
3. Diversion of American Merchant Vessels to Provide Facilities for Evacuation. Expenses of Evacuation by U.S. Navy Vessels.	14/25 26/31a
It became necessary for the naval and consular authorities to take measures to direct the diversion of American merchant vessels to Shanghai to provide facilities for the evacuation of women and children.	
U.S. Navy vessels were also used for evacuation purposes on the China coast. Arrangements for reimbursement of the Navy for subsistence and cost of additional equipment were made between the State and Navy Departments.	
4. Shells and Bombs near U.S. Naval Vessels and U.S.M.C. Posts.	32/46
There were repeated occasions for representations and protests to both sides on this subject.	
5. Liaison with Chinese Military Headquarters.	47/50
Considerable difficulty was experienced in getting through messages to Chinese military headquarters or authorities.	
6. Functions of American Armed Forces in China.	51/57
The American position as defined in Washington's instructions required consideration in its application to such possibilities as an attempt by Chinese forces to break through the foreign military lines, and to attacks by bombing planes on foreign defense forces or non-combatants within the foreign protected areas.	

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7. Gas Warfare	58
The possible use of gas by the opposing sides needed to be considered.	
8. "Curfew" on Ship Movements on Whangpoo River	59/60
The question of movement of foreign ships on the Whangpoo between the hours of 7:00 p.m. and 5:00 a.m., required consideration and action by the naval commanders.	
9. Japanese Civilians in the American Sector . . .	61/64
The question of Japanese civilians residing in the sector protected by the U.S. Marines received considerable attention.	
10. Flights by U.S. Naval Planes	65
Japanese were concerned that planes from U.S. Navy vessels might take to the air.	
11. Marine Guard at the Consulate General	66
A guard of U.S. Marines under a sergeant was maintained for some months at the Consulate General.	
12. Use of the International Settlement as a Military Base	67/68
The use of that part of the International Settlement north of the Soochow Creek as a Japanese military base was the subject of recommendation by the Commander-in-Chief for diplomatic protest.	
13. Japanese Blockade of Chinese Coastal Waters . .	69/91
The Japanese blockade of the China coast and its effect on foreign shipping and cargo was the subject of consultation and report to Washington.	
14. Permits for Entry of Americans into Japanese Occupied Areas and for Removal of American Cargo Therefrom	92/104
This matter involved Japanese military and naval authorities as well as the Japanese civil authorities, and the cooperation of the U.S. Navy in making representations to the Japanese naval authorities was sought and generously extended.	
15. Information for the Commander-in-Chief from Department of State Officers	105
Messages from Nanking, Tokyo and Washington, as well as from consular posts, of interest to the Commander-in-Chief, were communicated for his information.	

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Subject	Enclosure Nos.
16. Japanese Request for Disarming of Chinese Police in the American Sector	106/107

Japanese authorities requested the disarming of Chinese police within the American sector; and were informed that no Chinese Government police functioned in the American sector which is entirely within the Settlement.

17. Return of American Women and Children to Shanghai	108

The question of permitting the return of American women and children to Shanghai after hostilities had removed to the interior was a matter for consultation.

18. Proposed Demilitarized or Neutral Zones to Prevent Danger to Shipping and to the Foreign Protected Areas	109/121

This matter was the subject of consultation amongst the foreign naval commanders and of representations to the Japanese and Chinese authorities.

19. American Owned Motor Houseboat WANDERER IV Endangered	122/127

Action was necessary to obtain permission for a Navy boat crew to remove the launch WANDERER IV from a slipway under fire to a safer berth.

20. United States Marine Corps and the Defense Expenses of Shanghai Municipal Council . . .	128
21. Japanese Protests on Chinese Artillery Sheltering near Standard-Vacuum Oil Installation; and Signals from the Shanghai Power Plant .	129/131
22. Japanese Requests for Maps Showing American Property Along the Whangpoo River	132/134

The Japanese naval authorities made requests for maps showing American property on the Whangpoo waterfront, particularly on the Pootung side, in an endeavor to avoid damage to foreign property in exchange of fire with the Chinese forces.

23. Bombing Flights and Anti-aircraft Fire over the Foreign Protected Areas	135/138

The neutral foreign naval commanders endeavored to persuade the opposing forces not to fly bombing planes over the foreign protected areas and so to direct anti-aircraft fire as to avoid further killing of noncombatants.

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24. Bombing of American Mission Hospital at Waichow	139/146
American naval protest and Japanese reply. Action by the American consular authorities to supply both the Chinese and Japanese sides with information on American mission property with a view to its protection.	
25. Food and Supplies for Chinese Refugees	147/152
Request for foreign naval assistance in removing blankets from Yangtzepoo for Chinese refugees. Conference on food supplies for Chinese.	
26. Lighthouse Service on the China Coast	153/156
Action taken by the foreign naval commanders in re lights and lighthouses on the South China coast.	
27. Japanese Request that Neutral Nationals and Ships Remove from Nanking	157/158
28. Permission for the Removal of Supplies for the U.S. Navy and U.S. Marine Corps in Japanese Occupied Districts	159/162
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32. Naval Commanders Confer with High Ranking Chinese and Japanese Commanders on Indiscriminate Firing over the Settlement	169/183
33. Status of Soochow Creek; Japanese Move to use it to Transport Supplies	184/194
A light boom across Soochow Creek, placed there by the British military which occupied sectors on both sides of the creek, threatened to become a matter of serious dispute with the Japanese but was eventually settled.	
34. Japanese Plane Crashes near Standard-Vacuum Oil Installation	195
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15	Admiral Yarnell Provided with copies or paraphrases of messages from Nanking, Tokyo or Washington	105
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

A14-6 (1189)

Shanghai, China
15 August 1937

Sir:

Vice-Admiral K. Hasegawa, I.J.N., Commander-in-Chief of the Japanese Third Fleet, has agreed that Japanese men-of-war and merchant ships will not anchor and will abstain from all hostile action within an area of the Yangtze River bounded by a line running through the Block House Buoy bearing 030 true and a line running through the southeast Knoll Buoy bearing 030 true. The Japanese Admiral reserves the right for men-of-war and merchant ships to pass through this area but not to anchor therein except when compelled by stress of weather.

It was further agreed that the Chinese authorities should be immediately informed by the Commander-in-Chief, U.S. Asiatic Fleet, of this arrangement and asked to agree to the same conditions, and, in particular, to abstain from all hostile action against ships anchored within this zone.

I would appreciate it if you would take this matter up with the Chinese authorities and advise me as soon as possible if these arrangements meet with their approval.

Very respectfully,

(Sgd) H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET
SENIOR NAVAL OFFICER PRESENT
SHANGHAI

Mr. C. E. Gauss,
American Consul General,
American Consulate General,
Shanghai, China.

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Compared with RN

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 21 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Immediately upon receipt of this message, I telephoned it to Mr. O. K. Yui, the Mayor, who took it down but did not understand it. I told him that I thought some of his naval folk if he had any around could explain it to him; but he replied that he would have to send such a message to the Minister of War and he did not know how to put all these terms - bearing 030 true - into Chinese. I told him that I thought he might preface his message by a statement in Chinese that it had come from Admiral Yarnell thru me and then he said that the Minister of War does not understand English; I replied that surely there were officials in the Government who could understand English and the Ministry of the Navy in Nanking could interpret it. He then said all right, but I was not satisfied that we were making headway in this manner. My telephone connections with Nanking are so poor as to make it difficult if not impossible to put a technical message over the telephone. I therefore asked Col. Price whether he could not signal Admiral Yarnell and suggest that the message be put through to the American Ambassador through the station ship at Nanking. Colonel Price later telephoned us to say that the Admiral had replied that the contents of the letter were being forwarded by radio as suggested.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 3 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 25, 1937

For the Files

Acting German Consul General telephoned this evening that he had received a message from the German Ambassador saying that some neutral anchorage had been arranged off Woosung by the American naval authorities.

I replied that some such proposal was made by the naval authorities but that the Chinese in accepting it had made a condition which it would have been impossible for the Japanese to accept--a restriction as I recalled on Japanese men-of-war and merchant ships entering Shanghai harbor.

I told Mr. Behrends that I would look up the matter in the morning and let him have a more precise statement.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 4 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, August 26, 1937.

Memorandum for the Acting German Consul General.

Aug. 15th, the Japanese Commander-in-Chief undertook that Japanese men-of-war and merchant ships would not anchor and would abstain from all hostile action within an area of the Yangtze river bounded by a line running through the Block House Buoy bearing 030 true and a line running through the southeast Knoll buoy bearing o3o true, the Japanese Admiral, however, reserving the right for men of war and merchant ships to pass through this area but not to anchor therein except when compelled by stress of weather.

It was understood that the Chinese authorities should be immediately informed of this arrangement and asked to agree to the same conditions and, in particular, to abstain from all hostile action against ships anchored within this zone.

Aug. 16th, information was received from Nanking that the arrangement was agreed to in writing by the Chinese Government provided Japanese naval and merchant ships will not pass the line running through the southeast Knoll Buoy bearing 030 true from the sea towards the Shanghai harbor.

It is understood that no further action in the matter has been taken.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 5 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Shanghai, August 18, 1937.

Dear Admiral Yarnell:

I send you a copy of the telegram from the Ambassador (still somewhat garbled) which we discussed briefly yesterday and again this morning.

I met with my British, French, German, and Italian colleagues this morning and after discussing the matter, we are replying to our Ambassadors that owing to subsequent developments and in the light of earlier more limited proposal to which Mayor Yui returned no answer and which Japanese Consul General informed the American Consul General several days ago had come too late, we consider the scheme impracticable.

I have added that I discussed the matter with you and that you felt that under present conditions the proposal is hopeless. I understand from the British Acting Consul General that this is the opinion also of the British Commander-in-Chief.

Very sincerely,

C. E. Gauss
American Consul General

1 enclosure.

Copied by MB
Compared with HHS

The telegram referred to above is from Ambassador to Amconsul Shanghai and Secstate, No. 468 August 19, 3 p.m., for the Commander in Chief and concerns request of Chinese military authorities that all foreign war ships and merchant ships in Shanghai move to a distance at least five nautical miles away from any Japanese war ships, or make the Japanese war ships move away from their war ships and merchant ships to a similar distance. If neither request is complied with within twelve hours, the Chinese Government will not assume any responsibility for any damage.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 6 of despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

WAICHIAOPU
Shanghai Office

August 19th, 1937.

Mr. C. E. Gauss,
American Consul General,
Shanghai.

Sir:

I am instructed to notify you that the Chinese military authorities request all foreign warships and merchant ships at Shanghai to move to a distance at least five nautical miles away from any Japanese warship, failing which the Chinese military authorities would request the powers concerned to make the Japanese warships move away from their warships and merchant ships to a similar distance. If neither request are complied with within twelve hours, the Chinese Government will not assume any responsibility for any damage which may be caused to the warships or merchant ships of third countries during the engagements of the Chinese air force or other forces with the Japanese warships.

I have the honour to remain,

Yours respectfully,

(Sgd) Yui Ming
Director, Shanghai Office
Ministry of Foreign Affairs

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 7 of C. E. Gauss's despatch No. 1385, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

American Consulate General

Aug. 19, 1937.
7 p.m.

Memorandum for the Commander-in-Chief.

Mr. Yui Ming, Director of the Shanghai Office of the Ministry of Foreign Affairs, telephoned to me at 7 o'clock and read to me the same oral message which the Ambassador has quoted in his radio message for you.

I asked Mr. Yui Ming to explain "12 hours from what?" He said 12 hours from the date of the notice - the time of the notice.

I replied to Mr. Yui Ming in the sense of the Ambassador's reply to the Minister of Foreign Affairs.

I also told Mr. Yui Ming that we were moving about 1000 American women and children out of Shanghai on the HOOVER beginning tomorrow morning, and that tenders and other craft will be busy most of the day doing so and returning supplies here for our forces.

C.E.G.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 8 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
17 September 1937

My dear Admiral Hasegawa:

In reply to a recent despatch from the American Ambassador in Nanking stating that the Chinese Government had requested that all neutral ships be clear of the Yangtze River during hours of darkness, I have sent the following reply to our Ambassador:

"REFERENCE DESPATCH OF FOURTEEN SEPTEMBER CONTAINING REQUEST FROM CHINESE GOVERNMENT THAT ALL NEUTRAL VESSELS SHOULD BE CLEAR OF THE YANGTZE RIVER BETWEEN THE MOUTH OF THE WHANGPOO RIVER AND LONGITUDE ONE TWO TWO DEGREES DURING HOURS OF DARKNESS COMMA PLEASE INFORM CHINESE GOVERNMENT THAT THIS WILL BE COMPLIED WITH AS FAR AS PRACTICABLE PERIOD IT IS NECESSARY FOR NEUTRAL SHIPS TO COME TO SHANGHAI AND IN SOME CASES IT IS NOT ALWAYS POSSIBLE FOR A VESSEL TO ENTER AND DEPART DURING DAYLIGHT HOURS OWING TO UNFAVORABLE TIDES PERIOD IN CASE ANY AMERICAN VESSEL FINDS IT NECESSARY TO REMAIN IN THE YANGTZE RIVER DURING DARKNESS COMMA SHE WILL BE ANCHORED BETWEEN BLOCKHOUSE AND SOUTHEAST KNOLL BUOYS AND WILL HAVE THE AMERICAN FLAG SHOWN AND ILLUMINATED PERIOD ADVANCE NOTICE WILL BE GIVEN THE CHINESE AUTHORITIES IN SUCH CASES"

The British, French, Italian, and Netherlands Senior Naval Officers are sending similar despatches to their diplomatic representatives.

It is understood by us that the area between Blockhouse Buoy and Southeast Knoll Buoy is considered by the Japanese authorities as a safety anchorage for neutral ships and is not being used for anchorage purposes by Japanese men-of-war.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice Admiral K. Hasegawa, IJN
Commanding Third Battle Fleet
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China

Copied by MB
Compared with JMD

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 9 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to American Consulate General."

Copy

MEMORANDUM OF TELEPHONE CALL RECEIVED AUGUST 23, 1937, AT 9:20 A.M. FROM COMMUNICATIONS OFFICE 4th MARINES

From: Commander in Chief Asiatic Fleet

To : Chief of Naval Operations

INFORMATION FOR AMERICAN CONSUL SHANGHAI STATE DEPARTMENT WASHINGTON AND AMERICAN EMBASSY NANKING

0023 Admiral Hasegawa has orally agreed to keep Japanese men of war below a line between Soochow Creek and Pootung Point but requested that a similar agreement be secured from the Chinese forces not to use the area between the barrier off Nantao and the line mentioned for passage of hostile Chinese vessels PERIOD This will be taken up through the Ambassador and Consul General.

CINCAF

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 10 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

COPY FOR AMCONGEN

Shanghai, China
25 August 1937

My dear Admiral Hasegawa:

I beg to inform you that the American Ambassador at Nanking received the following communication from the Minister of Foreign Affairs of the Nanking Government with regard to the proposal made requesting that government not to use the section of the Whangpoo River between the Barrier and Soochow Creek:

> "I have the honor to acknowledge the receipt of your letter of yesterday's date, requesting an assurance on the Chinese side that the section of the Whangpoo River between the barrier off Nantao and the line running from the Soochow Creek to Pootung Point will not be entered by Chinese vessels for any warlike purpose.
>
> In reply I have to state that, while the Chinese Government must necessarily reserve its right which is inherent in China's territorial sovereignty, for the free use and passage of all kinds of Chinese vessels, for the whole length of the Whangpoo, the Chinese military authorities agree not to commit hostilities in the section of the river in question, provided that Japanese warships do not cross the Soochow Creek and Pootung Point line and refrain from taking hostile action secretly."

With kindest regards, I am

Very sincerely,

H.E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commanding Third Battle Fleet
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China.

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 11 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
25 August 1937

Memorandum

Admiral Sugiyama, Chief of Staff to Admiral Hasegawa, called this morning with reference to Admiral Yarnell's memorandum of 22 August regarding that section of the Whangpoo River between Soochow Creek and the barrier below the Naval Buoys.

Admiral Sugiyama states that Admiral Hasegawa will not give up the right to send his vessels into the area between Soochow Creek and the barrier.

Admiral Hasegawa has taken into consideration Admiral Yarnell's request that Japanese vessels be kept below the line between the southern point of the entrance to Soochow Creek and Pootung Point. Admiral Hasegawa will keep his vessels below this line except in cases of military necessity.

Copied to: Admiral Little
Vice-Admiral le Bigot
Cap. di Fregate Bacigalupi
Lieut. Comdr. Houtsmuller
American Consul General, Shanghai

Copied by MB
Compared with HHS

2. Protection of American Property by U.S. Vessels. Aug. 15 Encls. 12 - 13

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 12 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, August 15, 1937.

Admiral H.E. Yarnell, U.S.N.,
Commander in Chief, United States Asiatic Fleet,
Shanghai, China.

Sir:

There is enclosed herewith for your consideration copy of a letter dated August 14, 1937, received from The Texas Company (China) Ltd.

Very truly yours,

C. E. Gauss,
American Consul General

Enclosure:
1/- Copy of letter.

Copy of enclosure No. 1 to above letter.

THE TEXAS COMPANY (CHINA) LTD.

August 14th, 1937.

American Consulate-General,
Shanghai.

Gentlemen:

During the present hostilities in Shanghai we would appreciate your effort on our behalf to tie up a U.S. Naval Gunboat at our Terminal wharf at Gough Island. Up to the present time there has been no gun fire in the vicinity of our Terminal, but in view of the large quantities of inflammable petroleum products therein stored, we feel that the presence of a U.S. Gunboat or destroyer is extremely necessary as a precautionary measure. During the 1932 disturbances a destroyer was tied up at our pontoon most of the time.

Thanking you for your courtesy in this connection, we remain

Faithfully yours,
THE TEXAS COMPANY (CHINA) LTD.
(Sgd)J. C. Williams
Assist. General Manager.

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 13 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
18 August 1937.

Mr. J. C. Williams
Asst. General Manager
The Texas Company (China) Ltd.
12 The Bund,
Shanghai

Dear Sir:

In compliance with the request contained in your letter of 14 August 1937 to the American Consul General for the assignment of a U.S. Naval vessel to your Terminal Wharf, you are advised that the U.S.S. PARROTT has this date been berthed as requested.

Yours respectfully,

R. F. McCONNELL
CAPTAIN, U.S. NAVY
CHIEF OF STAFF
U.S. ASIATIC FLEET

Copy to:
American Consul General

Copied by MB
Compared with HHS

3.	Diversion of American Merchant Vessels to Provide Facilities for Evacuation. Expenses of evacuation by U.S. Navy Vessels.	Aug. 16	Encls. 14 - 31a

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 14 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

CEG:L F

Shanghai, China, August 16, 1937.

To: Oscar G. Steen, Esquire,
General Manager for the Far East,
American Mail and Dollar Steamship Lines,
Shanghai, China.

1. In view of the extreme emergency of the existing situation at Shanghai, we are obliged to direct and require that you issue immediate orders to the American flagships of your lines as follows:

SS PRESIDENT JEFFERSON, due off Shanghai today, the 16th of August, 1937, en route from Manila, Philippine Islands, to the United States; to embark to capacity American women and children and others and then to proceed to Manila, Philippine Islands.

SS PRESIDENT McKINLEY, due off Shanghai on or about tomorrow, the 17th of August, 1937, en route to Manila, Philippine Islands, via Hong Kong; to embark to capacity American women and children and others, and then to proceed on her voyage to Manila via Hong Kong.

SS PRESIDENT HOOVER, now at Manila, Philippine Islands, to be ordered to proceed to Shanghai, direct, without passengers or cargo for Shanghai (except the Marine detachment for Shanghai and Quartermaster beef supplies already arranged). Upon arrival at Shanghai, to embark to capacity American women and children and others, and then to return direct to Manila, Philippine Islands.

2. Preference in passage shall be given by you in the following order: (a) expectant mothers; (b) women with infant children; (c) women; (d) elderly persons. Men traveling with their families to be given consideration.

3. You will require all persons to pay their passages either in cash or by arrangement acceptable to your company. Arrangements have been made to pay the passage of certain emergency destitute cases out of funds made available through the American Consul General to the American Emergency Committee.

4. In the matter of additional personnel in the stewards' departments on the steamers named, in order to prepare food and care for the additional passengers, principally American women and children, it is confirmed that you have been instructed by the American Consul General that in the present extreme emergency and in the absence of American personnel available in Shang-

hai

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

hai for the purpose, you may employ qualified Chinese so far as may be necessary.

5. It is confirmed that you have established the rates of passage as follows:

Shanghai to Manila: First Class, $200 Chinese Currency
Tourist Class, $110 Chinese Currency
Steerage Class, $72 Chinese Currency

Shanghai to Hong Kong: First Class, $45 U. S. Currency
Tourist Class, $25 U. S. Currency
Steerage, $14.40 U. S. Currency

6. The action necessarily taken by the undersigned in the existing emergency in directing and requiring you to make the dispositions and arrangements as above set out is being reported immediately to the American Government.

H. E. Yarnell,
Admiral, U. S. Navy,
Commander-in-Chief, U. S. Asiatic Fleet.

C. E. Gauss,
American Consul General.

Copied by: hk
Compared with: cal

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. 15 to Despatch No. to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 1938 on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA, Flagship 00/jse

Shanghai, China,
18 August 1937

MEMORANDUM FOR MR. GAUSS:

It is understood that there were about 4000 American citizens in Shanghai before the beginning of the evacuation.

The three vessels, PRESIDENT JEFFERSON, PRESIDENT McKINLEY, and PRESIDENT HOOVER will remove about 1700, leaving about 2300.

It is, of course, not possible to remove everyone. Perhaps 2000, principally men who are in business or have positions cannot leave.

It is desirable to return the three vessels to the Company as soon as possible in order to save expense to the Government and to permit them to resume their voyages to the United States.

The questions then are:

Can all three vessels be released on the completion of their voyages to Manila with refugees?

or

Will any or all of them be required for further voyages from Shanghai to Manila?

To answer these questions, we must know:

(a) After the departure of the HOOVER, how many nationals are there to be evacuated.

(b) Are we obligated to evacuate any foreigners, if so, how many.

(c) How many of those evacuated, or to be evacuated, desire to return to the U.S.

It is to be remembered that the JEFFERSON had passengers on board for the United States, who are undoubtedly anxious to proceed. Also, passengers in Manila booked on the HOOVER for the United States are still there.

It is also to be remembered that Manila has little to offer in the way of hotel or boarding house accommodations.

An early answer to the foregoing questions is most important.

As to the question as to how far we should go in

inducing

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

inducing people to leave Shanghai, and having fully in mind the hardship and expense involved in evacuation, I am of the opinion that:

(a) All women and children should go.

(b) Men who wish to go, or those who have no occupations should go.

(c) Men who have business or occupation should remain if they desire to do so.

The naval vessels now in Shanghai can take on board and house for several days about 2000 men. This would cover the case where conditions became so bad that everyone must be evacuated. In this case our forces ashore must also be evacuated, or about 2200 more (including those coming.)

H. E. YARNELL
ADMIRAL, U. S. NAVY

Copy for:

Mr. McDonald
Mr. Steen

Copied by: hk
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 16 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Shanghai, China, August 20, 1937.

To: Oscar G. Steen, Esquire,
General Manager for the Far East,
American Mail and Dollar Steamship Lines,
Shanghai.

The Commander-in-Chief, U. S. Asiatic Fleet, and I have considered the matter of the release from direction by the American authorities of the PRESIDENT JEFFERSON and the PRESIDENT HOOVER, and the matter of the future movements of the PRESIDENT McKINLEY, and other ships of your lines.

I now inform you of our conclusions as follows:

All your ships are released from direction and control, subject to the following conditions:

(1) All outward and homeward bound ships will be expected to include Shanghai on their schedules (except the PRESIDENT JEFFERSON, which, if you prefer, may be sent home without touching at Shanghai, carrying Americans from Manila who wish to reach the United States); it being desired that facilities be continued for the departure of American and Philippine citizens from Shanghai for the United States and Manila.

(2) Space shall be reserved on all ships returning to the United States in order to provide passage home for Americans who desire to leave Shanghai. The American Emergency Committee acting under the direction of the Consul General is endeavoring to register all Americans who desire passage to the United States. It is also registering Americans and Philippine citizens wishing to proceed to Manila, and it is desired that provision be made for such persons on ships bound to Manila.

The information compiled by the American Emergency Committee will be communicated to you as soon as possible in order that you may make necessary arrangements.

We must ask that preference be given out of Shanghai to American and Philippine citizens, others being provided transportation only after the preference requirements have been met as to each ship.

Very truly yours,

C. E. Gauss
American Consul General.

Copied by: hk
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 17 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

MEMORANDUM

American Consular Service

Shanghai

Dated August 21, 1937.

Dear Admiral:

I attach a draft of the proposed letter to Mr. Steen. You will note that it varies slightly from the general outline we made this morning, in the following points;

1. We did not control the McKinley, except to require her to stop here, so that there is no occasion for us to release her from direction specifically.

2. Our release is as to all ships of the two lines subject to requirements for the two lines.

3. We wish preference continued for Americans and Philippine citizens; others to be accommodated after Americans.

If you can let me know by telephone or message that you approve the draft, I will send the letter forward to Steen.

Sincerely,

C. E. Gauss

(Pencil notation)
Admiral Yarnell telephoned to me at 8:30 A.M. August 21, to say that the letter is all right.

C.E.G.

Copied by: pk
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 18 to Despatch No. 1365 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, China, August 21, 1937.

To: Oscar G. Steen, Esquire,
General Manager for the Far East,
American Mail and Dollar Steamship Lines,
Shanghai, China.

Until further orders, all American flag vessels of your lines will call at Shanghai both east and west bound berthing in the lower Whangpoo River.

H. E. YARNELL,
Admiral, U. S. Navy
Commander-in-Chief,
U. S. Asiatic Fleet.

Copied by: hk
Compared with: cal

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 12 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] 1938 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y.

Shanghai, China, August 21, 1937.

To: Oscar G. Steen, Esquire,
General Manager for the Far East,
American Mail and Dollar Steamship Lines,
Shanghai.

Until further orders, you will use the American flag tender DOLLAR to service the American flag ships of your lines which I have directed shall call at Shanghai east and west bound.

H. E. YARNELL
ADMIRAL, U. S. Navy
Commander-in-Chief, U. S. Asiatic Fleet.

Copied by: hh
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 20 to Despatch No. 1365 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated . on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA, Flagship 00/jse

Shanghai, China,
26 August 1937.

MEMORANDUM FOR CONSUL GENERAL

Mr. Steen called up at 1635 with regard to the PRESIDENT GRANT, which is due in Shanghai on August 31st. He said that there were only a handful of Filipinos now registered for passage and wondered whether it would be possible to allow this ship to omit call at Shanghai. I replied that as long as any American citizen in Shanghai wanted to leave I felt it was necessary for the ships to call here, and directed that the GRANT come in to Shanghai. The line can, of course, fill up the ship with other nationals if there is space available and no Americans want it.

With regard to the omission of Shanghai as a port of call, the question of mail comes up. These vessels are drawing large subsidy to deliver mail in the Far East. The receipt of our mail is very important to us and is also, I imagine, important to all Americans in Shanghai. If Shanghai is eventually omitted as a port of call by all Dollar steamers this question of mail becomes serious. I am wondering whether there is anything in their mail contract which would allow their omitting any port at the discretion of the Company.

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

Mr. C. E. Gauss,
American Consul General
Shanghai, China.

Copied by: hle
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 21 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA, Flagship 00/jse

Shanghai, China,
26 August, 1937.

MEMORANDUM FOR CONSUL GENERAL:

Regarding the despatch from the State Department directing that any diversion of shipping to Tsingtao or other northern ports be referred to the Department of State for approval, I beg to comment as follows:

No further diversion of ships will take place without approval of Washington except in case of emergency.

There has been no intention up to the present time of diverting a vessel to that area. As soon as local steamship lines resume their northern sailings, nationals in that area can come to Shanghai for further evacuation.

Naval vessels will of course be utilized to their capacity to evacuate nationals in case of emergency.

Tsingtao and Chefoo are regarded as entirely safe for the present and possibly for a considerable time to come. There is no urgency about evacuating nationals from those ports.

There is absolutely no danger to merchant vessels from either Japanese or Chinese forces in visits to ports of North China.

The danger to merchant vessels in visits to the Yangtze river below Woosung or to the lower Whangpoo River is very small.

The opposing forces have announced their intention to observe every precaution to prevent damage to neutral shipping and to my best belief have done so.

There are no submarines or mine fields to endanger shipping.

There is some slight danger of vessels being struck by small arm bullets at present. This danger is decreasing and will probably disappear shortly.

The Commander in Chief naturally will exercise every care to avoid bringing merchant vessels into any areas which in his opinion are dangerous.

The War Risk Insurance mentioned in the despatch appears exorbitant and entirely unjustified by the conditions.

H. E. YARNELL
ADMIRAL, U.S.NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 22 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China,
28 August 1937.

MEMORANDUM FOR CONSUL GENERAL.

With reference to Secretary of State dispatch No. 281 of 26 August, 7 p.m., I comment as follows:

After the departure of the PRESIDENT GRANT from Shanghai for Manila, all Americans now desiring to leave will have gone, and unless conditions become much more unsafe than at present, further southbound ships can omit this port.

Americans in Shanghai desirous of going to the United States number 300 . Until they have left, it is felt that homeward bound ships should stop at Shanghai.

The suggestion of the Secretary that the ships anchor a sufficient distance from Shanghai to avoid necessity of war risk insurance can be complied with. In fact, all ships so far have anchored in the Yangtze off Woosung or in the lower Whangpoo and have remained at anchor less than 4 hours in each case.

Definite information is requested whether anchorage in this area will eliminate war risk insurance. I am definitely of the opinion that the risks involved do not justify war risk insurance.

I am concerned about the number of our nationals in North China. These total roughly about 3500. With the stoppage of coastal merchant traffic and the suggested elimination of Shanghai as a port of call, the removal of these nationals becomes difficult.

Naval vessels, especially destroyers, are generally unsuitable for transportation of civilians, especially women and children, owing to lack of any suitable accommodations. They can be used for short hauls of not over 24 hours in length. The use of such vessels for transporting any number of nationals from North China to Manila or Kobe is out of the question except in case of grave emergency.

It is recommended that if Shanghai is to be eliminated as a port of call for homeward bound ships, Tsingtao be substituted. There is no war danger in this area and not the slightest justification for war risk insurance being applied. Nationals from Peitaiho, Tientsin and Chefoo could be brought to this port by naval vessels. The increased length of journey by substituting Tsingtao for Shanghai amounts to 330 miles, or less than one day's steaming.

H.E.YARNELL

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

Mr. C. E. Gauss,
American Consul General
Shanghai, China.

Copied by: hh
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 23 to Despatch No. 1365 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, August 26, 1937.

Dear Admiral Yarnell:

With reference to your memorandum concerning the desire of Mr. Steen that the PRESIDENT GRANT omit calling at Shanghai and your inquiry concerning the mail contract of this line:

It is my understanding that the mail subsidy contract was canceled or lapsed and that the Dollar and American Mail Lines have not yet completed the arrangements for Government grant or subsidy under the new law.

I will inquire of Washington whether there is any provision of any mail contract with these lines which would entitle them to omit Shanghai as a port of call.

Yours sincerely,

C. E. Gauss.

Admiral H. E. Yarnell, U.S.N.
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S.AUGUSTA,
Shanghai.

Copied by: hh
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 94 to despatch No. 1365 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

U. S. S. AUGUSTA, FLAGSHIP

1131 UNTIL FURTHER NOTICE VESSELS OF DOLLAR LINE WILL OMIT SHANGHAI AS A PORT OF CALL 1440

FROM: CINCAF
TO: ALL UNIT COMMANDERS GOLDSTAR
INFO: AMCONGEN SHANGHAI
BRITISH CONGEN SHANGHAI
FRENCH CONGEN SHANGHAI
BRITISH CINC
COMINDIV THREE
MARDET PEIPING
ALUSNA PEIPING
NAVPUR SHANGHAI

#2280

Copied by: hk
Compared with: cae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to Despatch No. 3[illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

COPY.

Shanghai, September 4, 1937.

Dear Captain McConnel:

I have talked with Steen of the Dollar Line about diverting a steamer to Tsingtao.

As you know the LINCOLN and GRANT are already fully booked, and are carrying a large number of Navy personnel. The next homeward bound ship would be the COOLIDGE leaving Hongkong on the 18th and Kobe on the 23d. In my opinion the cost of war risk insurance on the cargo of the COOLIDGE would be way out of proportion to the necessity and advantage of putting her into Tsingtao. Steen was at his house and did not know how fully the COOLIDGE was booked but it is doubtful whether she has space for the large number wishing to leave Chefoo and Tsingtao.

The next ship would be the JACKSON due to leave Hongkong on September 25th and Kobe on Sept. 30th for Seattle. It occurs to me that if the CHAUMONT arrives here on September 21st, she might be sent to Tsingtao and thence to Kobe to contact the JACKSON. But we would have to reserve all space on the JACKSON home from Kobe, and that would only provide for passage of 200 in first class and tourist, booked solid.

Steen said he would go into the matter and see if he could work out some proposal which might meet the situation. It looks to me as though we were going to find difficulty in getting space for the number of Americans who will be wanting to get out within the course of this month (whether we divert a ship to Tsingtao or not), and that it might be advisable for some of the intending passengers from Tsingtao to the United States to look to ships of other lines (perhaps the Canadian Pacific) for accommodations.

Yours sincerely,

C. E. Gauss

Captain R. F. McConnell, U.S.N.
Chief of Staff, U. S. Asiatic Fleet,
U.S.S.AUGUSTA, Flagship.

Copied by: hk
Compared with: cc

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

26

Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities taken during Shanghai Hostilities of interest to the Consulate General."

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.Augusta (Flagship) 40 OEJ

Shanghai, China
23 November, 1937.

In Reply Refer
to No. L16-8 (9610)

Mr. C. E. Gauss,
American Consul General,
Shanghai, China.

My dear Mr. Gauss,

In accordance with my instructions from the Navy Department (Bureau of Supplies and Accounts despatch 4610 1545, 10 September 1937) quoted in part as follows,

> "State Department agrees reimburse Navy expenses connection evacuation refugees by Navy vessel including bedding mess gear and subsistence and is directing Consul General Shanghai make payment completion evacuation ---------- upon completion present voucher covering total expenses for payment"

I am enclosing a voucher showing the total amount due the Navy.

As the amount is being held in suspense in the Navy's books pending the receipt of cash payment, it is requested that reimbursement be made at the earliest possible time. If partial payment can be made at once from cash and notes collected from refugees, such will be appreciated as it will make possible the settlement of a number of the smaller accounts involved.

Sincerely yours,

(Signed) H. E. YARNELL

Copied by: hk
Compared with: eal

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1335

Enclosure No. 97 to Despatch No. to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship) 40-oej

In reply Refer
To No. Li6-8 (9609)

Shanghai, China,
23 November, 1937.

To. American Consul General,
Shanghai

- - - - - - - - - - - - - - - -

For expense incurred by U.S. Navy
in connection evacuation of refugees U.S.C.

Subsistence	$ 239.29	
Equipment	6,295.49	$6,534.78

Certified correct and just
Payment not received.

(Signed)--E.-D.-Stahley---
Fleet Supply Officer

Copied by: hk
Compared with: cac

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 98 to Despatch No. 1354 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y .

310
JBP/Syz

Shanghai, China,
November 26, 1937.

Subject: Payment of Expenses of Evacuation of American and Philippine Civilians and Dependants of U.S.Armed Force from China.

Admiral H. E. Yarnell, U.S.N.,
Commander in Chief, United States Asiatic Fleet,
U. S. S. AUGUSTA,
Shanghai, China.

Sir:

The receipt is acknowledged of your letter of November 23, 1937, enclosing a statement of the expenses incurred by the American naval authorities in evacuating American and Philippine civilians, and dependants of the United States armed forces, from China. It is noted that the total expenditure amounts to $6,534.78 United States currency, of which $239.29 is for subsistence, and $6,295.49 is for equipment.

On November 24, 1937, the Supply Officer of the United States Asiatic Fleet received from this Consulate General the sum of $1,720.48 United States currency, toward the liquidation of this outstanding account. This payment is divided into $223.92 for subsistence, and $1,496.56 for per capita charges, including $1.56 gain by exchange. The total amount paid covers the evacuation of 227 American and 72 Philippine civilians from China on American naval vessels. There is therefor a balance of $4,814.30 which is yet to be paid. Inasmuch as it has been stated that subsistence charges of the dependants of the U. S. armed forces has been paid, this balance apparently covers, in part, the cost of equipment in evacuating the dependants of the American armed forces in China. In order that I may be in a position to put all the facts before the Department of State with a request for instructions, I request information as to the number of Army, Navy and Marine Corps dependants who were evacuated from China using the equipment for which the

account

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

account is now submitted to this office.

My instructions from the Department of State through the Ambassador carry the following quotation:

> "Navy's 4624 - 0930 to Cinafc ..... and adds 'If on completion evacuation there remains any expense not covered by collections it will be covered by the State Department if it has funds remaining available'"

I have no instructions for the payment of the account submitted by the Fleet Supply Officer with your letter under acknowledgment. I shall be glad however, to put the matter before the Department of State for instructions. The information requested as to Army, Navy and Marine dependants carried, is desired for use in that connection so that a complete presentation of the facts may be made.

Very truly yours,

C. E. Gauss,
American Consul General.

Copied by: hh
Compared with: eae

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 99 to Despatch No. 1305 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities taken during Shanghai Hostilities of Interest to the Consulate General.

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) 40-oej

In Reply Refer
To No. L16-8 (9619)

Shanghai, China
30 November, 1937.

Mr. C. E. Gauss,
American Consul General,
Shanghai, China.

Sir:

In reply to your inquiry of 26 November 1937, the records of this office show that six hundred twenty-eight Navy and Marine Corps dependents were evacuated from China to Manila or Japan by those Navy vessels which required additional equipment to handle refugees. In addition, some of the additional equipment for which the State Department has been charged was used in the transportation of fifty-five Navy and Marine Corps dependents from Manila to the United States.

It is requested that this matter be placed before the State Department by despatch in order that an early settlement may be attained.

Yours very truly,

H. E. YARNELL
Admiral, U.S.Navy,
Commander in Chief,
U.S. Asiatic Fleet.

Copied by: hk
Compared with: cac

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 30 to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y.

Shanghai, January 7, 1938.

Dear Admiral Yarnell:

I enclose copy of a telegram from the Secretary of State regarding the account for additional equipment for vessels of the U. S. Navy carrying civilian evacuees from China ports.

So far as I am concerned, the proposed procedure is acceptable, but I refer the telegram for your comments and suggestions. I do not know what additional equipment was purchased or to what vessels it was assigned. I believe that some of the equipment was supplied to the Navy transports HENDERSON and CHAUMONT, which are no longer on the China station. You may wish to consider ordering the sale of the equipment supplied by such vessels separately from the equipment supplied to vessels which continue with the U. S. Asiatic Fleet.

I shall await your comments and suggestions before replying to the instruction of the Secretary of State.

Very sincerely yours,

C. E. Gauss
American Consul General.

Enclosure:
No. 12 of January 5, 8 P.M. from Department.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U. S. Asiatic Fleet,
Shanghai.

Copied by: hk
Compared with: AKJ

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 31 to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

COPY.

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship) 00/jse

U.S.S.ISABEL
Shanghai, China
9 January 1938.

My dear Gauss:

In reply to your letter of January 7th I received the following from the AUGUSTA regarding the material purchased for the evacuation of people from China:

"TOTAL AMOUNT EXPENDED SIX THOUSAND THREE HUNDRED SIXTY DOLLARS FORTY NINE CENTS PERIOD OTHER THAN BEDDING AT CAVITE AND ON CHAUMONT VALUED AT FIVE THOUSAND ONE HUNDRED TWENTY TWO DOLLARS SIXTY EIGHT CENTS MATERIAL IS LOCATED AS FOLLOWS UNLESS LOST OR CONSUMED CANOPUS BEDDING TOWELS ELECTRIC CABLE MESS GEAR LUMBER ROPE CANVAS ORIGINAL COST NINE HUNDRED SIX DOLLARS TWENTY NINE CENTS PECOS BEDDING CANVAS COST TWO HUNDRED NINETY ONE DOLLARS FORTY FOUR CENTS CHAUMONT BASINS TUBS COST FORTY DOLLARS EIGHT CENTS"

A large part of this total expenditure is for bedding which is now at Cavite and on the CHAUMONT. Quite a bit of the other material such as lumber, rope, canvas, and so on has been expended with no recoverable value.

It is planned to store the bedding, which consists of mattresses, blankets and sheets, in the naval godown at Shanghai on the return of the CHAUMONT in February.

If the situation on April 1st warrants, it may be advisable to sell this material. However, the sale value would probably be very small and I doubt if the situation will be sufficiently clarified by that date to say definitely that it will not be further required for evacuation purposes.

It is suggested that on April 1st a decision be made whether or not it is considered necessary to retain this material.

Very sincerely,

H. E. YARNELL
ADMIRAL U.S.NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

Copied by: hk
Compared with: MHH

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 31 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China,
April 7, 1938.

Dear Admiral Yarnell:

Reference is made to my letter of January 7, 1938, and its enclosure concerning the account for additional equipment and materials for vessels of the Navy which carried civilians who were evacuated from Chinese ports. In a telegram from the Department of State dated January fifth, a copy of which was enclosed with my letter, it was stated that the additional equipment would be retained until April first at which time you would furnish an itemized statement of the cost of the equipment and reduce the amount of this statement by the unexpended balance from the $10,000 advanced by the State Department to cover evacuation expenses of Navy dependents. I have now received a further telegram from the Department on this
1/ subject and a copy is enclosed. I should appreciate it if you would have the statement referred to in this telegram prepared in order that steps may be taken to settle this account. The members of my staff concerned with this matter will render any possible assistance to your supply officer.

Very sincerely yours,

C. E. Gauss
American Consul General

Enclosure:
1/- Copy of telegram.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
Shanghai, China.

Copy of enclosure:

T E L E G R A M

From Washington D C
To Amconsul Shanghai

GOVT STATE AMERICAN CONSUL SHANGHAI NAVY

246 FIFTH DEPARTMENTS 12 JANUARY FIVE 8 PM DEPARTMENT

IS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

IS BEING REQUESTED TO INSTRUCT COMMANDER IN CHIEF TO SELL SURPLUS EQUIPMENT PURCHASED FOR EVACUATION CREDIT THE AMOUNT REALIZED AND UNEXPENDED BALANCE FROM THE TEN THOUSAND DOLLARS ALLOTMENT AGAINST ORIGINAL COST OF EQUIPMENT AND PRESENT YOU WITH FINAL STATEMENT OF AMOUNT DUE FROM THIS DEPARTMENT IN LIQUIDATION OF ALL OUTSTANDING ACCOUNTS UPON RECEIPT AND VERIFICATION OF THIS STATEMENT TELEGRAPH AMOUNT DUE AND A SPECIAL ALLOTMENT WILL BE MADE YOU FOR THE PURPOSE

HULL

Copied by MB
Checked with RN

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

4. Shells and Boms near U.S. Naval Vessels and U.S.M.C. Posts. Aug. 15 Encls. 32 - 46

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 32 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

In Reply Refer
To No. A16-3(501)

UNITED STATES ASIATIC FLEET
U.S.S.SACRAMENTO
c/o Postmaster, San Francisco, Cal.

Shanghai, China,
16 August, 1937.

From: Commanding Officer
To: The Consul General of the United States at Shanghai.
Via: (1) Commander-in-Chief, Asiatic Fleet.

SUBJECT: Bombing of U.S.S.SACRAMENTO.

1. The U.S.S.SACRAMENTO was moored to buoys 31-32 lower section on 13 August, 1937.

2. At 10:17 a.m. on the forenoon of 14 August, 1937, a Chinese bombing attack was made in this vicinity and immediately two large No. 4 U. S. ensigns were displayed horizontally forward and aft.

3. At 4:45 p.m. on the afternoon of 14 August, 1937, another bombing attack was made, one bomb striking so close to the ship that the decks were littered with bomb splinters. Fortunately no damage to personnel or material resulted.

4. At 3:43 p.m. on the afternoon of 15 August, another bombing attack was made when two heavy bombs, estimated at from three to five hundred pounds, landed within twenty yards of the ship.

5. In this last attack the ship suffered considerable material damage on the starboard side:

A boat at the starboard boom with two men in it was within fifteen yards of where the bombs exploded. Both men were knocked down onto the floor boards but miraculously were not killed or even hit by splinters. The boat in the water together with a whaleboat and a motor launch in the skids were damaged structurally;

The main radio and radio storage batteries were damaged;

The woodwork on the starboard side of the galley was demolished;

The hand steering rudder indicator was smashed;

The auxiliary condenser sprung a leak;

The light fixtures and sheathing in the cabin and in the staterooms on the starboard side were broken and damaged;

Port lights in the chart house were shattered;

The

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

The Chief Yeoman, Dooley, was descending the ladder from main deck to #1 deck on the starboard side and was thrown to the deck, having been struck in the back by a wrench thrown from its bracket;

The Officer-of-the-Deck, Ensign J. D. Bulkeley, U.S.N., was hit by a splinter in the left arm but was protected sufficiently by his rain clothes and uniform to prevent a serious injury, receiving only superficial abrasions.

6. Two fragments of the bomb large enough to have killed several people were picked up on deck - one on the forecastle and one on the lower bridge.

7. Although the weather was overcast the U.S. ensigns and position of the ship should have identified it. The promiscuous bombing in a congested area of the International Concession without warning, when neutral ships may be damaged and neutral personnel killed, is inexcusable and indefensible from any standpoint.

B. F. PERRY.

Copied by: hfc
Compared with: emm

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

In Reply Refer
To No. A16-3/(7106)

C O P Y .

UNITED STATES ASIATIC FLEET
(U.S.S.AUGUSTA (Flagship) 05/tt

FIRST ENDORSEMENT.

Shanghai, China
19 August 1937.

From: The Commander in Chief, Asiatic Fleet.
To: The Chief of Naval Operations.

Subject: Bombing of U.S.S.SACRAMENTO.

1. Forwarded.

R. F. McCONNELL,
Chief of Staff.

cc
USS SACRAMENTO.

American Consul,
Shanghai, China.

Copied by: hk
Compared with: CM

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 33 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

August 16, 1938

9:05 p.m.

From 4th Marines Communications - over telephone

U S S AUGUSTA to AMERICAN CONSUL GENERAL and FOURTH MARINES
1116 Artillery fire apparently Chinese from Pootung side towards Hongkew. Passing directly over AUGUSTA Am making preparations to move if necessary

2016

Taken over phone
and typed by RN (Nr)

9:55 Informed Ambassador by telephone during another conversation.

C.E.G.

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 34 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 21, 1937.

Memorandum for Files.

A.M. Commander Deyo telephoned from Flagship that according to a report from the U.S. guard at the power house, at 6:27 this morning there was a 75 calibre shell landed on the roof of turbine house; shell failed to explode. At 6:20 Chinese bombers directed bombs at APC north of power station and Japanese school and China Fibre factory and godown, south. In short, both bombs and shells are landing in the immediate vicinity of the Power House.

11 A.M. Called Mayor Yui, informed him of this, and asked that he communicate with Chinese authorities to respect the power plant as they had undertaken to do. Pointed out that Chinese bombers were apparently making the immediate vicinity of the power plant the object of their attack. This would be serious for all concerned.

Yui stated that instructions had been given by the Government to their gunnmrs to avoid hitting the power plant and that he would send a wire to them again. I pointed out that the instructions should also go to the air force as bombers were involved. He replied that they had instructions to respect the power plant and all American property and he would get off a report at once.

11.05 A.M. Telephoned to Japanese Consul General, informed him of the report, stated that I was cautioning both sides. Mr. Okamoto said he would telephone his naval authorities. (He commented that the situation is somewhat unfortunate; that they cannot have their army; for a few days the situation is not so good, but they expect soon to take full advantage of their forces and situation should rapidly improve. That I note for whatever it may mean.)

C.E.G.

Copy to Admiral Yarnell

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 35 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated SEP 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

MEMORANDUM.

American Consular Service

Shanghai

Dated August 21, 1937.

Memorandum for the Files.

C-in-C, U.S. Asiatic Fleet requested me orally to make representations to the Chinese side in reference to the shell that landed on the AUGUSTA.

I talked with Mr. O. K. Yui, the Mayor of Shanghai, by telephone and communicated the following:

"At about 6.40 P.M. on August 20th, a small shell thought to be about one inch fell on the well deck of the Flagship AUGUSTA and exploded, killing one seaman. Eighteen other men were wounded. The Commander-in-Chief, U. S. Asiatic Fleet, earnestly requests that great care be observed by the Chinese forces not to fire into the area between the barrier and Soochow Creek."

Mr. Yui asked me whether this implied that the shell came from the Chinese side or whether the request above made had also been made to the Japanese side.

I replied that Admiral Yarnell had told me that he had communicated with the Japanese side. It is requested that neither side fire into the area indicated.

C. E. Gauss
CG

Copy to Admiral Yarnell

Copied by: hlk
Compared with: CM

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 36 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China,
22 August 1937.

My dear Admiral Hasegawa:

For several nights it has been the practice for a Japanese destroyer to anchor near the AUGUSTA. Last night for some time this destroyer was almost abreast of the bow of the AUGUSTA. On the night of August 20th this destroyer opened fire on some buildings on the Pootung side of the river, the shells passing close to the bow of this vessel.

As you are doubtless aware, the Chinese government demanded of the neutral powers on August 19th that they remove all their men-of-war and merchant vessels at least five nautical miles from Japanese naval vessels, or to require the Japanese vessels to move five miles from neutral vessels. If this demand was not complied with within 12 hours from date of notification the Chinese government refused to assume any responsibility for any damages which might be caused to the men-of-war or merchant vessels of neutral countries during the engagements taking place between the Chinese and Japanese forces.

Due to the necessity of evacuating the nationals of the several countries from the International Settlement and for other obvious reasons, this demand can not be complied with.

On August 20th, several shell fell in the water in the immediate vicinity of the AUGUSTA. One fell on the deck of the Augusta killing one man and wounding 18 others. Three large shell passed over the LAMOTTE-PICQUET and SACRAMENTO striking a Chinese Customs vessel and a building in the French Concession. The danger to which the neutral vessels are placed by this gunfire of the opposing forces in their immediate vicinity is apparent.

The neutral men-of-war must remain in this vicinity to have access to their sectors in the perimeter of the Settlement and to protect their nationals. They cannot be withdrawn.

In order to reduce the danger to neutral vessels, at the naval buoys it is strongly urged that Japanese men-of-war be kept below Hongkew Creek at all times in order that as great an interval as possible be kept between the vessels under your command and those of the neutral powers. It is observed that the Japanese Naval buoys have now been vacated and it is hoped that this berth will be left vacant as long as the present situation continues.

You have clearly expressed your understanding of our position in the present unfortunate situation and your desire to refrain from any military operations tending to embarrass

the

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

the fulfillment of our difficult task. We therefore do not hesitate to bring this matter to your attention and know you will appreciate that occurrences such as the above no matter what their significance can only tend toward a complication of the existing situation.

We have the honor to be,

Very respectfully,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

C.J.C.LITTLE, K.C.B.
ADMIRAL, ROYAL NAVY
COMMANDER IN CHIEF
BRITISH NAVAL FORCES, CHINA STATION

LE BIGOT
VICE-ADMIRAL, FRENCH NAVY
COMMANDER IN CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

Vice-Admiral K. Hasegawa, I.J.N.

Commanding Third Battle Fleet
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copied by: hh
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 37 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, August 27, 1937.

Sir and dear Colleague:

I have the honor to inform you that I am in receipt of a communication from the Commander-in-Chief of the U.S. Asiatic Fleet informing me that at 2.50 o'clock this morning a bomb from an unseen plane exploded two hundred yards from U.S. Submarine S.37 at Middle Ground Buoy in the Yangtsze River. This submarine was displaying both horizontal and vertical national colors which were illuminated by powerful lights. The submarine was en route from Tsingtao to Cavite, P.I., and had come into the Yangtze River to land a sick man needing an emergency operation.

While on the one hand representations are being made to the Chinese side, I am requested by the Commander-in-Chief to bring this matter to your attention and through you to the attention of your military and naval authorities and to urge that orders be given to planes not to drop bombs on unidentified or neutral vessels.

Awaiting your reply,

I have the honor to be,
Sir and dear Colleague,
Your obedient servant,

C. E. Gauss
American Consul General

S. Okamoto, Esquire,
Japanese Consul General,
SHANGHAI.

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

28 1385

Enclosure No. 4 to despatch No. ____ of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

August 27, 1938.

MEMORANDUM FOR ADMIRAL YARNELL

3.20 P.M. Communicated by telephone with the Japanese Consul General and informed him of the dropping of bomb from unseen plane near U.S. Submarine S.-37 at 2.50 this morning near Middle Ground Buoy in Yangtze River.

Made the representations requested in the Admiral's radio message.

Mr. Okamoto stated that the bombs must have been intended for Japanese warships and have been dropped from a great height. Stated he would bring matter to the attention of his naval authorities.

Mr. Okamoto mentioned the "unfortunate incident" of yesterday when the British Ambassador was injured; mentioned that he was traveling roads very close to the "war" front; that Japanese troops had landed at Liuho and were moving toward Nanziang; that those roads are not safe; that there is heavy movement of supplies, etc. on them.

I referred Mr. Okamoto to my letter of last night in which I informed him that American missionaries are also in possession of motor cars in which they would have to evacuate (for lack of other means) places that were unsafe and endangered; that it is impossible for us to maintain communication with our missionaries and know when they are moving out; and that I could not but feel that planes should not drop bombs or play machine gun fire on motor cars moving along the roads; that such cars may often be carrying foreigners endeavoring to take refuge from military operations; and that motor cars not part of military columns or trains should not be bombed, or subjected to machine gun fire.

My representations made orally by telephone concerning the case of the U.S. Submarine S-37 have been supplemented by formal letter of this date to the Japanese Consul General

C.E.G.
Consul General

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 39 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 28, 1937

Memorandum for the Files

6.58 P.M. Telephone message from Admiral Yarnell to Consul General that large shells have landed about 100 yards from the AUGUSTA, at Pootung Point, and exploded.

7.00 P.M. Telephoned Japanese Consul General, informed him; he stated that the Japanese are not firing but that the Chinese are shelling from the North Station; shells have been passing near the Consulate General (Japanese) from that area. He will however inform Japanese naval authorities.

7.02 P.M. Telephoned Mayor Yui; same information; he said he would send a flash to his Chinese commanders.

C.E.G.

Dear Admiral Yarnell:

I am wondering whether these shells may not be from the railway gun which the Chinese trundle about from track to track. I have done what I can, but it is a very little indeed.

Your second telephone message seems to confirm the Japanese suggestion of Chinese origin.

Sincerely,

C.E. Gauss

Aug 29th
According to this morning's paper the IDZUMO was anchored at Pootung Point last night engaged in shelling Chinese positions

B

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 40 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

October 13, 1937

Memorandum for the Files.

Mr. Stanton reported that Capt. Boone of the Marines had contacted him and stated that Japanese planes have been flying over the American sector today and dropping bombs, some of which landed very close to the American lines--in the Soochow Creek as a matter of fact. Capt. Boone said Brigadier General Beaumont had made a protest to the Japanese authorities and inquired whether we would also make a protest to the Japanese civil authorities.

I told Mr. Stanton to reply to Capt. Boone that I would communicate with the Japanese Consul General orally (by telephone) in reference to the matter, but that if General Beaumont wished me to file any written protest I would like to have his written statement of the facts.

I telephoned to Mr. Okamoto, the Japanese Consul General, and told him that the Marines had reported Japanese bombing planes flying over their sector today and conducting bombing operations which instead of hitting the Chinese lines were bringing bombs close to the American lines--in fact into the creek in front of the Marines sector. I pointed out that I was fearful that the Japanese bombing operations might lead to some unfortunate incident; that I believed he was as anxious as we are to avoid any incident; and that I would be obliged if he would be so good as to take the matter up with his authorities (mentioning that I understood the Marines were already in communication with the naval authorities). Mr. Okamoto promised to communicate with his authorities. He mentioned that the British commander had informed him this morning that two bombs had dropped in the British sector.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 41 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Oct. 14, 1937

MEMORANDUM FOR THE FILES

9.18 A.M. Admiral Yarnell telephoned that a Japanese destroyer is firing into Pootung over the AUGUSTA: shrapnel is falling over the ship; one man has been injured. He requested me to communicate with the Japanese Consul General saying that at the same time he has sent an officer over to Admiral Hasegawa.

9.20 A.M. Telephoned to Mr. Okamoto, Japanese Consul General, informed him of the foregoing, said that Admiral Yarnell has sent an officer to Admiral Hasegawa to protest and asked me to protest at the same time to the Japanese Consul General.

Mr. Okamoto said their ship was being fired on from Pootung side and was replying. He would communicate with Admiral Hasegawa at once and inform him of our protest.

C.E.G.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 42 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
24 October 1937

My dear Gauss:

I am enclosing herewith a list supplied by the Marine Brigade of the bombs and shell which have fallen in the Marine Sector since the present hostilities began. I am also enclosing a copy of my letter to Admiral Hasegawa of this date.

If it meets with your approval may I suggest that you issue a statement to the press covering your own and my action in this matter in order to balance the publicity that was given the protest made to the Chinese about flying over the Settlement.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Mr. C. E. Gauss
American Consul General
Shanghai, China

Copy of list mentioned above.

OFFICE OF THE BRIGADE INTELLIGENCE OFFICER
HEADQUARTERS, SECOND MARINE BRIGADE
SHANGHAI, CHINA

23 October 1937

From: The Brigade Intelligence Officer.
To : The Intelligence Officer, Asiatic Fleet.

Subject: Japanese shells and bombs falling in "C" sector (American) August 14 to October 22, 1937.

14 Aug. Anti-aircraft duds and fragments.
15 Aug. Anti-aircraft duds and fragments caused several casualties. Three machine-gun bullets struck Motor Transport compound.
16 Aug. Anti-circraft duds and fragments.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

17 Aug. Anti-aircraft duds and fragments. Anti-aircraft machine gun bullet wounded PhM 3/c Arnold at Regimental Hospital.
20 Aug. Anti-aircraft duds and fragments.
21 Aug. Anti-aircraft duds and fragments.
Shanghai Power Co. struck by 75 mm shell. No damage.
24 Aug. Anti-aircraft duds and fragments.
25 Aug. Anti-aircraft duds and fragments.
26 Aug. Anti-aircraft duds and fragments.
28 Aug. Anti-aircraft duds and fragments.
29 Aug. Anti-aircraft duds and fragments.
30 Aug. Anti-aircraft duds and fragments.
31 Aug. Anti-aircraft duds and fragments - 0245-0305.
1330- Shrapnel fragments fell near and on Foo Foong Mill. No casualties.
1 Sept. Anti-aircraft duds and fragments.
2 Sept.0650- Shrapnel shell from Hongkew Park batteries fell in sector near Post No. 8, without exploding. Shrapnel fragments fell near Post 6A. Two Chinese injured.
3 Sept.1835- Anti-aircraft dud fell on roof of 2nd Battalion Headquarters. No casualties. Anti-aircraft shell struck Love Lane near Yates Road. Several injured.
4 Sept.1215- Japanese plane shot down -- parts falling in "C" Sector.
6 Sept.1800- Anti-aircraft duds and fragments.
Shell (9 inch base) ricocheted across Soochow Creek into coal yard east of Wenchow Road. No casualties.
8 Sept. Anti-aircraft duds and fragments.
9 Sept.1545 -Nine 72 mm shrapnel shells fell in 2nd Battalion Sector near Foo Sing Mill and Wuting and Carter Roads. Thirteen Chinese injured.
1700- Base plug 9 inch diameter fell near Post No. 4
12 Sept.1930-Anti-aircraft duds and fragments.
&
2330-Anti-aircraft duds and fragments.
13 Sept.1930-Anti-aircraft duds and fragments.
14 Sept.1930-Anti-aircraft duds and fragments.
18 Sept.1900-Anti-aircraft duds and fragments.
2400-One anti-aircraft bullet penetrated roof of Fourth Marines, Billet No. 17.
19 Sept.0120-Anti-aircraft duds and fragments.
25 Sept.2245-Anti-aircraft duds and fragments.
26 Sept.0100-Anti-aircraft duds and fragments.
27 Sept.1000-One artillery shell fell in "C" Sector at the Sing Yue Cotton Mill. No casualties.
30 Sept.2140-Anti-aircraft duds and fragments.
2240-Anti-aircraft duds and fragments.
2400-Anti-aircraft duds and fragments.
1 Oct.2130- Anti-aircraft duds and fragments.
2 Oct.1800- Twelve shells fell in "C" Sector near junction of Robinson Road and Soochow Creek. One large shell fragment appeared to be from a shell of approximately 5 inch diameter.
5 Oct.1820- Anti-aircraft duds and fragments.
2400- Anti-aircraft duds and fragments.
14 Oct.1800- Large quantities of shrapnel balls fell along
2000- Marine Line from Carter Road to Robinson Road. One high explosive shell burst at corner of Avenue and Yu Ya Ching Roads. Three Chinese injured (may have been Chinese).

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

about 1600 - Two bombs fell near corner of Changping and Markham Roads about 15 feet in from the bank of Soochow Creek. Fifty feet of Marine defense wire destroyed. About 40 Chinese casualties.

15 Oct. 1030 - One large shell (dud) fell near 1059 Gordon Road. No casualties.

22 Oct. 1620 - One bomb fell at the southwest corner of Sinza and Myburgh Road about 500 feet in from the bank of Soochow Creek. Forty-six Chinese and 2 Sikhs injured. Five Chinese killed.

(Sgd) R. A. BOONE,
Captain, U.S. Marine Corps.

Copy of letter to Japanese Consul General referred to in foregoing letter.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
24 October 1937

My dear Admiral Hasegawa:

During the past two months Japanese shells and bombs have fallen in the sector of the International Settlement defended by the United States Marines as follows:

Sept. 2 Shrapnel shell from Hongkew Park batteries fell near post No. 8 without exploding. Shrapnel fragments fell near Post 6-A.

Sept. 9 Nine 72mm shrapnel shell fell in 2d Battalion Sector near Foo Sing Mill. Base of 9" shell fell near Post No. 4

Sept. 27 One shell fell at Sing Yue Mill.

Oct. 2 Twelve shells fell near junction of Robinson Road and Soochow Creek. Shells approximately 5" in diameter.

Oct. 14 Two bombs fell near corner of Changking and Markham roads. 40 casualties among non-combatants.

Oct. 15 One large shell fell near Gordon Road.

Oct. 22 A bomb fell at corner of Sinza and Myburg Road causing about 50 casualties among non-combatants.

In addition to the above, anti-aircraft fragments and shell have fallen in this sector on 29 different days.

Japanese planes loaded with bombs have at times flown directly over this part of the Settlement.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Representations have been made by the Marine Commander to the Commanding Officer of the Naval Landing Party on a number of occasions requesting that more care be observed with reference to bombs and shell falling in the Settlement and assurances have been given that this would be done.

It is obvious, however, judging from the bomb that was dropped in the Settlement on October 22d that these assurances have little weight.

I am confident that you realize the necessity of avoiding any action that would result in loss of life of personnel of the Marine Brigade defending this sector and may I request and urge that steps be taken by the forces responsible for the above mentioned incidents to prevent their recurrence in the future.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commander in Chief, Third Fleet
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 43 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, October 24, 1937

Dear Admiral Yarnell:

Upon receipt of your letter of this date, I have drafted and despatched the enclosed telegram to the Secretary of State and the Ambassador at Tokyo, with copy to the Ambassador at Nanking.

I have also informed the Associated Press and the United Press in the sense of the attached memorandum.

I may say that while I have been urging that representations be made at Nanking concerning the flying of Chinese planes loaded with bombs over the foreign protected areas, I did not give any press release on the action which was taken by the Ambassador. The information published here was obtained by a press association from its correspondent at Nanking, and is more detailed than the message I received from the Ambassador on the subject.

Very sincerely,

C. E. Gauss
American Consul General

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

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Telegram under reference is No. 887 of October 24, 7 p.m.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 44 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Information for oral release to AP and UP.

It is learned that Admiral Yarnell has today made representations to Vice Admiral Hasegawa of the Japanese Third Fleet in connection with the numerous instances in which shells from Japanese guns, shrapnel from anti-aircraft fire, and bombs from Japanese planes have fallen in the sector of the International Settlement guarded by the United States Marines, with resulting loss of life and injury of noncombatants. The American Commander-in-Chief is reported to have pointed out that Japanese planes loaded with bombs have at times flown over that part of the Settlement. He has urged that steps be taken to prevent the recurrence of such incidents.

The American Consul General this afternoon confirmed that representations had been made by the American Commander-in-Chief to the Japanese naval authorities, remarking that it is the practice impartially to note actions on both sides which endanger the safety of non-combatants in the foreign protected areas.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 45 to despatch No. 1385 of C. E. Gauss, American Consul General, Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

HIJMS IZUMO
Shanghai, China
28 October, 1937.

My dear Admiral Yarnell:

I have the honor to acknowledge receipt of your letter of 24 October in regard to shells and bombs which have fallen in the sector guarded by the U.S. Marine Forces.

The Commanding Officer of the U.S. Marines has in the past made frequent representations to the Commanding Officer of the Japanese Naval Landing Party in regard to this matter, and I can assure you that the Japanese forces also are desirous of preventing incidents of this kind. I regret very much the incident of 22 October, when an object dropped by a Japanese plane fell in the U.S. Marine sector, and on the following day I sent a member of my staff to express official regrets to the Commanding Officer of the U.S. Marine Forces.

The above incident occurred when three Japanese planes in formation which had completed their bombing operations in Chapei were returning to the North of Soochow Creek. One of these planes, through error, dropped an emergency gasoline tank which being light was blown by a northeast wind into the U.S. Marine sector and which burned when it struck. That it was not a bomb is clear from the facts that it did not explode and that the object came from only one plane of a three plane formation which had already completed bombing operations. I believe that you will agree with me in regard to the above facts.

I am in entire agreement with your statement that it is necessary to prevent these incidents, and I assure you that I have directed the Japanese Naval Forces to exercise greater care in the future.

Respectfully yours,

K. HASEGAWA
VICE ADMIRAL, I.J.N.
Commander in Chief
Third Fleet

Admiral H. E. Yarnell, U.S. Navy,
Commander in Chief,
U.S. Asiatic Fleet

T R A N S L A T I O N

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 46 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 2 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

October 31, 1937.

Memorandum for the Files

Admiral Yarnell telephoned me this morning and said that there had been shells coming over last night from the general direction of Nantao, apparently; one of them landed very close to the AUGUSTA. I told him that I had heard shells passing over the Settlement area, seemingly very close to the consular offices, and apparently from the Nantao direction; that I had not been able to obtain any military information yet to confirm this, but that I would get in touch with the Chinese authorities.

11 A.M. I telephoned to Mayor Yui and told him that shells had been passing over the Settlement area last night from the general direction of Nantao and one of them had fallen close to the AUGUSTA; and that I had heard them screaming through the air, apparently very close to this area; that we were making inquiry into the matter, but meanwhile I deemed it necessary to inform him of it and to ask that he communicate with his military authorities.

He said "All right, I'll pass it on to the military authorities."

C.E.G.

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5. Liaison with Chinese Military Headquarters. Aug. 16 Encls. 47 - 50

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By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

1365

Enclosure No. 47 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 16, 1937.

Memorandum for the Files.

Col. Price telephoned that the Mayor's Office had been in touch with Marine HQ and also with Consul Stanton in reference to the occupation by Marines of Japanese mills in the Marines sector. The Mayor's office seemed to be somewhat exercised that the Marines, in the defensive positions in their sector, are occupying the Japanese mills. They seemed to feel that they should have been informed.

Col. Price explained how the Japanese Marines had withdrawn from the mills, and how in giving protection and shelter to his own men they were in certain cases occupying the quarters the Japanese had used, and how when his Marines occupy a building he raises the flag over it.

Col. Price stated that he believed it desirable that relations with the office of the Mayor be conducted through the Consulate General, so as to avoid any crossed-wires, etc. etc. I told him that I would speak with the Mayor.

I thereupon talked with Mayor Yui; explained the situation in detail, and apparently satisfied him. I emphasized that where the flag flies in the Marines sector it is to be recognized that our Marines are billeted there. We are giving uniform protection to all nationals and all property in that area; there are no combatant Japanese forces there, and Col. Price had assured me that every building formerly occupied by the Japanese in the area which comes under his charge is examined most carefully to ascertain that there is nothing wrong (Japanese anti-aircraft guns or the like).

C. E. G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 48 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES MARINE CORPS
Headquarters, Fourth Marines.
Shanghai, China.

16 August 1937

C. E. Gauss, Esquire,
American Consul General,
Shanghai.

My dear Mr. Gauss:

Pursuant to my conversation with you on the telephone this afternoon, Captain Boone went out by my direction to determine some line of contact with the Commander of the Chinese Troops in this area.

Captain Boone found that a Dr. Tang Yu is acting in a secretarial capacity to General Hsing Chen-nan on the staff of the Chinese High Command in this area. A copy of the report of Captain Boone's interview with Dr. Tang is appended hereto for your information. I will talk to you at some future opportunity about the desirability of developing this contact.

Very respectfully,

(Sgd.) Chas. F. B. Price
Colonel, U.S. Marines,
Commanding, Fourth Marines.

Copy of Report of Interview
mentioned in above letter.

At 4:15 I interviewed Dr. Tang Yu, Secretary and general Contact man of General Hsing Chen-nan representative of the Shanghai-Nanking Garrison, which troops are conducting the Chinese operations. I told him that my Commanding Officer had instructed me to attempt to arrange some liaison between American and Chinese forces facing each other across Soochow Creek. He stated that this would be extremely difficult, but he would see what could be done. He urged me in case of any trouble in this area to get in touch with him at once, also urged me to keep close contact with him, and asked for my telephone number.

Dr. Tung claimed that the Chinese forces had this morning captured the Japanese Naval Landing Party Barracks and the airdrome near the end of Yangtzepoo. That they had advanced down Yangtzepoo Road to within 2 blocks of the Power Company. (N.B. I accept this statement of

gains

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

gains with great reserve). I told him that the Power Company was an American concern. He said quote, yes, you have 2 gunboats there and a few of the boys ashore. We have issued instructions to our aviators and all our soldiers to be very careful, not to hit this place. Aside from not wishing to injure Americans we do not wish to plunge the city in darkness. Unquote. He assured me that the Chinese had no intention of advancing across Soochow Creek into the American Sector and asked no questions concerning Japanese forces in our sector. He tried to pump me concerning that portion of "B" sector north of Soochow Creek, and seemed to think that there were some Japanese troops in this salient. His attitude was extremely cold at first. He asked me if I was in the S.V.C. On learning that I was a member of the American Forces he became very friendly.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 19 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 18, 1937.

Memorandum

Mr. Stanton and Files

Capt. Boone telephoned and informed me as follows:

1. T.V. Soong got into touch with him today and said that the troops in the field had instructions to respect the power plant.

2. That China would under no circumstances extend the war into the neutral area;

3. That he had told Yui to take steps to organize committees to look after the refugees and try to get them out of town as rapidly as possible.

4. That he had wired to Nanking requesting the presence here of a military officer to act as liaison and would let Boone know as soon as he got here.

C.E.G.

In addition to above Capt. Boone informed me that T.V. Soong had asked him to come and see him for the apparent purpose of ascertaining from him whether he thought it was advisable for the Chinese forces to continue their attacks upon the Japanese in the Shanghai area. Soong referred to the difficulty of street fighting and in recalling that Madrid has held out for over a year asked how long Capt. Boone thought the Japanese could hold out. Capt. Boone says he replied that inasmuch as the Japanese can get re-enforcements whenever they wish and that their naval strength is so great they could probably hold out for many months. Soong claimed that actual aerial losses to date were 32 Japanese and 7 Chinese planes.

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By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 50 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 21, 1937.

Memorandum

Mr. Gauss, Stanton

Yui Ming called this morning on the phone and stated that he would be glad to do anything possible for us at any time, that he was in touch with Nanking as well as with the local Chinese military. I asked how his functions compared with those of the mayor in this regard and he stated that while there was a certain overlapping, in general he handled matters requiring reference to Nanking or matters not purely local. He suggested that we send him copies of communications on important matters involving especially reference to Nanking. I stated that thus far we had dealt with the Mayor. I suggested that the Chinese needed a military liaison officer. He agreed heartily but said military matters were being handled direct by the central authorities at Nanking.

B/EO

(Note by Mr. Gauss)
The difficulty in dealing with Yui Ming is that he represents the F.O. and we do not deal with that Ministry. We can say things to Yui the Mayor we could not say to the F.O. Only Ambassador could do that

CEG

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

6. Functions of theAmerican Armed Forces in China. Aug. 18 Encls. 51 - 57

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 51 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, August 18, 1937.

Strictly Confidential.

Dear Colonel Price:

I have received a telegram from the Department which I believe will be of interest to you. It has come in considerably garbled but the substance as
1/ attached is substantially correct.

Very truly yours,

C. E. Gauss
American Consul General

Enclosure:
1/- Paraphrase of Department's telegram 138 to Embassy Nanking, August 16, 3 p.m.

Colonel Charles F. B. Price, U.S.M.C.,
Commanding Fourth Regiment,
U.S. Marines, Shanghai.

(Identic letter sent to Admiral Yarnell)

Copy of paraphrase of telegram referred to in above letter.

Received from Secretary of State.
Dated August 10, 1937.

Paraphrase.

In view of the speculation in some quarters as to the mission and employment of our armed forces in China the Department is attempting to make clear what its conception of the functions of the United States armed forces in China is.

These forces have no mission of offensive action against authorized armed forces of China or any other country, nor is it one of coercion of foreign governments. Their primary function is the protection of American nationals and secondarily of American property, but the latter as such is not a primary objective.

These

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These forces are not expeditionary; they are not in occupation of enemy territory, neither are they operating in defense of American territory; they are expected to protect American lives but they are not expected to hold positions at all hazards, nor against a responsibly directed armed force of another country operating on express higher authority in the operation of occupation. They would, however, be expected to attempt to repel threatened incursions of mobs or of disorganized or unauthorized soldiery. It is foreseen that a situation may arise in which the best method of protection of lives will be the evacuation of our nationals. In such situation American official agencies will be called upon to make such evacuation in an orderly manner and with a maximum of safety. In such case armed escort facilities and means of conveyance, etc., would be measures of general assistance in the activities of evacuation as such. It is assumed that in all probability the necessity for such action would be sufficiently foreseeable to permit consultation among the agencies of the United States Government concerned. It is also presumed that in such case a like situation will confront other nationals and it is felt that consultation among the representatives of the various governments on the spot in regard to local developments will contribute toward simultaneous action when such course seems called for.

It is believed advisable to emphasize the fact that the primary purpose of our armed forces in China is the protection of the lives of our nationals and of the property of our nationals when possible under the circumstances, and particularly when such protection of property contributes toward the safeguarding of lives. Under no circumstances should the protection of property be the primary objective of our forces. In the carrying out of such functions, our officers, aware of the above mentioned concept of their duty, will carry out such functions each on his own best judgment and in cooperation with other agencies and in ways and means appropriate to such agencies under the existing circumstances confronting them at the time.

This message should be repeated to Tsingtao, Shanghai, Tientsin and Peking and the officers in charge at those places should bring them informally and confidentially to the notice of the officers in command of the American armed forces present, advising them that the measure is for the general orientation of all interested American agencies and is believed in no sense to differ from their existing orders or instructions but is merely expository of such orders and instructions under which they are operating as directed by their respective departments.

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 52 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 25, 1937.

Memo for the Files.

Admiral Yarnell came into see me this afternoon, accompanied by his Chief of Staff (Capt. McConnell) Commander Deyo and his aide (Lieut. Sylvester). He told me that Colonel Price had told him that the Marines are now confronted with the problem which may arise as to the use of fire action to prevent the Chinese troops from breaking into the neutral controlled area in event of their being hardpressed by the Japanese. Price wished instructions authorizing him to resort to such action in an extreme emergency if necessary.

The Admiral said that he was going out to look over the situation. He wondered whether there was some understanding or agreement on the point with the British and French. I told him I did not know; this would be a matter for the commandants, the British Brigadier being the senior but I had been under the impression that the British and French had the idea of resisting an armed invasion by force.

We discussed the matter for some time; agreeing that there was probably little danger of an attempt at organized armed invasion; the danger would come from an unorganized rout of the Chinese army seeking to enter the foreign area. We agreed that if these men laid down their arms and were interned, that would be one matter. But if they attempted to fight their way in - and did not come as an organized body under command and direction - they should be resisted. Admiral mentioned that the Marines have tear gas which might be effective.

While the Admiral was here with his staff officers I telephoned to Mayor O. K. Yui and told him that if the Chinese should be hard pressed by the Japanese reinforcements and be ordered or forced to retire, some of them might seek to enter the foreign area under the defense of the neutral forces. Yui stated positively that the Chinese "would not come in". We had of course to leave it at that.

Admiral departed to consult Colonel Price.

In discussing our agreement that the Admiral would authorize Price to fire, if absolutely necessary, to repel an attempt of Chinese forces unorganized and not acting under higher orders, to break into the foreign area I pointed out that the Washington instructions seemed to

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me to support this decision, as such an attempt at invasion would not be an orderly advance by organized and controlled forces under superior command to invade the area; and in this connection I had in mind not only Yui's assurances but the general assurances which have been repeated at Nanking and elsewhere on the general situation.

C.E.G.

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Compared with HHS

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 52 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
26 August, 1937

MEMORANDUM FOR CONSUL GENERAL:

With regard to the question brought up by Colonel Price yesterday about the danger of Chinese troops attempting to force their way into the International Settlement and the necessity arising therefrom of firing upon them, this matter was discussed with Colonel Price after leaving the Consulate yesterday.

I informed him that in my opinion the entry of large numbers of Chinese troops into the International Settlement under conditions of defeat would be a menace to the lives of foreigners in that settlement and would justify the opening of fire on such troops if necessary to prevent their entry.

I pointed out, however, that every effort to prevent their entry other than the actual opening of fire should be made, such as the use of tear gas. The opening of fire should only be a last resort. Also, the Chinese interpreters were to be at each gate in the American sector in order that directions and information could be sent to such troops.

I also said that I did not intend to have Chinese troops which were pocketed along the American sector shot down by the Japanese if they could escape unarmed into the International Settlement.

Consequently, to prevent any such killing, unarmed Chinese soldiers were to be permitted through the defenses of the American sector. Final instructions given to Colonel Price read as follows:

> "Policy regarding the entry of Chinese troops into the International Settlement.
>
> "Armed Chinese or Japanese troops will not be permitted to enter the American Sector of the International Settlement.
>
> Chinese troops will most probably be unorganized bodies. Every effort must be made to prevent their entry by means other than rifle fire such as tear gas.

As

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By Milton O. Gustafson NARS, Date 12-18-75

As a last resort to prevent the actual entry fire may be opened.

Unarmed Chinese soldiers will be permitted to enter and will be segregated under guard."

I am also enclosing a copy of notes made by Lieutenant Sylvester at the meeting at your consulate and at Colonel Price's office.

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Copy of enclosure to above letter.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
26 August 1937

CONFERENCE BETWEEN ADMIRAL AND CONSUL GENERAL, AFTERNOON 25 AUG.

Admiral Yarnell stated that Colonel Price had asked him for instructions in case Chinese troops either armed or unarmed tried to enter the Settlement. He believed that in case armed troops tried to enter every effort should be made to keep them out, using tear gas first and arms eventually if necessary. He believed that unarmed troops should be allowed to come in and should be interned.

He also intended to find out what the plan of the British Army Commanding Officer was for this contingency. The Consul General believed that the above policy was all right and thought that there should be a single plan for all of the Settlement defense forces.

The Consul General mentioned that he had informed the State Department of certain political features which would have to be counted in any attempt to neutralize the Settlement area.

The Consul General then called up Mayor Yui of Greater Shanghai, who assured him that the Chinese troops would not attempt to enter the Settlement in any retreat which might take place.

CONFERENCE AT FOURTH MARINES

Captain Boone supplied the information that the British were issuing orders now to keep Chinese troops out of the Settlement and were preparing concentration camps which would be available later to intern unarmed Chinese troops whom they then might give permission to enter the Settlement. Colonel Price said that in case of

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By Milton D. Gustafson NARS, Date 12-18-75

Japanese advance it was possible that the Chinese pocketed in the Chapei area might try to withdraw across the Settlement. In response to a question about the number of Chinese troops in the Chapei region Colonel Price said that he believes there were from 1500 to 2000.

Admiral Yarnell declared that he did not intend allowing Japanese to kill a lot of unarmed soldiers and that as the Settlement is neutral territory he believed that unarmed soldiers should be allowed to come in. He thought that compounds could be found in which these soldiers could be placed.

Admiral Yarnell then drew up a set of instructions to cover cases in which either Chinese or Japanese troops attempt to enter through the Fourth Marines defense lines. Colonel Price was informed that a copy of these instructions should be sent to each of the foreign defense commanders.

Admiral Yarnell told Captain Boone to get in touch with the Chinese Army representatives in Shanghai and inform them that he would not allow the Japanese forces to attack through our defense sector.

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Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 54 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, dated DEC 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China, October 25, 1937.

Sir and dear Colleague:

In confirmation of my oral representations of last evening, I regret to have to record my protest on the action of your Japanese airmen yesterday afternoon in attacking by machine gun fire a party of horseback riders, including three American men and two American women, on Keswick Road near the intersection of Keswick and Great Western Roads in the western extra-settlement area.

These riders were peacefully taking their exercise within the boundaries of the British sector when they were repeatedly attacked by the Japanese plane which opened fire on them with a machine gun. The riders dismounted and took refuge in the nearby brush; fortunately none of them were injured, but I am informed that several of the horses were killed and two injured by the machine gun fire.

The boundaries of the foreign protected area in the western district are easily distinguishable from the air, the railway tracks affording the best possible landmark to indicate to airmen the proximity of the foreign defense lines, so that the Japanese airmen if properly instructed should have had no difficulty in determining that the horseback riders were proceeding well within the British defense sector.

In informing my Government of this incident I have reported the expression of deep regret which you conveyed to me this morning. I have been unable, however, to suggest any reasonable or satisfactory explanation of the action of the Japanese plane in repeatedly attacking the American and other riders while they were proceeding within the foreign defense sector.

I urge and request that the Japanese military and naval authorities will take the necessary measures to ensure that there will be no further unfortunate incidents of this character.

I have the honor to be,
Sir and dear Colleague,
Your obedient servant,

C. E. Gauss
American Consul General

S. Okamoto, Esquire,
Consul General for Japan,
Shanghai.

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Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 55 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, October 26, 1937

Memorandum of Conversation.

Admiral Yarnell, USN.
Brigadier General Beaumont, U.S.M.C.
Capt. McConnell, USN, Chief of Staff
Mr. Gauss.

Admiral Yarnell came in to see me about the question of the orders to be given to the Marines in event they should face a situation such as the British faced on Sunday afternoon when a British soldier was shot by a Japanese plane which machinegunned horseback riders and the British military post at Keswick and Great Western Roads.

He had a copy of a letter which Major General Tellfer-Smollet, the British military commander, yesterday addressed to the Japanese Third Fleet, the Japanese Naval Landing Party and the Japanese Consul General (but not to the Japanese military or to the Chinese) to the effect that British posts would open fire on Japanese planes attacking such posts or endangering lives within the British sector.

Admiral Yarnell had a rough draft of a somewhat similar order which he was thinking of issuing to the U.S. Marines.

I pointed out to Admiral Yarnell that the British letter seemed to me quite a "tall order". It threatened fire on Japanese planes not only in event they attacked his military posts but if they endangered lives within the British sector. Just exactly what did he mean. Japanese planes and Chinese planes, both carrying bombs, fly over the protected areas. And they certainly endangered lives in such areas. Certainly he did not expect to open fire on such planes and bring them crashing down with their bombs into those areas. It seemed to me to be a loosely drafted order, improperly addressed only to one side, not addressed to the Japanese military as well as the others concerned, etc.

I pointed out that if the foreign military or naval commanders wished to serve notice that planes carrying bombs, or planes of either side, should not fly over the foreign protected areas, then it seemed to me that they should do so by joint notification to both sides; not to one side alone; they should do so only after consultation; a threat of this kind if made should be supported; and that raised questions in which the home governments might be involved. On the other hand, the Admiral already had a general order to the ships of the fleet that they should defend themselves if attacked. Any military unit would reasonably be expected to defend itself if attacked, and I could see no substantial objection to extending to the Marines the same order he had given to his floating units.

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By Milton D. Gustafson NARS, Date 12-18-75

The result of the discussion was that the Admiral determined to extend to the naval (U.S.Marine) units ashore the same order he had issued to his units afloat, to defend themselves if attacked. He said he proposed to issue the order and report it to the Navy Department. He also proposed to allow the information to get to the press through his press liaison officer, and let the Chinese and Japanese both get their notification and information in that fashion.

C.E.G.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 56 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
26 October 1937

A16-3 (7420)

From: The Commander-in-Chief, Asiatic Fleet.
To : The Commanding General, Second Marine Brigade.

Subject: Action against aircraft.

1. In case of attack on the defense forces or non-combatants in the U.S. Sector by planes of any nationality fire may be opened on such planes in self defense.

2. This is an extension of the order already given to vessels of the U.S. Asiatic Fleet authorizing them to take such action in case of attack.

H. E. YARNELL

Copy to:
AmConGen Shanghai

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 57 to despatch No. 1035 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Confidential

November 1, 1937.

Memorandum for the Files

Admiral Yarnell told me this morning that he had received a message from the Navy Department in reference to his recent order to Marines to defend themselves if attacked; the Navy Department said that State Department explained that it was having difficulty in controlling public opinion over this order. Navy Department desires that if it becomes necessary in future to issue any such orders, no publicity be given.

The Admiral stated that he had replied pointing out that the order is based on a Navy regulation of long standing that naval forces must defend themselves if attacked.

He remarked that he considered it necessary to let both sides know that the Marines have their orders, and that was why he had allowed it to be given to the press. In future however it looked as though he would have to keep such things out of the press.

C. E. G.

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By Milton D. Gustafson NARS, Date 12-18-75

Aug. 18 Encl. 58

7. Gas Warfare.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 50 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES MARINE CORPS
Headquarters, Fourth Marines
Shanghai, China.

18 August 1937.

From: The Commanding Officer.
To : The Commander in Chief, U.S. Asiatic Fleet.

Subject: Possibility of introduction of chemical warfare into the conflict about Shanghai.

1. It is established that knowledge of, and instruction in, chemical warfare exists in both of the contending forces. It has been observed that at least one side carries gas masks as routine equipment. It is evident, therefore, that the possibility of a resort to gas warfare if and when considered expedient is definitely in the minds of the contestants.

2. It requires little exercise of the imagination to picture the catastrophe which would be precipitated by the release of chemical agents in the area of Greater Shanghai. It would be absolutely impossible to control gas once it was used and to prevent it from penetrating the International Settlement. Even lacrimators released upon the thousands of ignorant refugees in the Settlement must create a panic impossible to control.

3. It would appear timely, therefore, to have in mind when conferences are held and representations of the points of view of neutral parties presented that a solemn agreement should be exacted from both contenders never to employ gas in this area.

Chas. F. B. Price

Copy to Con. Gen. Gauss

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(Note by Mr. Gauss): I discussed this with Admiral who said he would radio Washington.
CEG

8.	"Curfew" on Ships' Movements in Whangpoo River.	Aug. 19	Encls. 59 - 60

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Hueston NARS, Date 12-18-75

Enclosure No. 5? to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

MEMORANDUM

American Consular Service

Shanghai,

Dated Aug. 19, 1937.

Subject: Closing of Sections 6, 7 and 8 of Whangpoo River by Japanese Naval Authorities.

Mr. Long phoned at 7.30 p.m. August 18 and stated he had just received a message from the Japanese naval authorities to the following effect:

Sections 6, 7 and 8 of the Whangpoo River will be closed to Chinese vessels between the hours of 7 p.m. and 5 a.m. Vessels of other nationalities desiring to navigate in these sections during the hours mentioned are requested to advise the Japanese naval authorities in order to avoid danger and misunderstanding.

7.45 p.m. Above message communicated by phone to Communications Office, Fourth Marines for immediate relay to the Commander in Chief of the Asiatic Fleet.

Sn

Admiral Yarnell called a meeting at American Consulate General this morning of British C-in-C and French C-in-C. British Consul General and I also attended, advising with our Admirals. A draft reply was agreed upon, to be communicated through the Consuls General to the Japanese Consul General in reply to his oral message communicated through the Senior Consul. Copy attached.

C.E.G.

Copied by: hk
Compared with:

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action Taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Shanghai, August 19, 1937

The American Naval Commander-in-Chief has considered the oral message received by the American Consul General from the Japanese Consul General through the Senior Consul, stating that Sections 6, 7 and 8 of the Whangpoo will be closed from 7 p.m. to 5 a.m. daily to Chinese vessels and that other vessels should give due notice.

The Commander-in-Chief observes that Vice Admiral Hasegawa, Japanese Commander-in-Chief, has not conferred with him in regard to this matter. He has guards of Marines and Bluejackets at properties below this area to which access is required at any time at short notice. He must also have free communication with his ships, both men-of-war and merchantmen at Woosung at all times of the day and night.

The Commander-in-Chief will therefore be unable to comply with the proposal that he should notify the Japanese Commander-in-Chief of any movement between 7 p.m. and 5 a.m. In order to facilitate identification, however, he will arrange that any United States man-of-war, ship's boat, or merchant vessel proceeding after dark will burn her navigation lights and fly her ensign or national flag as the case may be and will pass as close as practicable to the first Japanese man-of-war encountered up or down stream, reducing speed while passing her.

C. E. Gauss
American Consul General

Copied by: hk
Compared with:

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

9. Japanese Civilians in American Sector. Aug. 20 Encls. 61 - 64

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 61 of despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
20 August 1937

From: The Commander in Chief, Asiatic Fleet.
To : The American Consul General, Shanghai, China.

Subject: Japanese civilians resident in the American Sector.

Enclosure: (a) Copy of letter from Colonel C.F.B. Price, USMC regarding this subject.

1. The enclosure is forwarded for your information and such action as you may see fit to take in the premises.

2. It is considered that these Japanese should be removed from the American Sector and that the Japanese Consul General be informed to this effect and requested to take the necessary steps to secure their departure from this area.

3. A possible future development may make it exceedingly difficult for our forces to defend these Japanese. Also, they should be removed in order that there may be no claims made by the Chinese that Japanese nationals are being harbored in the American Sector and are taking advantage of the opportunity to supply information to their own forces.

(Sgd) H. E. YARNELL

Copy of enclosure referred to above.

UNITED STATES MARINE CORPS
Headquarters, Fourth Marines,
Shanghai, China.

19 August 1937.

From: The Commanding Officer.
To : The Commander in Chief, U.S. Asiatic Fleet.

Subject: The problem of Japanese civilians resident in the American Sector.

1. Attached hereto is a memorandum giving roughly the numbers of Japanese subjects resident in the sector assigned to the Fourth Marines for security, as of the afternoon of 17 August. It is known that on the night of

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

17-18 August, and again on the night of 18-19 August, a considerable number of these Japanese nationals, and probably all the women and children, were evacuated quietly in covered vans. The police have promised to provide us with the figures, but they are not sufficiently important to affect the purport of this letter.

2. In my contacts with the Japanese nationals I have encountered a Mr. K. Kabayashi who, I believe, is the manager of the Naigai Wata Kaisha, Ltd., at 931 Gordon Road. He presented himself as spokesman to me and the Japanese staff officers also referred us to him in the event that we wished to communicate with the Japanese group.

3. In my first interview with Mr. Kabayashi when he came to my office about 15 August, it was my understanding that the entire group of Japanese nationals would be evacuated as rapidly as possible beginning with the women and children. When I interviewed him in his office at 931 Gordon Road yesterday afternoon, 18 August, his attitude appeared entirely different, and he told me that the women and children were leaving but that the men would remain. If I understood him correctly, he stated quite definitely that 380 men of his particular activity were remaining in or near that particular compound. I suggested that men in such numbers could not possibly be profitably employed in a mill which was absolutely closed down, and that it would be prudent and desirable to relieve the problem confronting the authorities defending the sector by getting rid of every nonessential person located therein. Apparently my conversation produced no effect whatever, and when I left I was assured that 380 men were remaining in that compound definitely.

4. The Commander in Chief, of course is aware that the Chinese suspect, and have not failed to insinuate rather broadly, that Japanese forces are actually hidden in these properties. Under the circumstances, it would be very difficult to disprove that fact. Japan as a nation employs compulsory military service and every able bodied Japanese male must be potentially a soldier. That he does not wear a uniform at the moment is not significant. The fact that a rather careful inspection of the premises has revealed no signs of concealed military arms and equipment is not conclusive either. As a plain fact, my impression of my visit to Mr. Kabayashi office yesterday convinced me that the outlay there is simply a military intelligence installation of which he is the head. He sat at a desk in a large office surrounded by half a dozen clerks at other desks; a switch-board was close at his elbow at which an operator was constantly busy, and during my short conversation with him of not over fifteen minutes at least a half dozen calls came in over the board. Japanese personnel is distributed throughout the other closed mills, some of them, ostensibly watchmen, are in constant observation of my men and their movements,

and

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

and others must have opportunity to spy onto the Chinese areas north of the Creek from their positions of advantage in the mills, without being observed.

5. The situation above set forth, therefore, presents several drawbacks. First of all we are open to the criticism of the Chinese that our sector is being permitted to be used as observation post against their operations, and, secondly, that able bodied Japanese, and potential fighting men, in considerable numbers are permitted to remain there and are being protected.

6. My recommendation in the case is that steps be taken through the proper channels to persuade the Japanese Consul General that the presence of his nationals in the numbers at present existing presents a problem detrimental to their own interest and a danger of their welfare, and that it be represented to him that the very minimum of personnel should be left in the mills consistent with routine watchman duties and that much of this even could be effected by sikh watchmen already observed to be present; that the group of Japanese which eventually must remain after being reduced to an absolute minimum should be concentrated at one place, or certainly not more than two locations, to be designated by the American commander of the sector, where their security may reasonably be provided for since it is obviously impossible to keep track of them in the twenty different places where they are now distributed.

7. I must add that this matter would appear to be urgent in view of the fact that mob violence has already broken out and we have had in the last few days a number of instances of ruthless and unwarranted murders during fits of mob hysteria and in some cases the victims have been Japanese.

CHAS. F. B. PRICE.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 62 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China, August 20, 1937.

Dear Admiral Yarnell:

With reference to your communication of today's date (A16-3), with enclosure from Colonel Price, concerning the Japanese civilians in the so-called American sector of the area of foreign refuge at Shanghai, I enclose copy of a letter which I am sending to the Japanese Consul General following up a telephone inquiry I made a day or two ago after a conversation with Colonel Price. I believe that this letter to the Japanese Consul General will suggest our desire for the withdrawal of his Japanese nationals and our attitude that such persons must not conduct activities in assistance to the Japanese military or naval forces by way of military intelligence or otherwise.

This problem of Japanese noncombatants within the foreign area of refuge is a difficult one. As you know, the Japanese have at times maintained a post of Japanese Marines in the area for the protection of their nationals. That post was finally withdrawn, and the position has been taken that the foreign forces in the several sectors would give protection to Japanese noncombatants residing there. So long as such noncombatants are law-abiding and conduct themselves with circumspection, avoiding all activities which might give rise to suspicion, it would be a difficult and delicate matter to ask for their withdrawal. But of course if they do engage in activities of an improper, or shall we say "unneutral" character, then we would be justified in singling out the offenders and asking them to leave.

Very truly yours,

C. E. Gauss
American Consul General.

1 enclosure.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S.Asiatic Fleet,
U.S.S. AUGUSTA, Shanghai.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 62 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China, August 20, 1937.

My dear Mr. Okamoto:

With reference to our recent conversation over the special telephone in which I asked you as to the plans for the evacuation of Japanese residents scattered at a number of places in the sector of the area of foreign refuge now guarded by the U.S. Marines, I request that you be so good as to inform me of the plans in reference to these nationals.

I understand from the report of the Commanding Officer of the Fourth Marines that in an interview he had with Mr. K. Kabayashi, the manager of the Naigai Wata Kaisha, Ltd., at 931 Gordon Road, who appears to be the spokesman for the Japanese residents in the American controlled area, it was stated that it was the intention that the entire group of Japanese nationals would be evacuated as rapidly as possible, beginning with the women and children. Later, it appears, Mr. Kabayashi's information on the point was that women and children would be evacuated but it was the intention that 380 Japanese men engaged in his activity - the NAIGAI WATA KAISHA, I believe - would remain in that compound, although of course, the activities of the mill are suspended.

You are aware, of course, of the suspicion attached by the Chinese to the area of the Japanese mills in the so-called American sector; and of the delicacy of the situation which confronts the Commander of the American Marines in that sector vis-a-vis this Chinese suspicion and the suspicion and antagonisms of the Chinese residents of the area, in view of which I feel that it is desirable that I remind you of my inquiry as to what plans have been made to send these Japanese residents home. We do not know exactly how many Japanese are resident in this so-called American sector, but understand that they are scattered about in numerous small groups.

You will appreciate that the Commanding Officer of the U.S. Marines is mindful of the safety of your nationals, and that the problem that their presence presents has been held constantly in view.

I believe that you will also appreciate the necessity of cautioning your residents in the sector in question to be most scrupulous in their conduct and activities, so as to avoid any suspicion that they are engaged in conducting any activities related to the Japanese military or naval operations in this part of China, whether by way of maintaining a military intelligence center or otherwise.

I am, my dear Mr. Okamoto,
Very sincerely yours,
C. E. Gauss

S. Okamoto, Esquire,
H.I.J.M. Consul General,
Shanghai.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 44 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 21, 1937

Memo of Telephone Conversation.

11.10 A.M. Talked with Japanese Consul General on telephone. He brought up my letter concerning the Japanese in the American sector and said "I am taking it up and will write to you as soon as we have definite information. Most of those men want to stay because they want to stay with their property-- the mills and the machinery, etc."

I pointed out to Mr. Okamoto that the presence of his nationals in the American sector constituted a special problem for the Marines the difficulty of which he would certainly appreciate. I would appreciate any steps that the Japanese might take even partially to alleviate that situation. Most of these men were idle, with little prospect that they would again be able to be active for some time, and if they could go home it would reduce the difficulty of the situation just that much.

C.E. Gauss
Consul General

Copy to Admiral Yarnell

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Encl. 65

Aug. 20

10. Flights by U.S. Naval Planes.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 87 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 20, 1937.

Memorandum for the Files

About 9 a.m. this morning, Mr. S. Okamoto, Japanese Consul General telephoned to me as follows:

> "The 3d Fleet telephoned to me just now that it seems that the airplanes of the AUGUSTA are preparing to fly. They are nervous about it. If they fly it may by some be mistaken as a Chinese plane and something unfortunate might happen, you see. Could you get word to the AUGUSTA?"

I replied that I had no information that the AUGUSTA was preparing to fly her planes; but the AUGUSTA and her planes are here for the protection of American citizens. If the American Commander-in-Chief should find it necessary to put up the AUGUSTA'S planes in connection with his mission for the protection of American life here, the American character of those planes must be respected. The Japanese Navy and air force must be familiar with foreign plane insignia. If the planes took the air and were fired on by either side, we would hold that side responsible. It would seem that if the Third Fleet wish to make any inquiries or statement in reference to the matter to the American naval authorities, they might send an officer on board the American flagship.

C. E. Gauss
Consul General

Copy to Admiral Yarnell

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Encl. 66

Aug. 24

11. Marine Guard at the Consulate General.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. 68 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, dated _____ 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

HEADQUARTERS FOURTH MARINES
SHANGHAI, CHINA.
24 August 1937.

From: The Commanding Officer.
To : Sergeant Aubrey T. Hicks, U.S. Marine Corps.

Subject: Orders for Consular Guard.

1. You will take charge of the below named enlisted men and report to Mr. R. P. BUTRICK, Consul in charge of the Executive office, U.S. Consulate General as a guard for that place:

NICHOLSON, Millar L.	Corporal
SCHLITTER, John P.	Corporal
GULICK, John	Private

2. Between the hours of 0830 and 2200 at least three (3) men will be available on call of the Consul General to preserve order, and to assist the civilian consular guards in preventing riot or other disturbance at the entrance or within the consular building.

3. Between the hours of 2200 and 0830 a roving patrol will be established throughout the building. It will cooperate with the civilian watchmen and pay particular attention to the security of the offices and files of the consulate general.

4. In case of fire members of the consular staff residing in the building will be immediately notified and every effort made to assist in extinguishing the fire.

5. In case of riot or disturbance Regimental Headquarters will be notified at once.

6. The Non-commissioned Officer in Charge will comply with all orders from the Consul General as transmitted through the members of his staff. He will report daily in person to Mr. Butrick to receive such instructions as the American Consul General may wish to issue. A telephonic report will be submitted daily at 0900 to the Regimental Plans & Operations Office in order to keep this office informed of the duties performed by the guard and of special instructions received from the Consul General. A guard report will also be kept by the Non-commissioned Officer in Charge and submitted on order from this office.

7. At any time that it appears that the detail herein assigned is not adequate for the task Regimental

Headquarters

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By Milton D. Gustafson NARS, Date 12-18-75

Headquarters will be notified at once and a request made for the additional number of men estimated as necessary.

8. Rations will be furnished and delivered by the Commanding Officer, Billet #3.

M. A. EDSON,
Major, USMC.,
R-3.

- -

Copy for:
American Consul General
CO, Blt #3
CO, Regt Reserve
CC, Service Co.
R-1
R-3

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Compared with HBS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

12. Use of International Settlement as Military Base. Aug. 25 Encls. 67 - 68

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 57 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
25 August 1937

MEMORANDUM FOR CONSUL GENERAL:

Since the arrival of the Japanese Army, it seems to me that this situation has entered on a new phase.

Until yesterday the Japanese landing party was fighting more or less on the defensive in the Hongkew section under the theory that they were part of the defensive forces of the International Settlement. With a considerable stretch of the imagination, the bombardment of widely spread areas by Japanese men-of-war anchored in the Whangpoo River within the limits of the Settlement might be included in the same understanding.

With the landing of the Japanese Army at Woosung, Liuho, and at Chapu on Hangchow Bay the operations obviously change from a defense of the Settlement to an extensive campaign against the Nanking Government covering a wide field.

It is understood that the Japanese Naval Landing Party becomes a part of this Field Army.

The question then arises as to what extent the Japanese forces are to be allowed to use the docks and warehouses of the Hongkew section in furtherance of their operations without protest from the neutral powers.

The Nanking Government has protested several times against the use of the Settlement as a base of operations against their forces.

If this use is continued under present conditions, their objection becomes considerably more valid and acquiescence in this use by the neutral powers will be the cause of increasing bitterness on the part of Nanking.

It is recommended that the neutral powers arrive at some agreement on this matter and voice a warning to the Japanese Government against the further use of the International Settlement as a base for their war operations.

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 68 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 7 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship.

Shanghai, China
9 September 1937

MEMORANDUM FOR CONSUL GENERAL:

With reference to the use of the Hongkew section of the International Settlement as a base for military operations, I am enclosing herewith copies of extracts from the signal log of the U.S.S. AUGUSTA from August 15th to September 5th, inclusive. This log covers only the part of the Hongkew section which is in sight from the bridge of the AUGUSTA, that is, from the Japanese Consulate down to about the beginning of section 7 of the river.

Yesterday I made a visit down the river to the Power House. Seven Japanese transports were moored at the wharves along the Hongkew section. Most of them were freight transports and they were unloading all varieties of war material, including ammunition, gun caissons, provisions, hay, etc.

It is quite obvious that the Hongkew wharves and Hongkew itself are being used as a base for the military operations of the Japanese Army around Shanghai.

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss,
American Consul General
Shanghai, China

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

13. Japanese Blockade of Chinese Coastal Waters. Aug. 27 Encls. 69 - 91

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to Despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

00/jse

Shanghai, China
27 August 1937.

INTERNATIONAL LAW SITUATION

Extensive fighting taking place between China and Japan but no declaration of war has been made by either nation. The United States does not recognize a state of war as existing.

The Japanese Admiral in command of Naval Forces announces that a blockade of the coast of China is in effect from the Yangtze River to a point south of Swatow directed against Chinese shipping. The exact limits of the blockade are . . . . . Blockade will become effective from six p.m. August 25th, 1937. The legal adviser to the Japanese Third Fleet operating in Chinese waters, Dr. Jumpei Shinobu, states that while foreign vessels can not be seized, detained or compelled to change their course, they will be liable to boarding by Japanese naval authorities bent on ascertaining their true nationality in case of doubt.

SPECIFIC SITUATION

A merchant vessel of bona fide American nationality flying the American flag and proceeding from Shanghai to Hong Kong is ordered to stop off the coast of China by a Japanese man-of-war in order that her status may be investigated. The master of the merchant vessel appeals to the commanding officer of a U. S. man-of-war nearby, for protection against this action.

REQUIRED: Action taken by the U. S. naval officer.

Penciled notation:

Gauss:

This is being studied
Have you any views on the subject
(initialed) HEY

Copied by: RK
Compared with:

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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Enclosure No. [illegible] to despatch No. of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

MEMORANDUM

American Consular Service

Shanghai

Dated August 27, 1937.

Dear Admiral:

With reference to your inquiry as to my views on the subject:

The action taken by the Japanese naval authorities in the absence of a declaration of war (or of Presidential proclamation under our neutrality act recognizing the existence of a state of war) is in the nature of a PACIFIC BLOCKADE.

C.C.Hyde in INTERNATIONAL LAW CHIEFLY AS INTERPRETED AND APPLIED BY THE UNITED STATES; 1922; Vol. II, page 181, states:

> "The assertion that the right to coerce a delinquent State by means of a pacific blockade embraces incidentally the right to interfere with vessels of third States, whether on the high seas or within the territorial waters of the blockaded State, appears to be at variance with sound principle. To restrict in time of peace the operations of such vessels is to subject to injury him who has done no wrong, a result which must always be regarded as opposed to the requirements of justice."

Recommended action by American naval commander:

> That the right of visit be denied; but that without prejudice to this position the American naval commander might be disposed to certify the American character of the merchant vessel.

C. E. Gauss
American Consul General.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 1 To Despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General."

COPY.

UNITED STATES ASIATIC FLEET
U.S.S. Isabel,

COPY

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

Shanghai, China,
27 August 1937.

INTERNATIONAL LAW SITUATION.

Extensive fighting taking place between China and Japan but no declaration of war has been made by either nation. The United States does not recognize a state of war as existing.

The Japanese Admiral in command of Naval Forces announces that a blockade of the coast of China is in effect from the Yangtze River to a point south of Swatow directed against Chinese shipping. The exact limits of the blockade are from Lat. 32° - 40' N., Long. 121° - 44' E. to Lat. 23° - 14' N., Long. 116° - 48' E. Blockade will become effective from six p.m., August 25th, 1937. The legal adviser to the Japanese Third Fleet operating in Chinese waters, Dr. Jumpei Shinobu, states that while foreign vessels can not be seized, detained, or compelled to change their course, they will be liable to boarding by Japanese naval authorities bent on ascertaining their true nationality in case of doubt.

SPECIFIC SITUATION

A merchant vessel of bona fide American nationality flying the American flag and proceeding from Shanghai to Hong Kong is ordered to stop off the coast of China by a Japanese man-of-war in order that her status may be investigated. The master of the merchant vessel appeals to the commanding officer of a U.S. Man-of-war nearby, for protection against this action.

REQUIRED: Action taken by the U.S.Naval Officer.

SOLUTION.

The U.S.Naval officer should advise the master of the American merchantman to hoist his colors, his international call signal, and his house flag, and to continue on his course until such time as the Japanese man-of-war gives unmistakable evidence of its intention to employ force to compel him to stop, in which event he should submit, under protest, to visitation by the Japanese naval authorities, exhibiting only such of his vessel's papers as are necessary to establish its identity, the facts of the visit, his protests, and the attending circumstances being duly entered in the vessel's log which the Japanese boarding officer should be requested to sign.

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By Milton O. Gustafson NARS, Date 12-18-75

The U.S. Naval officer should, at the same time, inform the Japanese naval authorities on the spot that the merchantman is a bona fide American vessel entitled, under the established principles of international law, to free passage, during times of peace, to her destination, and demand that no measure be taken to stop, restrict, or molest her in the full enjoyment of that unquestioned right. His action should not go beyond this demand, coupled with the intimation that the United States Government will exact full reparation for the unlawful arrest, for the purpose of visitation, of any vessel entitled to fly its flag.

* * * * * *

Prior to 1827 blockade was only known as a measure between belligerents in time of war. In that year, during the Greek insurrection, Great Britain, France, and Russia intervened in the interests of the independence of Greece and blockaded those ports of the Greek Coast which were occupied by Turkish troops, there being no declaration of war by any of the parties involved. In 1831 France blockaded the Tagus as an act of reprisal for the redress from Portugal for injuries sustained by French subjects. In 1833 Great Britain and France, intervening for the purpose of securing the consent of Holland to the independence of revolting Belgium, blockaded the coast of Holland. In 1838 France blockaded the ports of Mexico as an act of reprisal, before war was declared between them. In the same year, she likewise blockaded the ports of Argentina. In 1850 Great Britain blockaded Greek ports, to Greek vessels only, in order to compel the latter nation to pay damages for injuries sustained by a British subject, residing in Athens, at the hands of a mob, aided by Greek soldiers and gendarmes. In 1862 Great Britain blockaded the port of Rio de Janeiro by way of reprisal for the plundering of a wrecked British merchantman. In 1884 France blockaded the Island of Formosa by way of reprisal against China. In 1886 Great Britain, Austria-Hungary, Germany, Italy and Russia, intervening for the purpose of preventing Greece from making war against Turkey, blockaded the Greek coast. In 1897 the United Powers blockaded the Island of Crete. Oppenheim, International Law, Volume II, pages 48-53.

The above instances of the use of blockade, during times of peace, have established the doctrine that a "pacific blockade" is admissible under the Law of Nations as a coercive or compulsive measure short of the graver measure of actual war. In 1887 the Institute of International Law, at its meeting in Heidelberg, after careful study and discussion of the question approved this doctrine, and to-day it is therefore established, both in theory and practice, as a legitimate method of settling political as well as legal international disputes and differences. See Annuaire IX (1887), pages 275-301.

However, the practice of pacific blockade has varied with regard to ships of a state which is not a party to the dispute or difference leading to this measure of coercion or compulsion. Before 1850, ships of such a state were expected to respect a pacific blockade, and were seized if they attempted to break it, but were restored at the termination of the blockade without compensation. In 1850, Great Britain, and likewise in 1886 Great Britain, Austria, Germany, Italy

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Italy, and Russia, in blockading the ports of Greece, allowed the vessels of other nations to pass freely through the line of blockade. In 1894 France, pacifically blockading the Island of Formosa, in her dispute with China, attempted to impose restrictions against vessels of third states, but the declaration of Great Britain that such a blockade could not be enforced against ships of a third state, compelled France to drop her pacific blockade and consider herself at war with China. Oppenheim, International Law, Volume II, pages 51-52.

Some of the international law writers maintain that ships of third states should respect the pacific blockade, and that the blockading state has the right to stop all vessels which attempt to break it. The vast majority, however, specifically deny such right. The Institute of International Law, the most influential body of theorists, in their declaration favoring the pacific blockade, specifies the following conditions - "Vessels of a foreign flag can enter freely in spite of the blockade". Oppenheim, International Law, Volume II, page 51. Moore. International Law Digest, Volume VII, pages 135-136.

The position taken by the United States with reference to the doctrine of pacific blockade is perhaps best illustrated by the action taken in 1897 during the Cretan blockade, and again in 1902 during the blockade of Venezuela. In the Cretan blockade, the United States was officially informed that Austria-Hungary, France, Germany, Great Britain, Italy, and Russia would establish a pacific blockade of the Island of Crete on 21 March, 1897, but that "ships of the six powers, or neutral powers, may enter into the ports occupied by the powers and land their merchandise, but only if it is not for the Greek troops or the interior of the island. The ships may be visited by ships of the international fleets". The United States Secretary of State, Mr. Sherman, replied to the above communication, in part as follows:

> "I confine myself to taking note of the communication, not conceding the right to make such a blockade as that referred to in your communication, and reserving the consideration of all international rights and of any question which may in any way affect the commerce or interests of the United States".

Subsequently the blockade of Crete was raised. Moore, International Law Digest, Volume VII, pages 139-140, See also Naval War College International Law situations (1897) (Situation I).

On December 20, 1901, the German Ambassador at Washington gave notice that his government, in its effort to obtain a settlement of its claims against Venezuela, would employ in the first instance pacific blockade, and that this blockade, "would touch likewise the ships of neutral powers inasmuch as such ships, although a confiscation of them would not have to be considered, would have to be turned away and prohibited until the blockade should be raised". Subsequently

the

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the United States Secretary of State, Mr. Hay, directed Mr. Tower, the United States Ambassador at Berlin, to say that the United States adhered to its position in the case of the Cretan blockade in 1897, and therefore did "not acquiesce in any extension of the doctrine of pacific blockade which may adversely affect the rights of states not parties to the controversy, or discriminate against the commerce of neutral nations". Subsequently the pacific blockade was changed to a war blockade by formal notice to neutrals. Moore, International Law Digest, Volume VII, pages 140-141. See also Naval War College International Law Situations (1902) (Situation 7).

It is clear from the above that the Japanese right to enforce a pacific blockad against the vessels of China, in her present dispute with the latter nation, cannot be contested. It is equally clear, however, that she has no legal right to impose any restriction upon the movements of vessels of third states in connection with such a blockade.

The remaining question in the situation presented, namely, whether the boarding of the American vessels, "by Japanese naval authorities bent on ascertaining their true nationality in case of doubt", constitutes such a restriction upon their free passage as should be rejected, and resisted by force if necessary, is one involving not only the gravest consequences, but also a scarcity of precedents upon which to base a conclusion. Soule and McCauley in their treatise on International Law for Naval officers, third edition published in 1928, make at page 50 the following statement, with reference to the law of pacific blockades:

> "It is generally conceded x x x x (4) that states not parties to the pacific blockade are in no way bound to observe it, though their ships cannot complain because they are required to establish their identity in the ordinary manner". (underscoring supplied).

No authority or precedent is cited for this statement, with the result that some confusion may be caused by the concluding phrase therein. However, it seems clear that detention for the purpose of visitation on the high seas, during times of peace, is no "ordinary" method of establishing identity, but on the contrary, in this day and age, is a most exceptional and extraordinary one. Its use in such times is specifically limited to vessels suspected of being engaged in piracy, or the slave trade, and even in these circumstances the home state is responsible for damages in case a man-of-war stops and visits a foreign merchantman without sufficient ground of suspicion. Oppenheim, International Law, Volume I pages 335-336.

As further evidence of the zeal with which nations have guarded the right of their vessels on the high seas to be free from visitation by foreign powers, in times of peace, the following is cited:

> "In 1888-9 a 'very anomalous' blockade of the coasts of Zanzibar was instituted by the British and German Admirals, by order of their Governments, but

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in the name of the Sultan, against the importation of 'materials of war and the exportation of slaves'. The operation 'was in reality a measure of high international police, exercised directly or indirectly, by all the powers of Western Europe who were interested in the locality, for the prevention of a traffic generally recognized by them as cruel and immoral'. Italy and Portugal aided actively in the blockade, and France sent a warship to visit vessels flying the French flag." (underscoring supplied). Moore, International Law Digest, Volume VII, pages 138-139.

In view of the above, the proposed visitation of foreign vessels by Japanese naval authorities at the line of pacific blockade has no foundation in international law or custom, and consequently the American merchantman has a clear right to the protection he seeks against such action.

The duty of the U.S.Naval officer under the circumstances is obviously a most difficult one. The protection of American commerce is a fundamental mission of the Navy. In times past, there can be little question but that such encroachment upon our rights upon the seas, as that indicated in the situation presented, would have been resisted with all the force at the disposal of the Naval officer, with the full assent and approval of his Government. Nor can it be said that the use of force to-day, under such circumstances, would not be justifiable, insofar as the purely legal aspects of the situation are concerned. However, no one can be unmindful of the strenuous efforts which the United States has made in the past two decades toward the establishment of a policy envisaging the settlement of disputes among all nations by pacific means. It is also patent, that its representatives, and especially those in its naval and military services, should do everything within their power to make this peace policy effective, and to scrupulously avoid any conduct or action which might in any way endanger it, without prior reference to the highest authorities concerned. This consideration, as well as that relating to the composition and situation of our naval forces in this area, suggest a course of action which will not aggravate an already tense situation, but which at the same time will effectively reserve for consideration and determination by the highest authorities in our government, the gravest questions arising from a flagrant violation of our rights. The solution arrived at, it is believed, embodies all of these aims.

Respectfully submitted,

THOMAS L. McCANN,
Lieutenant, U. S. Navy.

Copied by: ch
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to despatch No. 1383 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

COPY.

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China
28 August 1937.

My dear Admiral Hasegawa:

The North China Daily News carried an item yesterday, August 27, which reads in part as follows:

> "In the first 'peace-time blockade' declared since 1917 when the Allies banned native shipping along the Montenegro coast, foreign shipping along the China Coast may be halted by Japanese warships patrolling the proscribed area.
>
> "This was indicated by Dr. Jumpei Shinobu, professor of international law, who is acting as legal advisor to the Japanese Third Fleet operating in Chinese waters.
>
> "While foreign vessels cannot be seized, detained, or compelled to change their course, they will be liable to boarding by Japanese authorities bent on ascertaining their true nationality in case of doubt."

And also:

> "Chinese shipping will be prohibited in the area extending from 32.4 degrees north latitude and 121.44 degrees east longitude to 23.14 degrees north latitude and 116.48 degrees east longitude, the announcement declared, adding that the virtual blockade will be effective from 6 p.m. August 25, 1937."

It will be appreciated if you will inform me as to the accuracy or otherwise of the above quotations from the daily press.

I have asked my Government whether any official notification of this blockade has been made to it and the answer I have received is in the negative.

With kindest regards, I am

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S.NAVY
COMMANDER IN CHIEF
U.S.ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commanding Third Battle Fleet
H.I.J.M.S. IDZUMA, Flagship
Shanghai, China.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. 78 to despatch No. of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

RESTRICTED CIPHER

FROM: CINCAF
TO: NAVY DEPT.
INFO: AMCONGEN SHANGHAI - AMBASSADOR NANKING - AMBASSADOR TOKYO

0030 IT IS MY INTENTION UNLESS OTHERWISE DIRECTED TO NOTIFY THE JAPANESE ADMIRAL THAT UNDER EXISTING CONDITIONS I CANNOT RECOGNIZE THE RIGHT OF JAPANESE MEN OF WAR TO STOP AND SEARCH US MERCHANT VESSELS AND THAT I SHALL INSTRUCT THE VESSELS OF MY COMMAND ACCORDINGLY 1825

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 7 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y.

CONFIDENTIAL

FROM: NAVY DEPT.
TO: CINCAF 30 Aug. 1937.

0030 WHAT INFORMATION HAVE YOU RECEIVED INDICATING PROBABILITY OF SEARCH OF AMERICAN MERCHANT VESSELS AND WHAT ACTION IN THIS MATTER WILL BE TAKEN BY BRITISH AND FRENCH NAVIES REGARDING THEIR OWN COMMERCIAL SHIPS PERIOD AFTER RECEIPT OF REPLY GENERAL POLICY THIS GOVERNMENT WILL BE CONSIDERED 1315

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1365

Enclosure No. 75 to despatch No. of C. E. Gauss, American Consul General at Shanghai, China, dated ... 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y

CONFIDENTIAL

FROM: CINCAF
TO: NAVY DEPT. 31 Aug. 1937

NO ANSWER HAS BEEN RECEIVED FROM ADMIRAL HASEGAWA CONCERNING INFORMATION AS TO ACCURACY OF PEACETIME BLOCKADE STATEMENT WHICH I REQUESTED IN A LETTER TO THE ADMIRAL ON TWENTY-EIGHT AUGUST INSTRUCTIONS HAVE BEEN GIVEN TO ADMIRAL OF BRITISH NAVY TO REPORT BRITISH SHIPPING STOPPED BUT HE IS NOT TO TAKE ANY ACTION THE MATTER HAS BEEN REFERRED TO THE FRENCH GOVERNMENT BY THE FRENCH ADMIRAL AND NO ANSWER HAS YET BEEN RECEIVED

Copied by hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 76 to despatch No. 1325 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

RESTRICTED CIPHER

FROM: NAVY DEPT.
To: CINCAF 1 Sept. 1937

0031 PENDING RECEIPT FURTHER INSTRUCTIONS FROM NAVY DEPARTMENT DO NOT TAKE ACTION PROPOSED IN YOUR DESPATCH OF THIRTY AUGUST REGARDING STOPPAGE AMERICAN MERCHANT VESSELS 1316

Copied by: tk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 77 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA, Flagship

Shanghai, China
2 September 1937.

My dear Gauss:

I am enclosing herewith a copy of a letter received from Admiral Hasegawa this date; also a copy of the proclamation which was issued by him on August 25th.

I will transmit both the letter and the proclamation to the State and Navy Departments for their information.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S.NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

Mr. C. E. Gauss
American Consul General
Shanghai, China

Encl. - Two

Copied by: RK
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Translation

Shanghai, China
1st September 1937.

My dear Admiral Yarnell:

I have the honour to acknowledge the receipt of your note dated August 28th inquiring about the proclamation issued by me under the date of August 25th.

For your information, I enclose herewith a copy of the text of the proclamation, which primarily does not apply to the vessels of third powers. In view, however, of the fact that there have been cases of Chinese ships flying foreign flags in order to evade the application of the declaration, ships under my command have been faced with the necessity of inspecting suspected ships in order to identify their nationality. Depricating any misunderstanding in connection with the ships of a third Power, I earnestly desire that advance notice of ships entering into or exitting from the prescribed area, stating their movement, names and their captains as well as matters concerning the capital invested in them, will be given either to me or to the appropriate officer under my command stationed on the spot.

I should like to add that our Government have already communicated with the Governments of interested Powers in this matter.

I have the honour to renew to your Excellency my highest consideration.

With kindest regards, I am

Very Sincerely,

K. HASEGAWA
Vice Admiral I.J.N.
Commanding Third Fleet

Admiral H. E. Yarnell U.S. Navy.
Commander-in-Chief, U.S.Asiatic Fleet.

Copied by: AK
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 72 to despatch No. 1385 of C. E. Gauss American Consul General at Shanghai, China, dated APR 9 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

PROCLAMATION.

I hereby announce that, commencing from 6 p.m. of August 25th, 1937, Chinese shipping, both Government-owned and private, will be prohibited by the naval forces under my command from entering into or exitting from the Chinese territorial waters extending from 32.4 degrees north latitude and 121.44 degrees east longitude to 23.14 degrees north latitude and 116.48 degrees east longitude.

This prohibition will be applicable to all Chinese shipping but will not prevent vessels of third Powers as well as those of Japan from entering into or exitting from the proscribed zone

August 25th, 1937.

Vice-Admiral Kiyoshi Hasegawa,
Commander-in-Chief of the Japanese
Third Fleet, on board the "IZUMA".

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 90 to despatch No. of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Shanghai, China
5 September 1937

My dear Admiral Little:

I am enclosing herewith a copy of the proclamation which instituted the blockade of the Chinese Coast by Japanese forces. This copy was received from Admiral Hasegawa on 2 September 1937 in response to a letter of mine asking about the newspaper article which appeared in the North China Daily News on 27 August 1937.

Very sincerely,

H. E. YARNELL
ADMIRAL U.S.NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Admiral Sir Charles J. C. Little
Commander in Chief
British Naval Forces, China Station
HMS FALMOUTH, Flagship
Shanghai, China

(Similar letter sent to Vice-Admiral le Bigot)

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 81 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Shanghai, September 5, 1937.

Dear Admiral:

I enclose copies of two proclamations by the commander-in-chief of the Second and Third Japanese fleets as communicated to the Senior Consul by the Japanese Consul General and telephoned to me at 11.30 A.M. today.

I am sending them on to Washington and to Nanking.

Yours sincerely,

C. E. Gauss

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship
Shanghai.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Copy of proclamation issued by the Commander-in-Chief of the Second Fleet, Imperial Japanese Navy, as communicated by the Japanese Consul General at Shanghai to the Senior Consul for transmission to the interested authorities.

Received by telephone from the Secretary of the Consular Body at 11.30 A.M. Sept. 5, 1937.

I hereby announce that commencing from 6 P.M. on September 5, 1937, Chinese shipping, both Government owned and private, will be prohibited by the naval forces under my command from entering into or exiting from the Chinese territorial waters extending from 40 degrees North Latitude and 119.54 degrees East Longitude to 34.30 degrees North Latitude and 119.55 degrees East Longitude, but excepting the port of Tsingtao.

The present prohibition will be applicable to all Chinese shipping but will not prevent vessels of third Powers and of Japan from entering into or exiting from the proscribed area.

Vice Admiral Zengo Yoshida
Commander-in-Chief of the Second Fleet
Imperial Japanese Navy

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Copy of proclamation issued by the Commander-in-Chief of the Third Fleet, Imperial Japanese Navy, as communicated by the Japanese Consul General at Shanghai to the Senior Consul for transmission to the interested authorities.

Received by telephone from the Secretary of the Consular Body at 11.30 A.M. September 5, 1937.

I hereby announce that commencing from 6 P.M. September 5, 1937, Chinese shipping both Government owned and private will be prohibited by the naval forces under my command from entering into or exiting from the Chinese territorial waters extending from 34.30 degrees North Latitude and 119.50 degrees East Longitude to 21.33 degrees North Latitude and 108.03 degrees East Longitude but excluding the waters belonging to leased territories of third Powers.

The present prohibition will apply to all Chinese shipping but vessels of third Powers and of Japan will not be prevented from entering into or exiting from the proscribed zone.

The present proclamation will replace the previous one issued by me August 25, 1937.

Vice Admiral Kiyoshi Hasagawa
Commander in Chief of the Third Fleet
Imperial Japanese Navy
on board H.I.J.M. S. IDZUMO.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 3 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
19 September 1937

Dear Gauss:

I am enclosing herewith drafts of letters and dispatches covering the blockade of the Chinese coast and the question of visit and search. I am also enclosing such correspondence as I have received to date.

I would appreciate it very much if you would give me your opinion as to the advisability of this letter and the despatches and also as to the wording.

With kindest regards, I am

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S.NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 85 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

DRAFT

Dear Admiral Hasegawa:

In reply to your letter of September 1st requesting certain information as to United States merchant vessels entering the blockaded areas of the Chinese coast, I beg to inform you that for the safeguarding and serving of American interests involved, it will be our procedure to give notification to both Japanese and Chinese authorities when and so far as practicable.

May I request that you bring this letter to the attention of the Commander in Chief of the Second Fleet.

With kindest regards, I am

Very sincerely

H. E. YARNELL
ADMIRAL, U.S.NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief, Third Fleet
H. I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with:

152

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 36 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

FROM: CINCAF
TO: SECNAV
INFO: AMEMBASSY NANKING - AMCONGEN SHANGHAI & AMEMBASSY TOKYO

IN COMPLIANCE WITH STATE DEPARTMENT DISPATCH OF SEVEN SEPTEMBER THE FOLLOWING LETTER HAS BEEN TRANSMITTED TO VICE ADMIRAL COMMANDING THIRD JAPANESE FLEET COLON QUOTE ----------UNQUOTE

FROM: CINCAF
TO: OPNAV

IT IS REQUESTED THAT CINCAF BE GIVEN AS MUCH ADVANCE INFORMATION AS PRACTICABLE REFERENCE US MERCHANT VESSELS ENTERING CHINESE PORTS PERIOD SPECIFICALLY COMMA NAME OF VESSEL COMMA NAME OF MASTER COMMA OWNERSHIP COMMA CHARACTER OF CARGO COMMA PORT OF DESTINATION AND DATE OF ARRIVAL

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 37 to Despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

COPY.

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

DRAFT

FROM: CINCAF
TO: OPNAV

RECOMMEND THE FOLLOWING POLICY IN CASES OF US MERCHANT VESSELS PASSING THROUGH JAPANESE BLOCKADE OF CHINESE COAST

BE ANNOUNCED TO THAT GOVERNMENT COLON QUOTE THE US GOVERNMENT DOES NOT RECOGNIZE THE RIGHT OF THE JAPANESE GOVERNMENT TO INTERFERE WITH THE ENTRY AND EXIT OF US MERCHANT VESSELS

INTO AND FROM CHINESE PORTS PARAGRAPH IN PRACTICE HOWEVER COMMA IN ORDER TO VERIFY THE RIGHT OF THE VESSEL TO FLY THE

AMERICAN FLAG COMMA A JAPANESE OFFICER WILL BE PERMITTED TO BOARD A VESSEL SUSPECTED OF NOT BEING ENTITLED TO FLY THE

AMERICAN FLAG AND EXAMINE THE CERTIFICATE OF REGISTRY PARAGRAPH THE CHARACTER OF THE CARGO SHALL NOT BE QUESTIONED

PARAGRAPH THE JAPANESE COMMANDER IN CHIEF SHALL MAKE AN IMMEDIATE REPORT OF SUCH AN EXAMINATION TO THE COMMANDER IN CHIEF ASIATIC FLEET PARAGRAPH IF A US NAVAL VESSEL IS PRESENT

SHE WILL VERIFY THE RIGHT OF THE VESSEL TO FLY THE AMERICAN FLAG PARAGRAPH THE UNITED STATES GOVERNMENT CAN ACQUIESCE IN

NO FURTHER INTERFERENCE AND RESERVES THE RIGHT TO CLAIM COMPENSATION FOR DAMAGE SUSTAINED BY THE OWNERS OF AMERICAN

SHIPS DELAYED UNDER THE ABOVE MENTIONED PROCEDURE UNQUOTE ___

Copied by: hfp
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. 3[illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Shanghai, September 19, 1937.

Confidential.

Dear Admiral Yarnell:

With reference to your letter of this morning with attached drafts of letters and despatches covering the blockade of the China coast and the question of visit and search, I comply with your request by offering the following suggestions:

1. I attach an amended draft of the proposed letter to Admiral Hasegawa which makes only a slight suggested change by avoiding use of the expression "blockaded areas on the China coast". I think it might be best to avoid recognition of the Japanese measures as a definite "blockade"; although in fact that is what they are.

2. In your draft dispatch to the Navy Department on the question of visit and search, I note that you have gone farther than the British and include a statement that "The character of the cargo shall not be questioned". Washington is apparently disposed to proceed very cautiously on the question of the right of visit, and judging from the Presidential order that Government-owned ships must not carry munitions and other American ships do so at their own risk, it would seem that Washington may take an even more cautious view on the question of "search" - or questioning the character of the cargo.

After going over your files, I am inclined to the view that it might be preferable not to make a recommendation to Washington but to refer to the British position as now taken (on the basis of Mr. Grew's telegram) and to report the French position (if the French Commander-in-Chief can now inform you of it), and inquire whether the general policy of the American Government has yet been settled, with the suggestion perhaps that the British position commends itself as practical and reasonable. It would in my opinion be desirable to add a request for a statement of the American position in reference to cargo, even though the American attitude is not to be announced in advance to the Japanese Government in any communication which may be made through either diplomatic or naval channels.

I add it as my view that as the Japanese Government has not, so far as I know, formally communicated the blockade proclamations of the Japanese commanders-in-chief to the American Government, the statement of the American position might more appropriately be made through the American naval authorities on the spot rather than through diplomatic channels as the British have done. However, there may have been formal communications in Washington of which we are not informed.

Yours sincerely,

C. E. Gauss
American Consul General.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Admiral H. E. Yarnell, U.S.N.
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S.AUGUSTA, Flagship
Shanghai.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 3 to despatch No. 1035 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Letter to Admiral Hasegawa

In reply to your letter of September 1st requesting information in regard to American merchant vessels entering or leaving certain areas of the China coast, I beg to inform you that for the purpose of safeguarding and serving the American interests involved it will be our procedure to give notification to both the Japanese and Chinese authorities when and so far as practicable.

May I request that you bring this letter to the attention of the Commander-in-Chief of the Second Fleet.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

Shanghai, China
20 September 1937.

My dear Admiral Hasegawa:

In reply to your letter of September 1st requesting information in regard to American merchant vessels entering or leaving certain areas of the China coast, I beg to inform you that for the purpose of safeguarding and serving the American interests involved it will be our procedure to give notification to both the Japanese and Chinese authorities when and so far as practicable.

May I request that you bring this letter to the attention of the Commander in Chief of the Second Fleet.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief, Third Fleet
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, dated APR 2 1938 on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
28 October 1937

Dear Admiral Hasegawa:

The S.S. STEEL TRAVELLER, of American registry, will arrive at Fairway Buoy at daylight on 29 October. She will be escorted from that point to the Shanghai Hongkew Pootung Wharf by a destroyer.

After the STEEL TRAVELLER has discharged her cargo at the Shanghai Hongkew Wharf, she will proceed to the Standard Oil Company installation and later to the Texas Company docks. She will depart from Shanghai about 31 October and will be escorted to the mouth of the Yangtze by a destroyer.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice Admiral K. Hasegawa, I.J.N.,
Commanding Third Battle Fleet,
H.I.J.M.S. IZUMO, Flagship.

Copied by MB
Compared with HHS

14.	Permits for Entry of Americans into Japanese Occupied Areas and for Removal of American Cargo Therefrom.	Aug. 27	Encls. 92 - 104

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 92 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 27, 1937

Memorandum for Record

Mr. Lutey of the Henningsen Produce Co. telephoned to me at about 5.35 P.M. and stated that on the basis of our letter yesterday they had been able to get Japanese consular passes and passes from the Japanese Naval Landing Party headquarters and had been able to do something about getting out their cargo, but now the Garden Bridge has been taken over by men from the Third Fleet Headquarters and they refuse to recognize consular passes, Naval Landing Party Passes or anything else - that they are over there tearing up such passes - and telling trucks and everybody to get the Hell out and stay out.

He had communicated with Kawasaki who said that the matter was out of consular hands and that it would have to be arranged through the military. The men in charge of the Garden Bridge had also indicated that matterswould have to be arranged by the military and not by consuls.

Lutey had communicated with Capt. Boone who understood what is desired but could not act in the matter without a request from us. I immediately telephoned Boone but he is out. I left a call for him.

This may be an indication that the situation has entered upon a new phase under which the Navy and Army will take control and the Japanese diplomatic and consular people are to fade out of the picture.

Capt. Boone may be told that if he has means of arranging the matter with Third Fleet headquarters or elsewhere so as to restore the facilities which had been arranged by us in conjunction with the Japanese Consulate General we would be glad to have him do so.

C.E.G.

Capt. Boone called later; he did NOT understand the new complication; he expects to consult an intelligence officer of Third Fleet; if necessary to take with C-in-C of 3d Fleet it must be done thru C-in-C of U.S. Asiatic Fleet. Discussed matter later with Col. Price, who agreed in view just noted.

CEG

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Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 93 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, August 28, 1937.

Mr. Kawasaki phoned me this morning and speaking on behalf of Mr. Okamoto, the Japanese Consul General, referred to our letter requesting that Americans be allowed to visit their properties in the Hongkew and Yangtszepoo areas. He stated that they were no longer issuing passes to enter those areas and that permission would have to be obtained from the Japanese Naval Attache's temporary office in the Pearce Apartments. He then quoted for my information a proclamation issued by Admiral Hasegawa on August 26th, as follows:

> "In view of the progress made in our naval operations, persons, including former residents who had evacuated have been attempting gradually to enter or return to the Yangtszepoo and Hongkew districts. Inasmuch as the maintenance of peace and order in the area still leaves much to be desired, Chinese will be forbidden from entering the aforesaid areas until further notice. Foreign residents of the aforesaid districts are requested to take into account the effort being made by our forces for the restoration of peace and order and are hereby asked voluntarily to refrain for the time being from entering or returning to those districts."

B/EO

Mr. Gauss.
Stanton.

Copy for Admiral Yarnell.

Copied by: hk
Compared with: cm

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 94 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, China, August 28, 1937.

Dear Admiral Yarnell:

We are being pressed by our nationals, as are the other consular establishments, for permission to enter the Yangtszepoo and Hongkew areas to get perishable goods, medical supplies, cargo, and mills and plants.

For a time were were able to gain a certain measure of cooperation from the Japanese Consulate General and the Japanese Naval Landing Party, which in certain cases have issued passes and also given facilities.

Yesterday afternoon the headquarters of the Third Fleet seems to have taken control, canceled all consular and other passes, and declined to give any facilities. It has been stated that the Office of the Naval Attache at the Pearce Apartments in Hongkew (which it is almost impossible to get to due to refusal to permit civilians to pass over the bridges) might issue passes in urgent cases. This has been tried - in a case where medical supplies were needed for hospital purposes - but without success. The Japanese Consulate General admits that it can now do nothing, the matter being entirely in the hands of the naval authorities.

May I ask that the matter be taken up with the Commander-in-Chief, Third Japanese Fleet, with a view to obtaining facilities for American nationals who wish to enter the area - at their own risk - for the purposes indicated.

Very truly yours,

C. E. Gauss
American Consul General.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S.AUGUSTA, Flagship,
Shanghai.

Copied by: hk
Compared with: ar

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 05 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

In Reply Refer
to No. A16-3(7311)

Shanghai, China,
29 August, 1937.

American Consul General,
American Consulate General,
Shanghai, China.

Sir:

Receipt of your letter of August 28, 1937, concerning the entrance of American nationals into the Yangtzepoo and Hongkew areas is acknowledged.

In conformity therewith, I have addressed a letter to the Commander in Chief, Third Japanese Fleet, a copy of which is enclosed for your information. You will be advised as to future developments.

Very truly yours,

H. E. YARNELL
ADMIRAL, U. S. NAVY,
COMMANDER IN CHIEF, U. S. ASIATIC FLEET.

Copied by: hk
Compared with: ar

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 96 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

In Reply Refer
To No. A16-3(7310)

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

Shanghai, China,
29 August, 1937.

My dear Admiral Hasegawa.

The American Consul General Shanghai advises me that American nationals, who desire to enter the Yangtzepoo and Hongkew areas at their own risk for the purpose of getting to and removing their property therein, are being prevented from so doing by the Japanese forces, or gain entrance only after experiencing considerable difficulty in the obtaining of passes.

While I realize that the violence, which has unhappily so recently prevailed, has amply justified your desire to restrict traffic in the affected areas to a minimum, recent improvement in conditions appears to warrant a lifting of restrictions in the cases of those who have substantial and legitimate reasons for desiring to enter these areas and are willing to do so at their own risk.

Without recognizing any right on the part of the Japanese forces to exclude our nationals from these parts of the International Settlement, but solely to cooperate with you in your efforts to reduce unnecessary chances of injury to foreigners therein, I suggest as a method of procedure, that future passes issued by the American Consul General to these areas be accepted as sufficient basis for passes to be issued under your authority, that a definite hour daily be designated for an American marine messenger to deliver the passes issued by the American Consul General to your representative, and that the corresponding Japanese passes be delivered to the American messenger the following day.

Knowing that you appreciate my position in this matter, I have the honor to be,

Very respectfully,

H. E. YARNELL,
ADMIRAL, U. S. NAVY,
COMMANDER IN CHIEF, U.S.ASIATIC FLEET.

Vice Admiral K. Hasegawa, I.J.N.,
Commanding Third Battle Fleet,
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China.

Copied by: hk
Compared with: ajl

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 97 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

MEMO.

Lieut. Smith-Hutton brought over attached letter in person at 7 p.m. August 30th. We discussed this question at some length.

Lieut. Smith-Hutton is inclined to believe that the Japanese naval authorities genuinely feel that the Hongkew and Yangtzepoo areas are not yet safe and that their refusal to allow Americans and other foreigners to enter those areas is predicated solely on this consideration.

As for the arrangement suggested I have doubts whether it will work because it throws responsibility of determining what areas are safe back on the Japanese Consulate General or largely so and the Japanese Consulate has been telling us that the Hongkew and Yangtzepoo areas are under military control and hence without the province of the Japanese Consulate General. Smith Hutton also says that according to member of Admiral Hasegawa's staff with whom he discussed this question, Japanese Navy says the Japanese Consulate General asked the Navy to take over question of passes, etc. because they didn't want to handle it.

Smith-Hutton asked that we send to the Admiral a list of American properties in the districts mentioned which he would pass on to the Japanese Admiral - it appears the Japanese naval staff officer asked for such a list.

If you wish will contact Japanese Consulate General and inquire about new procedure.

Sn

Copied by: hk
Compared with: ejf

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 9 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

In Reply Refer
To No. A16-3(7326)

Shanghai, China
30 August, 1937. 86/grd

American Consul General,
American Consulate General,
Shanghai, China.

Sir:

My letter of 29 August, 1937, to Vice Admiral Hasegawa, a copy of which was furnished you, was delivered this afternoon by Lieutenant Smith-Hutton.

A copy of his memorandum of the interview, and of the verbal replies to my letter are herewith enclosed for your information. Your attention is particularly invited to subparagraphs (c) and (d) of paragraph 1.

The handling of passes by the two consulates general, as suggested in the memorandum, would appear to be satisfactory to all concerned. I trust that you will advise me in the event of any further difficulty in this matter.

Very truly yours,

H. E. YARNELL,
ADMIRAL, U. S. NAVY,
COMMANDER IN CHIEF, U.S.ASIATIC FLEET.

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 99 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China
30 August 1937.

Memo for Commander in Chief

Subject: Passes for Americans owning property in Hongkew.

1. In accordance with your instructions, I delivered your letter of 29 August to a member of Vice Admiral Hasegawa's staff. After consulting with the Admiral, the following verbal answers to your letter were given:

(a) Conditions in Hongkew are still very bad. There are places which are burning, there are some snipers, and the Japanese have caught many looters, mostly Chinese. In addition, Hongkew has been subjected to heavy shelling as recently as Saturday, 28 August.

(b) There are some municipal police in the area, and the Japanese are doing their best to keep law and order and to clean it up. They desire to allow foreigners having homes and business there to return as quickly as possible, but they do not feel that they can allow all of them to do so at present.

(c) Since they have no exact record or knowledge of what is American property, and since there has been great misuse of American and other foreign flags, they would like to have our Consulate General supervise all matters pertaining to American business interests in Hongkew. Before issuing any passes, they desire to have a member of our Consulate, together with a member of the Japanese Consulate General, make an inspection of the Hongkew and Yangtzepoo areas and of the American property in particular, with an idea of clearing up various questions in the minds of both parties. After this inspection has been made, the property designated, and if in the opinion of the American Consular representative who makes the inspection, there is immediate need for opening up certain godowns, factories or stores, and if in the opinion of both representatives it is reasonably safe for Americans to enter the area, the question of passes for individuals can be arranged directly between the two Consulates General.

(d) The Japanese Consulate General will arrange for the inspection whenever the American Consulate General desires.

2. From the attitude of the Japanese staff officer, I believe that the Japanese do not feel very secure about their defense positions in Hongkew and Yangtzepoo and that they feel that the area may again be subjected to Chinese shelling, and possible ground attacks.

Respectfully

SMITH-HUTTON

Copied by: hk
Compared with: EJ

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 100 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible]20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

Shanghai, August 31, 1937.

Lt. G. R. Phelan, U.S.N.,
U.S.S.AUGUSTA,
Shanghai.

Sir:

At the suggestion of Lt. Smith-Hutton, I am forwarding this list of names of Americans who desire to visit the area north of Soochow Creek for the purpose of inspecting their tobacco godowns.

Mr. C. E. Sutherland, Universal Leaf Tobacco Company, to visit godowns at 218 Yulin Road, 789 Dalny Road and 339 Laoyang Road. Total value of American owned leaf stored in these godowns, US$750,000.

Mr. W. B. Waddell, James I Miller Tobacco Company, to visit godowns at 700 Kwenming Road and 402 Laoyang Road. Total value of American owned leaf stored in these godowns, US$300,000.

Mr. G. Maury, Jr., Tobacco Trading Corporation, godown at 1039 Tangshan Road. Value of American owned leaf stored, US$250,000.

Mr. H. V. Bernard, Timmonsville Tobacco Company, godown at Tangshan and Dalny Roads. Value of American owned leaf US$100,000.

Mr. W. H. Lewis, W.B.Lewis and Sons, godown at 1029 Baker Road. Value of American owned leaf, US$125,000.

Mr. C. C. Vines, Carolina Leaf Tobacco Company, godown at 120 Chemulpo Road, Value of American owned leaf, about US$200,000.

It is barely possible that one or more of these names has already been forwarded you by Mr. Stanton of this office.

Lt. Smith-Hutton stated that you would promptly forward these names to the headquarters of the Japanese Third Fleet for the issuance of passes, which please forward to undersigned.

Very truly yours,
For the Consul General:

Richard P. Butrick,
American Consul

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Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 101 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated Apr on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

MEMORANDUM.

American Consular Service
Shanghai.

Dated August 31, 1937.

Memorandum for the Records.

4:15 P.M. Mr. Okamoto, Japanese Consul General, called me by telephone and stated that the prohibition on foreigners coming into the Hongkew and Yangtszepoo districts will be lifted from tomorrow under the following arrangements:

Area: Those sections which are considered quite safe
Time: 8 A.M. to 5 P.M.
Passes: Those wishing to go in must come to the Japanese Consulate General, bearing letters from American Consulate General, to get permits, which will be valid for the one visit only. They can be met at the Garden Bridge by Japanese consular police to help them get to the Japanese Consulate General

Those who are allowed to go in to inspect their property can do so, but they cannot take out cargo. They may take personal belongings. Mr. Okamoto expects later to arrange about cargo; for the time being the arrangements are as above outlined.

C.E.G.

Copy to Admiral Yarnell.

Copied by: hk
Compared with: ar

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 102 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA, Flagship CO/jse

Shanghai, China
4 September 1937

MEMORANDUM FOR MR. GAUSS:

Referring to your memorandum of 3 September, with regard to giving American nationals access to their property in the Northern District, I am forwarding herewith a copy of my letter to Admiral Hasegawa concerning the matter.

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

Copied by: hk
Compared with: cm

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 103 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship) CO/jse

Shanghai, China
4 September 1937.

My dear Admiral Hasegawa:

I beg to quote the following memorandum which I have just received from the U.S. Consul General in Shanghai:

"Memorandum for the Commander in Chief.

With reference to the matter of giving American Nationals access to their property in the Northern District, we have been able for two days to obtain passes again from the Japanese Consulate General and this arrangement is working smoothly. Americans are being cautioned to attend to their business of inspection and come out directly; and not to engage in sightseeing escapades as were the Germans and Czechoslovakian nationals mentioned in the press.

But so far it has been impossible to obtain any permission to remove goods or cargo from the area. The pressure for such permission is persistent and constant.

We even have cases of indigent Americans and Filipinos who are refused permission to bring out any clothes or personal belongings. While the Japanese Consulate General when appealed to has indicated that it would be permissible to bring out one suit case for each person, the guards at the Garden Bridge refuse to permit this, stating that they are in no way under the direction or control of the Japanese consular authorities.

May I ask that at the first opportunity this matter be again taken up with the Japanese naval authorities with a view to permitting American nationals to bring out their personal belongings, and, as soon as possible, remove cargo, stores, et cetera.

Certainly there could be no harm for a destitute or indigent American to bring out a suitcase full of clothes.

/s/ C.E.Gauss
Consul General."

May I request that you will give this matter your earnest consideration. As pointed out by the Consul General, there can be no harm in permitting destitute or indigent American citizens bring out of Hongkew their few belongings.

With kindest regards, I am

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Vice-Admiral. K. Hasegawa, I.J.N.
Commanding Third Battle Fleet
R.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copy for American Consul General, Shanghai

Copied by: hk
Compared with: cm

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 10 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

American Consulate General

350
EFS

Shanghai, September 11, 1937.

E. Wajima, Esquire,
Japanese Consulate General,
Shanghai.

Dear Mr. Wajima:

I am listing below four additional requests for special passes and attach the necessary photographs with the names marked on the back of the photos. I am also listing a request from the Standard Vacuum Oil Company for permission to remove by tender some lumber belonging to the Company. Your kind assistance in arranging these matters will be much appreciated.

1. Dr. J. C. McCracken of the American Church Mission, To inspect St. Lukes Hospital from time to time, located on corner of Boone and Seward Roads and to remove medical and surgical supplies.

2. Mr. C. C. Vines of the Carolina Leaf Tobacco Company. To inspect from time to time stocks of American leaf tobacco stored in godown at 120 Chemulpo Road and gradually remove stocks totalling about one million pounds of leaf tobacco.

3. Mr. D. E. Robinson of the China Fibre Container Corp. To inspect from time to time godown and goods stored there. Location 273 Haichow Road. Also desire to gradually bring out stocks.

4. Mr. E. A. Dahlin of Dodge & Seymour Ltd. To inspect goods stored at Shanghai-Hongkew Wharf and gradually bring out goods.

5. Standard Vacuum Oil Co. desires to remove 12 pieces of hardwood from the China Import Export Lumber Co. wharf located at 1426 Yangtzepoo. The Company will use its own steam launch. Will you kindly make necessary arrangements with the Japanese naval authorities to permit removal of this lumber.

Yours very sincerely,

(Signed by E. F. Stanton)

Copied by: hk
Compared with: AM

15. Information for the Commander-in-Chief from Department of State Officers. Aug. 27 Encl. 105

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 105 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, August 27, 1937.

Dear Admiral Yarnell:

I attach the message (No. 515, August 25, 8 a.m.) which is mentioned in the Ambassador's No. 529 of August 26, 1 p.m. as having been paraphrased in plain language in a report from the Commander of the Yangtze Patrol to the Navy Department.

I have given instructions that copies of all messages (other than routine) from Nanking, Tokyo and Washington shall be sent to you, along with any others of possible interest.

Very sincerely,

C.E. Gauss

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA,
Shanghai.

Copied by MB
Compared with HHS

16. Japanese Request for Disarming of Chinese Police in American Sector. Aug. 29 Encls. 106 - 107

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 106 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 29, 1937.

For Files.

1:45 P.M.

Japanese Consul General called to inquire if the U.S. Command had issued orders to the effect that Chinese Police in the American sector had been disarmed? He stated that about a week ago two Japanese subjects had been killed in the western district by Chinese armed police and that as it was in the section controlled by the British, they had given orders that no Chinese police should carry arms.

His point was that if we had not already taken such a measure, he hoped that we would do so. I told him if nothing had been done in this connection Mr. Gauss would call him back, otherwise he would not.

HDP

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 107 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

August 29 1937

For Files

2.30 PM Called Col. Price who told me that the report given by Mr. Okamoto is apparently correct; that is, two Japanese were killed or seriously injured when involved with crowds who attacked them and Chinese police of the Bureau of Safety who functioned on extra-Settlement Roads fired, and the British asked that they be disarmed. But there are no such police in the American sector, which is entirely within the Settlement. It would seriously affect the morale of the Settlement police if these men who are supposed to be disciplined were disarmed. He has no Bureau of Public Safety police within his sector.

2.35 Called Mr. Okamoto and explained the foregoing to him. He said he did not know that the American sector was entirely within the Settlement, and what he had had reference to of course were the Bureau of Public Safety police. He did not make any objection when I said that I believed the SMP Chinese constables were disciplined and it would decrease their effectiveness if they were disarmed. He thanked me and the conversation thus terminated.

CEG

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

17. Return of American Women and Children to Shanghai. Sept. 2 Encl. 108

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 108 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, September 2, 1937.

Dear Admiral Yarnell:

I enclose draft of proposed press release to go along with the British advice.

British propertyholders (particularly those of a certain type) have been agitating for some days to get the authorities here to say that Shanghai has become quieter and more normal. They are also busy already about rental payments on apartments, etc. in the Hongkew areas which foreigners have had to abandon under the advice to withdraw south of the Creek. They have tried to bring pressure on us to make public statements. I have refused to be pressed into such a position. I have therefore omitted from the press release as drafted by the British the statement that "the situation in Shanghai itself has in the last few days grown quieter and more normal" We must not forget that there is heavy fighting going on outside Shanghai, that the right wing of the Chinese line rests on the Settlement, and that if the Chinese do not give way before the Japanese offensive, the actual hostilities will be brought to our very doorsteps.

The only other particular change I have suggested is the one that women and children should not return here to reside. They might come here, as they must, from some interior places, in order to get out.

If you have any suggestions at all, please let me have them.

Yours sincerely,

C. E. Gauss

Copy of press release referred to above.

PRESS RELEASE.

Inquiries have been received by the American authorities from Americans absent from Shanghai on business or holidays, and, in a few instances, from American women and children who left the port on the advice of the American authorities, as to whether the situation is now such as to make it possible for them to return here.

The American Consul General, acting in consultation with the Commander-in-Chief of the U.S. Asiatic Fleet,

states

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

states that it is most inadvisable for American women and children to return here to reside until conditions become stabilized.

There has been no objection to the return to Shanghai of men who have business and other interests here requiring their attention.

American Consulate General,
Shanghai, September 2, 1937.

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Compared with JAC

18.	Proposed Demilitarization of neutral zone to prevent danger to shipping and to foreign protected areas.	Sept. 4	Encls. 109 - 121

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Enclosure No. 109 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China,
4 September 1937

CONFERENCE - 4 SEPTEMBER, 1937 - AMERICAN CONSULATE GENERAL

Present: Admiral Little, Vice Admiral le Bigot, Brigadier Telfer-Smollett, Commodore Palliser, Captain McConnell, Mr. Gauss, representatives from the British and French Consulate and staff officers.

Admiral Little remarked that he had discussed the present situation with Admiral Yarnell on the previous day, and that he believes that something should be done about the bombardment since shells had passed very close to shipping in the river and had landed in the Settlement and Concession and great damage had been done on Pootung Point. Admiral Yarnell had agreed that some proposal should be made.

Admiral Little stated that now the hostilities are right up to the edge of the Settlement, and that with the present use of heavy ordnance great damage to the Settlement could occur. He believed that a protest on the grounds of damage to the Settlement might be made to Admiral Hasegawa, and that the latter should be requested to move his ships clear of the area. There was apparently no military reason for his present position.

Admiral Little believed that the Japanese should move their ships below Section 7 of the harbor, and the Chinese should keep east of Pootung Road. He believed that it was possible that heavy fighting might take place on the Pootung side unless something were done. He also thought that any protests made should be pushed with the Chinese Army and civilian government as well as with the Japanese Navy.

Captain McConnell stated that Admiral Yarnell was in sympathy with this idea and would support it. However, the Admiral did not feel optimistic about the success of any proposals.

Admiral Little said that all the powers should use as much influence as they possessed.

Mr. Gauss asked if this proposal had been mentioned to Admiral Hasegawa and Admiral Little replied that it had not. Admiral le Bigot remarked that he thought it

would

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would be difficult to get any action from the Chinese, since they seem to lack control over their troops in the Pootung area. They had promised him to let boats cross the barrier and then fired on the boats.

Admiral Little suggested that the consular authorities approach the Chinese civil authorities, and that the Brigadier, Colonel Price and the French military commander approach the Chinese military authorities and the Commanders in Chief confer with Admiral Hasegawa. He further suggested that Nanking be informed of what had been done.

Admiral le Bigot asked if anything were to be done on the southern boundary toward the barrier. Admiral Little said that if the Japanese ships would move down stream there would be no target for Chinese fire, and that if the Chinese troops were east of Pootung Road there would be no necessity for the Japanese to fire in our direction. The British Consul said that the Mayor had asked that the Japanese ships be moved out of their provocative positions. Admiral le Bigot remarked that the Japanese had dropped a bomb about 1000 meters east from the Mackenzie Dock. Admiral Little said that if the fighting continued he foresaw that the Japanese would come around and fight above the Garden Bend with consequent likelihood of danger to the Settlement.

Mr. Gauss said that the problem was then to prepare a request on behalf of the foreign commanders in chief for the Japanese to move down the river and the Chinese to move east of Pootung Road, in order to protect the Settlement. Admiral le Bigot remarked that a similar request had been made previously, and Admiral Little remarked that now conditions were changed since the Chinese were no longer threatening the Yangtzepoo area, and he suggested, in order to get faster action, that the request be made orally.

A rough memorandum was then made including:

(1) That the Japanese should withdraw their ships below section 7 of the Harbor,
(2) That the Chinese agree to withdrawn to the eastward of Pootung Road and south of Chang Ka Tu Creek for the following reasons:

(a) The present position endangers life in the Settlement and the Concession.
(b) It endangers neutral shipping, property, on the Pootung Point front.

Admiral Little suggested that the above points be drawn up in memorandum and signed by the various Commanders in Chief. Brigadier Telfer-Smollett said that this memorandum should be sent to Chiang Kai Shek, as he was the only man who could control all the troops.

Admiral Little said that the local authorities, that is, the commanders in chief and military and consular

authorities

0550

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authorities, should approach the local leaders on the two sides and should send it on to Nanking for further action. Mr. Gauss agreed to this idea. Admiral Little stated that the same document should be used for both sides. Mr. Gauss stated that this document could be forwarded to the Ambassadors as soon as it was drawn up.

The request was then drawn up in rough form and discussed and smooth copies were made for signature by the commanders in chief, one of which was to be given to Admiral Hasegawa, one to the local military authorities through Brigadier Telfer-Smollett, and one to the local civil authorities through Mr. Gauss.

Copy of this memorandum is in the files.

The memorandum referred to above reads as follows:

September 4, 1937.

The Commanders-in-Chief of the American, British and French naval forces wish to draw the attention of the Commander-in-Chief of the Japanese 3d Fleet and the Chinese military authorities in the Pootung area to the consequences of the artillery duel which took place about mid-day on September 3d between Chinese guns in Pootung and the Japanese warships stationed in sections 5, 6 and 7 of the Shanghai harbor.

Several shells fell in the International Settlement south of Soochow Creek and in the French Concession, causing 40 or 50 casualties, and serious damage was caused to property in Pootung.

The Commanders-in-Chief consider that if these engagements continue and possibly become more general the safety of the foreign areas will be seriously involved and life and property further endangered.

The Commanders-in-Chief therefore recommend and request that in order to avoid this state of affairs and to preserve the safety of the foreign areas under their protection the Chinese and Japanese forces should be withdrawn as follows:

1. Japanese naval forces to withdraw below Section 7 of the river.

2. Chinese forces in Pootung to withdraw to the eastward of Pootung Road and south of Chang Ka Du Creek.

H. E. YARNELL
Admiral, U. S. Navy
Commander-in-Chief, Asiatic Fleet
CHARLES LITTLE,
Admiral, Commander-in-Chief, China Fleet
Le BIGOT
Vice Admiral, Commander-in-Chief
French Naval Forces in the Far East

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 110 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

September 5, 1937.

Memo for the Files

Captain R. F. McConnell, Chief of Staff, U. S. Asiatic Fleet, telephoned to me about 5 o'clock this afternoon and stated that the North China Daily News desired a copy of the communication addressed by the naval commanders in chief yesterday to the Chinese and Japanese sides; that Admiral Yarnell desired the text released; and that he (McConnell) would refer the N.C.D. News to me. He asked that I release the text. I told him I would do so as requested.

C. E. G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 111 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China,
5 September 1937

My dear Gauss:

I have just had a call from the Italian and Dutch naval commanders here in port. Both of them have complained about not being included in the conference of yesterday and the joint action taken about the attempt to neutralize part of the Pootung area and to move the Japanese vessels down the river below Section 7.

I have assured both of them that no offense whatever was intended, that the action was taken by the three flag officers as hurriedly as possible, and that in all future conferences they will be included.

Very sincerely,

(Sgd)H. E. Yarnell
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Mr. C. E. Gauss
American Consul General,
Shanghai, China.

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1385

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Copy

CONSULATO GENERALE D'ITALIA
Shanghai

No. 1742

Shanghai, September 5th, 1937 (XV)

Sir and dear Colleague,

I have the honour to inform you that it has come to my knowledge this morning that a meeting of the British and French Admirals was called yesterday in Shanghai by the American Admiral, in his capacity of Senior Admiral, at which meeting it was decided that a joint formal request was to be addressed by the American, British and French Consuls General (as it was actually addressed) to the Chinese and Japanese Authorities for the withdrawal of the Chinese troops from the zone of Pootung Point and the removal of the Japanese Naval Forces beyond the Seventh Section of the River, in order to make any exchange of fire between the Chinese and Japanese impossible and avoid the danger to which the safety of the Settlement is exposed.

I have the honour to formally protest, Sir and dear Colleague, that at such a meeting, called by the Senior Admiral, the presence of the Officer in command of the Italian Forces in the Far East has not been requested at all, especially because it is a matter of common knowledge that my Country has established, since about forty years, a Naval Command in the Far East and the Italian Representative, either in Peking, or in Tientsin and Shanghai, has never been excluded from any collective decision of the Foreign Commanders, whenever the interest of the defence or the safety of the Legation Quarter, the Foreign Concession or this Settlement has been involved.

I am sending a copy of this letter to our British and French Colleagues for their information.

I have the honour to be,
Sir and dear Colleague,
Your obedient servant,

(Sgd) Luigi Neyrone
Consul General for Italy.

C. E. Gauss, Esquire,
Consul General for the U.S.A.
SHANGHAI

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Enclosure No. 113 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 8 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, September 5, 1937.

Sir and dear Colleague:

I have the honor to acknowledge the receipt of your communication of this date (No. 1742), in reference to certain joint representations made yesterday to the Chinese and Japanese authorities.

The American, British and French Commanders-in-Chief yesterday made certain requests and recommendations to the Chinese military and Japanese naval authorities, and copies of these requests and recommendations were communicated by me in conjunction with my British and French colleagues to the Chinese civil and Japanese consular authorities for their information.

The Commander-in-Chief, U. S. Asiatic Fleet, informs me that the commander of the Italian naval forces at Shanghai visited him this morning in reference to this matter and was assured that no offense whatever was intended, that the action was taken by the three flag officers as hurriedly as possible, and that in future conferences he will be included.

I have the honor to be,
Sir and dear Colleague,
Your obedient servant,

C. E. Gauss
American Consul General

Comm. L. Neyrone,
Consul General of Italy,
SHANGHAI.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 114 to despatch No. 1388 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China,
6 September 1937

My dear Gauss:

I am enclosing herewith a copy of the letter received from Admiral Hasegawa in reply to our letter of September 4th and also a copy of our reply to him for your files.

Very sincerely,

(Sgd.) H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Mr. C. E. Gauss,
American Consul General,
Shanghai, China.

Copy of letter from Japanese Admiral.

Translation

September 5th, 1937.

My dear Admirals,

I have the honour to acknowledge the receipt of your letter of September 4th in which you jointly drew my attention to serious consequences of the artillery duel of September 3rd and suggested the removal of both Japanese and Chinese forces to certain points in order to safeguard the foreign lives and property.

I wish to state in reply that in view of the possibility of renewed attacks by the Chinese forces from outside the proposed demilitarized zone, and the defensive measures our warships will have to take in such eventuality, the withdrawal of the Japanese and Chinese forces

from

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from the area such as you suggest will in no way effectively avoid the danger to which lives and property of the foreign area are exposed.

However, should you see your way to exert your influence to get the Chinese to agree to the complete evacuation of their armed forces (including the plain-clothed snipers) from the undermentioned zone which I suggest, I shall be ready on my part to consider the non-bombardment of Pootung and Nantao by our men-of-war stationed above Section 7.

I have the honour to be,
Your obedient servant,

(Sgd) (Kiyoshi Hasegawa)
Commander-in-Chief,
The Imperial Japanese
Third Fleet

Suggested Area

Those parts of Pootung and Nantao within a radius of 6 kilometres from the Pootung Point starting from the neighborhood of the International Dockyard (Wo Foong) on the right bank of the Whangpoo, extending as far as the southern border of the French Concession.

H. E. Yarnell
Admiral U.S. Navy,
Commander-in-Chief, Asiatic Fleet.

Sir Charles Little
Admiral, Commander-in-Chief, China Fleet.

S. E. Le Bigot
Vice-Admiral, Commander-in-Chief,
French Naval Forces in the Far East.

Copy of reply to Japanese Admiral.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
6 September 1937

Dear Admiral Hasegawa:

We have the honor to acknowledge receipt of your letter of 5 September in answer to our note of 4 September, recommending and requesting that Japanese

Naval

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Naval forces withdraw below Section Seven of the River and that Chinese forces in Pootung withdraw to the eastward of Pootung Road and south of Changkadu Creek. The senior Italian naval representative in Shanghai would like it understood that he approves the recommendation and request contained in our note of 4 September and would like to be considered as having signed that note.

We have considered your letter and would like to make the following observations: Whereas you on your part are proposing that the Chinese withdraw from a large area, you, yourself are not offering any corresponding withdrawal of your forces. Moreover, it is not clear to us why you consider that our proposal would in no way effectively avoid the danger to which lives and property in the foreign area are exposed. We would draw your attention to the fact that in our letter of September 4th we referred to that part of the International Settlement south of Soochow Creek and the French Concession to which we are endeavoring to prevent hostilities from spreading.

We therefore request once more that you earnestly consider our original proposal.

We have the honour to be, Sir,

Very sincerely yours,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

CHARLES LITTLE
ADMIRAL
COMMANDER IN CHIEF
CHINA FLEET

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LE BIGOT
VICE ADMIRAL
COMMANDER IN CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

V. BACIGALUPI
CAPITANO DI FREGATA
COMANDE SUPERIORE NAVALE IN E.O.

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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 115 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Translation

Copy of a letter of September 7, 1937, from Mr. Yu (Hung-chun), Mayor of Greater Shanghai. No. 754.

M. Baudez, Esquire,
French Consul General,
Shanghai.

C. E. Gauss, Esquire,
American Consul General,
Shanghai.

J.W.O. Davidson, Esquire,
Acting British Consul General,
Shanghai.

Sirs:

I have the honor to refer to your letter of September 4th enclosing a proposal made by the Commanders-in-Chiefs of the American, British, and French Naval Forces. The matter was at once referred by me to the Chinese military authorities, and a written reply was made to you, as is on record.

The Chinese military authorities are of the opinion that with Japan using the Settlement (or Concession) as its base of military operations for aggressive purposes against the Chinese army, resisting Chinese troops have been caused to suffer hardship in every way. With a view to paying due regard to the life and property of Chinese and foreigners living in the Settlement (or Concession), we have continued to deal with the situation with the utmost patience and forbearance. This, we suppose, is generally acknowledged by the various countries.

Now because Japanese forces have attempted to land at Pootung, stray bullets (or shells) have fallen in the Settlement (or Concession).

Inasmuch as we are being attacked, it is naturally proper and fitting for us to take defensive measures within Chinese territory. The responsibility therefor entirely rests with Japan. The British, American and French authorities should be advised to devise means to cause the Japanese warships to withdraw and move out of the Whangpoo River. Then such incidents will not recur.

I have the honor to indite this letter for your information, and to request that you inform the Commanders-in-Chiefs of the American, British, and French Naval Forces.

Yu Hung-chun,
Mayor.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 116 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

AMERICAN CONSULATE GENERAL

Shanghai, September 8, 1937.

Dear Admiral Yarnell:

Upon inquiry this morning I found that the Chinese reply to the note of the three naval commanders-in-chief was delivered to the French Consul General (the senior of the three of us) and he supposed that at the same time copies had been delivered to the British Acting Consul General and myself. He has now sent me a copy of the note in Chinese. I hand you an English translation made in this Consulate General.

Very sincerely,

C. E. Gauss

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

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By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 117 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

00/jse

Shanghai, China
11 September 1937

My dear Gauss:

I am transmitting herewith a copy of a letter which has just been received from Admiral Hasegawa.

Very sincerely,

(Sgd) H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Mr. C. E. Gauss,
American Consul General
Shanghai, China.

Copy of Letter from Japanese Admiral.

Translation

H.I.J.M.S. "IZUMO", Flagship
Imperial Japanese Third Fleet

September 10th 1937.

My dear Admirals,

I have the honour to acknowledge the receipt of your letter of the 6th instant in which you raised certain questions as to my views contained in my letter of September 5th regarding the proposed withdrawal of the Japanese and Chinese forces from Pootung area.

In regard to the first point raised in your observations, I should like to point out that, in the first place, to withdraw my naval forces from the present positions will impede the satisfactory performance of the duties of the Japanese Navy in that it will make it extremely difficult to afford adequate protection to the International Settlement north of Soochow creek where the Japanese Consulate-General and the principal residential quarter of the Japanese are located, and that, secondly,

my

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

my ships, as are situated at present, cannot be blamed for the fact that on September 3rd shells fell within the International Settlement, but rather poor marksmanship of the Chinese or, possibly, their deliberate intention might well be regarded to be responsible for it. I am inclined to believe that past experience shows that the safety of the International Settlement south of Soochow creek as well as the French Concession cannot be assured unless the Chinese forces are withdrawn from areas of considerably large extent.

In regard to the second point raised in your observations, I should like to state that, in the first place, in order to assure the safety of the Settlement and the Concession, it will be necessary for the Chinese forces to withdraw from areas larger in extent than was specified in your original proposal and at least as extensive as was mentioned in my proposal, because as was explained above, the poor marksmanship of the Chinese or rather their deliberate intention must be taken into account, and that, in the second place, if such an inextensive area as was proposed by you is set for the withdrawal of the Japanese and Chinese forces, there may arise the necessity for my ships to shell, from points down-river, the Chinese troops situated just outside the said area, and a situation may arise therefrom that our forces are unable to assure the safety of the International Settlement and the French Concession.

Under these circumstances, I am constrained to think that the objects envisaged in your communication cannot be attained under the conditions as specified in your proposal.

I have the honour to be, Sir,
Very sincerely yours,
(Sgd) Hasegawa
Commander-in-Chief
The Imperial Japanese Third Fleet.

Admiral H. E. Yarnell,
Commander-in-Chief
Asiatic Fleet, U.S. Navy.

Admiral Sir Charles Little
Commander-in-Chief
China Fleet, British Navy.

Vice-Admiral S. E. Le Bigot,
Commander-in-Chief
French Naval Forces in the Far East.

Capitano de Fregato V. Bacigalupi
Commanding Italian Naval Forces in the Far East.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 118 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUST (Flagship)

Shanghai, China
15 September 1937

My dear Admiral Hasegawa:

I will appreciate it very much if you will let me know whether you have any objections to the publication of the correspondence and your final answer regarding the proposed withdrawal of Japanese ships down the river and Chinese troops from a certain area in Pootung. Since the answer of the Chinese Government to the above request has been published it would appear that the answer of the Japanese Government should also be published.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commanding Third Battle Fleet
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China

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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 119 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 9 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
17 September 1937

My dear Admiral:

Since the proposal for the Japanese men-of-war to proceed to a position in the Whangpoo River below Section 7 was put forward and replied to by you in your letters of 5th September and 10th September, the situation has been profoundly modified by the complete withdrawal of the Chinese forces from the sectors of the northern districts which were being defended by the Japanese Landing Party and which you stated in your letter of 10th September you were supporting with your warships. Assuming that such responsibility necessitated the presence of your ships in sections 5, 6 and 7, which we considered however could equally as well be implemented from below section 7, we now consider that in the new situation there is no reason for you to hesitate longer to withdraw below section 7. We are of the opinion that such a withdrawal, assuming it is accompanied by the withdrawal of the Chinese to the eastward of the Pootung Road, constitutes a valuable measure of safety to the International Settlement south of the Soochow Creek and the French Concession and we recommend it for your further consideration before approaching the Chinese Authorities. The withdrawal of the Chinese to 6 kilometres from Pootung point as you suggest would be an additional safeguard but would necessitate your corresponding withdrawal to below the Settlement.

We are, Sir,

Very respectfully,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

CHARLES LITTLE
ADMIRAL
COMMANDER IN CHIEF
CHINA FLEET

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

LE BIGOT
VICE ADMIRAL
COMMANDER IN CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

ALBERTO DA ZARA
CAPITANO DI VASCELLO
COMANTE SUPERIORE NAVALE IN E.O.

J. HOUTSMULLER
LIEUTENANT COMMANDER
SENIOR NETHERLANDS NAVAL OFFICER PRESENT

Vice Admiral K. Hasegawa, I.J.N.,
Commanding Third Battle Fleet
H.I.J.M.S IDZUMO, Flagship,
Shanghai, China

Copied by MB
Compared with RN

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

120

Enclosure No. 120 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Imperial Japanese Navy
The Third Fleet
H.I.J.M.S. "IZUMO", Flagship

Shanghai
20th September 1937

My dear Admiral and Commanders,

I have to acknowledge the receipt of your letter of the 17th instant, expressing your views regarding the withdrawal of the warships under my command to below Section 7 of the Whangpoo river.

I feel it is a matter of common gratification, and I am sure you will concur in my feeling, that as a result of the retreat of the Chinese forces from the sectors of the northern districts through the efforts of the Japanese Naval and Military forces, dangers to the International Settlement south of the Soochow Creek and to the French Concession are now gradually becoming less palpable. And consequently I believe that the danger that may arise from the presence of warships under my command in Sections 5, 6 and 7 has considerably diminished.

In regard to the question of withdrawing warships under my command to further downstream from their present positions, it is my duty to reiterate, as was stated in my letter of the 10th instant, that the Imperial Japanese Navy have it incumbent upon them to afford adequate protection to the Japanese Consulate General and the Japanese residents. I therefore regret to say that it is not possible for me, for the time being, to see the way of accommodating with your recommendation made in your letter under reference. I am confident however, that such a state of affaires as explained above will be given full sympathy and understanding by all of you who are here entrusted with duties similar to mine.

I have to add, in order to avoid any possible misunderstanding, that my letter of the 10th instant does not contain a passage, as is mentioned in your letter under consideration, to the effect that the Japanese Naval Landing Party defending the sectors of the northern districts were being supported with the warships under my command.

I am,
Yours faithfully,

KIYOSHI HASEGAWA
Commander-in-Chief
The Third Fleet
Imperial Japanese Navy.

Admiral

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

ADMIRAL H. E. YARNELL U.S. NAVY
COMMANDER-IN-CHIEF
U.S. ASIATIC FLEET

ADMIRAL SIR CHARLES LITTLE K.C.B.
COMMANDER-IN-CHIEF
CHINA FLEET

VICE-ADMIRAL LE BIGOT
COMMANDER-IN-CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

CAPITANO DI VASCELLO ALBERTO DA ZARA
COMMANDANTE SEPERIORE NAVALE IN E.O.

LIEUTENANT-COMMANDER J. HOUTSMULLER
SENIOR NETHERLANDS NAVAL OFFICER PRESENT

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 121 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 29 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China
3 November 1937

CONFERENCE 3 NOVEMBER 1937

Present: Admiral Yarnell, Admiral Little, Vice-Admiral le Bigot, Captain Da Zara, Lieut-Comdr. Houtsmuller and members of their staffs. General Chu Hsiao-liang and Mayor O. K. Yui. (Note: Mayor Yui acted as interpreter for General Chu.)

Admiral Yarnell informed the Chinese representatives that a conference had been held yesterday with the Japanese about the shelling in the Settlement and that now they wished to do the same with the Chinese.

So many casualties from shells and bombs had occurred that it was necessary to take serious steps to avoid further trouble. He hoped that the Chinese authorities would agree to take some steps to remove the cause of such incidents. Not much difficulty from Chinese shells had occurred, but night flying over the Settlement with consequent anti-aircraft fire was causing trouble. He requested that orders be given to stop such flights, as the planes could easily come over the river or around the Settlement.

Another matter for consideration was the situation in Pootung with its possibility for extensive damage to property and loss of life among neutrals. He suggested that if Chinese troops were withdrawn from the edge of the river, in particular the snipers who accomplish nothing in a military way, that there would be a great reduction in the Japanese shelling which at present causes great damage. He suggested the withdrawal of troops to positions back of Pootung Road and thought that in such a case the Japanese would agree not to come on up the Whangpoo River. The Mayor inquired whether the Japanese might not then come through Pootung Point, but Admiral Yarnell thought that if there were no troops there the Japanese would not attack. He further stated that if there were any military advantage which would be lost by withdrawal, the neutral commanders would not be justified in asking the Chinese to take such a step, but at present they saw no military advantage to the Chinese by remaining in Pootung.

Admiral Little stated that a similar proposal had been made before and the Japanese had made a counter proposal for the withdrawal of Chinese troops to a distance of six kilometers from Pootung Point. He inquired what purpose the Chinese troops were serving in Pootung, and thought that if they were completely withdrawn that the Japanese would not land there. He considered that the entire Pootung area could be neutralized.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Admiral le Bigot hoped that the Japanese would agree to such a proposal and thought it should also extend to Nantao, as the French authorities were very afraid that Nantao might be put to fire. The Mayor remarked that if the Chinese withdrew from Nantao and Pootung the probability existed that the Japanese would occupy it. Admiral Little said that he did not believe the Japanese would make any attempt to occupy Pootung or Nantao.

The Mayor said that he was afraid if the troops withdrew the Japanese would land troops or by plain clothes men would exert pressure for a Japanese regime over Pootung and Nantao. Admiral Little replied that with the Japanese trying a push to the south on the western edge of the Settlement he could see no object in their coming around into Nantao.

The Mayor said that if the Chinese were defeated and withdrew to the south he believed the Japanese would come in, and that if they withdrew without fighting and the Japanese came in it would be a serious blow to the Central Government. Admiral Little said that he wished to make it clear that the proposal would be to maintain this area as completely neutral until the final settlement, and until that time he suggested that the area be placed in the condition of status quo. The Mayor asked if by that he meant that after withdrawal of Chinese troops there would be civil administration of that area, and Admiral Little replied in the affirmative.

Admiral Yarnell thought that the limits of withdrawal should be set, for if they are too general it might be impossible to reach an agreement. A withdrawal of troops and artillery from the immediate vicinity of the river and Nantao would probably suffice. He suggested Jinhui-kiang Creek as a suitable boundary on the Nantao side. Admiral Little mentioned that previously Admiral Hasegawa had suggested a boundary six kilometers from Pootung Point, and wondered whether the Chinese would agree to some such demilitarized area. General Chu offered his appreciation to the foreign commanders for calling the meeting and stated that a flight of planes over the Settlement had been forbidden. He said that he had tried to prevent damage to lives and property in the Settlement and would repeat his orders to cease flying over the Settlement. He agreed with the foreign commanders that Pootung and Nantao were not important in a military way. However, he had no faith in any Japanese assurances and believed that troops must be stationed in these areas to prevent aggression. Should they be removed, Japanese plain-clothes men would filter in and create disturbances. Since the Chinese had no faith in any Japanese assurances, he wished to know what guarantee the Chinese would have that the Japanese would not enter the demilitarized area pending the final outcome of the present incident.

He mentioned that there were very few troops at present in Nantao.

Admiral

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By Milton O. Gustafson NARS, Date 12-18-75

Admiral Yarnell said that he believed it would be necessary to make an agreement with the Japanese and doubted that the Japanese would violate an agreement relating to an area so close to the Settlement. He believed that the Chinese should continue to police such areas. The Mayor inquired what form such an agreement would take. General Chu said that he was afraid the Japanese would not respect any neutral agreement and had no faith in Japanese willingness to say that they would do so. He stated that the Government has said that no Chinese territory will be lost without a fight and believed that should the troops withdraw and the Japanese take over any territory it would be a definite loss to the Government. However, he is prepared to call Nanking and report the results of the conference, as he can not commit himself. He felt that withdrawal could not be made without adequate guarantees.

Admiral Yarnell asked if there were many Chinese troops in the Nantao area. General Chu replied that there were no troops at present but they were prepared to send troops in if necessary. Admiral Yarnell then asked if assurances could not be given that no troops were in the area with the idea that if this were known the Japanese would very probably stop shelling and bombing that area. General Chu said that although there were no troops there were a large number of defense works in that zone. Admiral Yarnell said that he did not believe the Japanese have any intention of attacking above the barrier. Admiral le Bigot mentioned that they might shell the area in order to destroy the defense works. Admiral Little asked if the Chinese representatives would let the foreign commanders know what the conditions of the Government would be for such a withdrawal of troops. He stated that this proposition had not been taken up with the Japanese and requested that all news of this conference be kept out of the papers. The Mayor replied that he would report the conference to Nanking and would let the foreign commanders know. He also said that he would keep this meeting in a confidential status.

Copied by MB
Compared with RN

0 5 7 [illegible]

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

19. American Owned Motor Houseboat WANDERER IV Endangered. Sept. 4 Encls. 122 - 127

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 122 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

AMERICAN CONSULATE GENERAL
September 4, 1937.

My dear Admiral Yarnell:

1/ 2/ I am enclosing a copy of a letter dated September 3, 1937, which I have received from Mr. Mark L. Moody, an American citizen, and a copy of my letter to the Japanese Consul General, Shanghai, in regard to Mr. Moody's motor houseboat WANDERER IV.

Very truly yours,

C. E. Gauss
American Consul General.

Enclosures:
1/- Copy of letter from Mr. Mark L. Moody, dated September 3, 1937.
2/- Copy of letter to Japanese Consul General dated September 4, 1937.

Admiral H. E. Yarnell, U.S.N.,
Commander in Chief, United States Asiatic Fleet,
U.S.S. AUGUSTA,
Shanghai.

Copy of enclosure no. 1 to above letter.

MARK L. MOODY
Federal Inc., U.S.A.

September 3, 1937.

Honorable Richard P. Butrick,
Executive Consul,
American Consulat-General,
SHANGHAI

Sir: Subject: "Wanderer IV"

This is to formally confirm the subject of my conversation with you diring my visit at your office this morning at which time I requested the forwarding, through official channels, of the following information:-

1. That

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

1. That I am an American citizen and am the owner of the Motor Houseboat (cruiser type) "Wanderer IV".

2. That the "Wanderer IV" is duly registered under my name at the American Consulat-General, Shanghai, such registration being under date of Feb. 27th, 1937, under authority of the State Department, Washington, D.C.

3. That the "Wanderer IV" is on a slipway in front of the Hung Ziang Shing Shipyard on the Pootung shore between the ferry landing and customs compound which lies just back of the Pootung Point Police Station, the "Wanderer IV" being but a few yards off the starboard bow of the American Flagship U.S.S. Augusta.

4. That the Japanese Flagship "Idzuma" is firing heavy guns and starting large fires which are assuming the proportions of a conflagration which threatens the buildings and craft along the entire shore in the vicinity of the "Wanderer IV".

5. That I formally request you to forward to Admiral Yarnell of the American Flagship U.S.S. Augusta, a request that he notify the Japanese Flagship "Idzuma" that the "Wanderer IV" is American property, flying the American flag (night and day since August 12, 1937) and that Japan will be held fully responsible for the destruction of or damage to the "Wanderer IV".

6. That the value of the "Wanderer IV", completed in May, 1937, is U.S.$11,500.00 and that she is not covered by war risk insurance.

7. That every effort exerted by the U.S.S. Augusta to protect the "Wanderer IV" will be greatly appreciated by me.

This letter is submitted in duplicate, one copy for your files and one for forwarding to Admiral Yarnell.

Thanking you for your courtesy and co-operation in the matter, I am,

Yours very truly,

(Sgd) Mark L. Moody

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 123 to despatch No. 1[illegible] of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

MARK L. MOODY
Federal Inc., U. S. A.

September 16th 1937

Honorable Richard P. Buttrick,
Executive Consul,
American Consulat-General,
Shanghai

Sir:

Subject: "Wanderer IV"

Capt. R. F. McConnell, Chief of Staff of the U.S.S. Augusta has generously offered to send a landing party to Pootung Point at about 10:45 Friday morning September 17th to launch the "Wanderer IV" and bring it across to the Shanghai Bund.

Capt. McConnell has notified the Chief of Staff of the Japanese Flagship "Idzuma" and requested their cooperation. Capt. McConnell has suggested that you communicate with Mayor O. K. Yui and request him to convey word to the Chinese forces at Pootung Point regarding the removal of the boat by the U.S. Navy. For Mayor Yui's information the "Wanderer IV" is about ten yards south of the Pootung Point ferry station, on the edge of the shore and can be launched in a short time at high tide about noon.

Thanking you in advance for forwarding the information and request for cooperation to Mayor Yui for forwarding to the Chinese troops at Pootung Point, I am,

Yours very truly,

(Sgd) Mark L. Moody

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Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 124 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, September 16, 1937.

Dear Mr. Mayor:

This is to confirm telephonic conversation between Consul Butrick of my office and Mr.Chang of your office this afternoon, notifying that tomorrow morning at about 10:45, a landing party from the U. S.S. AUGUSTA will proceed to a point about ten yards south of the Pootung Point ferry station and launch the motor houseboat WANDERER IV, the property of Mr. Mark L. Moody, an American citizen. Mr. Butrick requested that you give due notice thereof to your military authorities in order that there might be no difficulties.

Sincerely yours,

C. E. Gauss
American Consul General.

O. K. Yui, Esq.,
Mayor of Greater Shanghai,
201 Route Boissezon, Shanghai.

Copy sent to Admiral Yarnell

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. 105 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

September 17, 1937.

Subject: Launching of American Motor Boat WANDERER IV.

Sir:

I have the honor to state that in spite of the arrangements made between our respective offices yesterday, the Chinese military in the Pootung Point area had no notice of the arrival there this morning of the landing party from the U.S.S. AUGUSTA for the purpose of launching the American motor boat WANDERER IV. In deference to the wishes of the Chinese military officer at that point, who not only stated that he had no instructions in the matter but telephoned his headquarters who likewise informed him they had no instructions, the landing party of American sailors did not launch the vessel, but now proposes to launch it about 11:45 tomorrow morning, September 18th.

I am asking Mr. Mark L. Moody, an American citizen, the owner of the vessel, to take this letter to you and I request that you hand him a document which can be shown to the Chinese military in the Pootung Point area which will be recognized by them without fail, so that the vessel can be launched without difficulty. I also request that you rectify the omission of your office to notify the appropriate Chinese military.

Accept, Sir, the renewed assurance of my high consideration.

C. E. Gauss
American Consul General

Yu Hung Chun, Esquire,
Mayor of Greater Shanghai,
Shanghai, China.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 126 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, September 18, 1937.

Dear Mr. Yui:

With reference further to the American YACHT "Wanderer IV", Mr. Mark L. Moody now informs me that with your letter an attempt was made to launch this yacht this noon. The Chinese soldiers did not object, but warned off all Chinese who were to assist. This delayed matters so that it was not possible to launch the yacht this noon. The soldiers were then informed that the landing party from the U.S.S. AUGUSTA would return tomorrow (Sunday) noon at high tide. The soldiers replied that your letter permitted removal today and was not valid for tomorrow. It is apparent that these Chinese soldiers do not wish the boat moved.

I must ask you to give Mr. Moody a further letter under which he shall be free to remove his yacht, which is American property, without hindrance from the Chinese troops at Pootung Point or vicinity, without restriction as to date. Any further interference by the Chinese soldiery in the efforts to take off the yacht must necessarily be held to charge the Chinese authorities with full responsibility. I hope that you will be able to get the instructions through to the Chinese troops which will obviate any further interference, and that you will supply Mr. Moody, who will present this letter, with a further authorization to move the yacht, tomorrow, or on any day thereafter.

Respectfully yours,

C. E. Gauss
American Consul General.

The Honorable O. K. Yui,
Mayor of Greater Shanghai,
SHANGHAI.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 127 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, September 20, 1937.

Dear Mr. Yui:

I am requested by Mr. Mark L. Moody to transmit to you the enclosed letter thanking you for your assistance in permitting the removal of his motor houseboat WANDERER IV from Pootung Point.

I beg to add my thanks also for your assistance in the matter.

Very truly yours,

C. E. Gauss
American Consul General

The Honorable O. K. Yui,
Mayor of Greater Shanghai,
Shanghai.

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20.	U.S. Marine Corps and Defense Expenses of Shanghai Municipal Council	Sept. 6	Encl. 128

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 128 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES MARINE CORPS
Headquarters, Fourth Marines,
Shanghai, China.

6 September 1937.

C. E. Gauss, Esquire,
American Consul General,
Shanghai.

My dear Gauss:

The correspondence of which copies are attached hereto is in the hands of my law officer with a view to gathering some information for my office which will be useful in determining to what extent we properly should assume responsibility for the cost of the various activities in connection with the preparation of defenses of the International Settlement within our sector. If Major West comes to your office, I would appreciate it if you will make any files bearing on this subject during 1932 available to him.

I do not know to what extent the cost of these defensive measures are properly chargeable against the Municipality, and I am perfectly willing that we shall be as liberal in this respect as any other nation involved. It would appear prudent, however, to assure that we are not paying for something which others construe to be a proper charge against the local taxpayer.

Respectfully yours,

(Sgd.) Chas. F. B. Price
Colonel, U. S. Marines.

Copies of enclosures to above letter.

UNITED STATES MARINE CORPS
Headquarters, Fourth Marines,
Shanghai, China.

6 September 1937.

Memorandum to the Regimental Law Officer:

1. There is attached hereto a letter from the Shanghai Municipal Council dated 22 August, 1937, with enclosure, copy of letter 8 February, 1932, addressed to the Secretary of the then Defense Committee. This correspondence has reference to reimbursement for materials and labor supplied by the Council in connection with the defensive works constructed during the emergency.

2. As

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

2. As this question will probably produce further developments, and is fraught with potential controversies, it is desired to make a thorough investigation of the files of this regiment with respect to 1932, possibly the files of the Municipal Council in the same connection, and also the files of the American Consulate General, to determine what procedure in this respect has been established or accepted in the past.

3. It is ~~just~~ the desire of the undersigned to agree to whatever appears just and reasonable to the extent that the United States Government will bear its proportionate share of the financial burden in this respect in exactly the same manner and consistent with the same principles and rules as are accepted and acted upon by the other defense forces in Shanghai.

CHAS. F. B. PRICE,
Colonel, U. S. Marine Corps,
Commanding Fourth Marines.

SHANGHAI MUNICIPAL COUNCIL

August 22, 1937.

Officer Commanding,
U. S. Marines.

Dear Sir,

Emergency Measures.

In accordance with the terms of a letter dated the 8th of February 1932 addressed to the Secretary of the then Defence Committee, a copy of which is enclosed, may I request that you kindly forward to this Department the necessary requisitions covering the labour supplied to you for the filling of sand-bags and the erection of defence posts and wire barricades and for materials supplied.

Yours faithfully,

Commissioner of Public Works.

Document:
Copy of letter to the Secretary,
Defence Committee, dated 8/2/1932

February 8,

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

February 8, 1932.

Sir:

I have to inform you that the Council has laid down as a general principle that during the State of Emergency financial responsibility for material and labour supplied should be borne by the authority requisitioning them, and that any adjustments under this principle will be considered or made subsequently by the authorities concerned.

I have to request that you will convey the above ruling to the various Headquarters of the Defence Committee and in due course signify their agreement or otherwise with the principle laid down by the Council as indicated above.

I am, Sir,

Your obedient servant,

J. R. Jones,
Secretary.

Major W. R. C. Penney,
Secretary,
Defence Committee.

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21.	Japanese Protests on Chinese Artillery Sheltering near Standard-Vacuum Oil Installation and Signals from Shanghai Power Plant.	Sept. 9	Encls. 129 - 131

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By Milton O. Gustafson NARS, Date 12-18-75

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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 129 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China,
September 9, 1937,
8:20 p.m.

Memorandum

Captain McConnell, Chief of Staff, called over the phone and stated that Mr. Perry of the Standard Vacuum Oil Company, had called him by phone and stated that Mr. Wakima of the Japanese Consulate General had called Mr. Perry over the phone regarding the concentration of Chinese artillery near the Socony installation at Pootung. Capt. McConnell informed Mr. Perry that he would investigate the matter, which he has done, but he cannot locate Mr. Perry to apprise him of result of investigation.

The report of investigation from the Captain of the Edsall at 7:26 p.m. is as follows:

"Yesterday there was machine gun (singular number in message) in road leading to public jetty just north of Socony installation. Mr. Robertson (Installation manager of Socony) and I protested to Chinese battalion commander regarding proximity of gun to compound wall who agreed to remove gun and keep only two men in road as lookout in event Japanese land troops at jetty. Past two hours Japanese have bombed to north and down river of Socony installation no bombs have dropped inside compound. Have no knowledge Chinese artillery concentration vicinity of Socony installation. Will report if further investigation bears this out."

U.S.S. Edsall is tied up at Socony installation.

J.B.P.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 139 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

September 20, 1937.

Memorandum
To Mr. Gauss and file

Vice Consul Kawasaki phoned me this morning and stated that the Japanese Naval Landing Party reported that flickering lights were seen on the top of the Shanghai Power Co. plant during the Chinese air raids on the night of September 18th, and that they were "very angry". I told him that I hardly thought it likely and that at night it might be easy to confuse lights from an entirely different building. He agreed with me and stated that he himself thought it unlikely but that the Landing Party were very sure of it. I told him that I would take the matter up with the Power Company at once and suggested that his office also send a letter to this office on the subject. He said he would do it.

I then tried to get Mr. Hopkins of the Power Company but was informed he was at home as today is a holiday. I got Pharis, however, and explained the situation and requested that he make an immediate investigation which he said he would do. I told him I would follow up the conversation with a letter.

I tried to get Kawasaki on the phone again but he was out. I will report what has been done to him later.

B/EO

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 131 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

September 20, 1937

Signaling at Power Plant in Yangtsepoo

Mr. Pharis of the Shanghai Power Company telephoned at 1:00 P.M. today and stated that in response to Mr. Butrick's inquiry he had gotten in touch with the Power Plant in Yangtzepoo and that the following information had been gathered regarding the signalling on Saturday night:

He said that there was a sentry post on top of the Plant and that a sailor from a destroyer (American destroyer) was in the sentry post and had been signalling across the river to the destroyer that was tied up to the Standard Oil Company's wharf.

Espy

Mr. Pharis again called at 2.00 P.M. and stated that the signalling was in answer to a direct question from the destroyer as to whether the Plant was O.K. and had not been hit by the bombs.

Mr. Pharis stated that the information was received from the officer in charge of the contingent of marines that is constantly stationed at the Plant to guard it. The contingent amounting to about 35 men.

Espy

3:30 P.M. (20th) Kawasake informed. He was pleased to learn that it was the American marines who were signalling and said he would inform his naval authorities at once. B/EO

Copied by MB
Compared with JMD

22.	Japanese Request for Maps Showing American Property Along Whangpoo River.	Sept. 12	Encls. 132 - 134

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. 132 to Despatch No. to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China
12 September 1937

Dear Mr. Gauss:

Admiral Sugiyama, Chief of Staff of the Japanese Third Fleet, called today with a map showing the location of American-owned property along the banks of the Whangpoo River. He wished to know if his information were correct and complete. He was advised that a complete list of American-owned property, together with information showing its location, would if practicable be obtained from the American Consulate. If such information is available, I request that it be forwarded in order that it may be given to Admiral Hasegawa.

Very truly yours,

R. F. McCONNELL,
Captain, U. S. Navy,
Chief of Staff.

C. E. Gauss, Esq.,
American Consul General
at Shanghai, China.

Copied by: hh
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 133 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, September 13, 1937.

Dear Captain McConnell:

With reference to your letter of yesterday, the Japanese Consulate General asked us several days ago to supply for the information of the Japanese naval authorities a map showing the location of American properties on the Pootung side. We did this, and I take it that the map shown to you by the Japanese Chief-of-Staff is the one we supplied.

That was a comparatively simple matter; but when a request comes for a map showing all American property on the Shanghai side of the river, it is impossible for us to comply. There is a great deal of property there owned by Americans and American missionary societies; there is also property owned by others and leased by Americans; and there is the situation which finds American property stored in godowns owned by persons of other nationalities; cargo stored and awaiting delivery or shipment out, etc. It is not possible for any consular establishment here to prepare maps giving such information.

In giving lists to the Japanese authorities we have of necessity had to state that such lists are not complete. It is not possible in a port the size of Shanghai to maintain lists of all American properties.

Very truly yours,

C. E. Gauss
American Consul General.

Captain R. F. McConnell, U.S.N.,
Chief of Staff, U.S. Asiatic Fleet,
U.S.S.AUGUSTA, Flagship,
Shanghai.

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 134 to Despatch No. 1365 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

October 27, 1937.

Subject: Transmission of Map Showing Location of Certain American Owned Property in Designated Sections of the Chinese Municipality of Greater Shanghai.

Sir and dear Colleague:

I have the honor to refer to this Consulate General's letters of September 10, 1937, and October 14, 1937, respectively, transmitting maps showing the location of certain American owned properties located in designated sections of the Chinese Municipality of Greater Shanghai, and to urgent circular 200 - G - VII dated October 26, 1937, forwarded to this Consulate General by the Secretary of the Consular Body at Shanghai at the direction of the Senior Consul.

1/ There is transmitted herewith in this connection for forwarding to the appropriate Japanese military authorities, a new map showing the American properties marked on the two maps previously forwarded to you with my letters referred to above, as well as seven additional pieces of American owned property located in the area mentioned in the Senior Consul's circular in question. Although the new map combines the marked features of the other two maps and is as complete and up to date as the Consulate General is able to make it at the present time, it is requested that you point out to the Japanese military that the new map is by no means complete but is the best that can be compiled under the circumstances and upon such short notice.

I have the honor to be,
Sir and dear Colleague,
Your obedient servant,

C. E. Gauss,
American Consul General.

Accompaniment:
One map.

350
JBP/Syz

Suemasa Okamoto, Esquire,
Japanese Consul General,
Shanghai, China.

Copied by: hk
Compared with: [illegible]

23.	Bombing Flights and Anti-aircraft Fire over Foreign Protected Areas.	Sept. 15	Encls. 135 - 138

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1365

Enclosure No. 125 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
15 September 1937

My dear Admiral Hasegawa:

For the past month the population of the International Settlement south of Soochow Creek and the French Concession have been subjected to the dangers of anti-aircraft fire and many people have been killed and wounded.

This danger is brought about by planes of both of the opposing forces flying over or very close to the International Settlement. Under such circumstances it is inevitable that a large amount of the anti-aircraft missiles land in the Settlement with the resultant killing and wounding of large numbers of non-combatants who are taking no part in this unhappy strife.

We request and urge that steps be taken by those in command of the Japanese forces to prevent their planes from flying over or near the International Settlement and to direct their anti-aircraft fire in such a manner as to avoid further killing of innocent non-combatants.

Similar representations are being made to the Chinese authorities.

We are,

Very respectfully,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

CHARLES LITTLE
ADMIRAL
COMMANDER IN CHIEF
CHINA FLEET

LE BIGOT
COMMANDER IN CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

ALBERTO DA ZARA
CAPITANO DI VASCELLO
COMMANDANTE SUPERIORE NAVALE IN E.O.

J. HOUTSMULLER
LIEUTENANT COMMANDER
SENIOR NETHERLANDS NAVAL OFFICER PRESENT

Vice-Admiral K. Hasegawa, I.J.N.
Commanding Third Battle Fleet
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 136 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

The American Consul General presents his compliments to the Mayor of Greater Shanghai and at the request of the Commander-in-Chief, U. S. Asiatic Fleet, has the honor to transmit a letter dated September 15, addressed to the Mayor by the American, British, French, Italian and Netherlands naval authorities.

September 15, 1937.

Copy of letter to Mayor.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
15 September 1937

My dear Mayor Yui:

For the past month the population of the International Settlement south of Soochow Creek and the French Concession have been subjected to the dangers of anti-aircraft fire and many people have been killed and wounded.

This danger is brought about by planes of both of the opposing forces flying over or very close to the International Settlement. Under such circumstances it is inevitable that a large amount of the anti-aircraft missiles land in the Settlement with the resultant killing and wounding of large numbers of non-combatants who are taking no part in this unhappy strife.

We request and urge that steps be taken by those in command of the Chinese forces to prevent their planes from flying over or near the International Settlement, and to direct their anti-aircraft fire in such a manner as to avoid further killing of innocent non-combatants.

Similar representations are being made to the Japanese authorities.

We are,

Very respectfully,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

CHARLES LITTLE
ADMIRAL
COMMANDER IN CHIEF
CHINA FLEET

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

LE BIGOT
VICE ADMIRAL
COMMANDER IN CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

ALBERTO DA ZARA
CAPITANO DI VASCELLO
COMMANDANTE SUPERIORE NAVAIE IN E.O.

J. HOUTSMULLER
LIEUTENANT COMMANDER
SENIOR NETHERLANDS NAVAL OFFICER PRESENT

The Honorable O. K. Yui,
Mayor of the City Government
of Shanghai,
Shanghai, China.

Copied by MB
Compared with JMD

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 137 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, September 20, 1937.

Dear Admiral Yarnell:

The Mayor of Greater Shanghai, Mr. O. K. Yui (Yu Hung-chun) has addressed me a letter (translation of which is enclosed) transmitting his reply to the joint letter of the Commanders-in-Chief of September 15th, with the request that I forward it to you and ask you to inform your naval colleagues.

I therefore send you:

1. Copy in translation of the letter to me from Mr. Yui.
2. The original and translation (made by the Mayor) of his letter to you.
3. A number of extra copies of the translation of the letter to you, to facilitate your transmission of them to your naval colleagues.

Yours sincerely,

C. E. Gauss
American Consul General

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

Copies of enclosures to foregoing letter.

Translation of a note addressed by Mr. Yu Hung-chun, Mayor of Greater Shanghai, Shanghai, to Mr. C.E. Gauss, American Consul General at Shanghai.

Dated: September 20, 1937
Recd: September 20, 1937

Sir:

I have the honor to express my sincere appreciation to you for your assistance in transmitting to me a letter

jointly

160

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

jointly signed by the Commander-in-Chief of the United States Navy and the Commanders-in-Chiefs of the British, French, Italian and the Netherlands naval forces.

I now have the honor respectfully to request that you kindly transmit to the Commander-in-Chief of the United States Navy my reply to the letter from the above-mentioned Commanders-in-Chief and that you ask him to transmit the information to the Commanders-in-Chief of the British, French, Italian and the Netherlands naval forces. This is my earnest hope.

Yu Hung-chun
Mayor

SEAL OF THE GOVERNMENT OF THE MUNICIPALITY OF GREATER SHANGHAI

Enclosure:
1 note.

THE CITY GOVERNMENT OF GREATER SHANGHAI

Translation

Shanghai, Sept. 20, 1937.

Sirs,

I have the honour to acknowledge the receipt of your letter of September 15th, 1937, wherein you state that for the past month the population of the International Settlement south of the Soochow Creek and the French Concession have been subjected to the dangers of anti-aircraft fire and that while similar representations have been made to the Japanese authorities, you request that steps be taken by those in command of the Chinese forces to prevent their planes from flying over or near the International Settlement and to direct their anti-aircraft fire in such a manner as to avoid further killing of non-combatants.

In reply, I beg to state that with Japan making use of the International Settlement and the heart of the Whangpoo River as the bases of her aggressive operations against China, the Chinese air force has been compelled to take defensive measures in our own aerial domain. This, the Chinese authorities are confident, should receive the sympathetic consideration of the Friendly Powers. The Chinese authorities also regard it as most deplorable that Chinese and foreign lives and properties in the International Settlement and the French Concession should have been thus endangered, and with a view to ensuring security to those areas, the military authorities have already issued strict orders to the air forces as well as to other forces that care be taken to avoid, whenever possible, such action as may cause danger to

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the non-combatants in the Settlement and the Concession

As the fundamental cause of the danger to the non-combatants in the Settlement and the Concession lies in the fact that the Japanese forces are making use of the Settlement as the base of their hostile operations, I have the honour to request that the American, British, French, Italian and Netherlands naval authorities will, in the interests of the areas involved, take such steps as will remove the fundamental cause of danger.

I have the honour to be,
Sirs,
Your obedient servant,

(signed) O. K. Yui,
Mayor

Admiral H. E. Yarnell
Commander-in-Chief
U. S. Asiatic Fleet.

Admiral Charles Little
Commander-in-Chief
China Fleet.

Vice-Admiral Le Bigot
Commander-inChief
French Naval Forces in the Far East.

Captain Alberto da Zara
Comandante Superiore Navale in E.O.

Lt. Comd. J. Houtsmuller
Senior Netherlands Naval Officer Present.

Copied by MB
Compared with JMD

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 128 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General". (transmitted under cover of Admiral's letter of September 18, 1937, enclosure No.).

C O P Y.

September 18th, 1937.

Dear Sirs,

I have to acknowledge receipt of your letter of the 15th instant stating that the population of the International Settlement south of Soochow Creek and the French Concession have, for the past month, been subjected to the danger of anti-aircraft fire and many people have been killed and wounded.

In reply, I wish to inform you that I am in complete agreement with you on the fact that from humanitarian point of view, it is most regrettable that large numbers of non-combatants in the above districts have been either killed or wounded by anti-aircraft missiles.

The Imperial Navy of Japan has so far ordered its aeroplanes to refrain from flying over the International Settlement south of Soochow Creek and the French Concession and has been and is doing all within its power for taking every precaution as to the direction of its anti-aircraft fire.

Nevertheless, when confronted with Chinese aeroplanes making air raids from time to time, we have occasions when we have no alternative but to protect ourselves with gun-fire. On such occasions, we are placed in a difficult position to exert sufficient consideration as regards the direction of our high angle gun fire, according to the moving progress of Chinese aeroplanes.

I take it for granted that you would realize such possibility. In conclusion, I have to add that the content of your letter has been duly transmitted to the Commander-in-Chief of the Imperial Japanese Army.

Yours respectfully,

K. Hasegawa,
Vice-Admiral
Commanding Third Fleet,
H.I.J.M.S. Idzumo, Flagship,
Shanghai

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Admiral H. E. Yarnell,
U.S.Navy
Commander-in-Chief
U.S. Asiatic Fleet

Admiral Sir Charles Little,K.C.B.,
Commander-in-Chief,
British China Fleet,

Vice Admiral Le Bigot,
Commander-in-Chief,
French Naval Forces in the Far East.

Captain Alberto Da Zara,
Commante Superiorie Navale in E. O.

Lieutenant Commander J. Houtsmuller,
Senior Netherlands Naval Officer Present.

Copied by: hk
Compared with:

24. Bombing of American Mission Hospital at Waichow. Sept. 15 Encls. 139 - 146

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA, Flagship

15/jse

Shanghai, China
15 September 1937.

My dear Gauss:

I am enclosing a copy of a letter which I have written to Admiral Hasegawa regarding the bombing of the American Hospital at Waichow.

May I request that you take the matter up with the American Ambassador at Nanking and with the Japanese Consul General at Shanghai, transmitting to the latter a copy of the enclosure.

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY

Mr. C. E. Gauss,
American Consul General
Shanghai, China.

Copied by: hk
Compared with HH

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 140 to Despatch No. 1365 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET 00/JSE
U.S.S.AUGUSTA (Flagship)

Shanghai, China
15 September 1937

My dear Admiral Hasegawa:

I have received a report from the U. S. Commander of the Southern Patrol Squadron of this Fleet that on the forenoon of 12 September three Japanese planes bombed the compound of the American Adventist Hospital at Haichow, seriously injuring several of the personnel and inflicting considerable damage on the buildings. Six bombs in all were dropped.

I am informed that two American flags were flying from flagpoles. There were no Chinese Government activities within two miles of the Hospital.

It is obvious that the bombing of institutions such as neutral hospitals serves no military end.

May I request in all earnestness that you issue such orders as will prevent, or at least decrease, the great dangers to American citizens that have resulted by the indiscriminate bombing by aircraft of non-military objectives.

I am, Sir,

Very respectfully,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commanding Third Battle Fleet
H.I.J.M. S. IDZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with: HH

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to Despatch No. 355 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of interest to the Consulate General".

C O P Y.

Shanghai, September 15, 1937.

Dear Mr. Okamoto:

At the request of the Commander-in-Chief, U.S. Asiatic Fleet, I enclose for your information a copy of a letter addressed by that officer to Vice Admiral Hasegawa, in reference to the bombing of the American mission hospital at Waichow, Kwangtung, by Japanese planes.

Very sincerely yours,

C. E. Gauss
Consul General.

1 enclosure.

S. Okamoto, Esquire,
Japanese Consul General,
Shanghai.

Copied by: hk
Compared with: ###

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

NAVAL MESSAGE.

0018 FOLLOWING LETTER RECEIVED FROM VICE ADMIRAL HASEGAWA DATED EIGHTEEN SEPTEMBER NINETEEN THIRTY SEVEN QUOTE MY

DEAR ADMIRAL YARNELL PARAGRAPH I HAVE THE HONOUR TO ACK-NOWLEDGE RECEIPT OF YOUR LETTER OF THE FIFTEENTH INSTANT

CONCERNING THE AIR RAID ON THE AMERICAN HOSPITAL AT HUIYANG PARAGRAPH INVESTIGATIONS MADE IN THIS MATTER HAVE REVEALED

THAT THREE AEROPLANES OF THE IMPERIAL JAPANESE NAVY COMMA ON THE MORNING OF THE TWELFTH SEPTEMBER COMMA NINETEEN

THIRTY SEVEN COMMA MADE A FLIGHT WITH THE OBJECT OF BOMBARD-ING THE WIRELESS STATION OF THE CHINESE NAVY AT HUIYANG

AND RAIDED A BUILDING WITH TWO WIRELESS POLES THERE PARAGRAPH AS YOU MAY BE AWARE COMMA THE IMPERIAL JAPANESE

NAVY COMMA IN CONDUCTING AERIAL BOMBARDMENT COMMA SELECT SOLELY AS THEIR OBJECTIVES MILITARY ESTABLISHMENTS COMMA WHILE DOING THEIR UTMOST TO SAFEGUARD THE INTERESTS OF

THIRD POWERS COMMA PARTICULARLY LIFE AND PROPERTY OF NON-COMBATANTS PARAGRAPH ACCORDING TO A REPORT SUBMITTED TO

ME BY THE AVIATORS CONCERNED COMMA THEY HAD MADE A SCOUTING FLIGHT ONCE OVER THE TOWN BUT NOT FINDING ANY SUCH

STRUCTURE AS MIGHT BE TAKEN FOR A WIRELESS STATION EXCEPT THE BUILDING ABOVEMENTIONED COMMA THEY FURTHER MADE A

CIRCUITOUS FLIGHT OVER THE SAID BUILDING PERIOD THEY CONFIRMED THAT THERE WAS NO MARK COMMA NOR ANY NATIONAL FLAG ON THAT BUILDING COMMA AND SO THEY CARRIED OUT A

RAID THEREON PERIOD THEY REPORT THAT WHEN RAIDING THE SAID BUILDING COMMA THEY WERE FIRED UPON FROM THE SECTOR NEARBY

PARAGRAPH SUCH BEING THE TRUTH OF THE CASE COMMA I SHOULD THINK THAT THIS AERIAL BOMBARDMENT MAY POSSIBLY HAVE GIVEN

RISE TO THE INCIDENT AS MENTIONED IN YOUR LETTER PERIOD I CONSIDER IT MOST UNFORTUNATE THAT A FEW NONCOMBATTANTS

WERE MORE OR LESS SERIOUSLY WOUNDED AND THE HOSPITAL BUILDING WAS BADLY DAMAGED AS THE RESULT OF THE ATTACK

COMMA FOR WHICH I HAVE TO EXPRESS MY PROFOUND REGRET PARAGRAPH I WISH TO INFORM YOU THAT I WILL DO MY UT-

MOST TO AVOID THE REPETITION OF INCIDENTS OF THIS NATURE IN FUTURE SO AS TO COMPLY WITH YOUR REQUEST PARAGRAPH

I SHALL BE GRATEFUL IF YOU WILL BE SO GOOD AS TO FURNISH ME WITH INFORMATION AS TO THE WHEREABOUTS OF THE AMERICAN

PROPERTY

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

PROPERTY AND TO INDUCE THE AMERICAN CITIZENS PUT UP DISTINCT MARKS COMMA CLEARLY VISIBLE FROM THE AIR COMMA UPON THEIR PROPERTY AND BUILDINGS PARAGRAPH I AM COMMA

YOURS SINCERELY COMMA K HASEGAWA VICE ADMIRAL COMMANDER IN CHIEF IMPERIAL JAPANESE THIRD FLEET 2130

Date: 18 September 1937
HEY

FROM: CINCAF
TO: OPNAV
To: (Information:) AMEMBASSY NANKING 3386
AMCONGEN SHANGHAI

Copied by: eh
Compared with: HHH

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

MEMORANDUM

American Consular Service
Shanghai

Dated August 21, 1937.

Attached referred to C-in-C

Dear Admiral Yarnell:

We have for some months been accumulating detailed data from all American mission stations in our consular district of Kiangsu, Chekiang and Anhwei, as to the exact location of mission properties and in many cases (but not in the case of Nantungchow which was bombed) we have sketch maps prepared by the missionaries.

We could of course advise American mission stations to fly their flags; but I doubt whether any night signals could be devised, and in any case such night signals would be to the disadvantage of and objectionable to the Chinese side.

It would be of considerable assistance to me in replying to the message to Tokyo if I might have the advice of one of the Navy aviation officers attached to the AUGUSTA, if it would be possible to spare him for a brief time.

My reaction at this time is that we could do no more, properly, than to indicate roughly the location of the American missions at each place, as for example, in the n.w. corner of the walled city, or 2 miles east of the western gate of the city, and so on.

Navy advice and suggestions in the matter would be very much appreciated.

C. E. Gauss
Consul General.

Copied by: RK
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, China, August 26, 1937.

Sir and dear Colleague:

With reference to the bombing by Japanese planes of the American mission at Nantungchow, and to my letter of August 19th, enclosing a list of places in the provinces of Kiangsu, Chekiang and Anhwei where there are American mission stations, I have now the honor to enclose certain data compiled from our records which shows the general location of American missions in a large number of the places included in the list sent to you by my letter. It is believed that the data supplied in the enclosed list will be useful in avoiding bombing operations in the vicinity of American mission properties.

The list is not complete; it does not include Shanghai or Nanking or a number of places in the interior; but it does cover a large number of important American mission stations in the interior.

May I ask that the information given in the list be communicated to your military and naval authorities, to the end that there may be no repetition of the most deplorable bombing of the American mission station at Nantungchow.

I have informed the American Ambassador at Tokyo that I am communicating this list to you.

I have the honor to be
Sir and dear Colleague,
Your obedient servant,

C. E. Gauss
American Consul General.

1 enclosure.

S. Okamoto, Esquire,
Japanese Consul General,
Shanghai.

Copied by: hle
Compared with: HWH

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to Despatch No. 1355 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

350
EFS

Shanghai, August 26, 1937.

Yui Ming, Esquire,
Director of the Shanghai Office
of the Ministry of Foreign Affairs,
Park Hotel, Shanghai.

Sir:

I have the honor to enclose herewith a list of American property located at interior points in the provinces of Kiangsu, Chekiang and Anhwei. The list does not include property at Shanghai or Nanking and is not entirely complete but will be supplemented as further data is obtained.

It is requested that you refer the list to the appropriate Chinese military authorities with the request that full protection be accorded to the properties in question.

Accept, Sir, the renewed assurance of my high consideration.

C. E. Gauss
American Consul General

1/- Enclosure as stated.

Copied by: nk
Compared with: HHH

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

25. Food and Supplies for Chinese Refugees. Sept. 13 Encls. 147 - 152

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 147 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

MEMORANDUM

American Consular Service
Shanghai

Dated September 13, 1937.

Mr. Phillips, Secretary of the S.M.C., telephoned this morning. He stated that "we" are having difficulty in getting foodstuffs out of the Yangtszepoo Area; it has been a complicated matter; the British Navy has been trying to help by representations to the Japanese Admiral; there are negotiations going on.

Dr. O'Harra (British) is with Mr. Phillips at the moment. Madame Kung has informed him that there are 60,000 blankets stored in a Chinese cotton and spinning factory down in Yangtszepoo Road almost on the waterfront. The owner is prepared to give the whole lot free for refugees.

Mr. Phillips inquired whether it would be possible for the American Navy to put a guard on lighters and help get them out for the use of the refugees.

I told Mr. Phillips that we were having no less trouble than the British in getting out food supplies, etc. from the war area, and were in an equally difficult position as the British. I could see no reason why the U. S. Navy particularly should be asked to do this job of work; they have many duties to perform as have other Navies; and if there is to be any naval guard to get out 60,000 blankets for refugees it seemed to me that as there are American, British, French, Italian and Dutch ships here they might all function. I also felt that we should know where these 60,000 blankets were going. I concluded by saying that I would look into the matter; but I gave no assurance.

C.E.G.

I mentioned the matter to Admiral Yarnell during his morning visit.

Copied by: hk
Compared with: cmj

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 149 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject: "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

MEMORANDUM.

American Consular Service
Shanghai

dated September 13, 1937.

Incidentally, I mentioned to Philips that on the 60,000 blankets, I could not see why the Americans alone should be asked to handle that proposition when we had difficulties of our own getting out food supplies and medical supplies and cargo.

C. E. G.

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 140 to Despatch No. 1385 the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, September 16, 1937

Dear Admiral Yarnell:

The Chairman of the Shanghai Municipal Council tells me that the Council is now meeting with an absolute refusal on the part of the Japanese authorities to permit food supplies for the Chinese noncombatant population to be removed from the Northern District.

A meeting of the American and British members of the Council is being held this afternoon at 4.30 o'clock in the Council Chamber in the S.M.C. Building near the Consulate General.

Invitations to attend are being extended to the American Commander-in-Chief and the American Consul General (through the latter) and the British Commander-in-Chief and Acting British Consul General (through the latter).

I shall attend. You may wish to attend or be represented.

Yours sincerely,

(Signed) C. E. Gauss.

Copied by: hk
Compared with: CM

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 150 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible]20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

MEMORANDUM
American Consular Service
Shanghai

Dated September 17, 1937

Memorandum for the files.

At the meeting yesterday evening at 4.30 in the SMC Chamber, there were present in addition to the American and British members of the Council, the American and British Admirals, the American Consul General, British Acting Consul General, Secretary General SMC, Secretary SMC, Chief of Staff (Capt. McConnell) U.S.A.F., and Lieut. Sylvester, aide to Admiral Yarnell.

Mr. Franklin asked Mr. Phillips the Secretary SMC to explain the situation. Mr. Phillips reviewed the efforts which had been made to get foodstuffs and medical supplies out of the area north of the creek for both the foreign and Chinese population; the matter was being handled by the Council with considerable care, etc.; he pointed out that there were 51,000 bags of rice north of the Creek, or 1/3 of the available supply in Shanghai, and there are supplies of fish there for 30 days while in the area south of the creek the supply is sufficient for not more than 14 days. He then proceeded to detail the conversations from which it was pointed out that word had come from the Japanese naval authorities that they would not release food supplies for the Chinese population. No reason for this position was given but the suggestion had been made in some Japanese quarters that any such supplies might reach the Chinese army, and another suggestion that this represented an extension of the "blockade".

Admiral Yarnell expressed the opinion that as the area north of the Creek is part of the Settlement neutral owners of cargo are entitled to access to that cargo under reasonable restrictions, and that point should be insisted upon with the Japanese authorities. Admiral Little associated himself with this view, as did the British Acting Consul General.

I inquired as to whether food supplies were going out of the Settlement or French Concession to the Chinese army. While no precise and definite reply could be given, the general opinion seemed to be that no substantial supplies for the Chinese army could be slipped out.

It was agreed that the American and British Admirals would see the Japanese Admiral Hasegawa and see if it would not be possible to convene a meeting of the Japanese military naval and consular authorities with the American and British naval and consular authorities (at which representatives of the S.M.C. might be present if it could be arranged) when the question might be discussed and the American-British position put forward. If it is not possible to do

this,

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

this, then the Admirals will make their representations to the Japanese Admiral while the Acting British Consul General and I will see the Japanese Consul General.

It was also suggested that some publicity abroad (not in Shanghai) of the Japanese attitude of refusing food supplies to the Chinese civilian population would be helpful. I made this suggestion and it was supported by Admiral Yarnell; I indicated however that it need not be of an extended character not anything in the way of an official press release, but the information quietly conveyed to the representatives of the larger press associations that this problem is being faced by the foreign authorities of the Settlement would be sufficient and probably conducive of results.

C.E.G.

Copied by: hk
Compared with: CH

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 51 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
11 November 1937

MEMORANDUM FOR FILES:

On September 18th went to Japanese Consulate General for a conference with Mr. Okamoto in company with Admiral Little, Mr. Gauss, and Mr. Davison (Phillips) (British Consul-General). The conference was in connection with the necessity of getting rice out of Hongkew district. Mr. Okamoto admitted that he was not a free agent in this matter but had to defer to the wishes of the Army and Navy. Admiral Little and I then requested that arrangements be made for us to call on General Matsui. Mr. Okamoto replied that his headquarters were down in Woosung. We replied that this made no difference -- we would be very glad to go down there to see General Matsui. Mr. Okamoto made no reply to this request.

After a conference with other naval commanders on November 1st, I requested Mr. Gauss to get in touch with the Japanese Consul General and arrange a call, and to arrange with General Matsui for the senior naval commanders to call upon him with regard to the matter of shells falling into the International Settlement. This call was arranged through Mr. Okamoto. After some time Mr. Okamoto replied that he had tried to arrange the visit but that General Matsui was too busy to see us until November 10th -- nine days later. He also said that General Harada was his representative and that we could see him if we wished. A conference was arranged with General Harada and Mr. Okamoto for the following day. On November 6th Mr. Okamoto informed Mr. Gauss that General Matsui would receive the foreign naval commanders on November 10th. On November 7th I requested Mr. Gauss to inform Mr. Okamoto that I had already made two attempts to call on General Matsui and that as the matter which I wished to see him about had already been discussed with General Harada there was no need for any call on my part. Also, that I was speaking for myself alone, and not for the other naval commanders.

H. E. YARNELL

Copy to Mr. Gauss

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 59 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

MEMORANDUM

American Consular Service
Shanghai Dated Sept. 20, 1937.

I talked with Phillips, Secretary of the Shanghai Municipal Council, this morning concerning the interview had by the American and British Commanders-in-Chief with the Japanese Admiral, and the conversations with the Japanese Consul General on Saturday. He confirmed that Mr. Urabe has been put on the food supply committee.

In reply to inquiries, Phillips stated that the Council has provided a ten day rice reserve which has arrived and is in hand; they have not placed further orders as yet; watching the market and the needs; there is a three weeks supply south of the Creek; this, added to the ten day reserve of the Council, makes available a supply for about one month.

As to guarantees that none of this rice can reach the Chinese forces: He states that there are supplies, about 500 bags, passing out through the French Concession into Nantao for the Chinese population, daily; but this is not enough to permit any substantial supply reaching the Chinese troops. The French stated that they could not prevent these supplies passing out for the Nantao-Chinese City population. (From the standpoint of avoiding trouble on the French-Chinese boundary, this is understandable).

C.E.G.

Copy to Admiral Yarnell.

Copied by: hk
Compared with: ehf

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

26. Lighthouse Service on China Coast. Sept. 17 Encls. 153 - 156

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 153 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA, Flagship

Shanghai, China
18 September 1937.

My dear Gauss:

I am forwarding herewith a copy of a translation of a letter received from Admiral Hasegawa this date. Also, there is enclosed a copy of the Japanese Admiral's reply to our joint letter of 15 September concerning the danger of anti-aircraft fire in the Settlement.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S.NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Mr. C. E. Gauss
American Consul General
Shanghai, China

Encl. - Two

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 4 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Translation

September 17th, 1937.

My dear Admiral,

With reference to our conversation of to-day concerning the maintenance of lighthouses in South China Coast I beg to state in reply that I, myself, deem it necessary in the interests of navigators in general that these lighthouses should be kept functioning and will, therefore, take such steps as to meet your request in consultation with the authorities of the Chinese Maritime Customs.

I am, My dear Admiral,

Yours sincerely,
(Sgd. K. HASEGAWA)
Commander-in-Chief
The Imperial Japanese Third Fleet.

Admiral H. E. Yarnell
Commander-in-Chief
U. S. Asiatic Fleet.

Admiral Sir Charles Little, K.C.B.,
Commander-in-Chief,
British China Fleet.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 55 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

COPY.

0618 IN VIEW OF ATTACKS ON LIGHTHOUSE STATIONS ON SOUTH CHINA COAST AND CAPTURE OF CHINESE CUSTOMS VESSELS BY JAPANESE NAVY COMMA OPERATION OF LIGHTHOUSES HAS BECOME UNCERTAIN PERIOD THIS MATTER WAS TAKEN UP WITH ADMIRAL HASEGAWA BY ADMIRAL LITTLE AND MYSELF AND HE HAS STATED QUOTE I MYSELF DEEM IT NECESSARY IN THE INTEREST OF NAVIGATORS IN GENERAL THAT THESE LIGHTHOUSES ON THE SOUTH CHINA COAST SHOULD BE KEPT FUNCTIONING AND WILL THEREFORE TAKE SUCH STEPS AS TO MEET YOUR REQUEST IN CONSULTATION WITH THE AUTHORITIES OF THE CHINESE MARITIME CUSTOMS UNQUOTE THE COAST NORTH OF THE YANGTZE IS BEING BLOCKADED BY THE SECOND FLEET UNDER ADMIRAL YOSHIDA AND THE SAME QUESTION MAY ARISE THERE PERIOD IT IS RECOMMENDED THAT THE STATE DEPARTMENT MAKE STRONG REPRESENTATIONS TO THE JAPANESE GOVERNMENT AS TO THE NECESSITY IN THE INTEREST OF NEUTRAL NAVIGATION OF NOT INTERFERING WITH THE OPERATION OF THE CHINESE COASTAL LIGHTS PERIOD AMCONGEN SHANGHAI REPEAT TO TOKYO 2126

FROM: CINCAF

TO: OPNAV

INFO: AMCONSUL SHANGHAI, AMEMBASSY NANKING

DISTRI: AMCONSUL FILE

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 15 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y.

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China
19 November 1937

Sir,

We have the honour to bring to your attention the state of affairs in regard to the buoys, lights and other aids to navigation on the China coast in general, and in the Yangtze approaches in particular.

Some of these are now unlit, others are out of position.

It appears to us that it cannot be in the interests of the Chinese people that these aids to navigation should be allowed to deteriorate or disappear. In the case of Shanghai the supply of food to the Chinese population of between 2 and 3 million would be directly affected at an early date.

On behalf of these people, as well as to ensure the safe continuance of Foreign trade which is to the equal benefit of China and the other Powers concerned, we request that all possible steps be taken to restore the full services of the Conservancy.

Your obedient servants,

ADMIRAL, UNITED STATES NAVY
COMMANDER-IN-CHIEF
UNITED STATES ASIATIC FLEET

ADMIRAL
COMMANDER-IN-CHIEF
CHINA STATION

VICE-ADMIRAL
COMMANDER-IN-CHIEF
FRENCH NAVAL FORCES IN THE FAR EAST

CAPITANO DI VASCELLO
COMMANDANTE SUPERIORE IN
E.O.

Inspector-General
Chinese Maritime Customs,
SHANGHAI.

Copied by: hk
Compared with:

27.	Japanese Request that Neutral Nationals and Ships Remove from Nanking.	Sept. 19	Encls. 157 - 158

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 157 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

September 19th, 1937.

Sir and dear Colleague,

I have the honour of enclosing herewith copy of a statement issued by the Commander-in-Chief of the Third Fleet, Imperial Japanese Navy, regarding the safety of lives and property of the nationals of third Powers residing in and around Nanking.

I shall feel very grateful if you will be good enough to circulate the information to your nationals concerned at the earliest possible opportunity.

I have the honour to be,
Sir and dear Colleague
Your obedient servant,

Suemasa Okamoto
Consul-General

C. E. Gauss, Esquire,
American Consul-General,
Shanghai.

Note: Translation sent to Embassy at Nanking and to Secstate Washington as our 728 Sept. 19, 1 p.m. A copy of our telegram in question sent to Admiral Yarnell Sept. 19/37, 1 p.m.

JBP

Copy of enclosure.

(Translation)

It being the objective of the Japanese operations to bring the present state of hostilities to an early conclusion by terminating hostile actions of the Chinese forces, and Nanking being the principal base of the Chinese military operations, the Japanese Naval Air Force may, after 12 o'clock noon of September 21st, 1937, have to resort to such offensive measures as bombing and otherwise upon the Chinese forces as well as all establishments pertaining to their military operations and activities, in and around the city of Nanking.

It needs no reiteration that the safety of the lives and property of nationals of friendly Powers will be taken into full consideration during the projected offensive. In view, however, of the possibility of such nationals becoming dangerously involved in the Sino-

Japanese

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Japanese hostilities in spite of all precautions, the Commander-in-Chief of the Third Fleet, Imperial Japanese Navy, is constrained to earnestly advise such officials and residents as are now living in and around Nanking to take adequate measures for voluntarily moving into areas of greater safety. The foreign warships as well as those who propose to avoid the danger on the Yang-tse-kiang are advised to moor upstream from Hsia-san-shan.

September 19th, 1937.

Copied by MB
Compared with JMD

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 158 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
20 September 1937

My dear Admiral Hasegawa:

I have received the notice which was issued through the Japanese Consulate General with reference to the proposed bombing by the Japanese naval air forces of Nanking, the operations to begin after twelve o'clock noon on September 21st.

This notice contained the advice that foreign warships are advised to moor upstream from Hsia-san-Shan.

The United States Navy has at Nanking two river gunboats, the LUZON and the GUAM. These two ships are anchored in the river abreast of the Butterfield and Swire pontoon.

As long as the United States Embassy and any U.S. nationals remain in Nanking, it is necessary for these two vessels to remain there also. These two vessels are distinguished by the U.S. flag being spread horizontally on the upper works.

It is requested that you issue the necessary instructions to the Japanese naval air force to avoid dropping bombs in the vicinity of these vessels. In case Japanese Army planes are bombing in this vicinity it is requested that they be issued similar instructions.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admrial K. Hasegawa, I.J.N.,
Commander in Chief, Third Fleet,
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China.

Copied by MB
Compared with JMD

28.	Permission for Removal of Supplies for U.S. Navy and U.S. Marine Corps in Japanese Occupied Districts.	Oct. 20	Encls. 159 - 162

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 159 to Despatch No 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

HEADQUARTERS

IMPERIAL JAPANESE NAVY

LANDING PARTY

SHANGHAI

October 20, 1937.

Dear Sir,

Under the present brighter situation prevailing in the Eastern and Hongkew districts in the Settlement, it is agreed among our authorities concerned that the application for the issuance of a curfew pass to take the properties belonging to your force out of these areas is to be made at the Japanese Consulate-General.

I shall be extremely glad if you will convey this communication to your men concerned.

Respectfully yours,

/s/ R. Fujita

Captain R. Fujita,
Chief-of-staff,
Imperial Japanese Naval Landing
Party, Shanghai.

To:

Captain T. G. Rennie ... British Force.

Captain R. A. Boone .... U. S. Marine Force,

Lieutenant J. Boudet ... French Force.

RF/JT

Copied by: hk
Compared with: am

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Mitton D. Gustafson NARS, Date 12-18-75

Enclosure No. 160 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, China, November 22, 1937

350
JE/Wst

Major F. W. Gerard, C.I.E.,
Shanghai Municipal Police,
Shanghai

Sir:

The American Consulate General is informed by Sergeant A. R, Nash, U.S.M.C. that this morning he went to the Garden Bridge to proceed to the Hongkew and the Yangtsepoo districts on official duty in connection with the gathering up of equipment of the United States Government for use in the American contingent of the Shanghai Volunteer Corps, which had been left in the houses of American and Philippine citizens upon their evacuation from those areas.

Sergeant Nash further advises that when he arrived at the Garden Bridge he was prohibited entrance into the districts by a Japanese Sergeant of the Municipal Police who informed him that he would have to obtain a consular pass to be able to enter the districts.

According to the announcement of the Japanese Military Authorities under Section (2) (a) members of the S.M.P. and S.V.C. are to be able to enter the districts and are not required to obtain a consular pass.

Will you, therefore, be so kind as to take this matter under your advisement and render whatever appropriate assistance may be necessary in order that Sergeant Nash shall proceed to the districts on his official business.

Very truly yours,
For the Consul General:

James Espy,
American Vice Consul.

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 161 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 19, 1937.

MEMORANDUM FOR THE FILES

Admiral Yarnell told me this morning that the U.S. Navy maintains at the Kiangnan dock certain spare parts for their river gunboats, and that he recently applied to Admiral Hasegawa for facilities to check over these spare parts and received a reply that the Japanese authorities consider the Kiangnan dock as a prize of the war and facilities could not be given as requested, but that if a list of the spare parts were supplied to the Japanese Navy they would check them over to see what remained.

This may be interpreted as an indication that the Japanese military and navy authorities will probably claim Chinese Government properties as a prize of war and take such properties into possession and control.

C.E.G.

Copied by MB
Compared with RN

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. 1(c) to despatch No.____ of C. E. Gauss, American Consul General at Shanghai, China, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

(COPY)

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
8 February 1938

My dear Admiral Hasegawa:

I have the honor to refer to my letter of 26 November 1937 and your reply of 14 December 1937 in regard to the machinery parts belonging to the United States Navy which were stored at Kiangnan Dockyard.

In your letter you state that you will arrange to have these articles which have been marked, delivered to the U.S. Navy when practicable. Would it be convenient to have this arranged in the near future?

I have the honor to be,

Respectfully yours,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

Vice Admiral K. Hasegawa, I.J.N.,
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IZUMO, Flagship
Shanghai, China

Copied by RN
Compared with Ed.

29. Japanese Munition Dump near American Property. Oct. 25 Encl. 163

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 60 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 21 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

HIJMS IZUMO
Shanghai, China
25 October 1937

My dear Admiral Yarnell:

I have the honor to acknowledge the receipt of your letter of 20 October 1937 in regard to the Toyo Menka Kaisha (Yu Fong Toyo Cotton Mill).

I regret that it has been necessary in the conduct of our operations in this vicinity to store ammunition and explosives in various places and although I am unable to give the details as to the location of this stowage, I can assure you that the forces under my command are taking every possible precaution to insure the safety of other nationals in general and Americans in particular. I also can assure you that my forces have no intention of deliberately endangering the Shanghai Power Company.

I have the honor to be,

Respectfully yours,

K. HASEGAWA
Vice Admiral, I.J.N.
Commander in Chief
Third Fleet

H. E. Admiral H. E. Yarnell, U.S.N.,
Commander in Chief,
U.S. Asiatic Fleet.

T R A N S L A T I O N

Copied by MB
Compared with HHS

30. Fires Endangering Settlement Areas. Oct. 28 Encls. 164 - 165

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 164 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
28 October 1937

My dear Admiral Hasegawa:

While many of the fires in the Chapei district have burnt out, it was noticed this morning that there are two large ones near Soochow Creek. In case of a shift of wind it is quite possible that these fires might spread to that part of the Settlement to the southward of the Creek.

It is strongly recommended that the military authorities make every effort to extinguish these fires as soon as possible to prevent danger of another great conflagration in the neutral zone.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief, Third Fleet
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copy to AmConGen Shanghai

Oct. 28
On suggestion of the Admiral I brought this situation to the attention of Mr C S Franklin Chairman of the S.M.C.

CEG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1385

Enclosure No. '65 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
29 October 1937

My dear Admiral Hasegawa:

The Fire Department of the International Settlement desires to send a fire boat up Soochow Creek to put out fires which are now near the Creek and are a menace to the remainder of the International Settlement. May I request that you instruct the Naval Landing Party to render all possible assistance to this fire party.

With kindest regards, I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commander in Chief, Third Fleet
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China

Copy to AmConGenShai

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31. Water Supply for Japanese Troops from U.S. Marine Sector, etc. Oct. 29 Encls. 166 - 168

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

October 29, 1937.

Memorandum
to Mr. Gauss, Sn.

Captain Boone, Intelligence Officer of the 4th Marines, phoned me at 4:45 to state that he thought you ought to know the following: The Japanese had been refused by the Marines permission to get water from 2 & 4 Ichang Road, within the Marine sector. He said he had gone over to the Japanese headquarters and explained matters to them and left them in good humor but that for "various reasons", it was not possible to let them have the water although a similar request at another point had been granted a few days ago, as you were aware.

B/EO

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 167 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 6, 1937

Memorandum

10.50 A.M. Mr. Wajima, Japanese Consul, called and said that the Japanese Consul General wished me to be informed, so as to avoid misunderstanding, that the Japanese want to make some rice cakes at the Nagai cotton mills in the U.S. Marine sector, to be put in some comfort bags to be sent to the soldiers.

I informed Mr. Wajima that I would pass this information on to Marine Brigade Headquarters, but commented that I had nothing to do with such matters and that I assumed that there was not involved any question of passing the rice cakes out through the American lines to the other side of the Creek. Wajima replied that he did not know of any such question being involved; he was simply asked to tell me that these rice cakes were to be made to be put in comfort bags for the soldiers.

C.E.G.
Consul General

Copy to Headquarters, 2d U.S. Marines.

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 168 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 21 1938, on the subject: "Action Taken by American Naval Authorities during Shanghai Hostilities of Interest to Consulate General."

Copy

November 6, 1937.

Memorandum

11.45 A.M. Mr.T. Funatsu, Director General of the Japanese Cotton Millowners Association in China, 24, The Bund, called and told me that the Japanese are proposing to make a number of rice cakes in the Nagai Wata cotton mills in the Marine sector, to be put into comfort bags to be sent to the Japanese soldiers as an appreciation of their efforts. It is planned to give two of these sweetened rice cakes to each soldier; they will be prepared at the mills by the regular mill staffs; there is no question of passing them across the Creek through the Marine lines; and there is no question of "feeding" the Japanese troops. These cakes are simply thank offerings to the troops. He called to explain and avoid any misunderstanding.

I told Mr. Funatsu that I would pass on the information to Marine Brigade Headquarters, and suggested that perhaps the Japanese who is in charge of the Nagai Wata Mills and has in the past acted more or less as liaison with Marine Headquarters can let Marine HDQ know any further details.

C.E.G.
Consul General.

Copy to Marine Headquarters

Copied by MB
Compared with HHS

32.	Foreign Naval Commanders Confer with Ranking Chinese and Japanese Commanders on Indiscriminate Firing over Settlement.	Oct. 31	Encls. 169 - 183

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 169 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

October 31, 1937

Memorandum for the Files.

11.40 A.M. Admiral Yarnell telephoned and said that Admiral Little had just been aboard the AUGUSTA and thought there ought to be a meeting with General Matsui and the naval representatives about this indiscriminate shooting over the Settlement. He asked that I inform the Japanese Consul General that the naval representatives (five Powers) would like to have a meeting with General Matsui to discuss this matter of the shooting into the Settlement. They would also like to have a meeting with a higher Chinese military official; it would probably have to be arranged through Mayor Yui but they want to talk to some general; "we want to see the highest Chinese General so we can take up with him the matter of this indiscriminate shooting around here. But we had probably first better start with the Japanese. Would I please arrange it. We could have it at the Consulate but if that is not convenient we will go to Woosung or wherever Matsui may be. Want the meeting today or if that is not possible, then tomorrow morning."

I told Admiral Yarnell that I would communicate his message to Consul General Okomoto.

C.E.G.

12 noon. At the request of Admiral Yarnell I telephoned to Mr. Okomoto, the Japanese Consul General, and informed him that the five naval commanders in chief desired a conference with General Matsui concerning the situation which finds all this firing into the Settlement areas; that it was desired that the conference be held this afternoon or if that is not possible tomorrow morning; they can meet the General at the consulate or elsewhere and if necessary will go to Woosung.

Mr. Okomoto stated that he would get in touch with General Harada (who is the military attache of the Embassy), inform him of the request, and let me know the reply.

C.E.G.

Copied to the Admiral

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

5.40 P.M. Japanese Consul General telephoned and stated:

> I have just received a reply from the Army authorities--Military Attache's Office. They have sent a special officer to get in touch with General Matsui this morning and that officer has just returned. He says the general regrets very much because of the military exigencies it is a busy time for him and he cannot have the pleasure of meeting the Admirals before the 10th of November. That is the reply, and he asks me to convey his regret that he is unable to meet the Admirals because of the urgency of the military operations. He must direct the war which is now going on. That is what I have just heard. Will you please convey that to the Admiral. I am so sorry. I hoped very much that General Matsui could see the Admirals and talk the matter over. You see now our troops crossed the Soochow Creek. That is what is going on.

I asked Mr. Okomoto if the purpose of the proposed meeting with General Matsui had been made known to him. He said, "Yes, it was made known that the shells are coming down in the settlement area and the Admirals want very much to discuss the matter".

I commented to Mr. Okomoto that I was very sorry to have to convey this message to the Admiral. The Admirals had expressed a request to consult with General Matsui; it would not be well received publicly if it were known that such a request had been made and not met. Mr. Okomoto was evidently somewhat embarrassed for a reply but finally made one to the effect that General Harada is representing the Army; if the Admirals wish to see General Harada they can meet him; he is the military attache; but General Matsui is unable to meet them.

C.E.G.

Copied to the Admiral. Admiral telephoned and asked me to inform Washington.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 170 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Confidential Paraphrase

American Consul today made request to Japanese Consul General that he make arrangements for a conference between General Matsui and Naval Commanders Shanghai for discussing indiscriminate firing into Settlement area conference requested today or tomorrow General Matsui to designate place General Matsui replied he could not grant such a meeting before ten November because he was too busy with military activities also that his representative for such matters is General Harada Military Attache Uselessness of meeting with subordinates has been demonstrated by previous experience PERIOD Japanese made previous admission in conference with British Admiral and Consul that their guns fired shells Friday which wounded and killed British soldiers yet they continue to make public denial of responsibility. Nipponese shells fired during attack on Lost Battalion godown struck buildings on Bund one landing within twenty feet of AUGUSTA Expect Japanese campaign in Pootung will start shortly Shanghai food problem will probably become more serious with city begin gradual cut off from land sources Problem of refugees serious at present and growing worse with cold weather

31 Oct 37

From CINCAF To OBNAV To (Information) American Ambassador

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 171 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China
1 November 1937

CONFERENCE ON BOARD USS AUGUSTA

Present: Admiral Yarnell, Admiral Little, Vice-Admiral le Bigot, Captain Da Zara, Lieut. Comdr. Houtsmuller, and staff officers.

Admiral Yarnell said that he had tried to arrange a conference with General Matsui in order to take up the problem of preserving the Settlement from shelling. Mr. Okamoto said that General Matsui would not be able to attend any conference prior to the 10th of November, and suggested that General Harada would be able to take part in a conference. Admiral Yarnell wished to obtain the views of the other officers relative to the advisability of seeing General Harada.

Admiral Little thought that it would be a good idea to see General Harada in order to show the Japanese that we attach great importance to this matter. Such a conference might cause the Japanese to issue some orders stopping the shelling in and near the Settlement.

Admiral le Bigot wished to know whether General Harada would have any power or authority entitling him to make definite arrangements.

Admiral Yarnell doubted that he would, and considered that he would be a mere spokesman with no executive power. However, he would be able to transmit our views to General Matsui.

Admiral le Bigot believed it would be better to see General Harada rather than to continue passing all information through the consuls, and asked if any one had so far talked with General Harada.

Admiral Little replied that he had had one conference with him about the shelling in Jessfield Park.

Captain Da Zara agreed with Admiral Little about the proposed conference, and suggested that the subject of moving the Japanese ships down the Whangpoo might be taken up again since all the fighting was over in Chapei. If this were done the dangers from bombing would be reduced.

Admiral Yarnell said that this would have to be taken up with Admiral Hasegawa.

Admiral Little said that he had been continuing former proposals of that type with Admiral Hasegawa, but

the

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By Milton D. Gustafson NARS, Date 12-18-75

the latter had refused to remove the IDZUMO even 500 yards downstream until the Chinese were removed from Pootung. Admiral Hasegawa's last answer had arrived yesterday, and Admiral Little believed that there was no hope. He was sending all of the correspondence to the British Ambassador in Tokyo. However, although he thought it was useless to ask, he suggested that Captain Da Zara might go and talk with Admiral Hasegawa, and see if there were any hope.

Captain Houtsmuller agreed to the proposed conference with General Harada.

Admiral Yarnell said that he would try to arrange a conference with General Harada tomorrow at 1000. He also remarked that Admiral Little had heard from Admiral Hasegawa that operations would be stated in the Pootung area.

Admiral Le Bigot thought the conference with General Harada should be held, but with the reservation that the idea of a conference with General Matsui should not be given up.

Admiral Yarnell thought that now General Matsui should make the first move for a conference. Perhaps General Matsui did not wish to see them.

Admiral le Bigot asked what propositions should be made to General Harada, and Admiral Yarnell replied that a general discussion of the situation would be held, with special emphasis on the necessity of preventing any further incidents, and thereby any more ill-feeling. He said that an attempt was being made to get a conference with the Chinese, too.

Admiral le Bigot thought it would be best to get in touch with one of the Chinese generals, and Admiral Yarnell said that an attempt was being made through the Consulate to get in touch with one who had some executive power.

Captain Da Zara brought up the danger existing in the presence of many barges and lighters being moored just below the boom. Should some be caught on fire by a bomb or otherwise great danger to all of the ships would exist. He suggested that the harbormaster be requested to move them someplace else, such as on the other side of the boom.

Captain McConnell said that the harbormaster had been asked many times, but that he could do nothing. Admiral le Bigot said that the harbormaster had no authority on or above the barrier. Admiral Little said that that might be arranged through the Chinese general.

Admiral Yarnell then said, that if arrangements could be made, a conference would be held with General Harada on the next day at 1000, and one with the Chinese General on the following day.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 172 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 1, 1937

Memorandum

2.30 P.M. Admiral Yarnell telephoned and stated that the naval commanders had had a meeting and it is the consensus of opinion that they would like to have a conference with General Harada; that they think that they ought to do everything they can to impress upon the Japanese the serious situation here; he will of course not have any authority to approve anything.

He asked that I arrange a conference on the AUGUSTA at 10 o'clock tomorrow morning. C-in-C will have a boat at the Customs Jetty at 10 A.M. if we will let him know.

Admiral Yarnell then went on to recall that at our conversation this morning it had been decided not to get to the Chinese; but the feeling now is that they would like to talk to the highest ranking Chinese military officer; they think perhaps they cannot get anyone higher than General Yang Hu; but will we find out and try to arrange an interview or conference with him or any higher ranking general available, perhaps for the morning of the day after tomorrow; preferably on the AUGUSTA

C.E.G.

2/35 P.M. Telephoned to Japanese Consul General, who was out. Left word to ask that he call me when he returns.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 173 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Memorandum for Mr. Gauss

November 1, 1937.

I phoned Mr. O. K. Yui, the Mayor of Greater Shanghai, at 3:15 p.m. and informed him that the neutral naval commanders of whom Admiral Yarnell is the senior, wished to confer with the highest ranking Chinese military commander in this area in regard to the dangerous situation growing out of the shelling in the immediate Settlement area. I told him that Admiral Yarnell would like to have such Chinese commander come aboard the U.S.S. AUGUSTA for the conference at 10 a.m. on November 3d and that a boat would be sent ashore for him.

The Mayor stated that he did not know who the highest ranking Chinese military commander in this area was as there were so many of them but that he would attempt to ascertain and convey the invitation but that it would take possibly a day to get the reply. He mentioned General Yang Hu and I stated that if he were in command of the troops in this area, he would be the man. Mr. Yui said that he was not in command of the troops and that all General Yang Hu could do would be to convey the message which he could do equally as well. I therefore left the matter in Mr. Yui's hands and he promised to inform me as soon as possible.

B/EO

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 174 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General"

Shanghai, November 1, 1937.

Dear Admiral Yarnell:

I put your invitation to General Harada (Major General) through the Japanese Consul General and have received a reply that he will come abroad the AUGUSTA at ten o'clock tomorrow morning, accompanied by Consul General Okazaki. I have stated that a boat from the AUGUSTA will be at the Customs Jetty at 10 o'clock to take them out.

We are putting through the request for a conference with the highest ranking Chinese military authority (probably General Yang Hu) for the next morning, as your requested.

I might mention that Consul General Okazaki, who is accompanying General Harada, is an officer recently attached to the Japanese Embassy at Washington. He is serving here in the Japanese Embassy and Consulate General principally as liaison officer with the Japanese military authorities. We have found him very helpful.

Very sincerely,

C. E. Gauss.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 175 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Commanders During Shanghai Hostilities of Interest to Consulate General."

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UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
2 November 1937

CONFERENCE 2 NOVEMBER 1937

Present: Admiral Yarnell, Admiral Little, Vice-Admiral le Bigot, Captain Da Zara, Lieut. Comdr. Houtsmuller, staff officers, Major-General Harada, I.J.A., and Consul General Okazaki (Consul General Okazaki acted as interpreter for General Harada throughout the conference.)

Admiral Yarnell stated that the naval officers present had been anxious to meet General Matsui in order to lay before him for discussion the present situation. General Harada said that he had spoken to the Army Headquarters about the admirals wishing to see General Matsui, who had no objection to meeting them and would have been able to see them three days ago. However, the change in the military situation had rendered it necessary for him to be near the front lines and he was unable to leave in order to attend a conference. He would try to have a conference at a later date inthe month.

Admiral Yarnell stated that they wished to discuss the numerous cases of shells falling in the Settlement involving the killing and wounding of men of the defense forces and of non-combatants. He stated that this condition must stop, for if continued a very serious situation would be caused. He believed that the object of this conference was to inform General Matsui through General Harada of the seriousness of the situation and the necessity for preventing any further firing into the Settlement. General Hara replied that Admiral Little had mentioned this at a conference held two days before. He said that the Japanese had no intention to drop shells in the Settlement or behind the defense lines, but that since the Chinese were entrenched near the railway lines beside the British sector extreme care had to be taken in order not to drop shells within the defense lines.

General Harada had sent word after the previous conference to Headquarters, and very strict instructions not to fire near the railway lines had been issued. It was very inconvenient to refrain because of the Chinese troops but such instructions were sent because of the chance of hitting inside the defense lines.

In

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By Milton O. Gustafson NARS, Date 12-18-75

In addition, General Harada had sent an assistant to the front lines to the artillery division to explain by maps the location of the various forces and to give the artillery such instructions. He said that the Japanese were doing their best and knew the seriousness of incidents. He also said that he would inform General Matsui as to what was being said at this conference.

Admiral Yarnell believed that it was most essential to prevent recurrence of incidents in order to maintain good relations between the various nations. The foreign commanders were doing all in their power to prevent such things and hoped that proper maps and instructions would be given the Japanese forces. He hoped that the fighting would soon be removed in order that no more should be injured.

General Harada said that they gave the artillery and other units all precautions but that when Chinese troops were entrenched so very close to the perimeter it was impossible to prevent some shells from landing inside. He suggested that if the Chinese troops were removed one or two miles from the railroad lines that the danger would be over.

Admiral le Bigot brought up the question of the dispersion arising in artillery fire and suggested that if they did not aim at the railway but to the westward by the amount of the dispersion (approximately 100 meters) they would be sure not to land any shells in the Settlement. He further stated that we are not in the war and that the area in which these shells had landed is a peaceful one. He said that since guns are not perfectly accurate those firing them should be very cautious, for even if they do not aim at a point the shells may land there. He also said that the Japanese must be responsible for the results of any such firing. General Harada said that it was very disadvantageous to be not able to fire directly at the railway lines. However, they are aiming some distance away. He also said that the Japanese were trying a flanking action and that if Chinese troops would remain near the Settlement after such action they would be obliged to fire on them. He hoped that in such a case the foreign authorities would ask the Chinese troops to move or would move their own troops.

Admiral Little said that he was glad to hear that an outflanking movement was being tried and believed that he could assure the Consul General that if such action succeeded and should Chinese troops remain he would try again to remove them. He informed the Japanese that in the case of the Chinese troops in Chapei, that the foreign representatives in Nanking had talked to the Generalissimo in order to get them to move, and that should a similar situation arise the foreign powers would take action again.

General Harada said that he did not know what exactly General Matsui intended to do but believed that he was

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making an outflanking movement and that he was afraid that when the Japanese marched south the Chinese would fire on their flanks. He said that if it was desired he could send a liaison officer to the British and French commands.

Admiral le Bigot pointed out that if the foreign defense forces were not on the lines they could not prevent the Chinese from operating behind the lines with consequent danger to the Japanese and considered our presence was both a hindrance and a help to the Japanese for that reason. He also stated that no Chinese soldiers were now in Nanyang University, and that French troop outposts had been established outside the University. He said that he would try to get the Japanese University cleared of troops too, and would inform the Japanese what his success was in that matter.

Admiral Little stated that he could see no reason why there should be more casualties among the foreign forces now than when they were fighting on the Chapei front. Admiral Yarnell asked what was the deflection error of these guns, and saw no reason why the shells should land in the Settlement unless the gunnery was very poor. General Harada said that they had a very small deflection error. He believed that the cause of shells landing in the Settlement was from a mistake in aim, and as a result had had an assistant go to the artillery to give instructions. He believed that no danger would occur in the daytime from now on, and that any possible danger would come at night. However, at present there is no firing at night in that direction.

Admiral le Bigot suggested that they fire to the westward at night and General Harada replied that he believed such instructions were now in force. General Harada remarked that when the accident happened they were firing at Toyoda Mill, but that the artillery had fired on the wrong side of the mill. He remarked that when doing this outflanking movement Chinese shells might come in the Settlement. Admiral Yarnell replied that arrangements would be made with the Chinese. He also stated that he assumed that this question of shells landing in the Settlement was of as great importance to the Japanese as to us, and was sure that General Matsui realized that the question of the Settlement, with all the interests of neutral nations therein, must be taken into account in his plans.

Consul General Okazaki said that he had heard that General Matsui was furious when he heard of the shooting of the British soldiers. The Consul General understood that the Japanese Government had approached the British Ambassador in Tokyo with the understanding that indemnity would be given and that persons responsible would be punished.

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Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 176 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, November 2, 1937.

Dear Admiral Yarnell:

I am sorry that we have not yet been able definitely to arrange for a conference with a high ranking Chinese military officer. The request was put through Mayor Yui, and from what he tells us and from what we have learned also from General Yang Hu's office, it was referred to Nanking, and both offices have inquired whether there was to be any Japanese present at the conference. We replied in the negative, explaining the purpose of the meeting.

We have been led to believe that perhaps either Chang Fa-kwei or Chu Hsiao-liang may be designated, and since it seemed that the request was tending to produce a high ranking Chinese military officer with some authority we have let the matter follow its course rather than to suggest that General Yang Hu might attend. The Mayor said perhaps it might be possible to arrange a meeting for tomorrow, but that he did not know.

We will get in touch with the flagship just as soon as we have anything definite.

Very sincerely,

C. E. Gauss

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 177 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 2

Memorandum

Col. Sung of Yang Hu's office telephoned at about 1.45 P.M. and said they had learned from Generalissimo's office at Nanking that the Admiral wanted to have a party What is it about?

I told him that the American British French Italian and Netherlands naval commanders wanted to have a conference (not a party) with the highest ranking Chinese military officer available at Shanghai, tomorrow morning, on the AUGUSTA, to discuss the serious situation which exists here in consequence of the hostilities in this area and the shelling and shooting about. Having been requested to do so, we communicated with the Mayor and asked him what high ranking Chinese military officer would be available to attend, and that so far as I am informed, no reply has yet been received.

Col. Sung mentioned the names of two Chinese officers, one of them Chang Fa-kwei, the other I could not get, as being the highest ranking military officers around here but said that it could not be arranged for tomorrow if they were to come. I replied that I was not suggesting who should come; the naval commanders wanted to talk to a high ranking military officer; if there is none here higher ranking than General Yang Hu, then they will talk with Yang Hu, but we had asked for the conference through the Mayor and I did not know what the Mayor had done.

Col. Sung wanted to know whether the Japanese would be there. I replied "No; this is a conference with the Chinese military authorities and has to do with the serious situation in the foreign areas due to indiscriminate firing". He said the Generalissimo had inquired what it is all about. He wanted to know who to apply to now. I suggested that since we had sent the request through the Mayor it would be well to put his inquiry through the Mayor and not get several lines running out, to no purpose.

CEG

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 178 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 2, 1937.

Memorandum for Mr. Gauss and files

Mayor Yui called me at 2:50 this afternoon to state that he had not been able to receive a reply from Nanking in regard to the Chinese military commander who would attend the conference on board the AUGUSTA. I suggested that it might be Chang Fa-kwei and he said perhaps Chang Fa-kwei or Chu Shao-liang. Mayor Yui asked twice whether there would be any Japanese present and I said no. I said the American, British, French, Italian and Dutch commanders would be present and that they wished to discuss the shelling near the Settlement.

He said he would let us know when he had word and in response to my question whether it would be possible to have the conference tomorrow, he said he did not know but perhaps it would.

B.EO

Nov 3

Mayor telephoned & arranged for General Chu Hsao-liang to go to the conference this morning at 10 AM.

Admiral informed, etc.

C.E. Gauss

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 179 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 6, 1937.

Dear Admiral Yarnell:

Consul General Okazaki telephoned me at 12.30 P.M. and stated that "about the Admirals going to see General Matsui, General Matsui is ready to see them on the tenth at 10 o'clock in the morning, which would mean about 9.30 A.M. at the Garden Bridge".

He asked me to communicate with you to this effect.

I told Mr. Okazaki that I did not know whether it was the desire of the Admirals to see General Matsui on the 10th, but that I would pass his message on to you. He did not fix the place of meeting; said that General Matsui would come out from the lines at some convenient place for the Admirals.

Yours sincerely,

C. E. Gauss

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 180 to despatch No. 1585 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 7, 1937

Memorandum

10.15 A.M. Admiral Yarnell telephoned and said: "With regard to that message about General Matsui, will you inform the Consul General that I appreciate the offer of General Matsui to meet me on November 10th but that the matter which we wished to discuss with him has already been discussed with General Harada and there is no necessity for a further meeting. I am only speaking for myself" in so saying.

C.E.G.

10.25 A.M. I telephoned Mr. Okomoto and said that I had received a telephone message from Admiral Yarnell on the AUGUSTA saying that he appreciated the offer of General Matsui to meet him on November 10th but that the matter which was to be discussed with General Matsui had already been discussed with General Harada and there is no necessity for a further meeting. I added that Admiral Yarnell said that in returning this reply he was speaking only for himself.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 181 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
8 November 1937

My dear Mr. Gauss:

In reply to your memorandum of November 6th with reference to the telephone call of Consul General Okazaki about the call on General Matsui, will you please inform the Japanese Consul General that I appreciate the opportunity to call on General Matsui but that the matter about which we desired to see him originally has been discussed with General Harada, and that no further necessity exists for the call on General Matsui. This applies to myself alone. I do not know what are the desires of the other naval commanders.

This is a matter for record only, as I understand you telephoned Mr. Okazaki to the above effect yesterday after my telephone call to you.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 182 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 10, 1937.

Memorandum

Subject: General Matsui Receives Group of Foreign Military and Naval Officers.

Capt. Boone informed me this afternoon that at the invitation of General Matsui a group of foreign naval and military officers had had an interview with him this morning. General Beaumont did not go but deputed one of his staff to accompany Capt. Boone. French, Italian and officers of one or two other nationalities also called on General Matsui.

On arriving at the General's headquarters somewhere near the Civic Center they found that Admiral Little and Brigadier Tellfer-Smollett were there calling on General Matsui and were closeted with him for about an hour. Finally General Matsui came out, greeted them with a short speech of welcome and then proceeded to say that he intended to supply Japanese troops in the Shanghai area by all means of transportation, namely land, water and air. Capt. Boone says this was said in a manner which indicated that the General expected those present to inform their commanding officers of Japanese intentions. General Matsui then queried the Commandant of the French forces regarding the so-called Safety zone for refugees in Nantao and inquired whether it was true that the French had sent troops into that area. French Commandant replied that it was.

Capt. Boone's impression of General Matsui; a frail, sick little man of 62 who looks much older; intelligent, incisive and outspoken.

EFS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 183 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
11 November 1937

Memorandum for Files:

At 2:00 o'clock Admiral Little came on board to describe his call yesterday on General Matsui. He said they met General Harada, Military Attache, and Consul General Okazaki at the Garden Bridge at 0930 and proceeded to a house somewhere in the vicinity of the Civic Center, which was General Matsui's headquarters. Upon arrival he was accorded the suitable honors. Here they were ushered into a room and kept waiting for ten minutes before General Matsui was ready to receive them. The room in the meantime filled up with a large number of military attaches and newspaper men.

During the call, which lasted not more than ten minutes, the usual remarks were passed. General Matsui does not speak English and Mr. Okazaki acted as interpreter. Admiral Little said that General Matsui's manner was stiff and formal, and he had the air of an oriental potentate receiving some defeated leader. At the end of the visit General Matsui informed Admiral Little that it was the intention of the Japanese Army to use Soochow Creek for transporting supplies and provisions. He understood there were some British troops in that vicinity and he wished to inform Admiral Little that he would brook no interference with their operations by British troops. Admiral Little replied that the British troops were not there to interfere in any way with the operations of the Japanese Army, but only to maintain peace and order in the International Settlement, and that in this task he hoped he would have the co-operation of the Japanese Army. The visit then ended and they went below where a photograph was taken and Admiral Little left.

Upon leaving Consul General Okazaki at the Garden Bridge, Admiral Little commented to him on the impropriety of General Matsui's bringing up the question of Soochow Creek, which was a contraversial subject, during what was supposed to be purely a friendly visit. Mr. Okazaki admitted the rudeness of General Matsui in doing so and plead in extenuation that General Matsui was a very old man. Admiral Little said that General Matsui was quite old and shakey and that he believed he was simply a figurehead and very probably took no part in the direction of troops in the Shanghai area.

All

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

All in all, it would appear that this visit did not have the results expected, since Admiral Little was requested to make it by Mr. Howe in order to further better relations between Great Britain and Japan.(sic)

H.E. YARNELL

Copy to Mr. Gauss

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33.	Status of Soochow Creek: Japanese Move to use it to Transport Supplies.	Nov. 3	Encls. 184 - 194

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 184 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
3 November 1937

My dear Gauss:

Admiral Little has been informed by Admiral Hasegawa that the Japanese consider Soochow Creek as apart from the neutral zone and that they have the right to use it for such purposes as they see fit. They undoubtedly will want to use it in the near future to transport supplies to their troops west of the Settlement.

So far this section of the creek lying within Sector "B" has been considered neutral territory, and to prevent any use by the Chinese military forces a boom was placed across it at Yu Yaching Bridge. If the Japanese are now allowed to use it for transportation of military supplies, it is in my opinion an extension of their further use of the International Settlement as a military base for their extended operations, and is not justified. Admiral Little concurs with me in this opinion.

Since this is more of a matter for the consular body than for the naval authorities, I am referring it to you for consideration and such action as you may deem appropriate. It might be that strong representations to the Ambassador in Tokyo and to Washington on this matter might deter the Japanese from making use of the creek as they have stated that they propose to do.

It has been up to this time a harbor of refuge for many junks and sampans, and the clearing of the creek by the Japanese would probably be accomplished in their usual ruthless manner, which might bring on trouble with the British forces occupying "B" Sector, so there are potential elements of trouble in the situation.

Admiral Little informed me that their orders are to protest the use of the creek by the Japanese but in case the latter go ahead and use it anyway, they are not to be resisted by force, but the matter is to be reported to the home government. This is, of course, our own policy in such matters.

Very sincerely,
(Sgd) H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China

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Compared with RN

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 185 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 30 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, November 3, 1937.

Dear Admiral Yarnell:

Your letter concerning the Japanese desire to use the Soochow Creek has come after the British Consul General had been in to see me on the matter this morning. After talking it over with him I agreed to discuss it with you while he talks it over further with Admiral Little.

The Soochow Creek has not been considered as within the jurisdiction of the International Settlement. The Chinese have claimed jurisdiction and have generally been able to maintain it. The only ground upon which we can justify the boom which the British placed across the Creek some time ago is that of military necessity, the British requiring free access to the portion of "B" sector north of the Creek. The only ground for keeping the boom there and denying access to the Japanese is that of military necessity, with the added argument that as it was closed to the Chinese (who were at one time trying to slip down their torpedo launches) it must remain closed to the Japanese. We might further argue that if the Creek were opened to Japanese traffic it would likely result in Chinese air-bombing operations which would jeapordize the safety of the foreign protected areas; and there is the further argument, perhaps, that the blocking of the Creek does not prevent Japanese access to the hinterland since they have control of Chung Shan Road and can send their supplies by road.

The British Consul General told me this morning that the Japanese had not raised with him the question of their right to use the Creek; the complaint with which he had to deal arose out of the fact that some British soldier had boarded a Japanese pinnace. But he let me know that there had been some intimation from Captain Fujita of the Japanese Naval Landing Party to a British Naval Attache here from Tokyo that the Japanese claimed the right to use the Creek. I suggested that if we were to sit tight and not bring up the question ourselves, perhaps the matter would blow over. I felt that perhaps the claim to the right to use the Creek had been connected with the recent strained relations between the British and the Japanese.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

If, however, as it seems from your letter to be the case, Admiral Hasegawa has definitely raised the point with Admiral Little and we must face the issue, I see no course of action except to refer the matter to Washington and Tokyo; but we should leave it to the British to initiate such a reference as the boom has been put across by them and it is principally their problem. I believe, however, that the facts should be clarified by a full discussion before we send any message to Washington or Tokyo.

Very sincerely,

C. E. Gauss

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 3, 1937

Memo for the Files

Admiral Yarnell came in to see me when this letter to him was being signed. It developed that Admiral Hasegawa had not told Admiral Little that the Japanese have the right to use the Soochow Creek. The information was given by Capt. Fujita of the Naval Landing Party to British sources.

A meeting was called in my office of Admiral Little (who was accompanied by his Commodore and an aide), Admiral Yarnell (accompanied by his aide Lieut. Sylvester) British Consul General Phillips and myself.

At this meeting it developed that Capt. Fujita had made his statement to the British Naval Attache at Tokyo who happens to be in Shanghai; but the British Commodore added the information that Capt. Fujita had also made the statement to Major General Telfer-Smollett, the British military commander.

I suggested that as we now had something more concrete to go on than what had appeared originally (that Fujita had mentioned it to the British Naval Attache), it seemed to me that the situation might be sought to be clarified by a conversation between Admirals Yarnell and Little and Admiral Hasegawa (and I suggested that the matter be brought up as incidental to a meeting to be arranged on other matters, if possible, for example, to inform Admiral Hasegawa of the conference with General Harada; so that it not be given too great importance as there is no use inviting a controversy with the Japanese unless they really intend to use the Creek).

If the conversation between the three Admirals does not result satisfactorily and it appears that the Japanese intend to use the Creek, then the British Consul General and I will see Okamoto; the foreign diplomats in Shanghai can see the Japanese Ambassador, and we can report to our home governments and Tokyo in an effort to prevent the use of the Creek. The arguments mentioned in my letter to Admiral Yarnell were put forward; Admiral Yarnell pointed out that it is primarily a British matter although others of us are interested, etc. etc.

It was left as suggested above.

Gauss

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 187 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China
3 November 1937

CONFERENCE 3 NOVEMBER 1937 AT AMERICAN CONSULATE GENERAL

Present: Admiral Yarnell, Admiral Little, Consul General Gauss, Mr. Phillips, British Consul General, and staff officers.

It was brought out that Captain Fujita, Chief of Staff of the Japanese Naval Landing Party, had remarked to the British Air Attache and later to General Telfer-Smollett, that it was the intention of the Japanese to transport their supplies for their armed forces in boats up Soochow Creek. Everyone felt that this would be a very dangerous thing, since it would be making a distinctly unneutral use of the part of the creek entirely surrounded by the Settlement.

This statement of Captain Fujita's was additionally confirmed by the fact that a large number of boats about sixty feet in length had recently been moored at Point Island and that stores of rice were now being taken to that spot. It was felt that a possible use of these boats would be to carry stores up Soochow Creek. After some conversation it was decided that a conference should be held with Admiral Hasegawa on this subject as soon as possible, since if such a conference were delayed the neutral powers might find themselves confronted with a fait accompli. It was decided that at this conference it should be pointed out that any such use of the creek would be of an unneutral character and that the neutral powers had prevented the Chinese from using the creek during the time that they had held Chapei, and that any use of the creek would cause great embarrassment to the neutral powers, since there was a great chance that Chinese snipers in the Settlement might try to shoot at the boats as they went up Soochow Creek. This would necessitate an enormous amount of policing in the area next to the creek. It was decided that if the Admirals could not get satisfactory results from Admiral Hasegawa the consuls general would make representations to the Japanese Consul General. Then, after ascertaining all facts, the home governments would be fully informed in order to take up the matter with Tokyo.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 188 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 4, 1937.

Memo for the Files

Admiral Yarnell told me this morning that he and Admiral Little had seen Admiral Hasegawa and had represented to him the situation with reference to Soochow Creek, pointing out that the boom had been put across to prevent its use by the Chinese (the torpedo craft incident had suggested it); so that it would be contrary to the strictly neutral attitude which the neutral powers had taken if the Japanese were now permitted to use it; furthermore if the Japanese did use it, there would be the problem of sniping, possible bombing, etc., which would endanger the adjoining foreign areas, the Japanese craft, etc. He also mentioned to me that the large Chinese population sheltering in the creek in their boats would be involved and the situation might become serious.

Admiral Hasegawa had stated that the Japanese Navy had no intention of using the Creek; that he was advised by his international law adviser Dr. Shinobu that they would be entitled to do so, however. He does not know whether the military have any intention of using the Creek, but he will communicate with the Japanese military and let the Admirals know, as they had indicated that if there is any Japanese intention of using the Creek the matter would have to be taken up with the home governments and Tokyo, in view of the fact that it would represent a violation of the strictly neutral attitude of the third powers concerning the matter.

Therefore, at the moment, there is no need for the British Consul General and myself to concern ourselves further with the matter. The Admirals will await further information from Vice Admiral Hasegawa.

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 189 to despatch No. 1385 of C. E. Bauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

0004 In conference by Admiral Little and myself with Admiral Hasegawa question of use Soochow Creek by Japanese was discussed. Nipponese have stated that they are entitled to use it. Hasegawa was informed with the exception of one coastal motor boat Chinese have been denied use of Soochow Creek for military purposes if Japanese are permitted to use it there will be breach of impartiality which neutral forces have endeavored to observe towards both contending forces; also if creek is used by Japanese there will very likely be sniping or bombing by Chinese especially in "B" sector guarded by British troops; also in American and Italian sectors and that prevention of such will be difficult; that further incidents will develop which neutral forces are earnestly striving to avoid. Hasegawa replied that Soochow Creek was not part of Settlement and that legally the Japanese had the right to use it; the Navy had no intention of using it but he did not know the plans of the Army; he would have a conference with them and let us know the results. We emphasized that we desired to know their intentions in order to take the matter up diplomatically. Soochow Creek in B Sector is at present crowded with junks and sampans which have used it as a harbor of refuge. Am inclined to believe that Army will insist on using Creek as it will greatly simplify supply of troops as hostilities move away from Shanghai. Will inform Department of further developments.

CinCAF to Navy Dept. Information: Amembassy Nanking
Amembassy Tokyo
Amcon Shanghai

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 190 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
9 October 1937

My dear Gauss:

I am enclosing herewith a copy of a letter which has been received from Admiral Hasegawa this date, also a copy of a despatch sent to the Navy Department quoting this answer and recommending that the State Department take action.

I believe it would be a good thing if you took the matter up with the Japanese Consul General and enter a protest against the use of Soochow Creek within Sector "B" by the Japanese Army. We can offer no objection to their using it beyond Sector "B" since that part of the Creek was used by the Chinese to supply their troops when in Chapei.

Very sincerely,

(Sgd) H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

Copy of letter from Japanese Admiral, enclosure to above letter.

Shanghai, China
9 November 1937

Dear Admiral Yarnell:

I have the honor to forward to you the reply of the Commander of the Imperial Japanese Army forces in regard to the question of the use of Soochow Creek which you and Admiral Little brought up when you were on board H.I.J.M.S. IZUMO on 4 November.

The Imperial Japanese Army is of the opinion that the section of Soochow Creek which passes through the International Settlement, and which is bounded on both sides by the Settlement, is not part of the International Settlement. In view of this, it is considered that we have a right to navigate this creek whenever, in our opinion it is considered necessary.

In

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

In this connection, in cases where the Japanese Army forces use Soochow Creek, the Japanese Navy may at times cooperate with these forces.

I am,

Respectfully yours,

K. HASEGAWA,
Vice Admiral, I.J.N.,
Commanding Third Battle Fleet.

To: Admiral Yarnell, USN
Admiral Little, RN.

T R A N S L A T I O N

Copy of despatch to Navy Department,
also enclosure to foregoing letter
of Admiral Yarnell.

Restricted Cipher

0009 Letter from Admiral Hasegawa received today same subject my cipher fourth this month in substance following I have honor forward you reply of Commander Imperial Japanese Army Forces regarding question use of Soochow Creek which you and Admiral Little brought up on board HIJMS IDZUMO four November SEMICOLON Army believes section this creek passing through and bounded both sides by International Settlement is not part thereof PERIOD In view of this we consider have right navigate this waterway whenever in our opinion considered necessary PARA In cases where Nippon Army use subject stream Navy may cooperate and paraphrase recommend that since Chinese were denied use above river in Sector Baker for military purposes State Department protest against its use in same area by Japs as violation neutrality we have been observing toward each of contending forces

9 November 1937

From To
CINCAF NAVY DEPT

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Compared with JMD

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 191 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 11, 1937

Memorandum for the Files

1. Mr. Phillips, the British Consul General, came to see me this early evening in reference to the Soochow Creek matter. He said that he had had a talk with Mr. Okamoto the Japanese CG this afternoon and apparently the Japanese are anxious to use the Creek. Phillips proposed that we two and if possible the Italian Consul General (since there are American, British and Italian troops along the creek) should address a communication to the Japanese in the matter. He handed me the attached draft (which he later admitted had been prepared by Blackburn, the Chinese Counselor of the British Embassy). Apparently there have been discussions between Phillips, Howe-- the British Charge-- the British Major General, and others. It has been agreed that they will not resist with force a Japanese attempt to use the Creek; but they do not like the Japanese demand.

2. I examined the proposed draft note and pointed out that in the first place, it is addressed to the Japanese Admiral; that is out of the question; if there is anything to be addressed to the Japanese Admiral it should be done by the naval authorities. (Phillips admitted he had not noticed this; and said of course it should be addressed to the Japanese CG).

Secondly, I pointed out, we have no legal basis for the occupation or blocking of the Creek. It was done as a matter of military necessity by the British forces, and the justification may be found in the military necessity of maintaining close communication between the British sectors north and south of the Creek. The boom was in fact a protection for the Japanese for it was thrown up after a Chinese torpedo launch had slipped through and it prevented any further escapades of that sort. Now, the use of the creek having been denied to the Chinese, it is an embarrassment for the Japanese to ask us to be unneutral and allow its use by the Japanese. However, to offset this, the matter becomes more or less academic, since hostilities have moved away from Shanghai while they were formerly centered in the creek area.

We had undertaken the other day in our conversation with Admirals Yarnell and Little to approach the Japanese Consul General if necessary, so that he might know and inform his Foreign Office of the neutral foreign position in the matter, so that if

our

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our Governments take it up at Tokyo the F.O. might better appreciate the neutral side and perhaps persuade the Amy and Navy.

I told Phillips that I was prepared to stand by that understanding and join him-- and the Italian Consul General if he wishes to go,--and see Okamoto and explain for his information (1) the circumstances under which the boom was put across the creek (mentioning the benefit that that boom gave to the Japanese, incidentally), and (2) the embarrassment which results from an announcement of the intention of the Japanese to use the Creek. Leave the matter at that; but file no "protest".

3. The question then was as to the approach to the Italian Consul General. I told him I was prepared to go with him to the Italian Consul General, if he wished; and tried to make an appointment for the purpose. Comdr. Neyrone, the Italian Consul General, however, had left his office and it was agreed that I would telephone him tomorrow morning and endeavor to arrange an appointment for about 11 a.m.

C.E.G.

Copy of the draft letter mentioned in above memorandum.

Sir,

The undersigned Consular Representatives of the principal Powers participating in the defence of the International Settlement have been apprised by the American and British Naval Commanders-in-Chief of the terms of your letter to them of the 9th November, in which you inform them that the Japanese Army holds the opinion that the Soochow Creek where it cuts through the Settlement is not a part of the Settlement and believes therefore that it has a perfect right to navigate the Creek in cases where this is thought to be necessary; and that if the Japanese Army find it necessary to use the Creek, the Navy may also have to co-operate.

The undersigned have received this intimation with the utmost concern. Whatever may be the juridical position regarding the status of this waterway, the fact remains that for part of its length it passes through the heart of the International Settlement, and that for another part it forms the boundary of the Settlement which in this section is held by the British, American and Italian forces, Between Honan Road Bridge and Thibet Road Bridge there is a dense Chinese population

on

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on both sides of the Creek, from the latter point to Jessfield there is a dense Chinese population on the South side only. It is impossible for the Settlement Authorities or the troops holding the respective sectors to ensure that there may not be elements in this population who would create incidents by firing on Japanese vessels using the Creek, and it would lead to an intolerable situation were the Japanese military or naval authorities to attempt to take independent action to deal with such incidents, either by firing into, or encroachment on, any part of the perimeter held by the defence forces as described above.

There is the further consideration that the use of the Creek as a line of communication by the Japanese forces would invite air attack from the Chinese, thereby endangering the safety of the foreign forces along the perimeter and of the peaceful population within their respective sectors.

For the foregoing reasons we regard the proposal of the Japanese Authorities to make use of the Soochow Creek as in the highest degree undesirable and we strongly urge that it be abandoned; persistence will almost inevitably lead to incidents and international friction which we are sure that you, equally with ourselves, are anxious to avoid.

We have the honour to be,
Sir
Your obedient servants,

Vice-Admiral K. Hasegawa, D.S.O., I.J.N.,
Commander-in-Chief,
Imperial Japanese Third Fleet,
H.I.J.M.S. "IDZUMO".

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 192 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 12, 1937.

Memorandum

Mr. Okamoto, Japanese Consul General, came to see me this morning about the Soochow Creek impasse. He had seen the British CG yesterday afternoon and Phillips had told him he would consult me and the Italian CG. Okamoto stressed that the Japanese military insist that they must get supplies up the creek immediately; 3 or 4 days won't do; their troops are in the hinterland, etc. He insisted that the British and foreign interests have no right to obstruct the Creek; it is under Chinese jurisdiction, etc.

I carefully explained that the Creek was blocked some weeks ago by the British who happened to be in B sector; that it was understood that prior to the blocking a Chinese boat with torpedos affixed had gone through; that the purpose in blocking was to prevent hostilities on a water way bisecting the British held sector; that this could be entirely justified on the ground of military necessity; and the Japanese must appreciate that it was in fact to their benefit that this was done. Now the question as to the removal of the boom could not be associated with any Japanese threat or demand. If it is to be removed the foreign forces, principally the British, must decide that there is no further need of it since hostilities have now passed to the interior; and it is likely the boom will be removed in the natural course, but I could not say when. I told Okamoto that this would be the position I would take and I would urge his Japanese military to be content with it.

I then told Okamoto that I would like to speak to him frankly, unofficially and privately, and tell him that the truculent pronouncement made by General Matsui as reported in the press is most unfortunate and most undesirable. It serves in the present instance merely to complicate an already difficult situation since the British could not be expected to yield to such sort of thing when they might as a matter of course and reason take action which would solve the situation. I told him that there has been no declaration of war and the Japanese must realize that there are foreign rights here which must be respected and no amount of military pronouncements could change that situation. We have difficult problems ahead of us to which we must all give our best efforts; but nothing will be accomplished by truculent pronouncements by the Japanese military. I showed him the attached United Press despatches which I was reading at the moment he came in and pointed out

that

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that this was the type of foreign reaction which the Japanese commander must expect to statements such as he is reported to have made. I added that I did not believe the London report to be correct and I did not know the source of the Washington reports, but he could see for himself how very difficult if not impossible the situation had become within but a few hours after Matsui's talk with the press.

Okamoto listened attentively and I believe was impressed by the earnestness of my remarks. He admitted that Matsui was not a diplomat and that as a military man he was not as properly responsive to the effect of these matters as a diplomat might be.

When Okamoto left I told him that I would endeavor to persuade my British colleague and my Italian colleague to the view that the boom across the Creek should be removed as in the natural course in a few days; but that I could not promise anything. He thanked me and said he thought this might be the desirable solution but he on his part could promise nothing.

Admiral Yarnell came in immediately after Mr. Okamoto left; I informed him of the foregoing; and he agreed with me that the solution I had suggested seemed the only reasonable one.

I then picked up the British Consul General in my motor car and, talking with him while en route to the Italian Consul General, found him entirely agreeable as the best solution. I asked him whether he thought he should first consult his military; he thought not.

At the Italian Consulate General, Comdr. Neyrone heard me as I explained the situation and my proposed solution, and he agreed. It was evident however that the Italians felt aggrieved that they had not known of the boom, etc.

We then proceeded toward the Japanese Consulate General and at Phillips request stopped at the British Consulate General for a few minutes. When he came out from his office he said that things had moved even more rapidly than anticipated and he found the Creek situation was being cleared, and he proposed at the Japanese Consulate General to stress the point that it was being cleared, not as a result of any threat or pressure, but in the natural course.

We then saw Okamoto, and Phillips explained the matter to him--the reasons for the boom, and the fact that in the natural course it was being removed, but not as a result of any threat or demand by the Japanese military. Okamoto said he understood; and that as a matter of fact he had found that Major Utsonomiya had been at British headquarters this morning and he found that matters were being arranged and the American and Italian commanders along the Creek informed. In the course of the conversation, Okamoto (apparently endeavoring to counter my

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suggestion to him that the boom had really been of benefit to the Japanese although established as a neutral measure) mentioned that the Japanese had had a boom lower down the Creek. I commented that if the Japanese had thrown a boom across the Creek they had no more right to do so t an the British had had as one of the foreign forces; but that we were not arguing the legalities of the situation and it seemed to me a means had now been found to solve the situation in its natural course and that the Japanese would find that there was no problem for us to discuss and solve.

This ended the negotiations. I returned to the Consulate General and reported to the Department.

CEG

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Compared with JAC

UNITED PRESS ASSOCIATION
Financial News Service

Nov. 12, 1937

UNITED STATES EXPECTED TO VIGOROUSLY PROTEST ANY JAPANESE ENCROACHMENT ON SETTLEMENT

Washington, Nov. 11-- The United States would join other nations in lodging vigorous protests with Japan against any Japanese move for the military domination of the International Settlement of Shanghai, informed observers believed here today following receipt of Gen. Matsui's interview. Officials of the State Department declined to comment officially on the interview, however.

BRITISH COMMANDERS GIVEN POWER TO OPEN FIRE IF JAPANESE ATTACK SETTLEMENT

London, Nov. 11-- British commanders in Shanghai have been given full power to open fire immediately if Japan makes any move to attack the International Settlement south of Soochow Creek, an official communique reiterated here today following receipt of the interview given foreign correspondents in Shanghai yesterday by

Gen.

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By Milton O. Gustafson NARS, Date 12-18-75

Gen. Iwane Matsui, Commander of the Japanese Expeditionary Forces in the Shanghai area.

Gen. Matsui had told correspondents that he was now master of Shanghai and felt free to take "any steps" dictated by military necessities in the International Settlement as well as in the Chinese territory surrounding it.

While British officials here took no official cognizance of Gen. Matsui's interview, they announced officially that British commanders in Shanghai had been given complete power to take "strongest action" to protect the International Settlement. These powers included the right to open fire on the Japanese in the event of an attack on the Settlement, officials here said.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 193 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 12, 1937

Memorandum to Mr. Gauss

Soochow Creek

Admiral Yarnell phoned at 11:45 this morning and asked me to inform you when you came in that Admiral Little had called upon him and had stated that the press report about having received orders to fire was untrue, that they have received no such orders. Admiral Little stated that at present the SMC police are clearing a way through the junks and sampans on Soochow Creek, that he had informed Admiral Little of Mr. Gauss's views on the matter and that Admiral Little agreed entirely.

RPB

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Enclosure No. 194 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 12, 1937

Dear Admiral Yarnell:

I found your telephone message concerning the Soochow Creek matter when I returned here shortly after noon.

The British Consul General was entirely agreeable to the suggestion I explained to you - that the boom might be removed in the natural course of events in a day or two, since hostilities had now moved to the hinterland - and that the Japanese Consul General be urged to allow the matter to take its natural course so that there would be no problem for us to solve. The Italian Consul General agreed to go with us in urging this upon the Japanese Consul General. We stopped at the British Consulate General en route and ascertained there that things were moving ahead of us and the boom was being removed.

We saw the Japanese Consul General and made our little speech, the British Consul General making it clear that the boom would disappear in the natural course, and not as a result of any threat or pressure. The Japanese Consul General was apparently aware that the removal was already under way and told us that the liaison officer from Japanese headquarters had been urging the matter on British headquarters this morning. Incidentally the Japanese Consul General mentioned that the Japanese had had a boom across the lower reach of the Creek. I suggested to him that under these circumstances he had little to complain of as to right of the foreign forces to have put a boom higher up.

But it looks as though the boom question has now been solved and we pass on to the next problem. I am sending a message to the Department of State and will send you a copy.

Very sincerely,

(Sgd) C. E. Gauss

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

34. Japanese Plane Crashes near Standard-Vacuum Oil Installation. Nov. 6 Encl. 195

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 195 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

MEMORANDUM

American Consular Service
Shanghai.

Dated Nov. 6, 1937.

Mr. Sone of the Japanese Consulate General telephoned this morning. He asked if the newspaper report that a Japanese plane had fallen at the Socony installation at Pootung was true and if so would we arrange with Socony for two Japanese naval officers in plain clothes to visit the scene.

Mr. Cornish of Socony said the plane crashed 100 feet back of the Socony fence on the south side, in Chinese territory, that two of the plane's crew were killed and the other injured. He didn't know what had happened to the injured man.

Commander Ihrig agreed with Sn that because of possible danger to the Socony property we should not arrange for the Japanese naval officers to go to the installation. He suggested that we tell Sone if he wanted further information that an officer from the Idzumo might address inquiries to the Augusta. I transmitted this information to Mr. Sone.

Hall

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Compared with: ehf

35. Admiral Yarnell Makes Suggestions for Permanent Settlement of Shanghai Problem. Nov. 8 Encls. 196 - 197

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By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 197 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, November 13, 1937.

Dear Admiral Yarnell:

I enclose for your confidential information a copy of a despatch mailed today, to go by air mail from Hongkong to the Department of State, on the subject of the future status of Shanghai.

Very sincerely,

C. E. Gauss
American Consul General

1 enclosure.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 196 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA, Flagship

Shanghai, China
8 November 1937

My dear Gauss:

I am enclosing herewith for your information a copy of a letter which has been sent to the Secretary of the Navy this date. As you will note, the settlement of the Shanghai problem is included as one of the matters to be taken in hand.

It seems to me that the present set up is an impossible one from either a business or a military point of view. The presence of defense forces has resulted in a war within the immediate city limits on two occasions with vast destruction of property.

I could think that almost any arrangement would be better than the present one, and any arrangement which will tend to decrease the probability of any more Shanghai incidents should be welcomed not only by the "old China hand" but all other people who have the good of this area at heart.

It would seem to me most desirable to have a well digested, practicable scheme prepared and transmitted to our Government for its use in the final settlement. I know of no one better qualified by ability, experience and willingness to work than yourself for the preparation of such a plan.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss,
American Consul General
Shanghai, China

Copy of enclosure to above letter

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
7 November 1937

From

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

From: The Commander-in-Chief, U.S. Asiatic Fleet.
To : The Secretary of the Navy.

Subject: Proposals for Solution of present Sino-Japanese Situation.

1. In any proposal to end the present Sino-Japanese war, or to arrive at an agreement which can be accepted by both nations, the following basic essentials should be provided for:

(a) The agreement, as far as possible should be in consonance with the Nine Power Treaty.

(b) It should recognize, and satisfy as far as possible, the claims of both nations.

(c) It should encourage and support a strong central Government in China.

(d) It should settle exterritoriality, the maintenance of foreign troops in China, the status of Shanghai and other problems.

2. NINE POWER TREATY

In this treaty, the Contracting Powers, other than China, agreed "to respect the sovereignty, the independence, and the territorial and administrative integrity of China." (Art. 1 (1).)

Japan violated this treaty by the separation and establishment of a Japanese controlled government in Manchuria in 1931. She has spent huge sums in an endeavor to develop and colonize the country. She will not relinquish her claim on Manchuria without a decisive defeat in war.

On the other hand, the control by China of this area since the establishment of the Republican form of government has been weak, and at times entirely non-existent. It is probable that if Manchuria were returned today, the Central Government would not be able to assert control or to maintain law and order. In fact a return of Manchuria to the Central Government of China would be likely to hinder her definite control over the remainder of Chinese territory, the achievement of which has been the major effort of the present government.

Unless Manchuria is returned, however, the Nine Power Treaty stands violated, and the signatories can hardly recommend a settlement under the treaty which does not provide for its return. Consequently, any settlement under the treaty does not appear feasible without a disregard of its first and most important article.

Leaving the treaty aside, and, considering the situation as it actually exists, it would appear that

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China must acquiesce in the present status of Manchuria, unless she is able to retake it by force of arms. This is of course out of the question, and it is also obvious that no other nation is going to do it for her.

It is therefore believed that China and the Great Powers must recognize the present status of Manchuria or "Manchukuo." This will be a great concession to Japan and in order to obtain it she may consider her honor satisfied and be willing to accede to the other terms of the settlement, one of which would be to remove her troops from North China and to agree not to interfere in that area. The Premier, Prince Konoya, has stated officially that Japan has no intentions of acquiring more territory. The neutral powers should insist on the integrity of China south of the Great Wall.

3. GRIEVANCES

Japan's main complaints against China are generally, -

(a) Alleged trend toward Communism.

(b) General unfriendliness toward Japan resulting in boycotts, anti-Japanese societies, etc.

(c) Increase in strength of Army which constitues a threat against Japan.

It is obvious that the present Chinese Government has been and is generally opposed to Communism. The present fight for existence may drive her, however, into the Russian camp in order to obtain the necessary munitions and assistance to carry on the war.

The general hostility to Japan which has resulted in boycotts and demonstrations has obviously been brought about by the actions of Japan herself. Once she renounces any intention of seizing more territory, ceases interference with Chinese domestic affairs, and makes some demonstration of friendship and co-operation, Chinese hostility would soon disappear.

Chinese grievances are, -

(a) The seizure of Manchuria.

(b) The avowed intention of the Japanese Army to separate the five northern provinces.

(c) Constant demand for political control in the form of advisers, etc.

(d) Presence of large numbers of Japanese controlled troops.

(e) Encouragement of smuggling in North China.

(f) The insolence and truculence of Japanese troops in North China and in Shanghai.

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Incidents have been inevitable and bitterness between the two nations has increased.

The validity of the Chinese grievances cannot be denied. They could be eliminated by the withdrawal of Japanese troops from China, and by placing the relations between the two countries in the hands of the civil instead of the military authorities. To an outsider, it seems stupid and incomprehensible that Japan, who could gain so much commerce and influence in China by a "good neighbor" policy, resorts to the opposite, and uses threats, sword rattling, and finally actual war, whether so called or not, in an effort to gain her ends.

4. STRONG CENTRAL GOVERNMENT

It is essential that in any settlement, a strong Central Chinese Government should be maintained and assisted in its control of the country. Such a government constitutes the greatest factor in the maintenance of peace in the Far East. Mr. Stimson has justly said of China: "the essentially peaceful character of her domestic and internal culture is now the main stabilizing factor of Asia." China, even if strong, would have no dreams of world domination. Her domestic problems will occupy the efforts of her rulers for many years.

During the past ten years the present Government has accomplished much in the face of vast difficulties. Roads have been built, schools and colleges established, streets widened and cities improved, and comprehensive plans developed and partly placed in operation for the improvement of the health and welfare of the people. There has been a new spirit abroad in the land.

Naturally, only a start has been made, and much remains to be done. The control of the Central Government is still weak in the remote provinces. There are still, as in every government, many incompetents, grafters, and even traitors, but they were gradually being replaced and the power of the Government extended.

The tragedy of the present situation is that this great reconstruction is suspended, perhaps for many years, and energies and funds must be devoted to war. In case of defeat and loss of territory, the present Government may fall with none to replace it, while the country reverts to internal strife and war lordism. To avoid such an outcome is the major problem to be solved.

The Generalissimo, as head of the present government, should be retained. There is none with sufficient background and prestige to replace him. The work of Madame Chiang Kai-shek in assisting the Generalissimo, and in establishing the "New Life Movement" has done much to further progress under the present Government.

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By Milton O. Gustafson NARS, Date 12-18-75

5. EXTERRITORIALITY, etc.

If a settlement can be reached which assures the retention of a stable government in China, it would strengthen the hands of such a government if the questions of exterritoriality, retention of foreign troops in North China, the Shanghai problem and other infringements on Chinese sovereignty could be disposed of.

Exterritoriality has been promised the Chinese Government by the United States as long ago as 1903. In Article 15 of the treaty concluded in that year between the United States and China, the American Government agreed that it would be prepared to relinquish the jurisdiction which it exercised over its nationals in China "when satisfied that the state of the Chinese laws, the arrangements for their administration, and other considerations warrant it in so doing."

Germany and Austria lost this privilege during the Great War.

Russia has voluntarily renounced her claim.

There is no evidence that the nationals of these countries have suffered in any degree in consequence.

The presence of foreign troops in North China is an aftermath of the Boxer Rebellion. These troops should be withdrawn as soon as the Central Government has established definite control with Central troops in that area.

If Shanghai survives the present ordeal, and it will of course, the present status and form of government should be radically altered. The Shanghai Municipal Council can govern after a fashion in time of peace. The Consular Body has no real authority. Foreign troops have protected part of the Settlement, but also have been the cause of vast destruction in the remaining section of the city on two occasions. A Chinese city of Shanghai adjoins the International Settlement and French Concession. The "external roads areas" are sources of constant friction.

What the solution should be is beyond my ability to suggest, Perhaps an arrangement similar to the Special Areas of Hankow might be effective. It is a great problem requiring able and liberal minds for its solution. And in its solution the sovereignty of China must be given full consideration.

There are other questions that should be discussed and agreements reached, such as foreign warships in Chinese waters, the use of Chinese coastal waterways and rivers by foreign merchant shipping and the foreign residential areas in certain cities.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Whether such an understanding and agreement as outlined above can be reached depends almost entirely on whether it will be accepted by Japan. And it is hardly possible that it will be accepted as long as the Japanese Army dictates her foreign policy. Their dream is of Far Eastern domination by ruthless force regardless of cost or the subsequent suffering they will bring on their own people.

Until the liberal and enlightened element of the civilian Japanese leaders obtain control over their foreign policy the outlook for a just and permanent solution of this Far Eastern problem is not encouraging.

6. TO SUMMARIZE

(a) A strong Central Chinese Government must be supported and maintained.

(b) China and the Western Powers will recognize the present status of Manchukuo.

(c) Foreign troops will be withdrawn from North China as soon as the Central Government established its authority over this area.

(d) The right of exterritoriality will be relinquished by such powers as still maintain it.

(e) A commission will be appointed to study and report on the Shanghai problem. This commission will be composed of an equal number of Chinese and foreign members.

(f) When assured that the Chinese Government can afford adequate protection to their nationals, the respective governments will withdraw their gunboats from Chinese waters.

7. FUTURE PROBABILITIES IN CASE NO SETTLEMENT IS ACCOMPLISHED BY THE POWERS

(a) Japan's military success in the present venture is practically assured. She has struck before the "New Life" had sufficiently matured to defend itself.

(b) With no outside interference the military will prove its contention and will be more firmly in the saddle than ever.

(c) The political and commercial domination of the greater part of China is only a matter of time. The ambitions of the Japanese military have been consistant and apparent for many years.

(d)

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

(d) A war with Russia might somewhat retard the control of China. But Japan expects and possibly invites such a war because, with her country aroused and geared to war, she is in the best situation to conduct one. Also intelligence of her enemies has always been good and if she chooses war it will probably be won by her without too great an effort. Her objectives will be limited, namely, to acquire sufficient territory to remove any military threat from the mainland, an accomplishment long believed essential to future security by her military advisers.

Success in these enterprises will bring about a complete unbalance of forces in the Far East and the world, involving the destiny of civilization and the white race.

Should a satisfactory solution of the Chinese question be impossible within the near future there would seem to be but one course for the Pacific Powers to take; a joint agreement and definite action, commercial and, if necessary, military, to curb the uncontrolled ambitions of the Japanese imperialists.

H. E. YARNELL

Copies to:

American Ambassador, Nanking
American Ambassador, Tokyo

Copied by MB
Compared with HHS

0 6 9 [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

36. Fire Floats and Junk Fires near Whangpoo Boom. Nov. 11 Encls. 198 - 200

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 198 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, ~~dated~~ APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
11 November 1937

MEMORANDUM FOR FILES:

About 2 p.m. Japanese began setting fire to junks moored on Pootung side just below barrier. About 2.20 p.m. burning junks began breaking adrift and drifting around the River.

Sent Lieut- Comdr. Smith-Hutton to IDZUMO to see Admiral Hasegawa and inform him that I protested against indiscriminate burning of junks and river craft which would endanger the neutral vessels and merchant shipping in the river. Also to inform him that I had requested the use of the Customs Fire Boat to put out the fires in such burning junks and asked that he not interfere with the work of this fire boat.

Also called up Consul General and asked him if he would get in touch with the Customs Service and ask them to put their fire boat to work on these burning junks.

H. E. YARNELL
ADMIRAL, U.S. NAVY

Copy Mr. Gauss

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 199 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 11, 1937.

Memorandum

2.30 P.M. Admiral Yarnell communicated with me by telephone and asked me to arrange to have the fire floats sent up river to deal with the junks and yachts which are afire near the boom in the upper river.
He stated that he had sent a message to Vice Admiral Hasegawa that he was ordering in the fire floats and that they were not to be interfered with.

2.35 P.M. I called Phillips, the Secretary of the S.M.C. to inquire under whose jurisdiction the fire floats came. He made inquiry and called me back to state that there is an S.M.C. fire float and also a Customs River Police fire float. I asked him to order the S.M.C. fire float up the river to deal with the situation, and suggested that he tell the officer in charge to board the AUGUSTA and receive the requests of the Admiral. I said that at the same time I would get in touch with the Commissioner of Customs.

2.37 P.M. Contacted Commissioner of Customs, informed him of the message I had received from Admiral Yarnell, asked that his fire float be instructed, stated that I had asked the assistance of the S.M.C. float, etc.
He said that the fire officer of the River Police was in touch with him on the situation and they are prepared to deal with the junks, etc. if they get loose and threaten shipping in the harbor; that at present he was getting or trying to get his fire float to Pootung to look after some Customs property there; that the Customs are in a somewhat difficult position as they are a Chinese Government organ; that he had no objection to assistance from the S.M.C. fire float and was glad to have such assistance; and that he would bear in mind if the assistance of the Customs fire float becomes necessary and there is any difficulty, they might board the AUGUSTA and communicate with Admiral Yarnell as the senior naval officer present who could give any necessary assistance in straightening out any difficulty with the Japanese in connection with the matter.

Mr.

7694

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Mr. Lawford told me that he did not believe the Japanese would deliberately set fire to the junks without being prepared to deal with the situation and that as they were firing them they must be so prepared, but that the Customs will endeavor to deal with the fired junks if they should get loose and threaten shipping in the river.

2.45 P.M. Telephoned and informed Admiral Yarnell of the foregoing. He asked which fire float would be coming along now. I replied, the S.M.C. fire float

3.00 P.M. Mr. Lawford, C of Customs, telephoned that the POOCHI, their fire float, had dealt with one junk and is prepared to deal with the junks if they get loose. He said the tide has just turned so that if the fired junks get loose they are now likely to drift down on the boom rather than on shipping.

C.E.G.

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Compared with HHS

0699

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 200 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
22 November 1937

Copy to Mr. Gauss

My dear Admiral Hasegawa:

I have been in receipt of requests for information as to the availability of the fire float "Poochi" in case of necessity in extinguishing fires along the water front or in the river.

I will appreciate information as to whether it is the intention to keep this fire float ready for immediate service and if so the method of securing her services, in order that I may inform interested parties.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral E. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

37. Japanese Bombing of Soochow. Nov. 12 Encls. 201 - 206

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 201 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Radio USS PANAY PRIORITY Twelfth Amconsul Shanghai

Secstate Washington

907 November 12 11 am The Reverend H A McNulty of Soochow has come to me as the foreign chairman of the Soochow International Relief Committee to inform me that the Japanese military through notices dropped from planes have warned Soochow that after November thirteenth they will bomb Soochow indiscriminately Soochow is filled with civilian population and civilian refugees from country involved in hostilities will you and the Admiral get in touch with Japanese Embassy and military from me and see whether anything can be done to prevent such a disaster or at least to give time for some arrangement to be made between Japanese and Chinese Military for a mutually agreed upon safe area for refugees to be taken to present plan is for committee to take refugees to eastern hill adjacent to lake and western hill an island near by and in the lake Sent to Shanghai Repeated to Department and Tokyo

JOHNSON

0012 Have sent following letter to Admiral Hasegawa QUOTE My Dear Admiral Hasegawa COLON The American Ambassador Nanking has informed me of a message from the foreign chairman of the Soochow International Relief Committee to the effect that the Japanese military authorities through notices dropped from planes have warned Soochow that after November thirteenth COMMA they will bomb Soochow indiscriminately PERIOD He states that Soochow is filled with civilian population and refugees from areas involved in hostilities COMMA and has requested me to get in touch with the Japanese military authorities to endeavor to prevent such a disaster COMMA or at least to give time for some arrangement to be made between the Chinese and Japanese military authorities for a mutually agreed upon safe area to which refugees could be taken PERIOD The present plan is for refugees to be taken to Eastern Hill adjacent to lake and Western Hill COMMA an island near by and in the lake PERIOD

PARAGRAPH Appreciating the sincere and sympathetic consideration you have given requests in the past COMMA and knowing your earnest desire to reduce the loss of life and suffering of non combatants as much as possible in the present unhappy strife COMMA may I request your influence with the military authorities to accede to the request of the American Ambassador PERIOD PARAGRAPH I am COMMA very sincerely H E YARNELL Admiral US Navy Commanding Asiatic Fleet

From CINCAF
TO AMBassador
Info: AMCONSUL SHANGHAI

MB
JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 202 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
12 November, 1937.

My dear Admiral Hasegawa:-

The American Ambassador in Nanking has informed me of a message from the foreign chairman of the Soochow International Relief Committee to the effect that the Japanese military authorities through notices dropped from planes have warned Soochow that after November 13th, they will bomb Soochow indiscriminately. He states that Soochow is filled with civilian population and refugees from area involved in hostilities, and has requested me to get in touch with the Japanese military authorities to endeavor to prevent such a disaster, or at least to give time for some arrangement to be made between the Chinese and Japanese military authorities for a mutually agreed upon safe area to which refugees could be taken. The present plan is for refugees to be taken to Eastern Hill adjacent to lake and Western Hill, an island near by and in the lake.

Appreciating the sincere and sympathetic consideration you have given requests in the past, and knowing your earnest desire to reduce the loss of life and suffering of non-combatants as much as possible in the present unhappy strife, may I request your influence with the military authorities to accede to the request of the American Ambassador.

I am,

Very sincerely,

H. E. YARNELL,
ADMIRAL, U.S. NAVY
COMMANDING ASIATIC FLEET

Vice Admiral K. Hasegawa, I.J.N.,
Commanding Third Fleet,
H.I.J.M.S. IDZUMO, Flagship.

cc: AMCONGEN, Shanghai

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 203 to despatch No. 1335 of C. E. Gauss American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, November 12, 1937.

Dear Mr. Okomoto:

I send you a memorandum giving the information communicated to you by telephone. May I ask you to be so good as to take up the matter with the Embassy and if necessary through the military and naval authorities.

Very sincerely,

C. E. Gauss

S. Okomoto, Esquire,
Japanese Consul General and
Counselor of Embassy,
Shanghai.

Copy of memorandum mentioned above.

Shanghai, November 12, 1937.

The American Ambassador at Nanking has informed the American Consul General that the foreign chairman of the Soochow International Relief Committee has reported that the Japanese military, through notices dropped from planes, have warned Soochow that after November 13th they will bomb Soochow indiscriminately. Soochow is filled with civilian population and civilian refugees from the country now the scene of hostilities.

The American Ambassador has requested the Consul General to get in touch with the Japanese Embassy in his name to see whether anything can be done to prevent such a disaster or at least to give time for some arrangement to be made between the Japanese and Chinese military for a mutually agreed upon safe area for refugees to be taken to, the present plan being for the relief committee to take refugees to eastern hill adjacent to the lake and western hill, an inland near by and in the lake.

Copied by MB
Compared with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 204 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 13, 1937.

Memorandum for the Files.

I telephoned to Mr. Okomoto this afternoon (to direct his attention to an error in my memorandum of yesterday on Soochow bombing; he said he had detected it and realized it was an error as I had telephoned to him before and he corrected it; - I had said "American Embassy" when I meant "Japanese Embassy" and asked what action had been taken in the matter. He said:

"I at once informed the Navy, and of course you wrote me that notices were dropped by the airplanes that there would be 'indiscriminate' bombing. There is very much misleading. The Navy does not intend to do indiscriminate bombing. I have asked them to help me know the exact text, but it is unthinkable that we are going to engage in indiscriminate bombing. They will take great care not to attack refugee camps and noncombatant civilians, they will only attack military institutions and there will be no indiscriminate bombing I am quite sure. I must say that the matter has been brought to the attention of the Navy and the Ambassador."

C.E.G.

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Compared with RN

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 205 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 8 1938, on the subject: "Action Taken by American Naval Authorities on the Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, November 17, 1937.

My dear Mr. Okamoto:

With reference to my note of November 12th, with enclosed memorandum concerning an area of refuge near Soochow, I am now in receipt of a message from the American Ambassador at Nanking stating that he has talked on the telephone to the foreign (American) chairman of the International Relief Committee of Soochow who states that the Chinese military have agreed to respect the areas near Soochow outlined as places of refuge and who asks that this information be repeated to the Japanese authorities.

It is my understanding that the areas of refuge near Soochow are as outlined in my memorandum of November 12th, that is, the eastern hill adjacent to the lake and western hill, an island nearby and in the lake.

May I ask you to be so good as to communicate this information to your Ambassador and to the Japanese military and naval authorities.

Very sincerely,

C. E . Gauss

S. Okamoto, Esquire,
Japanese Consul General and
Counselor of Embassy,
Shanghai.

Copied by MB
Compared with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 206 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated [illegible]20 1938, on the subject: "Action Taken by American Naval Authorities during Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, November 18, 1937.

My dear Mr. Okamoto:

With reference further to the matter of the refugees at Soochow, I write to inform you that I am in receipt of a telegram from the American Ambassador at Nanking stating that he has received a communication from the foreign (American) chairman of the International Relief Committee at Soochow reporting that the exact location of the refugee camp they are establishing is at Kwangfoh, about 15 miles west of Soochow, near Lake Taihu. The Ambassador states that there are five American citizens from Soochow at this camp, and he asks me to bring this information before the Japanese authorities.

May I ask you to be so good as to communicate this information to your Ambassador and to the Japanese military and naval authorities.

Very sincerely yours,

C. E. Gauss
American Consul General

S. Okamoto, Esquire,
Japanese Consul General and
Counselor of Embassy,
Shanghai.

Copied by LB
Compared with JAC

38.	Readmission of Japanese Forces into Japanese Owned Mills in American Sector.	Nov. 15	Encls. 207 - 224

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

070

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 202 to despatch No. 1385 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA (Flagship)

Shanghai, China,
15 November 1937

The several senior naval commanders have met in conference to discuss the subject of the future disposition of the troops in the International Settlement and the future relations with the Japanese forces.

The following were agreed upon:

The object of the troops in the International Settlement at present is to maintain law and order and to establish normal conditions in these areas at the earliest possible moment.

American, British, and Italian troops are to be withdrawn from defensive positions to barracks as soon as conditions permit. It is believed that this condition now exists in the above sectors. Patrols will be maintained along the perimeter as necessary.

The policing of the International Settlement is to be carried out by the Municipal Police supported by troops if necessary in their respective areas.

On account of the large commercial interests in Hongkew it is most desirable that this section return to its former status as soon as practicable.

Until present hostilities are over it is desirable that Japanese troops not be quartered south of Soochow Creek or in B sector.

H.E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

CHARLES LITTLE
ADMIRAL
COMMANDER IN CHIEF
CHINA STATION

LE BIGOT
VICE ADMIRAL
COMMANDER IN CHIEF
FRENCH NAVAL FORCES
IN THE FAR EAST

ALBERTO DA ZARA
CAPITANO DI VASCELLO
COMMANDANTE SUPERIORE IN E.O.

J. HOUTSMULLER
LIEUTENANT COMMANDER
SENIOR NETHERLANDS NAVAL
OFFICER

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0705

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 208 to despatch No. 1385 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 2, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

Shanghai, November 15, 1937.

Dear Admiral Yarnell:

I have just come from a meeting with the British Consul General and the Senior Consul (the Norwegian Consul General) on the memorandum you handed me this morning, signed by the senior naval commanders.

My British colleague has a different impression from mine as to the meaning and purpose of the memorandum. He has the impression that the memorandum represents what the naval commanders are prepared to do provided the Japanese meet us in a reasonable spirit. On the other hand, it was my impression that the memorandum represents the measures the naval commanders have agreed to take and are already taking, and that the memorandum does not represent the basis for some bargaining operations on our part.

One of my officers tells me that the Italian Consul General is quoted as saying that the foreign commanders at their conference have taken the view that the Japanese may come into or through the foreign sectors if they wish.

We are planning a meeting of the American, British, French, Italian, Netherlands and Norwegian (Senior) Consuls General tomorrow afternoon, with the Japanese Consul General also present. I think it would be well to clarify exactly what the naval commanders intended by their memorandum, before that meeting.

Very sincerely,

C. E. Gauss.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship,
Shanghai.

Copied by: LMF
Compared with: MB

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 209 to despatch No. 1385 from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible], on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA (Flagship)

Shanghai, China
22 November 1937

CONFERENCE 22 NOVEMBER 1937

Present: Admiral Yarnell, Admiral Little, Vice- Admiral le Bigot, Captain Da Zara and staff officers.

Admiral Yarnell stated that this morning Captain Fujita, of the Japanese Naval Landing Party, had given a memorandum (copies given to each officer attending conference) to General Beaumont relative to the Japanese intention to place a small group of the landing party in the station which they had occupied near the Japanese mills before the hostilities commenced. The date for this movement was to be the first of December. General Beaumont understood that Captain Fujita had a similar note for General Telfer-Smollett. Admiral Little said that General Telfer-Smollett had told him that he had received no memorandum of that type. Captain Da Zara said that it was possible that the Italian colonel had received a memorandum, since there were Japanese mills in the Italian sector. Admiral Yarnell said that in the morning he had seen the Consul-General, who had shown him a report of a conference which General Harada had had with Mr. Fessenden relative to the Japanese intention toward the Settlement. Mr. Fessenden had informed him that General Harada wished to know his opinion of the advisability of the Japanese sending troops and supplies to Nantao along the Bund. The Secretary-General said to General Harada that this would be a very serious thing and might cause an incident with consequent serious trouble to the Settlement, and wished the Japanese to give the Council ample notification so that the Bund could be completely clear.

Admiral le Bigot said that these were very serious matters and must be referred to his ambassador. While the Japanese had certain rights to maintain troops in the Settlement, foreign troops were not allowed in the French Concession.

Admiral Yarnell said that with respect to the Settlement, it was not a question of right, but of advisability.

Admiral le Bigot said that his ambassador had pointed out the difficulty of securing the safety of any Japanese troops which might cross south of Soochow Creek, since there are so many Chinese in the city and it would be very

difficult

0711

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

difficult ~~to many Chinese in the city and it would be very difficult~~ to regulate them completely. Admiral Yarnell thought that in time the feelings would settle down and it would be possible for them to enter without trouble. At present he had told the Consul-General that he was helpless in so far as keeping Japanese troops out of the Settlement was concerned. Admiral Little said that all would agree that the Japanese have the right to enter the Settlement, but believed it entirely inexpedient at the present time. He thought that the Chinese would be more quiet later on, after the bigger questions had been settled, and that it would be better for the Japanese to postpone such operations.

Admiral le Bigot said that there had been many difficulties with the Japanese in Nantao, in particular, Japanese soldiers had been very rude to the French nuns at St. Joseph's Convent. He had also been unable to get up to his sailors in the Kiousin Dockyard and the French Water Works.

Admiral Little suggested that since the parties in the mills would be a small thing after all, that General Telfer-Smollett and General Beaumont and the Italian colonel see Admiral Ohkoti and attempt to have the entry of troops into the Settlement put off as long as possible. He thought it would be better for the Generals to see Admiral Ohkoti, since they were more concerned with the maintenance of order in the Settlement.

Captain Da Zara said that the purpose of foreign troops here was to keep trouble out of the Settlement, and not to fight. He agreed that the Japanese should be asked to keep out of the Settlement for the present. He also mentioned that the Japanese want the status quo in the Settlement and he thought if they wished that they should open Hongkew and Yangtzepoo and have the status quo everywhere. He thought that the Japanese contention that they be allowed to protect their own people living in the International Settlement was not a good one, since all the people living in the Settlement are under the protection of the defense forces in each of the sectors. Admiral le Bigot wondered if the Japanese were going to ask to send troops into the French Concession to protect their Ambassador, who had been living there for the past three months.

Admiral Yarnell thought that the Japanese action was only an attempt to assert their rights and thought that the suggestion that the generals talk the matter over with the Japanese was a good one. Admiral Little could call General Telfer-Smollett and ask him to arrange a conference with Admiral Ohkoti. If such a conference was not practicable, the naval officers could arrange a meeting with Admiral Hasegawa. Admiral Yarnell understood that the conference of the consuls-general on returning the Settlement to the status quo was conditional on the opening up of Hongkew and Yangtzepoo. He also said that this report had been sent on to Washington by the Consul-General, and hoped that the respective governments would take this up with Tokyo. Admiral le Bigot doubted that the Japanese Government had much influence with General Matsui. Admiral Yarnell informed Captain Da Zara that his present orders would not permit him to open fire on either organized Chinese or Japanese troops, and that

he

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

he was helpless to do more than protest if they attempted to enter the Settlement. Admiral Little said that his orders were practically the same as those of Admiral Yarnell. Captain Da Zara said that he had seen Mussolini before leaving Italy and had been told to use his own judgment about the whole affair, consulting the Italian Ambassador and Consul-General. He said that he intended to follow his Ambassador's advice, but that nothing restricted him from firing on the Japanese if he felt it necessary.

Admiral le Bigot said that he had protested when the Japanese had taken over some Customs ships alongside the French Bund and had hoisted the naval ensign. He had told them to take the ships away or hoist a merchant flag if they wished to leave them, and they had taken them away.

Admiral Yarnell said that the movement of Japanese troops into the Settlement should be the concern of the diplomatic officials, and both Captain Da Zara and Admiral le Bigot said that they were seeing their ambassadors about it this evening.

Captain Da Zara said that if the Japanese troops come in there is almost bound to be trouble. Admiral Yarnell said that it might even involve removing our forces. Admiral Little said that the movement of troops into the Settlement was important in principle but he thought that it was only Ohkoti trying to assert his rights, and it might be possible to dissuade him. He said that he expected that the Japanese would send their troops any time to take over the Customs, banks, post office, and certain newspapers. He also mentioned that the Japanese were demanding that four important Chinese, including T. V. Soong and O. K. Yui, were to leave the Settlement. Admiral Yarnell was afraid that the Japanese might move in to take these various concerns without giving any previous warning, and that this might cause fighting. He thought that this also brought up the problem of fighting in the Settlement if the Japanese came in. Admiral Little said that all the forces would have to co-operate to segregate the trouble and localize it as far as possible. Captain Da Zara believed that it would be a great help if the Japanese would assist in getting the refugees out of the city and thought that, with respect to the other matters, if they could be held off for some time that many of them would take care of themselves. Admiral Little believed that the Japanese are very suspicious of all of us, as witnessed by the Soochow Creek affair.

With respect to the proposed conference of the generals, if they have no success the admirals could see Admiral Hasegawa.

Admiral Yarnell said that if the Japanese absolutely insist on bringing troops in they should be requested to do it gradually rather than in large bodies. It was then agreed that Admiral Little should get in touch with General Telfer-Smollett and request him, together with General Beaumont, and Colonel Andreini, to consult with Rear-Admiral Ohkoti and try to arrange that the Japanese bring no troops into the Settlement.

Copy to: Mr. Gauss.
Copied by: LMF
Compared with: MB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 210 to despatch No. 1335 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA (Flagship)

Shanghai, China
23 November 1937

CONFERENCE 23 NOVEMBER

Present: Admiral Yarnell, Admiral Little, Vice-Admiral le Bigot, Major-General Telfer-Smollett, Captain Da Zara and staff officers.

General Telfer-Smollett said that he had seen General Beaumont and Colonel Andreini and had explained to them that he would see Admiral Ohkoti and would, with their concurrence, point out to him that it was extremely undesirable to send Japanese troops into the Settlement, and that the military officers regarded it as entirely undesirable to have guards at the Mills, since the local defense zone commanders were confident that they could keep order.

He remarked that Captain Fujita had shown him a memorandum which was almost the same as the ones given to General Beaumont and Colonel Andreini, and on the bottom of this memorandum a note had been written saying that the American and Italian officers had raised no objection to the entry of Japanese troops or lorries. General Telfer-Smollett said that he had told Captain Fujita that General Beaumont and Colonel Andreini did object to such actions on the part of the Japanese, and that they had merely accepted the original memoranda and had not said anything, since they desired to consult with their seniors.

Admiral le Bigot asked if General Telfer-Smollett had been in touch with Admiral Ohkoti. The General replied that he had had a conference with Admiral Ohkoti that day, in which the Admiral said that the Japanese people in these mills wished to see their own sailors guarding them. The General had told Admiral Ohkoti that it was not yet time for the Japanese to return to such posts in the Settlement, and that only when Hongkew, Yangtsepoo and Hungjao were completely open could the Settlement be considered as having returned to normal.

The Aide Memoire which is attached was read to Admiral Ohkoti and a copy was left with him. The General said that he had told Admiral Ohkoti that if an agreement to put off the re-entry of Japanese troops could not be reached, our Governments would have to take up this matter. Admiral Ohkoti said that he would not send in his men until he had conferred with his superiors, and that he would let General Telfer-Smollett know what orders he received from Admiral Hasegawa.

Admiral

0714

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Admiral le Bigot said that General Harada had asked the French Consul-General permission for the Japanese troops to cross the Concession to go to Nantao. The French had denied this permission for troops under arms. However, they were willing to grant passes for individual unarmed Japanese in lorries who wished to pass through the Concession, provided that only food and similar supplies were carried. No ammunition was to be allowed to pass through the French Concession. Admiral le Bigot said that he had received a letter from Admiral Hasegawa that the Japanese would now permit each naval force one boat a day through the Nantao boom, between eight and four in the afternoon. These would be naval boats with no Chinese on board. He remarked that this had caused him some anxiety since he had had difficulty in maintaining communications with the French forces in Kiousin and the French water Works.

Admiral Yarnell said that it would be extremely satisfactory to the Settlement if the movement of Japanese troops into it could be delayed. Admiral Yarnell thought that it would be very dangerous to bring any large number of troops into the Settlement and thought that if such were done we should get an agreement that our forces would take charge in case of any trouble. General Telfer-Smollett said that he expected an answer from Admiral Ohkoti the day after tomorrow and that if he did not receive one he would see the Admiral. Admiral Little remarked that if the answer were in the negative the naval commanders would see Admiral Hasegawa.

Admiral Little asked if the General thought the guards could be withdrawn from the Water Works, and the General thought not. Admiral Yarnell said that the same question had been raised about the Power House. He said that it had been found necessary to retain the guard in order to keep the Chinese employees from leaving.

Note: Attached Aide Memoire is that of General Telfer-Smollett.

Copy to: Mr. Gauss.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

AIDE MEMOIRE

A short time ago General Matsui paid a call on the Commander-in-Chief and myself. During the visit he said he hoped that Commanders here on the spot would be able to co-operate without necessarily referring to their Governments. It is with this object that I have come to visit you today.

I received a copy of a Aide Memoire yesterday which was, I understand, given to General Beaumont by your Liaison Officer. The Aide Memoire states that you are proposing to occupy certain Japanese Mills in International Sectors other than your own and that you intend to use Settlement roads to supply your troops at Nantao and the Western Area.

I have this morning discussed this question with General Beaumont and Colonel Andreini and our views are as follows -

Up to the present time and during the very difficult three months when hostilities were in the vicinity of Shanghai, the American, Italian and British Commanders took responsibility for the security of their Sectors, and in this respect the situation in Shanghai was absolutely satisfactory. Until the situation in Shanghai is normal the National Commanders propose to continue to bear the responsibility for the security of their Sectors.

Shanghai cannot be considered as normal until the many refugees in the Settlement can return to their places of habitation around Shanghai, and until conditions in Yangtsepoo are normal.

With conditions as they are at present (China and Japan potentially at war), the presence of Japanese troops in the area South of the Soochow Creek, which is crowded with refugees, can only have a disturbing effect on the inhabitants. Incidents may occur, and no doubt there will be reprisals (we have only to look back at our experience of 1932). The presence of Japanese troops in National Sectors can only embarrass the Commanders who are responsible for the security of these Sectors.

You will realize that we do not in any way question the legality of quartering troops anywhere in the Settlement but strongly question the wisdom of such action at present.

I hope now that we have expressed our views that you will not insist in taking action which you know is contrary to the considered wishes of all the National Commanders in Shanghai and could only lead to grave disturbances in the Settlement.

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Compared with: MB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 211 to despatch No. 1383 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

Shanghai,
December 9th, 1937.

Dear Sir,

I have the honour to inform you, as a matter of courtesy, that I will despatch detachments of sailors under my command to the Western area of the Settlement beginning from the 15th instant, as I did before the outbreak of the current hostilities, for the protection of my nationals there.

Please find herein a copy of the schedule regarding its details, and I earnestly hope for your kind co-operation in this matter.

Sincerely yours,

Sign by, D. Ohkoti.

Rear-Admiral,
Commanding,

Imperial Japanese Naval Landing
Party, Shanghai.

To: Commandant, The British Military Force, Shanghai area.
Commandant, The American Marine Corps, Shanghai.
Commandant, The Italian Savoy Grenadiers, Shanghai.
Commandant, Shanghai Volunteer Corps.

S C H E D U L E

Each detachment will be sent through the Settlement south of Soochow Creek by motor trucks to the following three places:

1. The Naigai Wata Kaisha Club, 936 Gordon Road, arriving at the premiss at about 0900 on the 15th inst.

2. Naigai Wata Kaisha's Nos 3 & 4 Mills, 19 West Soochow Road, arriving at the premiss at about 0900 on the 16th inst.

3. The Japan & China Spinning and Weaving Co. Staff's Residences, 250 Penang Road, arriving at the Premiss at about 0900 on the 17th inst.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 210 to despatch No. 1355
from C. E. Gauss, American Consul General, Shanghai,
China, dated APR 20 1938 on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

MEMORANDUM

AMERICAN CONSULAR SERVICE

SHANGHAI

Date December 10, 1937.

Dear Admiral Yarnell:

I understand that the Japanese have now, as a matter of courtesy, informed the American and other foreign commanders of their intention to send armed forces to their mills in the foreign sectors.

I am informed that the matter has been reported to you. I am not informed what action is being taken by the military and naval authorities, but I have taken time out to put down, roughly, on paper some thoughts which might be used in oral representations to the Japanese naval authorities regarding this matter. I send you a copy for your confidential information.

I am told that the Japanese placed gendarmes of some sort in the Japanese mill in the Italian section of the British sector some days ago. I asked my Italian colleague whether this had been done with the knowledge and consent of his military commander and he replied in the affirmative.

If we must have Japanese guards in the Japanese mills, I would not oppose so vigorously the sending of Japanese police or gendarmes, so long as they stay in their mills and do not concern themselves in other matters; but when the Japanese send gendarmes or the like to their mills in our sector I should like to have it understood that we may send civilian guards of our own choosing to American property in the Japanese sector, which is being occupied by the Japanese forces, and which in some cases is reported to have been looted.

Yours sincerely,

C. E. Gauss.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

1. When hostilities began between the Chinese and Japanese forces at Shanghai, the American and other foreign commanders not concerned in that conflict found it imperative and proper that special measures be taken for the protection of the persons and property of their nationals. They accordingly took up protective military positions in the areas which theretofore by common agreement (to which the Japanese Naval Landing Force was a party) had been alloted or established as special areas in which foreign forces having a common purpose of protecting the life and property of their nations would maintain order and afford such protection in support of the local police and other municipal authorities.

During the period that these special protective measures have been in effect the American Marines have accorded full and effective protection to all foreign nationals, including Japanese, and to all foreign property, including Japanese property, within the "American sector". They have in fact taken special measures for the protection of the persons and property of all Japanese in that sector. They made the Chinese authorities aware of their presence in that sector of the International Settlement and of their purpose there, and they required that such area be held free from all attack or intrusion by Chinese forces, by land or from the air.

2. While the scene of hostilities has now moved to the hinterland, it has been deemed essential that the American forces continue their special measures for the time being, because:

(A) Shanghai continues occasionally to be subject to Chinese air raids. The objectives of the Chinese raiders are Japanese military and naval positions -- all places where Japanese military or naval forces may be stationed.

If Japanese military or naval armed forces are stationed in any of the sectors now protected by other foreign troops, such sectors may be made the object of attack by Chinese air raiders, with resulting danger to life and property of foreign nationals and to non-combatants of all nationalities.

By seeking to introduce Japanese armed forces into the sectors of other foreign troops, therefore, the Japanese Naval Landing Party is deliberately placing in unnecessary danger the lives and property of all foreign nationals, including their own; and as Japanese nationals and Japanese property is now thoroughly protected in these foreign sectors, there can be no justification for the Japanese action.

(B) During and since hostilities around Shanghai, several hundred thousand Chinese noncombatants driven from their homes in the vicinity of Shanghai and in the countryside for a great distance around, have sought refuge in the foreign areas. Bad characters have come with them. The presence of these refugees in the foreign protected sectors has been a heavy burden on the police and on the foreign forces; but a burden

that

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that has been met cheerfully. These Chinese have not yet been permitted by the Japanese forces to return to their homes; and in many cases their homes have been destroyed and they have no places to which to return.

The situation which finds this large additional Chinese population in our sector requires continued special protective measures by the American forces. It is therefore impossible at this time to withdraw our troops to barracks.

When the Japanese take the steps they should take, to return conditions in the areas they now occupy in and around Shanghai to normal, this heavy burden which by their measures they have placed and continue to place on the foreign authorities in the Settlement, will be lightened; and then there will be no need for American or Japanese forces in the present American sector.

3. It is a well recognized military principle that when a foreign force is charged with the protection of a certain area, no other armed forces shall enter and be stationed in that area without the consent of the sector commander concerned. This principle is recognized in the Shanghai Defense Plan at the end of section 3 Part II, where it is provided that

> "Should any commander desire to arrange special protection for his nationals in a sector other than his own, he will first obtain the concurrence of the sector commander concerned".

Under existing conditions the commander of the "American sector" cannot, in consideration of all foreign interests in that area, give the concurrence necessary for the introduction of Japanese armed forces into the Japanese mills in his sector. All Japanese nationals in that sector and all Japanese property in that sector has been and will continue to be given full, adequate and effective protection both by the municipal police and the foreign (U.S.M.C.) forces in the sector. There can be no justification under such circumstances for the introduction of Japanese forces into the American sector; any such introduction of Japanese forces will prejudice the safety of other foreign interests in that sector.

4. In connection with this matter it may be pointed out to the Japanese authorities that American nationals are being restricted in (and in certain areas denied any access to their property in areas now held by the Japanese forces, within and outside the Settlement. Information has been received that their property in some cases has been occupied by the Japanese forces; that their goods have been seized, pilfered, or removed; that full and adequate protection is NOT being extended to such American property by the Japanese forces in occupation; and that if the principle of the right of the Japanese forces to come to their mills in the American sector is recognized

then

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

then it must be recognized that we may be entitled to send our troops into Japanese sectors to protect such American property in those sectors as is now NOT being properly and adequately protected by the Japanese forces.

5. The proposal to introduce Japanese armed forces into the Japanese mills in the American sector is unwise, unnecessary, and likely to be provocative of incidents. It is unfair to the U. S. Marine forces; it shows either a lack of appreciation of the existing situation or purposeful disregard and complete lack of appreciation of the full measure of protection which has ungrudgingly been extended to Japanese nationals and Japanese interests in the American sector, along with all other residents and all other interests, during the whole period since the beginning of hostilities.

6. The solution of the Shanghai problem lies in measures by the Japanese to return the whole Shanghai area, including the surrounding countryside, to a normal condition. Then there will be no need for special measures by any foreign armed forces -- Japanese or others.

7. A more careful respect for foreign rights and interests would also make for a better local feeling toward the Japanese.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to despatch No. 1333 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

9/jdb

Headquarters, Second Marine Brigade,
Shanghai, China.

11 December, 1937.

Major General K. Harada,
Imperial Japanese Military Attache,
Shanghai, China.

My dear General:

I have the honor to inform you that on the evening of the 10 December, 1937, at about 5:40 p. m., 17 Japanese soldiers landed in the United States Marine sector, in the vicinity of Penang Road, and proceeded to the Naigai Wata Kaisha Mill number Nine. In order to enter the American sector the soldiers cut three strands of the barbed wire entanglements along the creek. One of the soldiers, upon being interrogated, stated that it was the intention of the party to pass the night in the aforesaid mill.

I respectfully desire to call your attention to the ordinary military amenities which are observed when troops of one nation desire to enter the sector of another. I must protest against the unwarranted entry of your troops into the sector of my responsibility and against the damage done to my defensive wire.

I deeply appreciate the prompt assistance rendered by Lieutenant Colonel Oka of your staff, which resulted in the withdrawal of these men. At the same time I trust that you will make every effort to prevent the recurrence of similar incidents, which might jeopardize the thoroughly amicable relations which have existed heretofore between the Japanese and American forces.

Most sincerely yours,

J.C. BEAUMONT,
Brigadier General United States Marine Corps,
Commanding Second Marine Brigade.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 214 to despatch No. 1355 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 1938, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

00/jse

Shanghai, China
12 December 1937

My dear Admiral Hasegawa:

I have been informed by General Beaumont, commanding the Marine Brigade, that the rear-admiral commanding the Japanese Naval Landing Party proposes to send detachments of sailors into the American sector for the protection of nationals there beginning on the fifteenth of this month.

It is needless to reiterate that the sending of Japanese troops into this sector is entirely contrary to the advice and judgement of not only myself but of General Beaumont.

The Japanese nationals in the American sector have been afforded and will continue to be given every protection by the United States marines in this sector. No present danger exists for these nationals and it is my view that the present United States Marine guard is entirely adequate to continue the necessary protection.

As you are of course aware, conditions in the International Settlement are far from normal. The area is crowded with many thousand refugees who are unable to return to their homes in areas outside of the International Settlement. The feeding and housing of these refugees still remains a great problem. The Municipal Police and the defense forces of the International Settlement have a great responsibility on their hands now and for some time in the future to maintain law and order.

The sending of Japanese troops into this sector at the present time serves no purpose and adds to the difficulties already confronted by the police and defense forces.

I sincerely trust that this matter will be given very full consideration by the Japanese authorities before being carried out, and I desire to emphasize that such action is distinctly contrary to my wishes in the matter.

Very sincerely,

H.E. YARNELL
Admiral U. S. Navy
Commander in Chief
U. S. Asiatic Fleet

Copy to Mr. Gauss.
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Vice-Admiral

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Vice-Admiral K. Hasegawa, I.J.N.,
Commander in Chief,
Japanese Fleet in China,
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 215 to despatch No. 1385 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

The American Consul General has been informed by the Commanding Officer, Second Brigade, U. S. Marines, that the Commanding Officer, Japanese Naval Landing Party, has announced his intention to despatch detachments of sailors under his command to be stationed at certain places in that section of the International Settlement now under the special protection of the forces of the U. S. Marines in cooperation with the Shanghai Municipal Police.

The American Consul General points out that the U. S. Marines in cooperation with the Shanghai Municipal Police have for some months extended full and effective protection, and are continuing to extend such protection, to all foreign nationals, including Japanese, and all foreign property, including Japanese property, in the area in question.

The American Consul General therefore associates himself with the view expressed to the Commanding Officer, Japanese Naval Landing Party, by the Commanding Officer, Second Brigade, U. S. Marines, that the stationing of Japanese sailors in the area in question at the present time is unnecessary and may lead to complications which should carefully be avoided.

The American Consul General expresses the hope that the Japanese naval authorities upon further consideration of the matter may be disposed to postpone the proposed measures.

C. E. G.

December 12, 1937.

(Original of this memorandum handed to Japanese Consul General, December 12th.)

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 21[illegible] to despatch No. 1355 of C. E.Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai,
December 12th, 1937.

Dear Sir,

For reasons of our own, the despatching of my sailors to the Western area, which was notified to you in detail in my letter of December 9th, will be postponed for some time, pending my further communication to you of its definite date.

Thanking you for your co-operation in this matter,

Sincerely yours,

D. Ohkoti,
Rear-Admiral,
Commanding,
Imperial Japanese Naval Landing
Party, Shanghai.

To: Commandant, The British Military Force, Shanghai area.
Commandant, the United States Marine Corps, Shanghai.
Commandant, The Italian Savoy Grenadiers, Shanghai.
Commandant, The Shanghai Volunteer Corps.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

H.I.J.M.S. IZUMO
Shanghai, China
12 December 1937

Dear Admiral Yarnell:

I have the honor to acknowledge the receipt of your letter of 12 December in regard to the question of sending on 15 December, certain Japanese Naval Landing Party forces into the U.S. Marines Sector for the purpose of protecting Japanese nationals. I now have the honor to inform you that this has been postponed because of various circumstances and for the convenience of the Japanese forces.

At a later suitable date, of which you will be informed, the Japanese Naval Landing Party will be sent into the above area.

I am,

Respectfully yours,

K. HASEGAWA,
Vice Admiral, I.J.N.
Commander in Chief
Japanese Fleet in Chinese Waters

H. E. Admiral Yarnell, U.S.N.,
Commander in Chief,
U.S. Asiatic Fleet.

TRANSLATION

Copied by MB
Compared with HHS

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 218 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Statement by Captain Boone

QUOTE At 9:15 a.m. December 18th, about 18 unarmed Japanese bluejackets with 3 trucks entered the compound at 145 Markham Road which is a Chinese Government Radio installation and began to remove equipment. This is in the American sector. Upon the matter being reported to the Brigade Headquarters by our patrols (comma) accompanied by two other United States Marine officers, I went to the scene, accompanied by an interpreter furnished by the Gordon Road police station. Interrogating Chief Warrant Officer Ishii, who was in charge of the Japanese party, we discovered that he had received his orders from the Japanese naval attache. At our request, Ishii agreed to stop work until we had conducted negotiations with his superiors. I then conducted negotiations with the Japanese Naval Attache and with the Japanese naval landing party (comma) my basis of argument being that we had no concern with the property and our only objection was that the Japanese naval landing party had entered our sector without giving us any notice. I also impressed upon them that in the future they must give us ample and proper notice of such moves. They agreed with me thoroughly. Neither the Naval Attache nor the Japanese naval landing party headquarters knew anything about the matter. It had been done apparently on the initiative of a Lieutenant-Commander attached to the Naval Attache's office. When the Japanese had investigated the matter, Rear Admiral Hondo, the Japanese Naval Attache came to General Beaumont's headquarters and made a very full and complete apology for the unauthorized incursion into our sector. He then asked if work could go ahead and General Beaumont replied in the affirmative.

(paragraph) The Japanese party was inside the compound around which there is a high wall and marine enlisted men were not only outside the wall but across the street and all but two or three sentries were a block away. At no time was there the slightest danger of hostilities and at no time was there anything faintly resembling an altercation. The matter was settled amicably and was in the opinion of the undersigned due to the action of a Japanese naval officer recently arrived in Shanghai who took such action without referring the matter to his senior.

(paragraph) The United Press representatives in Shanghai are well aware of the proper method of obtaining news and information from the United States Marine forces. They made no move to question the proper officials concerning the above matter.

(Sgd) R. A. Boone
Captain U. S. Marines
Brigade Intelligence Officer

unquote

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2[illegible] to despatch No. 1[illegible] of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities during Shanghai Hostilities of Interest to Consulate General."

Copy

December 21, 1937

Memorandum

Admiral Yarnell telephoned to me this morning and said that, as I probably knew (see attached copy of his letter to Hasegawa dated December 20th, which was delayed in reaching us) the Japanese refuse to open the Nantao barrier to neutral shipping unless and until he agrees to the quartering of Japanese troops in Japanese mills in the American sector.

He said he did not intend to bargain with Hasegawa and would tell him that we could not agree to putting forces in the mills in the American sector until we are satisfied that conditions in that sector are such as to permit it.

He asked me whether there are other restrictions by the Japanese to which we object. I replied that there are many; we cannot have access to American property in various places, to American wharf property, etc. and even passes for the removal of cargo are being withheld. I said, however, that I saw no reason why the Japanese should be putting their armed forces into mills or other property in the American sector; that if they are not satisfied with the protection being given such mills, why do they not arranged to send watchmen or even consular police, and NOT armed forces. Admiral Yarnell said he thought this a good point and he would use it. He thought, though, that eventually we would have to let the Japanese forces back in the mills.

At 1130 Admiral Yarnell telephoned again, saying he had just returned from his discussion with Hasegawa; that the latter is disposed to be conciliatory and stated that they are going to ease up on all the restrictions very materially and very soon. He wanted our suggestions on how present restrictions should be changed. Admiral Yarnell said he would speak to me about it and ask me to take up the points with the Japanese Consul General. Admiral Yarnell thinks this is a good opportunity to tell them what is wrong (we have been doing so for a long time CEG) with the present restrictions.

He added that he had told Hasegawa that if they want to send a few men say 20 or 30 in to the mills on a fixed date - say January 1st - we would offer no objection; they should be sent in quietly and they should not be conspicuous.

He

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

He believes that Hasegawa realized the necessity of avoiding any incident, but he has to "save face" with the Army by getting his men into the mills.

Admiral Yarnell said he would send me a memorandum of the discussions--try to get it over to me by this afternoon, as soon as it could be prepared.

I made no comment except that we would proceed to prepare data on what Japanese restrictions we want removed. As a matter of record I make the comment that I do not approve the stationing of any Japanese armed forces in any area south of Soochow Creek within the foreign lines until the Chinese refugees have been permitted to return to the countryside (when the refugee problem in the Settlement is eased) and the foreign forces can return to barracks, and when the Japanese have taken steps to return the situation here to normal for foreign as well as Japanese residents and merchants.

C.E.G.

Copy of letter referred to in foregoing memorandum.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China,
20 December, 1937.

Dear Admiral Hasegawa:

I am very much surprised to learn today from Captain Dundas, of the H.M.S. Folkestone, that you refuse to open the Nantao barrier in the upper Whangpoo to neutral shipping unless and until I agree to the quartering of Japanese troops in Japanese mills, located in the American defense sector of the International Settlement.

American defense forces accept full responsibility for the preservation of law and order in their sector and for the safety of all people residing therein. As you know, a large number of your nationals have remained in "C" sector from the 13th of August to the present time. None of them have been harmed; their property has not been molested. Our people feel proud of this record and they would very much regret having any incident to mar it. I do not question your legal right to quarter troops in Japanese mills and property in the International Settlement, south of Soochow Creek. I do however, feel that it is inadvisable to do so at the present time. Our only desire is the prevention of some untoward incident which will lead to increased tension as was the result of the march of the Japanese Army through the Settlement.

I am

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

I am also given to understand that you feel that everything practicable should be done to return the port of Shanghai to normal. I feel the same way. To this end, I believe the many restrictions placed upon the entry of foreigners into the Whangpoo and Yangtzepoo areas should be relaxed as soon as possible. I also believe that foreigners should be allowed to get at their property located above the Nantao barrier. The above restrictions are a great hardship to the business interests of Shanghai and are the cause of increasing ill-will on the part of a large number of people whose lives and livelihood depend on the continuance of the trade of this city.

Believe me, Admiral, I am most anxious to cooperate with you in any way to hasten the return of normal conditions in this port. I suggest that we have a frank discussion of the whole situation as soon as practicable.

Very sincerely yours,

H. E. YARNELL,
ADMIRAL, U.S. NAVY,
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice Admiral K. Hasegawa, I.J.N.,
Commander in Chief,
Japanese Fleet in China,
H.I.J.M.S IZUMO, Flagship.

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 220 to despatch No. 1355 of O. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
21 December 1937

My dear Admiral Hasegawa:

Confirming our conversation of this morning I am entirely agreeable that Japanese troops or police enter the American sector and occupy the Japanese mills beginning January first.

It is suggested that a small number of men, perhaps twenty or so, be sent in at first in trucks and that they remain within the confines of the mills. Later the number might be increased gradually to the force desired.

My only desire is the prevention of incidents and I am sure you are just as much concerned over their prevention as I am.

I have informed General Beaumont of the above understanding and have asked him to take the matter up with General Telfer-Smollett and Read-Admiral Ohkoti and arrange the details without further reference to me.

I am

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commander in Chief,
Japanese Fleet in China
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China.

cc: AmConGenShai
Gen. Beaumont

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 221 to despatch No. 1336 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
21 December 1937

My dear Beaumont:

Confirming telephone conversation, I had an interview with Admiral Hasegawa this forenoon about the matter of their sending troops into the Japanese mills in the American and other sectors. I stressed the fact that our only idea in objecting to the presence of such troops was the prevention of incidents which would lead to much trouble and disorder and which I was sure Admiral Hasegawa was just as anxious to avoid as we were.

I stated that we appreciated fully their desire to return these troops to the mills, which I understood was the condition before the present hostilities began, and suggested that if such men were sent in in small numbers in trucks and remained inside the mills, I would offer no objection. I suggested a number of 20 or 30 as a beginning. Then later this number could be increased gradually if they so desired. Admiral Hasegawa thought that this was a very good suggestion and that they would be willing to follow it. I then suggested January first as the date on which they might send the first men into the mills and told Admiral Hasegawa that I would inform you of the conversation and that you would take the matter up with General Telfer-Smollett and with Rear-Admiral Ohkoti and that the details would be left to you.

I feel that we will have to allow them to come into the Settlement sooner or later, and it might aid in obtaining more liberal conditions for entry into Hongkew and other sections if we concede the point at once.

I leave the arrangements of details and all further matters relating to this affair in your hands.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Brigadier-General John C. Beaumont, U.S.M.C.,
Commanding Second Marine Brigade
Shanghai, China.

cc: AmConGenShai

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 222 to despatch No. 1383 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Headquarters, Second Marine Brigade,
Shanghai, China.

22 December, 1937.

Rear Admiral D. Ohkoti,
Commanding, Japanese Naval Landing Party,
Shanghai, China.

My dear Admiral Ohkoti:

I am in receipt of a letter from Admiral Yarnell concerning an agreement he had with Vice Admiral Hasegawa in regard to the occupation of the Japanese Mills situated in my sector, such occupation to begin January 1st, 1938.

The understanding reached by Admiral Yarnell and Vice Admiral Hasegawa was that the Japanese Imperial Naval Landing Party would send at first a force of about twenty-five in trucks and that these men would remain within the confines of the mills. Later the force would be gradually increased to its former strength.

When the occupation has taken place I request the officer in command be instructed not to establish patrols outside of these mills or establishments occupied for the reason that my patrols cover the outside perimeter along Soochow Creek and the interior of the sector. Such employment of forces is my responsibility as Sector Commander.

Please send an officer to my headquarters to arrange the necessary details.

Very sincerely yours,

JOHN C. BEAUMONT,
Brigadier-General, U.S. MARINE CORPS,
Commanding Second Marine Brigade.

Copies to:
AmConGen
CinCaf
BritForce

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 223 to despatch No. 1333 of American Consul General at Shanghai, China, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai,
December 23, 1937.

Dear General:

I acknowledge your letter of the 22nd instant, and have understood the conversations exchanged at my Headquarters between your Captain R. A. Boone and my Chief-of-Staff on the same day.

I am given to understand that an agreement concerning the despatching of my force to the Japanese Mills in your sector was reached between the American and the Japanese Commanders-in-Chief in China Waters in the hope to ease possible excitement which might be brought about by this action among the people in your sector at its early stage, and also was based upon an understanding that we would not establish patrols outside of these mills as long as your patrols would cover these areas.

I also understand that, as explained by my Captain Takeda to your Captain Boone on the occasion, when due passing of time has warranted no more existence of such excitement, or when your patrols have withdrawn from the areas in question, returning to the pre-hostilities state of defense and protection by my force of my nationals and their property in your sector will be effected.

You already know, I think, that the completion of the repairing work, now in progress, of the bridge built over the Soochow Creek between your sector and the Central Mint in Chapei will afford traffic for my men in Chapei and in your sector.

I am indeed happy to send one of my officers to your Headquarters as you suggested to arrange necessary details at 1100 hrs on next Monday, December 27th, and to maintain closest liaison with you through my officers.

Respectfully yours,
/S/ D. Ohkoti,
Rear Admiral, Commanding,
Japanese Naval Landing Party, S'hai.

Brig-General J. C. Beaumont,
Commanding,
United States Marine Corps,
Shanghai, China.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 224 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Dec. 28, 1937

Memorandum

Capt. Boone phoned this morning and reported that following Admiral Yarnell's agreement to permit a small number of Japanese sailors to take up positions in Japanese property located within the American sector, he had yesterday worked out details with the Japanese.

Capt. Boone said the Japanese wished detachments placed in several different places but that after some discussion it had been agreed that a party of 30 men from the Japanese Naval Landing Party would be stationed only in mills Nos. 3 and 4 of the N.W.K. property; that the party would come in on Jaunary 2nd; that the Ichang Road bridge would be used by the party and such relief and supply trucks as might be necessary; that no patrols would be maintained by these men; and that they would remain inside the mill compounds. Capt. Boone added that in normal times and before the present troubles the Japanese had approximately two hundred sailors guarding various Japanese properties in the American defense sector.

E.F.S.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

39. Naval Commanders Urge Early Return of Shanghai to Normal. Nov. 16 Encls. 225 - 226

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 225 to despatch No. 1365 of APR 20 C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Nov. 16

Memorandum

Admiral Yarnell came in this morning. He had tried to get in touch with Admiral Little this morning but Little had gone down river to meet the new British Yangtze admiral; but Admiral Yarnell saw the British Commodore and the latter indicated that the proposals were intended as a bargaining measure. I remarked that I did not see much to bargain about, that the Japanese would concede.

The British CG called me later on the telephone and said he had verified from his naval people that the proposals of the naval commanders represent a bargaining proposal. I replied that I had consulted Admiral Yarnell and was told that that was what he had ascertained from the British; that I would attend the meeting at 2.30 P.M. today, but I did not see much bargaining that could be done.

C.E.G.

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Compared with RN

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 226 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 17, 1937.

Memorandum for the Files

In connection with the memorandum of the five senior naval commanders dated November 15th, the Senior Consul was asked to call a meeting of the five corresponding consular representatives and to invite the attendance of the Japanese Consul General and also the Chairman of the Shanghai Municipal Council.

The meeting was called for 2.30 P.M., November 16th. Those present:

Norwegian Consul General (Senior Consul)
Italian Consul General
French Consul General
American Consul General
British Consul General
Acting Netherlands Consul General
Mr. H. Porter, Vice Chairman of the S.M.C.
(in the absence of Mr. Franklin)
Mr. Stirling Fessenden, Secretary General, S.M.C.

Mr. S. Okomoto, Japanese Consul General

Prior to the meeting, the Senior Consul informed me that the French Consul General was definitely and positively of the opinion that we should not attempt any negotiations or bargaining with the Japanese at this time, and that it was understood that the discussion would center around alleviation of local conditions, a return to normal, and an exploring of the Japanese attitude so far as possible.

No secretary was present at the meeting; it was understood to be informal; and no minutes were taken.

Approach was made to the Japanese Consul General on two main points:

1. The necessity of getting food supplies in from the countryside.
2. The desirability of returning the northern district to normal; restoring the full authority of the police; and opening the district to foreigners who have property and interests there.

Mr. Okamoto made it plain that the Japanese military are so busy at the moment in their military operations, "striking the iron while it is hot", that they have little

or

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

or no time for local problems. A suggestion was made by Mr. Porter (Vice Chairman, SMC) that under these circumstances the military should be disposed to depute the necessary authority to Mr. Okamoto to make local arrangements. Mr. Okamoto pointed out, however, the military set-up, which depends directly from the Throne, and how impossible it is for the other authorities to interfere in military matters.

On the question of food supplies, including green vegetables from the countryside, he asked the SMC to put in writing the oral proposals made by Mr. Porter and Mr. Fessenden, that is, necessary arrangements be made for markets on the perimeter where the farmers may bring their produce and where the SMC and FMC can provide trucks to move it in to the markets inside the perimeter. He said he would take the matter up with the military and endeavor to make the necessary arrangements.

On a return to normal in the northern district, he said that the Japanese military authorities were contemplating such step in three phases: (1) return of Japanese (2) return of foreigners, and (3) return of Chinese; but it must take some time to work this out. He hoped and believed it would work out. Meanwhile he was endeavoring gradually to widen the facilities to foreigners as he has promised in the past. I pointed out that there was actually little widening of the facilities; our citizens are unable even to enter certain areas and inspect their property, repair it, grease their machinery which is deteriorating during the weather and from disuse, etc. etc. British Consul General supported me.

On the return to normal in the northern area, Mr. Okamoto indicated that the question of the police in that area is important; he indicated that he wanted Japanese police (there are already a considerable number) and, practically a special Japanese unit in control. (This would not be a restoration of the control of the S.M.C., but a perpetuation of Japanese control nominally under the S.M.C.)

I led off with feelers on the desirability of returning the whole of the International Settlement to S.M.C. control, making possible to withdrawal to barracks or perhaps even the withdrawal from Shanghai of the extra foreign troops.

In the discussion which followed Mr. Okamoto brought out several points which indicated the trend of Japanese thought: (1) Speaking of the withdrawal of Italian forces from their lines, he remarked that if the Japanese mills in the area were without protection the Japanese would have to consider the problem of giving them protection. (2) He referred to the Toyoda Mills, which were supposed to be under British occupation and protection immediately outside the British lines on the western perimeter (and which the British abandoned to the Chinese, who - the Japanese claim - burned the mills).

He

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By Milton O. Gustafson NARS, Date 12-18-75

He also brought out that the foreign forces had had no meeting when they took up their positions. Perhaps it would now be desirable for the commandants of the foreign forces to have a meeting and readjust their defense sectors etc. (Having in mind "B" sector, and the possibility of an effort to put Japanese into the mills in the U.S. Marine sector, I opposed any such an idea; saying that we must not forget that hostilities are going on between the Chinese and Japanese, that the neutral foreign forces have set up a protected, noncombatant area, and this is no time for any change in the plans).

The reaction to my feelers on a return to normal and the readjustment of the position by sending the troops back to barracks was sufficient to indicate that there is no possibility of any satisfactory arrangement at the moment.

I inquired concerning the report of the seizure by the Japanese Navy of the Whangpoo conservancy craft. Mr. Okamoto said he had had a protest from the Whangpoo Conservancy Board and had referred it to his Navy but he knew nothing more about it. I then inquired as to the object in seizing the Chinese Customs craft - preventive fleet; he knew nothing about it officially; remarked that perhaps the Navy felt they were entitled to take these ships as they were Chinese Government vessels. No attempt was made to press on these matters, particularly as Mr. Okamoto took the position that he knew nothing officially about them.

My reaction to the meeting was that the Japanese are not prepared at the moment to disclose their plans; they are too busy following up their military advantage to give attention to the Shanghai problem; that problem however will be dealt with by the Japanese military and not by the consular authorities (except as they may be told later what to do); and that so far as concerns our neutral area it would be well not to make any changes in our disposition of forces which would give the Japanese an opportunity to propose the introduction of Japanese troops south of the Creek on the pretext of protecting Japanese property which the foreign forces had given up protecting. There is apparently much resentment against the British on their abandonment of their responsibility for the Toyoda mills in the western district adjoining the British lines.

- - - - -

During the discussions, the Italian Consul General said that he was in Constantinople immediately after the war and it was found then that international patrols were effective and desirable. I asked him later what he meant; was he proposing inclusion of the Japanese military in international patrols south of the Creek; if so, I would not find myself in accord. He replied

that

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By Milton O. Gustafson NARS, Date 12-18-75

that he did not contemplate anything of the kind; what he had in mind was that south of the creek the patrols should be international; he did not believe the Japanese should come south of the Creek and he understood Okamoto to have the same view.

C.E.G.

Copy sent to Admiral Yarnell

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

40. Chinese Political Refugee's Request for Transportation by U.S. Naval Vessel.

Nov. 18

Encls. 227 - 230

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 227 to despatch No. 1383 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Festivities of Interest to Consulate General."

Copy

November 18, 1937.

MEMORANDUM FOR THE FILES

With reference to the Department's No. 557, Nov. 17, 2 P.M., Admiral Yarnell informed me a day or two ago that Lynch, American adviser to the Ministry of Finance, had asked him on behalf of the person concerned for transportation on an American ship out of Shanghai. I understood that the Admiral had replied there were no American flag merchant ships available and that Navy Regulations would not permit asylum on a naval vessel. I did not know that the Admiral had reported or referred the matter to Washington.

This morning, however, the Admiral asked me whether I had heard anything from Washington on the subject. I replied that I had not. He then told me that he had referred the matter to the Navy Department and had received a reply saying to consult the Consul General who was receiving instructions from the State Department. I told the Admiral that we had several messages in, in code, and as soon as they were decoded I would let him know of any message relating to the matter.

We discussed the question of TV's being in imminent danger of assassination (I believe that was what was feared), and he expressed the view that he did not see where he is in any imminent danger of the sort. I replied that I agreed; that he has lived for years in the French Concession and had special police protection, and that I understand that for several months he has been moving about, spending a night here and there, never two nights in succession at the same place. I expressed surprise that he has not left Shanghai and gone to Nanking or the interior with the Government; he could still go, quietly, to Nantungchow and thence to Nanking; and it seems to me also that he could go out on a French or British ship from Shanghai to Hong Kong. I also stated that if he went out on an American ship it would become known and perhaps cause some embarrassment, and as soon as he found refuge under a foreign flag he would begin to "orate" on China problems, and perhaps be an embarrassment.

Admiral Yarnell told me that the BLACK HAWK had left and the GOLD STAR would not be here until the end of the month. I suggested that if TV is in imminent danger he oughtto get out before the end of the month (and, I thought, but did not say, relieve us of the embarrassment of the request).

C.E.G.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 228 to despatch No. 1383 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 18, 1937.

Dear Admiral Yarnell:

With reference to the telegraphic instruction, No. 557, November 17, 2 p.m., directed to me by the Secretary of State, it is my understanding that the BLACK HAWK has already left Shanghai and that there is no other vessel of the U. S. Navy due to leave here on schedule for Manila until the end of this month.

If the person concerned considers that his life is in imminent danger, it seems to me that he might be well advised to avail himself of other means of leaving Shanghai, for the interior or for foreign parts, before the end of the month.

I have received no request, directly or indirectly, from the person concerned. I have no information to confirm that his life is in imminent danger. He is understood to be residing in the French Concession where he has always enjoyed the effective special protection of the French Police.

If the request made to you represents an effort for a bold departure from Shanghai under special American protection, I am sorry to say that I could not recommend arrangements to that end.

Very sincerely,

C. E. Gauss

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 229 to despatch No. 1333 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 19, 1937.

Dear Admiral Yarnell:

I quote below draft of a message I propose to send to the Secretary of State. If you have any suggestion, or wish to add anything to the message, please let me know.

> Reference your No. 557, Nov. 17, 2 P.M. No approach was made to Consulate General in this matter. Person concerned may be considered in danger but not imminent danger. The BLACK HAWK had sailed when your telegram was received and no U.S. Navy vessel is scheduled to sail for the south until GOLD STAR early in December. If person concerned feels he is in danger he should not wait until December but leave now for the interior or by foreign merchant vessel. Understand he does not consider foreign merchant vessel safe. I regret I cannot dismiss the suspicion that there may be a political motive in his desire to leave by U.S. Navy vessel.

Yours sincerely,

C. E. Gauss

Nov. 20/37

Admiral says the foregoing is all right so far as he is concerned. He tells me that the man who approached the Chief of Staff does not know that any inquiry was sent to Washington. It is not anticipated that there will be any further inquiry.

Under these circumstances since the matter does not seem to be pressed we might as well leave off last sentence.

CEG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 230 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 23, 1937

Dear Admiral Yarnell:

With reference to the request which was made to you by a certain person for passage on a U.S. Naval vessel, I am in receipt this evening of the following reply to my recent message to the Department of State:

> "Department assumes that you have been in touch with the Commander-in-Chief in regard to the matter under reference and that you will confer with him in regard to any possible future developments in this matter."

I shall defer replying until tomorrow. Meanwhile it may interest you to know that there is a confidential report around that the person in question boarded the AUGUSTA on Sunday afternoon and left for Hong Kong on the BRIDGE this morning.

Very sincerely,

C. E. Gauss

Later:
Admiral Yarnell told me that TV left on a merchant ship for Manila

CEG

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

41. Rumored Japanese Demands on Shanghai Municipal Council. Nov. 21 Encls. 231

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 231 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

November 21, 1937.

MEMORANDUM FOR THE FILES

5:45 P.M. Capt. McConnell, Chief of Staff, U.S.A. Fleet, telephoned me to say that he had a report from a "confidential" source to the effect that on account of the "non-cooperative" attitude of the Council, the Japanese are intending to take over the Government activities in the Settlement, including the Customs, the four Banks, Post Office, etc. etc., and that it was thought that perhaps some damage might be sustained in so doing.

I tried to get McConnell's source, but he said it was confidential for the time being (a very unsatisfactory statement to the Government officer ashore, whocould best judge the story from its source).

I tried to get Franklin, Chairman of the Council, on the telephone; he was out. I then telephoned Fessenden, the secy General of the S.M.C. I told him that I had had this story (without indicating source from which it reached me). He said he did not think there could be anything in it. He said that as I may have seen in the papers this morning the Japanese general had called on him and had asked that the Council take action to suppress what he called Communist and anti-Japanese activities; that they did not wish to interfere with the government of the Settlement but they expected the Council to do certain things. I asked Fessenden what these things were. Well, he said, generally he wanted this anti-Japanese activity suppressed; societies and associations, prevent the newspapers from publishing, and things like that. Fessenden said he was polite in his attitude. It was explained that it took some time to get the machinery of the Council to working but that the position was being worked out.

I asked Fessenden whether he had said anything about censorship. He said there had been complaint about propaganda over the radio; and he thought the Chinese telegraphs should be suppressed. Fessenden told him that he thought it was unnecessary to go that far, that the representatives of the foreign Powers would not like it if all communication with the interior were cut off, etc.

Fessenden felt that there could be no truth in the report which had reached me; and said that he did not think the Japanese would do anything without letting the Council know in advance.

CEG

Copied by MB
Compared with RN

42.	Japanese "Victory Parade"; Bombing Incident; Encroachment on American Sector.		Nov. 24	Encls. 232 - 238

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 232 to despatch No. 1383 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
24 November 1937

My dear Little:

In the International Defense scheme which was drawn up in December, 1931, and revised in June, 1934, there is a clause on page 7 which reads as follows:

> "Should any commander desire to arrange special protection for his nationals in a sector other than his own he will first obtain the concurrence of the sector commander concerned."

This agreement was signed by the Japanese representative, Captain Samejima, who was Commandant of the Imperial Japanese Naval Landing Party.

It seems to me that this clause is still in effect and can be used if the Japanese insist on sending their troops into other than their own sectors.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Admiral Sir Charles Little
British Naval Commander in Chief
China Station
H.M.S. FALMOUTH, Flagship
Shanghai, China

COPY TO MR. GAUSS

Copied by MB
Compared with RN

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 234 to despatch No. 1335 from C. E. Gauss, American Consul General, Shanghai, China, dated APR 28, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA (Flagship)

26 November, 1936

From: Commander in Chief, United States Asiatic Fleet

To: American Consul General, Shanghai, China, (for information)

Have received following despatch information:

AMBASSADOR JOHNSON HAS RECEIVED INFORMATION VIA BRITISH EMBASSY OFFICIALS THAT JAPANESE ARE CONTEMPLATING HOLDING A PARADE OF THEIR MILITARY FORCES THROUGH THE INTERNATIONAL SETTLEMENT. NOT KNOWN WHETHER OR NOT FRENCH CONCESSION TO BE INCLUDED. AMBASSADOR DESIRES INFORMATION IF ANY SIMILAR PLAN HAS BEEN CONSIDERED FOR A COMBINED PARADE OF OTHER FOREIGN POWERS WHO DESIRE PRESERVE ORDER AND QUIET OF SETTLEMENT.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 225 to despatch No. 115 from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible], on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

1 December, 1937.

Sir,

I have been informed by my Liaison Officer that Major Utsumomiya told him at mid-day today that it was your intention for a column of Japanese Troops to march through the American and British Sectors on Friday, 3rd December.

I am sure you must have realised at the Conference held on Sunday that such action is very definitely against the wishes of the National Commanders. Further, we were under the impression that you inferred that such action was not contemplated in the near future.

If you intend to disregard our wishes we must point out that we cannot accept responsibility for any incident which may occur. We will however, co-operate if you intend to take this action and make arrangements with the Municipal Police for the route to be cleared of refugees as far as is possible.

I have the honour to be,
Sir,
Your obedient Servant,

/s/ A.P.D. TELFER-SMOLLETT.
Major-General,
Commander, Shanghai Area.

I am in complete agreement with the views expressed by Major-General Telfer-Smollett in the above letter.

Brigadier-General,
Commanding, 2nd Brigade United States
Marine Corps.

Major-General K. Harada,
Military Attache,
Japanese Forces,
SHANGHAI.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 236 to despatch No. 1355 from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible], on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

MEMORANDUM

STRICTLY CONFIDENTIAL. December 2, 1937.

In reference to the Department's 599, it should be on the records that on Sunday morning November 28th, I talked with the Japanese Consul General on the desire of the military to march through the Settlement, put detachments in the mills, etc.; that he telephoned me on Sunday evening that he had learned that the commandants and General Harada had had a mutually satisfactory talk; that on Wednesday afternoon (before I had had any word that the proposed march would take place on December 3d), I had again talked briefly with the Consul General of Japan emphasizing that these proposals should be postponed and that I was so glad to learn that it seemed they were in abeyance.

I had an opportunity this afternoon again, after the receipt of No. 599, to talk with Mr. Okamoto over the telephone. I told him that I had learned of this matter; that I had felt obliged to report to Washington and to Tokyo; that I held and had expressed the opinion which I firmly hold that the proposed Japanese action is most undesirable and possibly provocative of unfortunate incidents and thus likely to produce a result the opposite of which the Japanese have in mind.

Mr. Okamoto said: Mr. Gauss I will tell you frankly but in strictest confidence -- I must ask that you do not quote me in anything you say to Washington or Tokyo -- that I personally do not like it; but the Army has decided that they want to march through the Settlement and they have already talked with the American and British commanders through Major Utsonomiya; and as it has already been decided, under the circumstances I cannot stop it; but please Mr. Gauss do not mention this. There is just nothing that I can do. I can only hope that nothing untoward will happen. I am seeing Mr. Franklin and Mr. Fessenden and I know that they will take all precautions that are possible.

CEG

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 237 to despatch No. 1383 from C. E. Gauss, American Consul General, Shanghai, China, dated _____, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA, Flagship

Shanghai, China
6 December 1937

My dear Gauss:

I heard today that the four terms which were dictated by the Japanese Army to Commissioner Gerrard on Friday night before they would consent to withdrawal from the International Settlement were drawn up by a group of younger officers, and that the lieutenant-colonel who was senior could not get them to leave until these demands had been signed by the Commissioner.

I also heard that General Matsui was not in favor of the march through the Settlement, but was either forced or talked into it by the younger officers.

It is common knowledge of course that the younger officers in the Japanese Army have much influence, but these two cases indicate that it is a greater factor than we had probably supposed.

It renders still more difficult the task of those who have to deal with Japanese authorities in determining just who the authorities are. We have found that the Foreign Office in Tokyo has no knowledge of what the Japanese Army is doing in Shanghai. While we have been giving General Matsui the credit for his truculent attitude and demands on the Settlement, it is quite probably true that he himself is not the master and has to formulate his decisions and official announcements to please his underlings.

You may have heard of all of this, but if not it may help to understand some of the contradictory and also futile results of dealing with the titular Japanese authorities.

Very sincerely,

(Signed) H. E. Yarnell

H.E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss,
American Consul General,
Shanghai, China.

Copied by: IMF
Compared with: MB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 238 to despatch No. 1335 from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible], on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES MARINE CORPS
Headquarters, Fourth Marines,
CFBP-da Shanghai, China.

6 December 1937

C. E. Gauss, Esquire,
American Consul General,
Shanghai, China.

My dear Mr. Gauss:

With reference to our telephone conversation of yesterday, and the special interest evinced by the Department of State in the rather trivial incident on the afternoon of Friday, December 3rd, in which I was one of the principals. Because of the interest the Department has shown in the misleading news items in connection with this affair which have appeared in the United States, it appears desirable that the files of your office be provided with a clear statement of exactly what took place, and the following information is submitted for that purpose.

At about 1600, 3 December, it was reported by telephone to the intelligence section of my staff, by one of my junior officers residing in the Foreign Y.M.C.A., that Japanese patrols had advanced up Bubbling Well Road and had placed a barrier and sentries west of Park Road in the vicinity of the Grand Theatre. As I had been in that area within an hour previous to this time, and had observed the Japanese dispositions further east on Nanking Road, I was inclined to believe that the report was in error and I had Captain Ronald A. Boone verify it. He secured the definite information that there were sentries and a barrier at that point. I then went in person to the vicinity of the Grand Theatre on Bubbling Well Road, in uniform and accompanied by Captain Boone. Arriving there about 1630 I found a large crowd gathered at a barrier consisting of portable timber horses reenforced by barbed wire of the type in common use for blocking traffic. There were several Shanghai Municipal police and three Japanese soldiers, two of whom were junior officers and one an enlisted man armed with a rifle and bayonet. Apparently passage was being denied to all Chinese. I saw several foreigners permitted to pass through to the Park Hotel and the Foreign Y.M.C.A. while I was present there. I inquired of one of the Japanese officers, who appeared to be in charge, for what reason and by what authority he was blocking traffic at that point. An S.M.P. constable, who spoke Japanese, interpreted for me. The officer stated that he merely knew that he was there to stop traffic at th t point by the order of his commander who was

further

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By Milton O. Gustafson NARS, Date 12-18-75

further down the street, and he suggested that I talk with his commander.

From my knowledge of the previous occurrences on that day, and the fact, which stood out rather pointedly, that the entire Japanese military procession had been routed with scrupulous care in a manner which would prevent their passing through any part of the American Sector, I had gained a very definite impression that it was the special desire of the Japanese High Command to avoid every possibility of friction with us. Based on this conclusion, I decided at once that the presence of these Japanese troops in the American Sector, and specifically in the area assigned to the Fourth Regiment which I command, was a "bust" on the part of some local commander who did not understand the set-up in the International Settlement. The situation at the barrier at that time was rather tense, and, taking into consideration the strain under which the entire population of Shanghai was laboring at the moment because of all that had already transpired on that day, I considered it highly desirable that this source of further friction between the Japanese and the Shanghai public should be removed at once, if possible, before some incident, trivial in itself, might add to the unrest already created during the day. I asked the Japanese officer, therefore, to conduct me to his superior in order that I might confer with him. He was a little reluctant to do this, telling me that I could go myself. I construed this attitude on his part as one of stupid indecision rather than intentional hostility or discourtesy. I finally prevailed upon him, however, to send the young lieutenant in my car with me to escort me to his commander.

Arriving at the vicinity of Kwangsi Road on Nanking Road, I found that a lieutenant-colonel of the Japanese army, who I learned later was Lieutenant-Colonel Yuki Fukabori, had established his command post on the pavement on the south side of the street at that point. He was engaged in giving instructions to some subordinates when I arrived and I was requested to wait until he finished, which I did. Mr. R. Horiguchi, a Japanese press representative previously known to me, was present and I requested him to interpret for me. As accurately as I can remember, in substance the following was the conversation: I stated to the Japanese Commander that I was the commander of the Fourth Regiment, United States Marines on duty in the area of the American Sector immediately adjoining Yu Ya Ching Road to the west. I informed him that I had observed Japanese officers and soldiers establishing a barrier at a point within that area and that I had come to inquire what was the occasion for this action on the part of the Japanese troops. The Japanese Commander replied that there had been an incident and that he, as "commander on the spot", was taking the precautions he considered necessary to ensure security. I then stated that I was aware of the incident, that I was familiar with the dispositions made by the Japanese in connection therewith, that I recalled that it had happened many hours ago at a point quite distant from any part of my sector and that up to an hour ago no dispositions had been made to the west of Yu Ya Ching Road, and that I was not aware of any change in the situation which would make such disposition necessary at this time. This was translated to the Japanese Commander whereupon he replied that he was merely the commander on the spot and that he was not authorized to "negotiate" with any one

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one. I then stated that that was exactly what I had come to determine, that is, specifically by whose orders or by what authority the operations in the American Sector were being carried out, in order that the proper authorities might be consulted in connection therewith. When this was translated to the Japanese Commander there appeared to be a little more conversation than the direct translation of my words would have required. In any event, the Japanese lieutenant-colonel arose from his seat, snapped his heels together, saluted me, and stated: "The troops shall be removed from your sector at once, colonel." He then extended his hand. I shook his hand, thanked him and told him that was all I could ask, saluted him and asked him to have one of his officers convey his orders to the troops at the Grand Theatre. I then took the lieutenant who had accompanied me in my car back to the point where the barrier was and waited there for a few minutes until the orders were transmitted to the Japanese patrol there, whereupon they at once removed the barriers from the street and, after a few minutes necessary to do this, departed from the scene. I informed the S.M.P. police inspector, who arrived in the meantime, that the Japanese Commander was withdrawing his patrol and his barrier to the line of Yu Ya Ching Road and that traffic might proceed in this area. I believe that the municipal police later placed a cordon a little further to the east, but still prevented traffic to the crossing at the corner of Bubbling Well Road and Yu Ya Ching Road in order to prevent conflict with the Japanese patrols at that point.

Further than this I can say only that there was no particular tension at any time between myself and the Japanese concerned, although our contact was carried on with military formality. No heated words or actions took place. There was no argument, and I personally felt entirely satisfied with the alacrity with which the Japanese Commander responded as soon as the point at issue was made clear to him. He acted as cooperatively and as courteously as any one could have acted. I have since been informed that the Japanese Command has called upon General Beaumont to deliver an apology and that the statement has been made that Lieutenant-Colonel Yuki Fukabori would be severely disciplined for his action. While this is not a matter for me to determine, it is my opinion that such procedure would be extremely unjust to that officer who, evidently through failure of proper staff functioning, was not advised clearly of the situation in which he was placed by superior command. Captain Boone accompanied me throughout the occurrences outlined above. As soon as the incident was over, I made a personal report to General Beaumont in substance as recorded above, and Captain Boone notified Admiral Yarnell through his staff, and you, I believe, personally by telephone.

There were, of course, numerous newspaper men present. With the exception of Horiguchi not one of these was close

enough

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enough to hear what took place in the conversation. The reports which they made were based entirely upon their observations of my movements, and have given rise to the most exaggerated reports, even locally, as to what took place, and specifically as to the degree of pressure exerted by me which I can assure you is entirely untrue. I felt throughout the entire occurrence that I had the Japanese Commander at a terrific disadvantage because evidently he had done unwittingly and through excessive enthusiasm the one thing which his superiors were most anxious to avoid on that day, which was to bring them into contact with the American authorities in Sector "C". Nothing which has transpired since the incident occurred would tend to change my opinion in that respect. I trust the foregoing may serve to complete the files of your office with respect to this case.

Respectfully yours,

(Signed) Chas. F. B. Price.

Chas. F. B. Price,
Colonel, U. S. Marine Corps,
Commanding Fourth Marines.

P. S. - A copy of the statement to the press released officially by the Brigade press relations office (Captain Boone) is appended for your information.

At or about 3:25 p. m. the Japanese troops who are investigating the bombing on Nanking Road extended their patrols into the American sector west of Yu Ya Ching Road. They placed portable barbed-wire barricades across Nanking Road just to the west of the Grand Theater and stationed an officer and two sentries at this point, stopping all traffic. At 4:30 Colonel Charles F. B. Price, Commander of the affected sector (American right sub-sector), accompanied by Captain R. A. Boone, proceeded to the scene and questioned the Japanese commander, a Lieutenant-Colonel. It appeared that this Japanese Officer had been unaware of the exact location of the American boundary and his encroachment into the American sector had been inadvertent and not deliberate. When informed of the situation by Colonel Price he immediately withdrew his men to the boundary of the American sector, Yu Ya Ching Road, removed the barbed-wire barricades and opened the street to traffic as far as Yu Ya Ching Road.

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Compared with: MB

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

43. Japanese Demand to Police extra-Settlement Road Enclave. Nov. 25 Encls. 239 - 243

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Hustafson NARS, Date 12-18-75

Enclosure No. 239 to despatch No. 1555 from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible], on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

Memorandum for the Files. November 25, 1937.

At the request of the Secretary of the Shanghai Municipal Council, I met this morning with the British Consul General, the Chairman of the Shanghai Municipal Council, the Secretary General of the Council, and the Secretary of the Council.

The Secretary General of the S.M.C. told us that the Japanese Consul General had visited him and pointed out that in the districts west of the International Settlement boundary but within the defense lines, the Shanghai Municipal Police have never been authorized to function; the enclaves within these roads have been under the Chinese police and Chinese jurisdiction; now that Japan is in military occupation of the Shanghai area and is taking over all that was under Chinese jurisdiction, the Japanese wish to take over the policing of these enclaves. The Chinese police who formerly controlled the enclaves (long since disarmed) are still wandering about in the area, but the area is not properly protected.

The Secretary of the S.M.C. stated that the British commanding general, Major General Telfer-Smollet, did not wish Japanese police to come into areas within his lines.

Unfortunately, this raises a rather difficult problem as the large area west of the Settlement boundary includes a very extensive foreign residential district -- in fact the principal better class residential district outside of Frenchtown -- in addition of course to certain other areas, including a Japanese mill area in the Italian sector.

After discussion it was the opinion that as the British and Italian forces are responsible for the protection of the areas assigned to them, they might be entitled to apply to the Municipal Council for police assistance in policing those areas for the time being, and such request being received by the Council, police might function in the areas as at the foreign military request. The foreign forces concerned would do well to inspect the proper policing of their areas and perhaps send patrols at times to support and recognize the police.

The theory advanced and agreed upon, as I understand it, is that the Municipal Council may not be entitled to police more than the extra-Settlement roads in the areas, in ordinary times, but in the emergency the whole areas are under foreign military protection and at their request the police can give assistance in maintaining order. It was deemed important that all areas should be properly policed and protected.

The British Consul General undertook to get in touch with Major General Telfer-Smollet, so that the British and Italian commanders may make their request to the S.M.C. if they so decide.

C.E.G.

Copy sent to Admiral Yarnell.

Copied by: LMF
Compared with: MB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. (1) to despatch No. 1555 from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible], on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
26 November 1937

CONFERENCE AT AMERICAN CONSULATE-GENERAL, 26 NOVEMBER 1937

Present: American, British, and Italian Consuls-General, Admiral Yarnell, Admiral Little, Captain Da Zara, Brigadier-General Beaumont and the members of their staffs; the Chairman, Secretary-General and Secretary of the Shanghai Municipal Council.

Mr. Franklin stated that the subject of the meeting was the demand of the Japanese to police the enclaves between the extra-settlement roads in the western district. Mr. Fessenden said that this subject had been brought up by the Japanese Consul-General two days ago. He had stated that the Japanese regarded themselves as having taken the place of the Chinese Government in all respects dealing with the Settlement.

One of their demands was that they intended to police all of the outside road area except the roads themselves. The Shanghai Municipal Police would continue to police the roads. Mr. Fessenden had urged the Japanese not to go ahead with this plan and in a small meeting had suggested that foreign military forces police this area with the assistance of the Municipal Police. This plan had been referred to Okomoto, who had taken strong exception to it and had stated that they intended to carry out the same functions as the Chinese, and would not agree to allowing the Municipal Police to act except on the roads.

Mr. Fessenden said that this would effect a large part of the residential section of Shanghai. Mr. Okomoto stated that the Japanese intended to deal only with the Shanghai Municipal Council on this subject, as they did not consider that the consuls had any jurisdiction over it. Mr. Fessendon felt that the Municipal Council would have to give in on the matter, as otherwise it might furnish a pretext for the Japanese to take over completely.

Mr. Fessenden also said that General Harada had told him that the Japanese military intended to assume control unless all anti-Japanese agitation was stopped. He said that Japan could march troops up Nanking Road and the Municipal Council could not prevent it because of lack of any effective force, and that anything in opposition to the Japanese wishes must be done by the military.

Admiral

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
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By Milton O. Gustafson NARS, Date 12-18-75

Admiral Yarnell asked how many police would be involved. Mr. Fessenden said that there would be several hundred, and that the former Chinese police in that district had been disarmed and were no longer functioning. The Japanese were going to incorporate the former police force with Japanese police, with the latter in control. Mr. Franklin said that the Municipal Police were prepared to take care of that area. Mr. Philips asked how the Japanese intended to police the area. Mr. Fessenden replied that they intended to use the former police under Japanese supervision. Admiral Little asked when they intended to come in, and Mr. Fessenden said that they planned to start the organization immediately.

Admiral Little asked if it was believed that this would cause a large influx of Chinese into the Settlement, and Mr. Fessenden said that he did not think it would be an embarrassingly large number. Admiral Little said that the proposal seemed better than he had anticipated. He had feared that they intended to set aside the Shanghai Municipal Council entirely. Mr. Fessenden stated that Okomoto had said that they did not intend to interfere with the Council's control of the roads, but that the Japanese police would control the area between the roads. Mr. Franklin said that they did not like the idea of the Japanese military police coming into the same area with the foreign defense forces. Mr. Fessenden said that he did not like the Japanese plan of dealing only with the Municipal Council, as it placed them in a very awkward position since they had no force to oppose the Japanese military coming in. However, Okomoto was adamant on this point of dealing only with the Council.

Admiral Yarnell said that there was no way to stop the Japanese from coming in since no one had a force which could oppose them. Mr. Gauss said that since there was no city government established by the Japanese yet they had no right to police the enclaves. When the city government was established they would have the right to police. He suggested that a reasonable scheme is to let the defense forces police this area until the Japanese establish a city government. Mr. Fessenden said that they regard the military occupation as a government in place of the former Chinese one. Mr. Franklin asked if representations to the Japanese could be made by the interested consuls and by the military commanders. Mr. Philips said that it seemed best for the military commanders to meet General Matsui and explain the reasons for delaying this plan of policing. General Telfer-Smollett had said that the police believe that fifty per cent of the Chinese will come into the Settlement if the Japanese police these enclaves. Mr. Fessenden said that he had pointed out to Okomoto that there was no real need for Japanese control of police in that area, and he believed that they only desire to do it for the sake of face.

Mr. Philips said that he thought the Municipal Council needed the full support of the consuls and of the military, and it was their duty to make such representations as necessary. The Italian Consul-General said that they might make repre-

sentations

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

sentations but he felt sure there would be no results. Mr. Franklin asked if the Japanese military had not paid a certain amount of respect to previous representations by our military and it was replied that they had. He said that he was not questioning the right of the Japanese to enter the Settlement, but the undesirability of it. Mr. Franklin said that it would not be so bad if they policed only the areas north of Brenan Road, where most of their mills were situated.

Admiral Yarnell suggested that the military commanders have a conference with General Harada. Captain Da Zara said that it was in the interests of everyone to have the Japanese out of the Settlement since in case of an incident no one could do anything with the Japanese Government. He said that it was comparatively easy to handle the Chinese.

Admiral Little mentioned the case of the Japanese desiring to come into the American defensive sector to police some of their mills. Mr. Fessenden brought up General Harada's conversation relative to marching troops along the Bund, and said that the Japanese attitude that day had been that such actions would only be a demonstration to show the Chinese the Japanese power in this area.

Mr. Franklin closed the meeting with the statement that it was now agreed that the military commanders concerned would make representations to the Japanese military and the interested consuls-general to the Japanese Consul-General.

Copy to: Mr. Gauss.

Copied by: LMF
Compared with: MB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 211 to despatch No. [illegible] from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

RESULT OF CONFERENCE HELD AT BRITISH HEADQUARTERS ON 28TH NOVEMBER, 1937.

Present - Major General Telfer Smollett
Major General K. Harada
Brigadier General J. C. Beaumont
Captain Da Zara
Lieut-Colonel E. Andreini
Mr. Okasaki
and Staff Officers.

1. The Conference was opened by Major General explaining that the object of the Meeting was to clear up certain questions regarding the security of Shanghai which particularly concerned the International Commanders.

It was explained that the intention was to discuss matters frankly and that we were willing to co-operate as far as possible provided we maintained our object of maintaining security within the Settlement.

2. The questions were then dealt with in the following sequence:-

(a) The policing of the Western extensions areas off the extra-Settlement roads originally policed by Greater Shanghai Government Police.

(b) The stationing of Japanese troops in Japanese owned mills South of the Soochow Creek.

(c) The question of the movement of Japanese troops through the areas South of the Soochow Creek.

3. Major General Harada then gave his views in general terms briefly as follows:

Arrangements were being made for an adequate police force to be sent to Shanghai to police those areas both outside and inside Shanghai originally policed by Government of Greater Shanghai. These police forces had to be trained and when in operation, outside areas and Yangtsepoo would be opened up for foreigners and Chinese.

There was no intention of policing the Western extension areas until the outside areas had been opened up and conditions sufficiently normal for troops to be withdrawn

from

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from the perimeter.

These arrangements would take time and due warning would be given.

Regarding the question of Japanese garrisoning the Mills, he said this was a question for the Landing Party to decide but he was in close touch and he would arrange for close co-operation with the International Commanders in this matter also.

Regarding the question of movement of troops through the Settlement, General Harada stated that he reserved the right to march troops through the Settlement to show how well disciplined Japanese troops were, i. e. to show the flag, but that adequate warning would be given.

4. Major General then summed up the views of the national Commanders of the undesirability of any action by Japanese troops in the area within the perimeter South of the Soochow Creek until the situation in and around Shanghai was sufficiently normal for the withdrawal of all military control from the perimeter.

5. Major General Harada said that the Japanese had no intention of upsetting the peace of the Settlement and that no action would be taken without due warning.

Copied by: LMF
Compared with: MB

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Enclosure No. 242 to despatch No. 153 from C. E. Gauss, American Consul General, Shanghai, China, dated Apr. ____, on the subject: "Action taken by the American Naval Authorities during the Shanghai Hostilities of interest to the Consulate General".

UNITED STATES ASIATIC FLEET

(U.S.S. AUGUSTA (Flagship)

Shanghai, China
29 November 1937

CONFERENCE 29 NOVEMBER 1937

Present: Admiral Yarnell, Admiral Little, Vice-Admiral le Bigot, Major-General Telfer-Smollett, Captain Da Zara and staff officers.

Admiral Yarnell stated that General Telfer-Smollett had had a conference with General Harada yesterday about sending police into the extra-Settlement area and that General Telfer-Smollett was going to explain about the conference.

General Telfer-Smollett said that he had told General Harada that he had been asked to meet the military commanders in order to clear up certain questions. At the beginning he had stressed the idea of frankness and co-operation, and said that the military commanders did not intend to obstruct reasonable Japanese requests. The main questions taken up were those of policing the area west of the Settlement and inside the perimeter, of sending troops to the mills in the Settlement, and of passing large bodies of Japanese troops into the Settlement. He has asked General Harada to give his views on the policing of the extra-Settlement area.

General Harada said that the Japanese, since they now occupied all of the territory around Shanghai, thought that they should take over the policing of all areas formerly handled by the Chinese and that a force was being recruited in Japan to police the outside area. It would take some time before these men were ready, as considerable training was necessary. Sufficient notice would be given after the troops were withdrawn from the perimeter before police started work. No exact time could be obtained from General Harada. However, General Telfer-Smollett said that he had seen the Japanese liaison officer this morning about passes to Hungjao and this officer had inferred that after the first of December it would be easier to get passes and that in effect the outside areas would be opened up.

General Telfer-Smollett had asked General Harada about the placing of Japanese troops in the mills and sending troops south of the Creek, and General Harada had replied that these questions belong to the Landing Party, and said that he was certain due warning would be given.

Captain

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Captain Da Zara said that Colonel Andreini believed that they would send troops to the mills very soon and thought that the Colonel had probably received this news from the Japanese in the mills in his sector. General Telfer-Smollett remarked that one mill owner in the American sector had told General Beaumont that he considered the sending of troops quite unnecessary and inadvisable until there were fewer refugees in the sector.

Regarding sending troops along the Bund, General Telfer-Smollett said that General Harada had reserved the Japanese rights to do so and had said that they wished to send these troops in order to show how well disciplined Japanese troops are. However, adequate warning would be given in case they did send troops. The military commanders had advised waiting until the Settlement was more normal. Particularly, until the refugees had been dispersed.

General Harada had said that they had no intention to upset order in the Settlement. Admiral le Bigot stated that he had seen General Matsui on Friday and that the General had asked him permission to cross the French Concession with troops. He had told the General that it was impossible and that no foreign troops had ever been allowed in the Concession even during the 1926 troubles.

Admiral le Bigot said that he would agree to the Japanese sending food and clothing but no ammunition or armed men, and that he would allow that much without further reference to his government. He said that General Matsui had asked the French Consul-General to close the Chinese state banks in the French Concession. The French Consul-General had refused saying that only commercial activities were now being carried on by these banks.

Admiral Little said that since so many protests had been made on the basis of likely incidents the Japanese might be very careful now to prevent any from arising.

Admiral Yarnell said that his present plans were to leave about the 14th of December, going to Tsingtao, then Amoy, and then to Manila. Admiral Little said that he intended to leave about the 12th of December, arriving in Hong Kong by the 15th, leaving the FOLKESTONE as Station Ship, since only thing left of interest to naval officers was the barrier.

Now he said that he could send a private boat up the Whangpoo provided a naval officer went along and he thought that soon he could send them up with no officers in the boat.

Admiral le Bigot asked if there were any information on new booms up the Yangtze. Admiral Little said that he understood preparations were being made for a boom at Chingkiang and one at Mud Point, just below Nanking. The Chinese had advised all ships to move above Nanking by the 30th of November. He had also heard that a boom was to be laid at Kiukiang. Admiral Little suggested that the consuls-general

<u>should</u>

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should be informed of the results of the conference held at the British Headquarters and that they could inform the Shanghai Municipal Council.

Admiral le Bigot asked if there had been any mention of the French Concession in this conference and General Telfer-Smollett replied that there had not.

General Telfer-Smollett said that General Harada had heard rumors that the Japanese intended to send a small number of troops into the Settlement with the idea of provoking an incident so that they could take over, and General Harada had assured them that that was not at all the intention of the Japanese.

It was agreed that the various officers would notify their consuls-general.

Copy to: Mr. Gauss.

Copied by: LMF
Compared with: MB

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Enclosure No. 243 to despatch No. 1333 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

OFFICE OF THE BRIGADE INTELLIGENCE OFFICER,
HEADQUARTERS, SECOND MARINE BRIGADE,
SHANGHAI, CHINA

27 December, 1937

MEMORANDUM TO: The Fleet Intelligence Officer.

Subject : Conference Between General Harada and Certain Defense Commanders.

This conference was held on the morning of 27 December, at British Military Headquarters. Present were, Major-General Harada, Japanese Military Attache, Major-General Furujo, Lt-Colonel Kimura, Mr. Okazaki of the Japanese Embassy, Major-General Telfer-Smollett, Brigadier-General Beaumont, Lt-Col. Andriene, and Captains' Rennie and Boone.

Major-General Harada said that it was proposed to open up the Hungjao area, with certain exceptions including the Hungjao airdrome, on 30th December. To this end one-hundred Japanese supervised Chinese police had been sent into the area and more would be sent. It was proposed to withdraw Japanese troops from the area. The Japanese requested that foreign troops be withdrawn from the perimeter and proposed to send Japanese supervised Chinese police into "D" Sector to police the area between the extra Settlement roads.

Major-General Telfer-Smollett refused to withdraw his troops from the perimeter on December 30th. He also refused to let Chinese pass through his lines into Japanese controlled territory unless he could have an assurance from General Harada that such Chinese would not be molested. A long argument followed the point at issue being that the British refused to withdraw their troops until the area west of the railroad had returned to normal conditions, while the Japanese desired to have both foreign and Japanese troops withdrawn on the date the area was opened to the public. It was finally decided that General Harada would request General Matsui's permission to issue proclamations opening the Hungjao area to Chinese and foreigners and assuring them that they would be unmolested, but without withdrawing the Japanese troops from their present positions. After about a week of experiment under these conditions another meeting would be held to discuss the matter of withdrawing troops. It was hoped that the proclamations would be issued by December 28th. As soon as the proclamations were issued General Telfer-Smollett agreed to issue orders permitting Chinese to pass through his lines.

Concerning

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By Milton D. Gustafson NARS, Date 12-18-75

Concerning the question of sending Japanese supervised Chinese police into the British sector, Harada promised to discuss this further with General Matsui.

General Harada also said that beginning on December 30th, the Japanese were going to permit traffic across the Whangpoo from certain points in the Settlement to certain points in Pootung. An agreement to this effect had already been reached with the Shanghai Municipal Police.

R. A. BOONE,
Captain, U.S. Marine Corps,
Brigade Intelligence Officer.

Copied by MB
Compared with HHS

44. Movement of Neutral Shipping on Yangtze River. Dec. 9 Encls. 244 - 257

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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 244 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, China, dated to the department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y

Japanese Consulate General,

Shanghai.

December 9th, 1937.

My dear Mr. Gauss,

I was directed by my Ambassador to send you a copy of the writing stating the intention of the Japanese Forces regarding the security of foreign ships and vehicles to be found in and around the zone of fighting in the Yangtze valley and ask you to be so kind as to transmit it to H. E. the American Ambassador.

Would you also be good enough to add in your communication to your Ambassador that Mr. Kawagoe would very much appreciate should the enclosed copy of the writing be circulated among the interested Heads of the Mission?

Sincerely yours,

Suemasa Okamoto,
Japanese Consul-General,
and
Counsellor of the Japanese Embassy.

C. E. Gauss, Esquire,
American Consul-General,
SHANGHAI.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 5[illegible] to despatch No. 1[illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

(1) The Imperial Japanese Forces, firmly subscribing to the principle of respecting the rights and interests of the third Powers, have so often found themselves during the present conflict in a trying predicament when carrying out military operations against Chinese troops, who had deliberately established military works and structures in the close vicinity of the interests of the third Powers or tried to engage Japanese troops in such a way or in such a district as might easily involve the interests of the third Powers in the hostilities.

(2) In view of the hostilities spreading all over the Yangtze valley, the Imperial Japanese Forces sincerely hope that the third Powers will ungrudgingly cooperate in the efforts of the Imperial Japanese Forces, not to cause molestation to the interests of the third Powers, by keeping or removing their ships and vehicles, government-owned or otherwise, as far away as possible from Chinese troops, either stationary or moving, and Chinese military establishments or, if possible, by taking them entirely out of the zone of fighting.

(3) It goes without saying that under any circumstances the Imperial Japanese Forces will do their utmost to respect foreign ships and vehicles to be found in and around the zone of fighting, but in case no cooperation is forthcoming from the third Powers or their nationals in such a way as is suggested in the preceding paragraph, the Japanese Forces are not in a position to ensure the security of such ships and vehicles and cannot be held responsible for whatever consequences that may involve them.

Copied by: hh
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 24 to despatch No. 1555 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 2. to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

Shanghai, December 10, 1937.

My dear Mr. Okamoto:

I have received your letter of December 9th, communicating the request of H. E. the Japanese Ambassador for the transmission to the American Ambassador of a statement of the Imperial Japanese Forces regarding the security of foreign ships and vehicles in and around the zone of fighting in the Yangtsze Valley.

I have communicated the statement to H. E. the American Ambassador, at Hankow, and have conveyed to him the request made by your Ambassador that the statement be circulated to the interested heads of Mission.

Sincerely yours,

C. E. Gauss

Suemasa Okamoto, Esquire,
Japanese Consul General and Counselor of Embassy,
Shanghai.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 24[illegible] to despatch No. 13[illegible] of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
23 December 1937.

CONFERENCE:

Present: Admiral Yarnell, Captain Da Zara, Captain Dundas, Capitaine de Corvette Saunois and staff officers.

Admiral Yarnell said that he had received a letter from Admiral Hasegawa about the use of the Yangtze River, and thought it wise to draw up a combined answer. He did not think we could claim the right of free navigation for merchant vessels, since the barrier still existed and there were Japanese reports of mines. We should advise them and make arrangements for merchant vessels. With regard to Men-of-war, Admiral Yarnell took exception since there are still foreign nationals in the river ports and we do not know when it will be necessary to move the gun-boats, and time may not permit notification. When possible, the Admiral thought notification should be given, but he did not feel that any restrictions would be acceptable. He said that he had been trying to find the treaty that applied and a previous letter concerning movement of ships on the Whangpoo in which we stated that the ships would move when it was felt desirable or necessary.

Captain Dundas agreed to sending a letter along these lines. Captain Da Zara believed that it was wise to notify the Japanese in order to avoid accidents. Admiral Yarnell said that we cannot give up the right of free navigation on the Yangtze. He had no letter drafted, and suggested that the three foreign officers and Captain McConnel should draw up a letter. This was done, and the letter signed and sent to Admiral Hasegawa.

---

cc Mr. Gauss

Copied by: kk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 248 to despatch No. 1555 of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] to the Department of State on the subject of "Action taken by American Naval Authorities during Shanghai hostilities of interest to the Consulate General".

C O P Y .

FROM: CINCAF
TO: OPNAV
INFO: AMCONSUL SHANGHAI

DIST: AMCONSUL FILE

FOLLOWING LETTER DATED TWENTY ONE DECEMBER RECEIVED FROM COMMANDER IN CHIEF JAPANESE FLEET IN CHINA QUOTE ADMIRAL H. E. YARNELL COMMANDER IN CHIEF US ASIATIC FLEET MY DEAR ADMIRAL I HAVE THE PLEASURE OF INFORMING YOU THAT COMMA IN CONJUNCTION WITH THE ARRANGEMENT RECENTLY MADE FOR THE PASSAGE DOWN THE YANGTSE RIVER TO SHANGHAI OF HMS CAPETOWN AND ITALIAN SHIP SANDRO SANDRI COMMA THE JAPANESE NAVY IS READY TO RENDER ASSISTANCE TO VESSELS OF THE THIRD POWERS WHICH ARE DESIROUS OF PROCEEDING DOWN STREAM FROM THE UPPER REACHES OF NANKING TO SHANGHAI UNDER THE FOLLOWING UNDERSTANDING COLON PARENTHESIS ONE PARENTHESIS EIGHT VESSELS WILL MAKE ONE GROUP AND WITH OUR CONVOY PROCEED DOWN ONCE IN EVERY TWO OR THREE DAYS COMMA PARENTHESIS TWO PARENTHESIS VESSELS WILL COME DOWN AT THEIR OWN RISK PARAGRAPH IN THIS CONNECTION COMMA I WISH TO MAKE IT CLEARLY UNDERSTOOD THAT SINCE THE ABOVE MENTIONED ARRANGEMENT IS BEING MADE TEMPORARILY ON THE OCCASION OF THE PASSAGE OF THE TWO COMMA BRITISH AND ITALIAN COMMA WARSHIPS COMMA IT IS NOT TO BE CONSIDERED BY THIS THAT THE YANGTSE RIVER IS OPENED FOR FREE NAVIGATION PERIOD MOREOVER COMMA IN VIEW OF THE FACT THAT MINESWEEPING OPERATIONS AS WELL AS MOPPING UP OPERATIONS OF THE SCATTERED CHINESE TROOPS ARE STILL GOING ON ALONG THE RIVER COMMA IT IS THE DESIRE OF THE JAPANESE NAVY THAT FOREIGN VESSELS INCLUDING WARSHIPS WILL REFRAIN FROM NAVIGATING THE YANGTSE EXCEPT WHEN CLEAR UNDERSTANDING IS

REACHED

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By Milton O. Gustafson NARS, Date 12-18-75

REACHED WITH US PARAGRAPH I AM COMMA MY DEAR ADMIRAL YOURS SINCERELY KIYOSHI HASEGAWA VICE ADMIRAL ADMIRAL COMMANDER IN CHIEF IMPERIAL JAPANESE CHINA SEA FLEET UNQUOTE THE FOLLOWING LETTER DATED TWENTY THREE DECEMBER SENT IN REPLY QUOTE DEAR ADMIRAL COLON WE HAVE THE HONOR TO ACKNOWLEDGE RECEIPT OF YOUR LETTER OF TWENTY ONE DECEMBER ON THE SUBJECT OF NAVIGATION ON THE YANGTZE RIVER AND WISH TO THANK YOU FOR YOUR ASSURANCE OF THE ASSISTANCE OF THE JAPANESE NAVY IN CONVOYING OUR SHIPPING DOWN RIVER PERIOD WE AGREE THAT SUCH MOVEMENTS MUST BE UNDERTAKEN AT THE RISK OF THE VESSELS THEMSELVES PARAGRAPH WE AGREE THAT NOTIFICATION OF THE MOVEMENT OF ALL MERCHANT SHIPPING IN THE DANGER AREAS IS NECESSARY AT PRESENT THOUGH WE NATURALLY HOPE FOR GREATER FREEDOM AS SOON AS THE DANGERS ARE REMOVED IN ACCORDANCE WITH OUR TREATY RIGHTS PARAGRAPH WITH REGARD TO THE MOVEMENT OF WARSHIPS WE WILL OF COURSE NOTIFY THE JAPANESE AUTHORITIES ON THE RIVER OF INTENDED MOVEMENTS WHENEVER PRACTICABLE AND WILL IN ANY CASE BE PARTICULAR TO GIVE INFORMATION OF ANY INTENDED MOVEMENT THROUGH THE KIANGYIN BARRIER FOR THE PRESENT PERIOD WE CANNOT HOWEVER COMMA ACCEPT THE RESTRICTION SUGGESTED BY YOUR LETTER THAT FOREIGN MEN OF WAR CANNOT MOVE FREELY ON THE RIVER WITHOUT PRIOR ARRANGEMENT WITH THE JAPANESE AND WE MUST RESERVE THE RIGHT TO MOVE THESE SHIPS WHENEVER NECESSARY WITHOUT NOTIFICATION PARAGRAPH WE HAVE THE HONOR TO BE COMMA SIR COMMA VERY SINCERELY YOURS H. E. YARNELL ADMIRAL US NAVY COMMANDER IN CHIEF US ASIATIC FLEET LE BIGOT VICE ADMIRAL COMMANDER IN CHIEF FRENCH NAVAL FORCES IN THE FAR EAST ALBERTO DA ZARA CAPITANO DI VASCELLO COMMANDANTE SUPERIORE NAVALE IN EO J. G. L. DUNDAS CAPTAIN HMS FOLKESTONE SENIOR BRITISH NAVAL OFFICER PRESENT.

Copied by: hk
Compared with:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 249 to Despatch No. 1005 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 29 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) 00/jse

Shanghai, China
5 January, 1938

My dear Mr. Gauss:

In the telegram number 380, of December 27th from the Secretary of State to Tokyo the Ambassador was informed to consult his British colleague "and when he has taken or is prepared to take substantially similar action, you are authorized to inform the Japanese Government that while we claim absolute freedom for our ships to move and trade on the River, we look to the Japanese authorities to give prior warning in regard to any area on the Yangtze becoming, through steps taken by them, a danger area."

Information is requested whether any despatch has been received from Tokyo to the effect that this has been delivered to the Japanese Government. If not, it is suggested that Tokyo be asked what action has been taken in the matter.

Admiral Hasegawa has notified Captain Dundas, of H.M.S. FOLKESTONE, that it is not his policy to allow any merchant ships to proceed up the Yangtze. Before writing to Admiral Hasegawa on this matter I would first like to be clear as to what action has been taken by our Ambassador at Tokyo.

Yours sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

Copied by: hk
Compared with: [illegible]

Note: A copy of Tokyo's 690 of December 28, 4 p.m. in regard to dangerous areas on the Yangtze immediately sent to the Admiral.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to Despatch No. 1555 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship) 00/jse

Shanghai, China
5 January 1938

My dear Captain Dundas:

I am enclosing herewith a copy of a letter written to Admiral Hasegawa this date. According to our information in Tokyo the British Ambassador took similar action in the form of a memorandum left with the Japanese Foreign Office on December twenty-eighth.

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY

Captain J. G. L. Dundas, R.N.
Commanding H.M.S. Folkestone
Shanghai, China

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 251 to Despatch No. 1355 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) 00/jse

Shanghai, China
5 January 1938

My dear Admiral Hasegawa:

I have been informed by Captain Dundas of H.M.S. FOLKESTONE that upon inquiry he was told by Admiral Sugiyama that it was your policy that merchant ships other than Japanese would not be allowed to proceed up the Yangtze.

On December twenty-eighth the American Ambassador in Tokyo informed the Japanese government that the United States claimed absolute freedom for their ships to move and trade on the river and that the United States government looks to the Japanese authorities to give prior warning in regard to any area on the Yangtze becoming, through steps taken by them, a dangerous area.

In view of the above, I can not accept a policy which prevents the free navigation of the Yangtze River by United States naval or merchant vessels.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S.NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

(COPY)

UNITED STATES ASIATIC FLEET

U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
11 January 1938

Dear Admiral Hasegawa:

I have the honor to inform you that the S.S. MAUCY, which has been engaged in investigating the wreck of the U.S.S. PANAY near Hohsien, has now completed her work for the present and that she will depart from Hohsien for down river on the morning of 12 January.

It is not believed practicable to make out a detailed schedule since it is proposed to have this vessel tow the Standard Vacuum Oil Company's lighter number 206 and junk number 157, and also to stop at Nanking to tow the motor barge MEIYING to Shanghai. I am informed that there will be approximately sixty Chinese employees of the Standard Vacuum Company on these craft.

Any assistance which your forces could give this convoy to enable it to reach Shanghai in safety and without molestation would be very much appreciated.

I have the honor to be,

Respectfully yours,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IZUMO, Flagship
Shanghai, China

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

253

Enclosure No. 253 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

COPY

Shanghai, January 27, 1938.

Dear Admiral Yarnell:

1/ I am enclosing a copy of a letter which I have today addressed to the Japanese Consul General in regard to the movement of cargo of The Texas Company (China) Limited, scheduled to take place on or about February 5, 1938.

Very truly yours,

C. E. Gauss,
American Consul General.

Enclosure:
1/- Copy of letter to
Japanese Consul General.

Admiral H. E. Yarnell, U.S.N.,
Commander in Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL, Shanghai.

(Copy of letter referred to above)

January 27, 1938.

Sir and dear Colleague:

At the instance of The Texas Company (China), Limited, an American organization, I have the honor to inform you that the company's chartered lighter No. 802, loaded with the company's gasolene and kerosene, will proceed on or about February 5, 1938, under tow of a Butterfield and Swire tug, to Tungchow. After unloading, the lighter will take on empty drums and return to Shanghai.

It is requested that these scheduled movements of American cargo be brought to the attention of your military and naval authorities so that no difficulties will be encountered.

I have

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

I have the honor to be,

Sir and dear Colleague,

Your obedient Servant,

C. E. Gauss,
American Consul General.

Suemasa Okamoto, Esquire,
Consul General for Japan,
Shanghai.

Note:

Similar letters were addressed to Admiral Yarnell on February 11 and 19, 1938, with regard to later shipments.

Copied by RN
Compared with BD

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 254 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship)

U.S.S.ISABEL
Shanghai, China
29 January, 1938.

Dear Admiral Hasegawa:

I have the honor to inform you that the U.S.S.Oahu is expected to leave Nanking for Shanghai about 2 February, 1938, and to depart from Shanghai on 10 February, 1938, to return to Nanking and resume the duties of station ship at that port.

The U.S.S.Oahu has been directed to inform the senior Japanese naval officer at Nanking of the schedule which she expects to follow during the passage down river. Prior to the departure of the U.S.S.Oahu upriver a schedule of that passage will be furnished you.

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with: ehl

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 255 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship) 15/jse

U.S.S.ISABEL
Shanghai, China
9 February 1938.

My dear Admiral Hasegawa:

I have the honor to inform you that the U.S.S.Oahu is expected to leave Shanghai for Nanking on 10 February, 1938, to carry out the following schedule:

Depart Shanghai 0800, 10 February.
Anchor vicinity Pitman King Buoy Mileage 60 above Woosung 1730
Underway 0700, 11 February.
Arrive Demodocus Channel about 0800.
Anchor vicinity Cinimu Creek Mileage 130 above Woosung about 1630.
Underway 0700, 12 February.
Arrive Nanking about 1400

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U.S.ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
HIJMS IZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 256 to despatch No. 1385 of APR 20 C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to American Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
2 March 1938

My dear Admiral Hasegawa:

I have the honor to inform you that the U.S.S. OAHU is expected to leave Nanking for Shanghai about 4 March, 1938, and to depart from Shanghai on 14 March, 1938, to return to Nanking and resume the duties of station ship at that port.

The U.S.S. OAHU has been directed to inform the senior Japanese naval officer at Nanking of the schedule which she expects to follow during the passage down river. Prior to the departure of the U.S.S. OAHU upriver a schedule of that passage will be furnished you.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commander in Chief,
Japanese Fleet in China
H.I.J.M.S. IZUMO, Flagship
Shanghai, China.

Copied by MB
Checked with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 257 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
28 March 1938.

My dear Admiral Hasegawa:

I have the honor to inform you that the U.S.S. OAHU is expected to leave Shanghai for Nanking on 30 March, 1938, to carry out the following schedule:

1000, 30 March, depart Shanghai
1130, 30 March, arrive Woosung
1800, 30 March, anchor near Corner Buoy, mileage 36 above Woosung
0600, 31 March, underway
1100, 31 March, arrive Kiangyin Barrier
1800, 31 March, anchor near Changshanchow Buoy, mileage 140 above Woosung
0630, 1 April, underway
1030, 1 April, arrive Mudfort Barrier
1300, 1 April, arrive Nanking

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hawsegawa, I.J.N.,
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IZUMO, Flagship
Shanghai, China

Copy to Mr. Gauss

Copied by MB
Checked with RN

0781

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Encls. 258 - 262

Dec. 13

45. Sinking of the PANAY

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 958 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) 00/jse

Shanghai, China
13 December 1937

My dear Admiral Hasegawa:

The United States naval gunboat PANAY with refugees on board from Nanking was at last report anchored at Mileage 221 above Woosung at 1100, on December 12th, in company with three Standard Oil vessels.

At 1335 on December 12th radio communication with the vessel ceased and since that time we have been unable to get in touch with her.

I would appreciate it very much if you could assist us in obtaining information as to the present whereabouts of this vessel and as to her safety. In view of the length of time since we have heard from her and the fact that she was filled with refugees from Nanking, I would appreciate the earliest possible information as to her whereabouts.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral, K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 259 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U.S.S.AUGUSTA (Flagship) jse

Shanghai, China
13 December 1937

My dear Admiral Hasegawa:

I have just received information to the effect that the survivors from U.S.S.PANAY and the Standard Oil Company vessels which were bombed below Wuhu are now at Hohsien and that the Japanese forces are now attacking the city.

Since Hohsien appears to be the place of refuge of these foreign nationals, I request that you communicate with the Japanese Army forces in the area, and that these forces not attack Hohsien. Any steps which could be taken to prevent further loss of life among these foreigners would be greatly appreciated.

I am,

Respectfully yours,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U.S.ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S. IDZUMO, Flagship
Shanghai, China.

Copied by: hk
Compared with: [illegible]

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 260 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China
14 December 1937

ADMIRAL's CONFERENCE WITH ADMIRAL HASEGAWA

Vice-Admiral Hasegawa stated that he had come to apologize for the attack on the U.S.S.PANAY, that there was no excuse for such action, and that the Japanese were wrong. He said that the first report he had received was that three Chinese ships had been bombed, and until he had received Admiral Yarnell's request for information concerning the PANAY he had not known that the sunken ships were American. He said that the aviators had been recalled from the front. The night before last they had received word that Chinese were leaving Nanking by ships going up the Yangtze, and that the aviators had been very eager to hinder the Chinese retreat. However, orders had been given that no ships were to be bombed unless they were Chinese. The aviators had reported that at a distance of three hundred metres they had not recognized the ships as foreign ones.

Admiral Yarnell said that all American ships had orders to display flags, and that he was certain that the PANAY was showing American colors. Admiral Hasegawa declared that the responsibility for this act fell on him, and that he wished to apologize, offer reparations, and punish those who did it. He wished to do anything he could to help those who were ashore such as by sending blankets and food to the survivors. Admiral Yarnell said that a gunboat, the OAHU, was coming from Kiukiang to pick up the survivors. There was no complete report of the killed and wounded, but he had heard that the captain was injured.

Admiral Hasegawa said that he would have his planes tell the Army to look for the survivors, and tell the Army that they were Americans. He also said that communications with the Army were very poor. Admiral Yarnell said that H.M.S. BEE was going down to assist. He said that there were fifteen wounded among the refugees from the PANAY and other ships. Admiral Hasegawa replied that he was awfully sorry to hear that.

Admiral Yarnell said that he had planned to leave, but now he would remain. He would appreciate anything which could be done to get the survivors away. Admiral Hasegawa asked how far it was from Nanking, and Admiral Yarnell replied about 25 miles, that is, about half way between Nanking and Wuhu. Admiral Yarnell asked if word could be sent to the Army to get the people out, and Admiral Hasegawa replied that he would send word by plane. Admiral Hasegawa remarked that this was the first time they had bombed a warship.

Admiral Yarnell said that he had received one despatch

that

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

that the survivors couldn't come to the river because of firing along the bank, and a later despatch had said that Japanese patrols had landed.

cc: Mr. Gauss

Copied by: hk
Compared with: EMM

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 261 to Despatch No. 1385 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General.

C O P Y .

In Reply Refer To No. (7953) UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) 01/ho

Shanghai, China
23 December, 1937.

Dear Admiral Hasegawa:

I have the honor to inform you that a contract has been made with the Wheelock Company of Shanghai for salvage work on the PANAY.

The Wheelock Company will use the steam tug "SAUCY" of British registry. The tug will tow a white fishing vessel named "ARGONAUT", which is to be used for quartering the Europeans on the expedition. The crews of the vessels and their nationalities are as follows:

Captain C. Joseffin - Norwegian
Pilot J. Pippin - British
Radio Operator I. S. Chendricoff - Russian
Salvage Superintendent M. L. Ruben - Russian

In addition to the above the following U.S. Naval personnel will be on board the Argonaut:

Naval Officer in Charge, Lieut. Comdr. H. Larner(CC),USN
Lieutenant B. F. Brandt, USN
One Radio Electrician, USN.

There will also be a Japanese national in the expedition who will act as interpreter.

In addition to the personnel listed above, the crew of the Saucy and Argonaut will include 25 Chinese plus four Russian divers.

It is planned to send the OAHU upriver in company with the Saucy and Argonaut and I would like the expedition to leave Shanghai the early morning of Tuesday, 28th December.

Anything that you can do to expedite the passage upriver and to facilitate the work of salvage will be very greatly appreciated.

Very sincerely yours,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.,
Commander in Chief, Japanese Fleet in China,
H.I.J.M.S. IDZUMO, Flagship,
Shanghai, China.
Copied by: hk
Compared with: GM

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 269 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

(COPY)

H.I.J.M.S. IZUMO
25 January 1938

Dear Admiral Yarnell:

I have the honor to inform you that I shall in the near future send a vessel of my command to make an investigation of the Standard-Vacuum Oil Company vessel which is referred to in a recent letter addressed to the Japanese Consul General. A copy of this is enclosed.

I have the honor to be:

Respectfully yours,

K. HASEGAWA
Vice Admiral, IJN

Admiral Yarnell, USN

T R A N S L A T I O N

- -

Copy of translation to: AmConGenShai

Copied by RN
Compared with Bd.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

46. Safety Zone at Hankow. Dec. 14 Encls. 263 - 265

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 263 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

AMCONSUL SHANGHAI
SECSTATE WASHINGTON
AMEMBASSY PEIPING

Thirty three December thirteenth four pm Please consult Commander in Chief and give him this message QUOTE Area covered by former British Russian and German Concessions and present French Concession at Hankow and including Butterfield and Swires property adjoining Custom House includes bulk of foreign owned and occupied property here STOP In this area Consulates and Embassy staffs are now located STOP In river off this area are concentrated foreign naval vessels of British American French and Italian nationality and foreign flag river shipping STOP Recent events at Wuhu and Nanking have caused considerable apprehension as to safety of this area wherein are concentrated not only most of permanent residents but many foreign refugees from other parts of China STOP It would be difficult to shift population or shipping elsewhere STOP It would relieve present apprehension if assurances could be obtained from Japanese that area in question including river front immediately adjoining it would be free of attack STOP Could you consult with interested British French and Italian colleagues with a view to exploring possibility of obtaining some assurance from Japanese military and naval commands at Shanghai controlling operations in this area UNQUOTE

Sent to Shanghai Repeated to Department and Peking STOP Peking please repeat to Tokyo

JOHNSON

From: Radio USS LUZON
To : AMCONSUL SHANGHAI SECSTATE WASHINGTON AMEMBASSY PEIPING

Copied by MB
Compared with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 264 to despatch No. 1355 of C. E. Gauss, American Consul-General at Shanghai, dated, 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Activities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
14 December 1937

CONFERENCE - 14 December 1937

Present: Admiral Yarnell, Vice-Admiral le Bigot, Captain Da Zara, Captain Dundas, Captain Carter and staff officers.

Admiral Yarnell said that the conference had been called to discuss a proposal of the American Ambassador that the area in Hankow composed of the French Concession and the former British and Russian Concessions be set up as a special safety zone.

Admiral le Bigot said that he had already informed Admiral Hasegawa that the French Concession at Hankow was marked by French flags all around it, and that there were French warships in the river at Hankow. Lieutenant Bachy had informed the Japanese of these facts and had warned them to take great care in their aircraft operations. Admiral le Bigot also said that the French Ambassador had notified by letter the Japanese Ambassador in Shanghai. Admiral le Bigot thought the French had taken all necessary steps with respect to their own concession, and that in addition they were ready to support the other powers in any international proposals made to the Japanese.

Admiral Yarnell believed that it was not advisable for the naval officers to join in any attempt to set aside a neutral area at Hankow, but thought that it would be best for each one to take this matter up with his Ambassador who could then get in touch with the Japanese. The Japanese would undoubtedly demand that no Chinese troops be permitted to enter any such zone, and it seemed impossible to keep the troops out. Admiral Yarnell said that each nation must insist that his national property when properly marked should not be bombed, and considered it doubtful that such bombings as in the case of the PANAY would occur again.

Captain Dundas spoke of the seriousness of the Hashimoto statement that the Japanese knew only their own flag and would fire at any moving thing which did not carry it. Admiral le Bigot said that while the

results

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

results in the case of the LADYBIRD and BEE were not so serious as that of the PANAY, the principle was much worse since responsible officers such as Hashimoto were on the spot and in direct control. Captain Dundas said that Hasimoto since his statement had received orders from the Army Command not to fire on neutral shipping, and the HMS BEE had left. He also remarked that four Japanese transports had crossed the Kiangyin boom, and that destroyers and gunboats could get through the Chinkiang boom. However, the Japanese were still maintaining that it was very dangerous to cross the booms, and that free passage could not be allowed for at least a week.

It was agreed that each officer would inform his ambassador of the proposal for a neutral zone at Hankow, and that each country must insist on its right to have its gunboats navigate the river in safety.

Copy to:
Mr. Gauss

Copied by MB
Compared with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 265 to despatch No. 1385 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

To AMERICAN AMBASSADOR TO CHINA
To NAVY DEPARTMENT
AMCONGEN SHANGHAI
AMBASSADOR TOKYO

15 Dec 1937

View recent incidents and gravity situation believe safety nationals not only Hankow but all river ports should be taken up by governments either jointly or individually with Japanese Government until latter impresses on its army and navy leaders necessity of some respect for neutral lives incidents will probably continue British French Italian Naval representatives have been contacted regarding safety area Hankow Representation by French Ambassador Shanghai has already been made to Japanese concerning Hankow Concession Delivered a copy of your despatch to naval commanders British French and Italian who will take matter up with their diplomatic officials.

(Paraphrase of the Admiral's message to the Ambassador.)

Copied by MB
Compared with JAC

47.	Unsatisfactory Situation at Shanghai: Discussions with Japanese Naval Authorities.	Dec. 21	Encls. 266 - 270

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to despatch No. 1[illegible] of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
21 December 1937

My dear Gauss:

I am enclosing herewith a copy of the notes made at a meeting with Admiral Hasegawa this morning. I informed him of the great dissatisfaction that existed over the rules and regulations governing entry into Hongkew and other sections and the prevention of neutrals from gaining access to their property.

He replied that these restrictions were being considered with the idea of easing them and suggested that the Japanese authorities be given a memorandum setting forth in just what respects we considered the rules restrictive, with suggestions or recommendations as to what should really be done.

I replied that as far as I was concerned this was a matter for the Consul-General, but that I would convey the suggestion to him for such action as he might deem it desirable to take.

I feel that Hasegawa is most anxious to do anything in his power to create a good impression at the present time and it may be that a good stiff list of recommendations as to what should be done, presented to the Japanese Consul-General, might have some effect.

I have heard rumors that there is much graft in connection with the issuance of passes and permits for the removal of goods from Hongkew. Those who are unwilling to pay for the privilege of removing property get little consideration. I have no definite proof of this conditions.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China

Copy

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Copy of notes referred to in foregoing letter.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
21 December 1937

CONFERENCE ON BOARD IDZUMO, 21 DECEMBER

Present: Admiral Yarnell, Captain McConnell, Lieut. Comdr. Smith-Hutton, Flag Lieutenant, Vice-Admiral Hasegawa, Rear-Admiral Sugiyama, and Commander Fujino.

Admiral Yarnell said that he had heard indirectly that the Japanese would be willing to open the Nantao boom in exchange for the Americans allowing Japanese troops in the Japanese mills in the American sector. Admiral Hasegawa replied that this was not correct so far as he was concerned, and that he had no intention to bargain on such matters. However, he hoped that the boom could be opened in a few days. Admiral Yarnell stated that when conditions warranted he would be willing to have the Japanese Landing Party return their detachment to the Japanese mills, but that he did not wish to do so provided the conditions of their return were such as to cause an incident. Admiral Hasegawa said that he understood this and that the Japanese were very grateful for the protection which the Marines had given the Japanese mills during the past months. Of course, they desired to get back to normal but that also they were afraid of incidents. He said that as soon as Admiral Yarnell's note objecting to the return of the Japanese Landing Party had been received he had postponed the return of the sailors. Admiral Yarnell said that he thought it would be all right if police or sailors were sent in trucks to the mills, but considered it dangerous if any large number of men were marched in the open through the Settlement. He asked how many men the Japanese had had in the mills prior to the trouble. Admiral Hasegawa replied that there had been two hundred, and that some day they hoped to be able to return them. Admiral Yarnell said that he would have no objection provided no more disturbances were caused. He said that as soon as we felt it safe we would agree to their going in. However, the refugee situation complicated matters in the Settlement. If something could be done to get Chinese back to their homes the situation would be greatly eased. Admiral Hasegawa replied that at present they were trying to get the Chinese back to their homes. Admiral Yarnell asked if there were any marines in the Italian sector, and the Japanese replied that there were none.

Admiral

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Admiral Yarnell then suggested that when the Landing Force returned to the mills a few men first should be sent in trucks and should remain inside the mills, for instance, a party of twenty or thirty would be enough at first. He thought that if conditions remained favorable it would be possible to send the first party in after the first of January.

Admiral Yarnell then brought up the question of foreign access to property in Hongkew and Yangtzepoo. At present, foreigners can not get into their properties except under very severe restrictions. He also had definite information that some of their properties were being looted. Admiral Sugiyama replied that last night he had commenced an investigation with regard to the restrictions which had been placed on former residents. The original intention had been to allow their return on the first of December, and the regulations had been made with that end in view. When the opening had been postponed until the fifteenth of December the Japanese had used the same restrictions and they were too severe, since they had been made up when there were still Chinese in the vicinity of the city. Now he was studying them in order to relax them as much as possible.

Admiral Yarnell brought up the point that the Japanese required no passes to get in the part of the International Settlement south of Soochow Creek, and that he could see no reason why the whole section should not be opened and could see no reason for the necessity of passes.

Admiral Hasegawa said that that regulation had been made when they were afraid of spies or communists getting in. Admiral Yarnell thought that it would be an excellent thing if that region could be opened up, as it would bring much better feeling toward the Japanese. Admiral Sugiyama suggested that since the matter was now under consideration they would have something to go on if they could get from us a list of the restrictions we think too severe and suggestions as to what we desire. They would then be able to make up a more reasonable set of regulations. Admiral Hasegawa mentioned that the Hongkew and Yangtzepoo situation was a difficult one since the area was policed by civil, military, and naval police, all having different ideas.

Admiral Yarnell said that he considered this as more of a civil affair than a naval one, and that he would speak to our consul-general, who would have lists of what various people in the Settlement desired with respect to Hongkew and Yangtzepoo, and that one copy of this list would be sent to the Japanese Consul-General and one to Admiral Hasegawa.

Admiral Sugiyama said that the question of light control in that section had been taken up and that commencing tonight the curfew hour would be extended until 1130. He

expected

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expected that within the next few days the restrictions on servants would be lifted.

Admiral Yarnell said that there was also a great deal of trouble about persons obtaining access to their godowns and wharves and that many of them desired to get their property out. Admiral Hasegawa said that he would do his best to make this as easy as possible. Admiral Yarnell next brought up the question of the Nantao boom, and stated that the Standard Oil Company had lighters which it wishes to get out, the Dollar Company desired access to their property and that other people wished to bring their property down from the region above the boom. Admiral Hasegawa said that he had been considering for the past ten days means of making the access to the region above the boom more convenient. Admiral Sugiyama stated that the reason for the restrictions was to prevent any hindrance to the use by the Army of the gap in the boom for the carrying of their supplies. The boom had been opened for this purpose by the Navy and they had feared that something might happen which would close this waterway. He considered that it was now possible to remove the restrictions if no interferences were caused to Army supplies and, in a limited way, the gap in the boom could be opened for general traffic.

Admiral Yarnell mentioned again the wishes of the Dollar Company and the Standard Oil Company and Admiral Sugiyama said that they had granted permission today for the Standard Oil Company to bring down their lighters. Admiral Hasegawa said that he would do his best to facilitate the movement of goods through the boom and considered that the order of priority should be: first, the movement of Japanese Army materials; second, that of public utilities, that is, such articles as coal and food; and third, ordinary commercial traffic. He mentioned that the gap in the barrier was only fifty meters wide and could be very easily closed by some accident.

Admiral Yarnell said that he had heard that the Japanese did not like the fact that he had refused to allow oil to be given to the Japanese Navy by the American oil firms. He wished to mention that this was not a question of prejudice, but that there had only been a limited amount of fuel available which it was necessary to keep for the American Navy. He had also refused to give oil to the French and Italian navies. He had also heard that the Japanese did not like us maintaining a marine guard at the Power Plant, but that it had been necessary to do so in order to keep the Chinese employees working in this very necessary public utility. Admiral Hasegawa said that he understood these two points perfectly and that they had been able to get oil from Japan with no difficulty, and that they had as much desire as Admiral Yarnell to keep the Power Plant in operation.

Admiral

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Admiral Yarnell asked Admiral Hasegawa to do all that he could to ease the present restrictions, since he thought that it would improve the situation greatly. Admiral Hasegawa said that he was continually speaking to this staff to reduce the restrictions as much as possible. He said that his present plan was to open the Yangtze barriers to traffic and that while it would now be necessary to have vessels proceeding on the Yangtze go in convoys under escort, he hoped that it would be possible to get a limited amount of traffic through by sending such a convoy at least once a week.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 267 to despatch No. 1353 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

CONFIDENTIAL

COUNCIL CHAMBER.
Administration Building.

Shanghai, 24th December, 1937.

C. E. Gauss, Esq.,
American Consul-General,
Shanghai.

Dear Mr. Gauss,

Yesterday morning Admiral Yarnell invited us to send him a memorandum setting out points which seemed to us important in regard to the way in which the Japanese are at present hampering Shanghai. You may like to see a copy of it.

Yours sincerely,

(sd) G. G. Phillips

Memorandum prepared by Secretary of Council with approval of Chairman of Council for use by Admiral Yarnell.

(1) No normal life or business prosperity can be restored in Shanghai until the districts North of the Soochow Creek are thrown open to ordinary economic life. Opening these districts for the return of foreigners is, of course, a convenience to a number of foreign residents, but business life cannot be restored in these areas unless they are made freely open for the Chinese employees of all factories and business concerns. The return of Chinese to these areas would involve, of course, the return of the Chinese members of the Municipal Police.

(2) Acute inconvenience is being suffered by shortage of landing space for cargo on the Bund. It is most important that there should be free access to and up the Soochow Creek at least as far as the Yu Ya Ching Road Bridge.

(3) The reopening of the Western District beyond the defense perimeter would make it possible for a large number of farmers to return there. This would at the same time reduce the number of refugees in the Settlement and also increase the supply of vegetables.

(4) To revert to the reopening of the districts

North

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North of the Soochow Creek, it should be emphasized that until normal economic life is restored in these areas the Council's revenue must continue to be gravely affected; it is seriously enough affected anyhow by the destruction of property. That it should continue to be affected by restrictions on normal business life is increasing the bill which the whole community, including the Japanese ratepayers, will have to pay. In this connection it may be added that for the purpose of the collection of rates it is urgently necessary that a survey of the areas North of the Creek be continued by the Revenue authorities of the Council. The upkeep of these districts is of vital concern to the communities affected. This object cannot be achieved unless a reliable survey of rate assessments can first be obtained by unrestricted access to these areas.

(5) A reduction in food prices would be effected if it were possible freely to remove Chinese-owned food-stuffs from the areas North of the Soochow Creek.

(6) A serious health problem is involved through the necessity of the burial of Chinese. This problem could best be solved by free access to the Western areas outside the defence perimeter for the purpose of burial.

(7) The majority of the Council's hospitals are North of the Soochow Creek, and some of these are in the occupation of the Japanese authorities.

(8) It is highly desirable that a quarantine service should be restored upon the Whangpoo. The Council's Health Department has offered to undertake this work and has so informed the Senior Consul. Authority has not yet been obtained.

(Sgd.) G. Godfrey Phillips,
23/12/37

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 368 to despatch No. 1155 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, December 22, 1937.

Sir and dear Colleague:

I have the honor to inform you that at a conference yesterday morning between Admiral Yarnell and Vice Admiral Hasegawa, the question of the Japanese restrictions which are adversely affecting American interests was discussed, and Admiral Yarnell has recommended to me that I again bring to your attention for consideration with the Japanese authorities concerned the particular matters in which action is necessary to relieve the present unsatisfactory situation, which is the subject of much justified complaint by American interests.

I accordingly enclose for your consideration a memorandum outlining the matters on which early action is necessary to ameliorate the present unsatisfactory situation as it affects American interests.

I request your early reply.

I have the honor to be,
Sir and dear Colleague,
Your obedient servant,

C. E. Gauss,
American Consul General.

Enclosure:
Memorandum.

Suemasa Okamoto, Esquire,
Japanese Consul General,
SHANGHAI.

MEMORANDUM

1. Protection of American Property. The American Consulate General has received repeated complaints and reports that American property in the areas occupied and controlled by the Japanese forces has been occupied, looted and pilfered.

The situation in the Japanese controlled areas is in sharp contrast to that in the American sector of the International Settlement where Japanese property has been carefully protected by the American Marines in cooperation with the Municipal Police.

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The American Consulate General again asks that the Japanese authorities take adequate measures for the protection of American property against occupation, looting, pilfering, or other molestation.

2. Removal of American Property. The restrictions imposed on the removal of American property -cargo, equipment, goods and household and personal effects - from the areas north of Soochow Creek have been exceedingly onerous and are the subject of repeated justified complaint by the American citizens and companies concerned.

Limited facilities for the removal of cargo and goods have been given, subject to long delays, but since December 17th no passes have been granted to Americans by the Japanese authorities for the further removal of goods and no satisfactory reason has been assigned for the discontinuance of facilities.

Japanese nationals and firms desiring to remove cargo or goods in the areas south of Soochow Creek are not required to obtain passes and are free to carry on their business without interference in the same manner as other nationals. The same rights should be enjoyed by American nationals and firms with respect of their property in areas under occupation and control of the Japanese forces.

There appear no valid reasons at this time for the requirement that Japanese permission or passes must be obtained for the movement of American goods or property within the port. If any valid reasons exist, they should be made known, and if the difficulty is simply one of identifying the nationality of the owner of the property this can be met readily by declarations to be made by the Americans concerned at the American Consulate General whereupon the issuance of any necessary passes or visas by the Japanese authorities should follow without the present interminable delays. The withholding of passes without explanation or cause should cease. Where passes or visas are necessary they should be given without delay.

Facilities should be made available for the passing of trucks over all, or at the very least, several of the bridges over Soochow Creek.

3. Pass System. Under the present system, there is long and undue delay in connection with the consideration of applications in connection with the consideration of applications and issurance of passes to American citizens to visit areas under Japanese occupation. It would seem that as no passes are required for Japanese nationals entering the areas south of the Creek, the requirement for passes to visit areas north of the Creek is not justifiable. If conditions in those areas at present under temporary Japanese control do not permit of the discontinuance of the pass system, it is suggested that the issuance of consular certificates of identification by the American consular authorities, to be visaed if

necessary

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necessary by the Japanese authorities, might well be substituted for the present unsatisfactory system, and that such certificates once visaed should be good for an indefinite period and not merely for one visit.

4. Inspection, Repair and Protection of American Property. American citizens, missionary societies, and companies with property in the areas north of Soochow Creek and elsewhere in the Shanghai area which are under Japanese occupation require facilities (1) to visit and inspect such properties, (2) to repair them, using Chinese labor where necessary, (3) to overhaul, oil, grease and protect machinery and plant, and (4) to install watchmen on the premises, and care takers and supervisors.

These are reasonable requests, but they have not been readily met, and where in a few cases permission has been given it has been long delayed, and the delay in all cases is causing serious and unnecessary damage to American interests.

The American Consulate General asks that upon appropriate application made through the American authorities, the facilities indicated will be promptly granted.

5. Removal of Cargo and Goods from the China Merchants and Japanese Wharves and Warehouses. American citizens and firms having cargo and property at the China Merchants and Japanese (O.S.K., D.K.K. and N.Y.K.) wharves and warehouses in the districts north of Soochow Creek have been denied all facilities for taking delivery and removing such cargo and no satisfactory explanation of the reason for this refusal of facilities has been forthcoming.

The American Consulate General again asks urgently that these facilities be arranged. The action of the Japanese authorities in refusing such facilities has caused serious damage to American interests.

6. Pootung. The American Consulate General has directed the attention of the Japanese Consulate General to the report that the China Finance Company, an American firm, has been prevented by Japanese naval units from having access to its property -- the Chung Hwa Tai Doong Wharf -- in Pootung, and that craft in the control of the Japanese naval authorities are tied up along the pontoons of this wharf, the American company being thus deprived of the use of its wharf property to which it is lawfully entitled.

The American Consulate General again asks that these obstacles to the use and enjoyment of the American property by its owners be removed without delay.

7. Point Island. The American Consulate General again asks that American citizens and firms having property on Point Island be given facilities to visit, inspect and repair such property, and to remove any property or cargo that may be desired. The early return of this island

property

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property to normal is desired.

8. Nantao Boom. Although, apparently, facilities were given to other foreign nationals to remove lighters and small craft through the opening in the Nantao boom, such facilities were refused to the Standard-Vacuum Oil Company, and the Dollar Company has been unable to send launches or cargo boats to, or to remove cargo from the Dollar wharf.

Note: The Consulate General has been pleased to note from a letter now addressed to the Senior Consul by the Japanese Consul General that restrictions against passage of the boom will be modified. It is hoped that arrangements will be made to give the Dollar Company reasonable access to its wharf and godown property without delay.

9. Hungjao and Nantao. The American Consulate General requests that these areas be restored to normal and American residents and property owners be free to return to their missions, hospitals, homes and property, without restriction, and that in order to give proper police protection the Shanghai Municipal Police be allowed to resume their patrol of extra-Settlement Roads.

10. Seizure of American Launch. The launch TSIN CHIANG, owned by the Shanghai Stevedoring Company, Inc., an American firm, and used by that firm in connection with its contracts with the U.S. Navy, U.S. Marine Corps, French naval and other forces, and other customers, was seized by the Japanese forces on December 2d, and despite repeated representations by the American Consulate General it has not been returned to its owners. Its immediate return is again asked.

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American Consulate General,
Shanghai, December 22, 1937.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 269 to despatch No. 1365 of C. E. Gauss, American Consul General at Shanghai, dated 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
24 December 1937

CONFERENCE 24 DECEMBER

Present: Admiral Yarnell, Chief of Staff. Lieut. Comdr. Smith-Hutton, Flag Lieutenant, General Matsui, Major-General Harada, Mr. Okazaki and military aides.

Admiral Yarnell said that he was taking advantage of this call of General Matsui's to bring forward certain points with respect to the situation in Shanghai. He had prepared a letter which he was going to give to General Matsui, and he would go through the letter in a general way during the call, if that was agreeable to General Matsui.

Admiral Yarnell stated that the situation in Shanghai was very serious for everyone and that some modifications were necessary in order to prevent it from becoming critical. Persons in Shanghai were unable to remove their property from Hongkew and Yangtzepoo under the present system and this was causing a great deal of distress. The Admiral had heard, but did not know for certain, that on occasion proffered passes had not been honored by troops near the property unless bribes had been given. Boats and lighters had been seized which had been flying American and other foreign flags. The Admiral considered such action as dangerous and provocative. He stated that the greatest difficulty in the Shanghai situation was due to the presence of refugees, which caused a great burden on the Municipal Government, which was also suffering from lack of revenues.

If the refugees were returned to their homes the burden would be eased. Their presence also made the problem a very difficult one for the police.

The lack of wharf space was preventing the renewal of commerce; also, Hungjao was still closed, although the fighting in that region had been ended for over a month.

The Admiral had also been informed that there was well established cases of looting by Japanese troops. The Admiral considered that nothing could be of greater value to the maintenance of good relations with the Japanese

than

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than the removal of the present severe restrictions in the areas occupied by the Japanese. The Admiral said that the letter which he was giving to General Matsui contained a list of specific cases which had been forwarded to him by nationals of all the foreign countries. General Matsui declared that he had endeavored at all times to respect American property and had done his best to respect all foreign property. He believed that it would be possible to say after the hostilities were ended that no big American property had been damaged. He knew that there were many minor cases. As for the boats there had been many cases in which the Chinese had flown foreign flags in order to avoid seizure. It was possible that some minor officers or soldiers had been confused and had seized boats which were properly under the foreign flag; thus not fully respecting the foreign flag.

Prior to the operations in Hungjao complete maps of the foreign properties had been made and were given to each unit in order to insure that there would be no damage. He agreed that it was possible that there were some cases of looting and if they are well established ones the Japanese will pay damages. He believed that in many cases the looting consisted only of the occupancy of houses by soldiers during bad weather.

Admiral Yarnell said that he considered the main thing which the people in Hungjao wanted was to get back and live in their houses. General Matsui said that the question of opening up Hungjao embarrassed him, as he had desired to open it up as soon as possible. General Harada had told him that there were many anti-Japanese groups in the Settlement who, if Hungjao and Kiangwan were opened up, might cause trouble by guerrilla warfare and that the first thing to do should be to clean out these elements from inside the International Settlement.

Admiral Yarnell said that he felt sure that General Matsui would do all in his power to ease this situation. General Matsui wished to explain the thing in more detail. He stated that he wished to delay as long as possible the contact of Japanese troops with the Chinese people, and had been trying to raise Chinese police to take care of the Chinese in the Japanese occupied areas. When he had left for Soochow he had ordered General Harada to make preparations to open the Hungjao area before Christmas. On his return from Nanking he had found that these preparations had not been completed and had reprimanded General Harada. General Matsui said that he had conferred with General Harada until late yesterday and had been informed that many circumstances had delayed the opening of Hungjao. In Nantao they had let the Chinese come in and had had trouble which resulted in having to close Nantao again. He hoped that Hongkew, Yangtzepoo, Hungjao, and Nantao, that is, the whole area, could be opened by the end of this year. He considered it might be a little premature, as undesirable elements might try to cause trouble. In such cases he would try to suppress the

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trouble by means of Chinese police, but it was possible that it might be necessary to use Japanese troops. He hoped that he would have the full co-operation of the foreigners in such cases. General Matsui asked if the Admiral had heard from Mr. Abend, as he had told him that his first intention had been to preserve peace and order through co-operation with the foreign powers. He had had no complaint about the Americans, but other foreign powers had not given him full co-operation. Now he would like to return to his first program.

General Matsui asked when the Admiral expected to go to Manila and when he would return again to Shanghai. The Admiral replied that he hoped to leave in one or two weeks and would be back in February or March. General Matsui said that he did not know whether he would still be here when the Admiral returned, but hoped by that time to have the Shanghai region the most peaceful in all the world. Prior to his departure the General wished to express his great sympathy to the Admiral for all those on the PANAY and especially for those who had been wounded.

Copy to: Mr. Gauss

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By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 270 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
US.S. AUGUSTA, Flagship

Shanghai, China
24 December 1937

My dear Gauss:

I am enclosing herewith a copy of a letter which was presented to General Matsui during his call this morning.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul-General
Shanghai, China

Copy of letter referred to above.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
24 December 1937

My dear General:

As a result of the hostilities that have been carried on in Shanghai and the Yangtze Valley for the past four months there has arisen a situation that has become critical for the population and the neutral business interests which sustain the life of the city.

It is a situation that demands frank statement and discussion. As you are a soldier, I am sure you would prefer that the matter be handled in that manner.

The Japanese Government has officially and repeatedly stated that it will respect foreign rights and properties in China. The restrictions that were placed into effect at the beginning of hostilities and still govern, regardless of statements to the contrary, lead one to doubt the the sincerity of the above statement.

Only yesterday I was called on by an American to assist him in obtaining goods from godowns in Hongkew and Yangtzepoo which are vitally necessary in his business and which he had been trying for four months to obtain without success.

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By Milton O. Gustafson NARS, Date 12-18-75

I have heard well founded rumors that policemen and sentries refuse to honor passes issued by responsible Japanese officials for the entry into Hongkew and the removal of goods therefrom.

Commercial firms are restricted or entirely prevented from carrying on their normal operations in industrial and warehouse areas, such as Yangtzepoo, Point Island, and Pootung. A great apartment house stands empty within a stone's throw of Garden Bridge.

Residents are not allowed free access to their homes in residential areas such as Hongkew and the Settlement roads north and west of the International Settlement except under such onerous restrictions as to make living in these areas impossible.

Actual fighting ceased in the Hongkew and Chapei areas nearly two months ago but the restrictions still continue.

It is known that looting of properties in Hongkew, Yangtzepoo, and the residential areas west of the city has taken place, yet owners are denied the right to occupy their properties or place proper guards over them.

I am enclosing copies of memoranda from the American, British, French and Italian representatives in Shanghai and the Shanghai Municipal Council, which show the extent to which the intolerable conditions I have before pointed out prevail. These lists give many instances of neutral vessels seized without any warning or right other than that of armed force, of denial of owners to their lawful property, of looting, denial of owners to enter their own homes and so on. These lists merit very serious consideration.

With reference to the City Government of Shanghai, it is now carrying on under a tremendous burden. Revenues have diminished greatly rendering the financial situation and the continuance of the necessary municipal activities difficult.

The city is crowded with hundreds of thousands of homeless refugees who must be fed and housed. The financial problem in connection with this work is a very great one. Many people of the Settlement and French Concession are devoting their entire time and energies to the solution of this great problem.

The attitude of Japanese soldiery toward Chinese non-combatants has produced a state of terror which prevents their return to their homes and farms. Your own proclamations state that the Japanese Army has no enmity towards the Chinese people. If the Chinese people could be convinced of the sincerity of these proclamations they might be induced to return to their homes.

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The great problem confronting the people of Shanghai is whether its commerce is to continue to be strangled to a point where the business community that has made it one of the great ports of the world will be driven out of existence. The present situation is none of their seeking. These interests have suffered tremendous losses through fire, destruction, and the suspension of all business. The question now is how much longer this loss can continue without the final destruction of the city as a commercial port.

I have heard it stated that the real Japanese policy is to drive out of Shanghai all commercial interests except their own. This I cannot believe, since it is directly contrary to the repeated statements of the Japanese Government.

The people of Shanghai thoroughly appreciate and understand that the overwhelming force of the Japanese Army in the Shanghai area makes it possible for you to put into effect such decrees or regulations as you may desire. It did not require a march through the Settlement to impress that fact upon the neutral population.

But with power should go a scrupulous regard for the rights of innocent people. This is generally well realized by men of military training, for they know the misery and suffering that can be caused by the ruthless exercise of power unrestrained by any consideration for neutrals or non-combatants.

I request your earnest consideration of the contents of this letter and enclosures and would appreciate an early reply, with a statement of your policy regarding the points raised herein.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

General Iwane Matsui, I.J.N.
Commander in Chief
Japanese Expeditionary Force in China

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

48. Flag Incident at Wuhu

Dec. 23

Encls. 271 - 272

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 271 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, China, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

(COPY)

MEMORANDUM

AMERICAN CONSULAR SERVICE

SHANGHAI

December 23, 1937.

Dear Admiral Yarnell:

I enclose copy of a letter to the Japanese Consul General, with accompanying memorandum, concerning conditions at Wuhu.

I have received reports from Dr. Robert E. Brown of the Wuhu General Hospital which are embodied in the numbered points 1, 2, 3 and 5 of the memorandum. A report from Rev. L. R. Craighill, of the American Church Mission, Wuhu, gives the information stated in point No. 4. I have deemed it advisable to withhold the sources in my communication to the Japanese Consul General.

The report of Dr. Brown seems to have been sent by him to several news agencies as well and the flag incident has been published in the United States by the International News Service.

May I ask that if the U.S.S. OAHU goes to Wuhu, the commanding officer be requested if possible to see Dr. Brown and Mr. Craighill and investigate the report.

Very sincerely,

C. E. Gauss,
Consul General.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 272 to despatch No. 1335 of C. E. Gauss, American Consul General at Shanghai, China, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

(COPY)

JAPANESE CONSULATE-GENERAL

SHANGHAI

December 30, 1937.

My dear Mr. Gauss,

Upon receipt of your letter of December 23, 1937, informing me the mis-conduct of Japanese soldiers at Wuhu in respect of American flag and property, I immediately ordered Consul Tanaka, who is now stationed in Nanking, to proceed to Wuhu to make an official investigation of the matter. According to his preliminary report, there were made many shifts of the military units stationed at Wuhu since the alleged mis-conduct was supposed to have taken place and he was unable to get in touch with the military units which were stationed at Wuhu when the alleged incident occurred. We have been doing our best in locating the responsible units and I presume that before long I shall be able to write a formal answer to your letter of December 23, 1937.

In this connection, I should like to add that according to the information I received from our Military authorities necessary instructions had already been given to the military unit now stationed at Wuhu with a view to preventing the recurrence of a similar incident in future.

Sincerely yours,

(Signed) Suemasa Okamoto

Suemasa Okamoto
Consul General

C. E. Gauss, Esquire,

American Consul General,

S H A N G H A I.

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49. Japanese Seizure of American Launch "Tsin Chiang." Dec. 24 Encls. 273 - 274

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By Milton D. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 273 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated Apr 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

Shanghai, China
24 December 1937

My dear Admiral Hasegawa:

The launch TSIN CHIANG, owned by the Shanghai Stevedoring Company, Inc., an American firm, and used by that firm in connection with its contracts with the U.S. Navy, U.S. Marine Corps, French naval and other forces, and other customers, was seized by the Japanese forces on December 2d, and despite repeated representations by the American Consulate General it has not been returned to its owners.

May I request that you use your influence to secure the return of this launch to its owners. From my information at hand, there is no doubt that this launch is the bona fide property of the American firm and its seizure was not justified.

In this, as in other cases, small bodies of armed men have taken over such boats without any previous notice to the American authorities. It is requested that in future cases where the ownership of any such craft may be in question, proper representations be made to the American authorities before, and that there be no peremptory seizures of such property until after such notice is given and authority given for the taking over of the property in question.

I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S IDZUMO, Flagship
Shanghai, China.

cc: AmConGenShai

Copied by MB
Compared with HHS

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 274 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

H.I.J.M.S. IZUMO,
27 December 1937
Shanghai, China

My dear Admiral Yarnell:

I have the honor to acknowledge the receipt of your letter dated 24 December 1937.

In regard to the seizure of the steam launch TSAI CHING by the Japanese Army, it is now clear that there is in this launch a certificate of Chinese registry. It is considered, therefore, that the question of the final disposition of the launch must be determined after further investigations by the American and Japanese Consulates General, and I have so informed the Japanese Consulate.

It has been decided that in cases where the nationality of a boat or launch is in doubt and the right to fly the flag of a third country is questionable, the final disposition will be made only after informing the Senior Naval Officer or the Consul General of the third country. I hope that you will appreciate our position in this matter.

I am,

Respectfully yours,

K. HASEGAWA
Vice Admiral, I.J.N.

H. E. Admiral Yarnell, U.S.N.,
Commander in Chief, U.S. Asiatic Fleet,
U.S.S. AUGUSTA, Flagship.

T R A N S L A T I O N

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Compared with HHS

50. Japanese Military Law and Foreign Residents. Jan. 3, 1938. Encls. 275 - 279

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 275 to Despatch No. 1[illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y.

Shanghai, January 3, 1938.

Dear Admiral Yarnell:

I learned this morning from the French Ambassador that in connection with the discussions between the French and Japanese military authorities concerning the opening up of areas west of the French Concession, the Japanese military recorded a condition that any person committing offenses affecting the Japanese military forces shall be subject to trial by Japanese military law.

The French Ambassador told me that the French commander has been advised to say to the Japanese military authorities that he cannot accept or discuss any such conditions.

I am aware that discussions concerning the opening up of the areas west of the British defense lines have been going on between the Japanese military authorities and the American, British and Italian commanders. I am not informed of the details of those discussions, nor have I been consulted in reference to them. I trust, however, that the American commander will not accept or assent to any Japanese stipulation that Americans in the areas concerned shall be subject to Japanese military law, under any circumstances.

Yours sincerely,

C. E. Gauss
American Consul General.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S.AUGUSTA, Flagship,
Shanghai.

Copied by: hk
Compared with: cm

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 276 to despatch No. 1335 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) jse

Shanghai, China
3 January 1938

My dear Consul General:

I am enclosing herewith a copy of a letter written to General Beaumont this date. I have not been informed myself of any of the discussions that have been going on, but have directed General Beaumont to keep you informed of whatever agreements may be arrived at.

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China.

Copied by: hh
Compared with: cmy

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. [illegible] to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken during Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship) jse

Shanghai, China
3 January 1938

My dear Beaumont:

I am enclosing a copy of a letter received from the Consul General and also a copy of one written by him to the Chairman of the Shanghai Municipal Council.

It is requested that the Consul General and also myself be informed of any discussions going on between the Japanese military authorities and the American, British, and Italian commanders.

With reference to the proclamation mentioned by the Consul General, in which it is specified that any person committing offenses effecting the Japanese military forces shall be subject to trial by Japanese military law, this can not be accepted with reference to Americans.

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY.

Brigadier-General J. C. Beaumont, USMC
Commanding Second Marine Brigade
Shanghai, China.

cc: Mr. Gauss

Copied by: hh
Compared with: MM

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 278 to Despatch No. 1355 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of interest to the Consulate General".

C O P Y .

In Replying
Refer to No.
9/sag

UNITED STATES MARINE CORPS
Headquarters, Second Marine Brigade,
Shanghai, China.

4 January, 1938.

Mr. C. E. Gauss,
American Consul General,
Shanghai, China.

Dear Mr. Gauss:

In reference to your letter of January 3rd to Admiral Yarnell, I have to advise you that the subject matter has not been discussed during the conferences held by the military commanders.

Such matters, not being within my jurisdiction, will, when they come up, be referred to you.

I will continue to keep Admiral Yarnell and your office informed of anything discussed by the military commanders.

Very sincerely yours,

John C. Beaumont,
Brigadier General, U. S. Marine Corps,
Commanding Second Brigade of Marines.

Copy to:
Admiral H. E. Yarnell, U. S. Navy,
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S.Augusta,
Shanghai, China.

Copied by: kk
Compared with: AM

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 279 to Despatch No. 1355 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

BRIEF MINUTES OF MEETINGS WITH
MAJOR GENERAL HARADA ON 27th
AND 28th DECEMBER, 1937.

Present:-

American Representative	-	Brigadier General J. C. Beaumont, Captain R. A. Boone.
British	"	Major General A.P.D.Telfer-Smollet, Captain T. G. Rennie Lieutenant P. Pender-Cudlip.
Italian	"	Colonel E. Andreini. (Interpreter)
Japanese	"	Major General K. Harada. Major General T. Furujo Colonel Kimura. Mr. Okasaki.

1. The conference was convened by the Major General at British Military Headquarters at the request of Major General Harada for the purpose of discussing the question of opening up the Western outside areas.

2. Major General Harada opened the conference by reading a list of suggestions for the opening up of the Western outside areas which can be summarised as follows:-

(a) On 29th December, Japanese controlled police (consisting of Chinese Policemen under control of Japanese Gendarmerie) were to take over the policing of the western extension area (exclusive of extra settlement roads)

(b) On 30th December, the international posts on the perimeter line were to be withdrawn simultaneously with the Japanese posts outside the perimeter.

(c) Free access to the Western outside areas would be permitted from 30th December.

3. Major-General Telfer Smollett then stated the views of the International Commanders, the gist of which were:-

(a) That posts on the perimeter would not be withdrawn till International Commanders were assured that conditions outside the perimeter were normal and Chinese willing to live there unmolested. The premature withdrawal would only result in refugees and inhabitants of Western extensions and French extra concession areas withdrawing into the Settlement. Perimeter posts could not be withdrawn until policing arrangements outside the perimeter were such as to ensure safety of foreigners in Western Extensions from bad elements entering from outside areas.

(b) That Japanese Police Force was not to function as police in the Western Extension Area till perimeter posts were withdrawn.

(c)

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By Milton O. Gustafson NARS, Date 12-18-75

(c) It was suggested that arrangements should be made forthwith for Chinese to be allowed to return to the outside areas. That both International and Japanese troops should remain on the perimeter for the present and a conference held later to decide appropriate time for withdrawal.

Further discussion took place on these matters and eventually the conference closed. Major General Harada said he would refer the matter to General Matsui.

28th DECEMBER, 1937.

A further conference was held at Major General Harada's residence.

Present - Major General A.P.D.Telfer-Smollett.
Captain T.G.Rennie.
Lieutenant P. Pender-Cudlip.
Major General K. Harada.
Colonel Kimura.
Mr. Okasaki.

At this conference the following arrangements were mutually agreed upon:-

(a) Perimeter posts including Japanese posts outside the perimeter to remain for the present.

(b) Japanese were to inform Chinese refugees that they could return unmolested to the Western outside areas and that they would be given standard passes. Arrangements to be made forthwith.

(c) International Posts would co-operate and allow Chinese through, maintaining control however, of Chinese entering the Settlement (i.e. to prevent unlawful elements from entering).

(d) A further conference to be held when conditions were considered to be sufficiently normal for withdrawal of Western perimeter posts simultaneously with Japanese posts.

(e) After withdrawal of posts Municipal Police Force would reassume control of extra settlement roads outside the perimeter under pre-emergency conditions.

(f) Withdrawal of perimeter posts from "B" Sector was to be dependent on the success of arranging on the Western perimeter.

(g) Japanese would not exercise police control in the Western extension area till perimeter posts had been withdrawn.

5. At the conclusion of each conference the Brigade Major notified Staff Officer of the French Forces of business discussed and on 29th December Colonel Kimura visited French Headquarters.

Staff

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Staff Officer French Forces informed the Brigade Major on 30th December that his Commandant had agreed to arrangements as defined in paragraph 4 so far as it concerned the French Forces.

DISTRIBUTION

2. R.W.F.
2. Loyals
1 D.L.I.
H.B.M's Charge d' Affaires.
H.B.M's Consul General
Senior Naval Officer.
General Staff (Intelligence)
Brig-General J. C. Beaumont, Commanding U.S. Marines.
Lieut-Colonel L. Perretier, Commanding French Forces.
Colonel E. Andreini, Commanding Italian Forces.
Secretary, Shanghai Municipal Council.
Commissioner, Shanghai Municipal Police.
Asst. Commissioner, "B" Division. S.M.P.

Copied by: hk
Compared with: [illegible]

51. Chinese Request Regarding Movements of Naval Vessels on Yangtze River. Jan. 5, 1938. Encl. 280

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 280 to Despatch No. 1555 to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

UNITED STATES ASIATIC FLEET
U. S. S. AUGUSTA (Flagship)

Shanghai, China
5 January 1938.

My dear Bacigalupi:

The following is a translation of a note received by the U. S. Embassy in Hankow from the Chinese Foreign Office dated January 3d:

> "The Chinese Air Force has requested, in order that during the course of its military operations on the Yangtze River the naval and merchant vessels of third countries may escape injury, that American naval and commercial vessels shall anchor at designated places and that these places shall be notified at once to the Chinese Ministry of Foreign Affairs. The Air Force also asks that when American naval and commercial vessels are compelled by necessity to navigate in the lower reaches of the Yangtze River, notification of their itinerary shall be made to the Ministry of Foreign Affairs at least one week in advance, for transmission to the Air Force authorities."

In reply to the above, the following instructions were issued to the United States commander of the Yangtze Patrol:

> "Far as practicable comply contents Ambassador's despatch to Secretary of State yesterday concerning informing Foreign Office of designated anchorages and movements naval vessels point out that in cases emergency involving safety our nationals ships must be moved on short notice possibly without notification. Supply Chinese Air Force with description also photographs these gun boats."

Very sincerely,

H. E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U. S. ASIATIC FLEET

Capitano di Fregata V. Bacigalupi
Commanding R.N. LEPANTO
Senior Italian Naval Officer Present
Shanghai, China.

(Identical letters sent to Senior French and British naval officers present in Shanghai)

Copied by: hk
Compared with: AM

52.	Removal of Foreign Cargo from China Merchants Wharves and Warehouses under Japanese Occupation.	Jan. 13, 1938.	Encls. 281 - 288

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated [illegible] on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

Shanghai, February 11, 1938.

Confidential.

Dear Admiral Yarnell:

One of the many problems with which we are dealing here ashore has to do with the removal of American owned cargo stored in the China Merchants Central and Lower Wharves. There is a large amount of cargo in those wharves, and no one has yet been able to obtain access to the wharves or delivery of any cargo for the reason that the Japanese naval authorities are in occupation of the wharves and godowns which are piled high with military stores and the naval authorities are not disposed to do anything to accommodate the situation. There is also some reason to suspicion that some of the foreign cargo may have been used or sent to Japan.

I have taken up this matter repeatedly with the Japanese Consul General who has urged his naval authorities to take measures to meet the situation. So far he has not been successful, but he is continuing his efforts and he suggested to me confidentially that if at the same time our naval authorities were to bring the matter to the attention of the Japanese naval authorities it might assist. This suggestion is made of course in strict confidence. Mr. Okamoto does not wish it to be known that he has made it.

It might be helpful if you would make some approach to Vice Admiral Hasegawa in the matter, and I accordingly submit the suggestion for your consideration.

The facts may be stated as follows:

American and other foreign merchants have considerable quantities of cargo stored in the China Merchants Central and Lower Wharves. They have been unable to obtain delivery of this cargo for the reason that the wharves are stated to be under occupation by the Japanese naval authorities who have not been disposed to make arrangements so

that

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U. S. Asiatic Fleet,
U.S.S.ISABEL,
Shanghai.

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

that foreign cargo may be separated from military supplies and made available for delivery to the rightful foreign owners. The foreign merchants were exceedingly patient in the face of the situation which existed while hostilities were proceeding in the Shanghai area, but now that several months have elapsed and time has offered the opportunity for some reasonable adjustment to be made, they are unable to understand the refusal of the Japanese authorities to provide for the delivery of their cargo and complaint has therefore been made to the local foreign representatives and to their home governments. The continued refusal of delivery of this cargo is resulting in claims against the Japanese Government for resultant loss and damage.

Very sincerely yours,

C. E. Gauss
American Consul General.

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Compared with: cae

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 989 to despatch No. 1035 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to American Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
14 February 1938

My dear Mr. Gauss:

I have received your letter of February 11th and am enclosing a copy of a letter which I have written to Admiral Hasegawa this date. I sincerely trust that it will have some effect in securing the required permission for the removal of this cargo. I will press this matter on Admiral Hasegawa as much as possible and will keep you informed of the results.

It is quite probable that in case he considers the matter favorably he will desire the lists of owners of cargo, which I offered to supply him. If it is possible will you send me such lists to furnish Admiral Hasegawa in case he desires them?

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China

Copy of enclosure.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
14 February 1938

Dear Admiral:

I have been requested to consult you as to the possibility of securing your approval of the removal of a large amount of cargo belonging to American and other foreign merchants now stored in the China Merchants Central and Lower Wharves.

It is realized that previous conditions have prevented the removal of this cargo. The owners, however, are being

subjected

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subjected to great expense and hardship due to inability to secure their property, and any action taken by you will be greatly appreciated, and will be in accordance with the consideration and courtesy you have shown in the past in the satisfactory solutio of the many problems with which you have been confronted.

In case it will be of assistance to you, I will endeavor to supply lists of the foreign owners of cargo in the above-mentioned wharves.

I sincerely trust that you may be able to comply with the above request which will do much to further the good relations that have existed between the foreign community and the Imperial Japanese Navy.

With kindest regards, I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, I.J.N.
Commander in Chief
Japanese Fleet in China
H.I.J.M.S IZUMO, Flagship
Shanghai, China

Copy to Mr. Gauss

Copied by MB
Checked with RN

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 3 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to American Consulate General."

Copy

Shanghai, China, February 15, 1938

My dear Admiral:

Thank you very much for your letter dated February 14, 1938, in reply to mine of February 11, 1938, concerning the difficulties of arranging for the removal of American cargo from the China Merchants wharves. I have read with interest and satisfaction the copy of your letter, dated February 14, 1938, to Vice Admiral Hasegawa that you were kind enough to enclose with your letter to me.

In accordance with your request for "lists of owners of cargo", I am enclosing a copy of a letter I addressed to the Japanese Consul General on January 13, 1938, and the list that accompanied it of American firms that had informed me that they had cargo on the China Merchants wharves.

In connection with another attempt to obtain the removal of such cargo eleven of the American firms on the list submitted to this office either extra or photostatic copies of their bills of lading or warehouse receipts covering cargo on the China Merchants wharves, and these copies were transmitted to the Japanese Consul General with, in each case, a covering letter from me. These documents were transmitted not only as evidence of ownership but also to identify the cargo.

If further information will be of assistance to you please do not hesitate to inform me.

Very sincerely,

C. E. Gauss
American Consul General

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL,
Shanghai, China.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 4 to Despatch No. [illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated APR 20 on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

EH/Sfk

American Consulate General
Shanghai, China, January 13, 1938.

My dear Mr. Okamoto:

With reference to your statement at the Consular Body meeting yesterday concerning arrangements for opening the China Merchants wharves for the removal of cargo, I am enclosing a list of American firms that have cargo stored at those wharves, and again request you to take steps at the earliest possible moment to facilitate the removal of such cargo by American merchants and banks.

It is possible that all the Americans who own cargo on the China Merchants wharves are not included in the enclosed list despite efforts to make it complete. If such should prove to be the case a supplementary list will be sent to you.

I am under great pressure from American merchants and banks who desire to remove cargo from the China Merchants wharves and this pressure has become more acute since other wharves have been opened. It will be appreciated if you will give this matter your attention.

Very sincerely,

C. E. Gauss.

Suemasa Okamoto, Esquire,
Consul General for Japan,
Shanghai.

Enclosure:

List, as stated.

Copied by: nk
Compared with: cac

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 935 to Despatch No. 1[illegible] to the Department of State from C. E. Gauss, American Consul General, Shanghai, China, dated on the subject "Action of American Naval Authorities Taken During Shanghai Hostilities of Interest to the Consulate General".

C O P Y .

American Cargo at China Merchants Wharves.

FIRM	CARGO
Connell Bros. Co.	30 drums zinc oxide; 140 cases tea; 1 case flavoring extract.
Dodge & Seymour	248 bales & 7 cases of paper.
China Foreign Steamship Corpn.	25 drums lubricating greases; 72 pcs. steel plates; 6 cases personal effects.
China Paper Co.	Paper.
National City Bank of N.Y.	Miscellaneous merchandise; Paper 25 cases pigments; 40 packages copper rods & zinc sheets; 1 case, cotton; 10 cases, press buttons; 20 cases, buntal fibre; 5 bales, cotton twine; 5 cases, creme
Standard Vacuum Oil Co.	49 cases lubricating oil.
Andersen, Meyer & Co.	41 cases textile machinery parts and 6 cases electric motors & accessories.
Berbom & Thowsen	17 cases Norwegian Aquavit; 27 cases Norwegian fruit juices.
Cathay Sales Corpn.	4 crates millboards.
Cosmos Paper Co.	2,002 packages of paper.
Getz Bros. & Co.	520 cases of tinplate 221 drums of phenol; 1520 rolls of newsprint.
Chase Bank	14 cases of rollers.
Intercontinent Corpn.	3 cases, rubber goods; 1 case, aluminum flux; 3 cases, lead solder.
Metro-Goldwyn-Mayer	1 case containing 25 reels of films.
Edw. T. Robertson	1 Home scale No. 9.
Fagan & Co.	4 bags of cork discs.
William Hunt & Co.	200 pounds wool cloth; 3 cases cotton glove cloth.
Shriro & Co.	19 cases wool and cotton overcoating.

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 2811 to despatch No. 1655 of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to American Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL, Shanghai, China
15 February 1938

My dear Mr. Gauss:

I am enclosing herewith a copy of a translation of a letter received from Admiral Hasegawa this date regarding the removal of cargo from the China Merchants Wharves.

As you will note, he requests lists of foreign owners of cargo, and if you will supply me with these lists I will transmit them to him without delay. It may be well that these lists include all nationalities, with a statement if practicable of the character of cargo owned by each. This additional information may be of use in expediting the authority to secure the removal of this property.

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China

Copy of enclosure:

HIJMS IZUMO
14 February 1938

Dear Admiral Yarnell:

I have the honor to acknowledge the receipt of your letter of 14 February and to inform you that the question of the withdrawal of goods from those wharves is now being studied. Steps are being taken to allow goods to be removed at the earliest possible date, and it would facilitate matters if you would furnish me with a list of the owners of the goods which are stored there now.

I have the honor to be,

Respectfully yours,
K. HASEGAWA,
Vice-Admiral, I.J.N.
Commander in Chief, Japanese
Fleet in China

Admiral H. E. Yarnell, etc.

Translation

Copied by MB

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 287 to despatch No. 15[illegible] of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to American Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
16 February 1938

My dear Admiral Hasegawa:

In accordance with your letter of February 14th I am enclosing herewith a list of American firms who now have cargo at the China Merchants wharves, together with a brief description of such cargo.

This list may not be complete, and in case there are other firms of which I am not now aware I will transmit to you these additional names.

I am endeavoring to obtain lists of firms of other nationalities who have cargo at that place and will transmit them to you as soon as received.

May I take this opportunity of thanking you for your courteous reply to my letter of February 14th.

With kindest regards, I am,

Very sincerely,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice Admiral K. Hasegawa, I.J.N.
Commander in Chief, etc.

H.I.J.M.S. IZUMO
Shanghai, China
17 February 1938

My dear Admiral Yarnell:

I have the honor to acknowledge the receipt of your letter of 16 February, and to thank you for sending over the list of owners of the cargo. I shall be pleased to receive any supplementary lists which you may send.

I am,

Respectfully yours,
K. HASEGAWA
Vice Admiral, IJN

Admiral H. E. Yarnell, USN
U.S.S. ISABEL

Translation

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 288 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China,
7 March 1938

From: The Commander in Chief, Asiatic Fleet.
To : The Commanding Officer, U.S.S. OAHU.

Subject: Transportation of American Foreign Service personnel in U.S.S. OAHU.

1. Until further notice the transportation of officers and other personnel of the American Foreign Service is authorized between Shanghai and Nanking.

H. E. YARNELL

cc: AmConGenShai

Copied by MB
Compared with RN

53. Permission for Dollar Tenders and Lighters to Pass Through Whangpoo Boom. Feb. 23, 1938. Encls. 289 - 292

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 289 to despatch No. [illegible] of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
23 February 1938

My dear Admiral Hasegawa:

I have the honor to refer to you a request which I have received from the Robert Dollar Company of Shanghai, an American company.

The Robert Dollar Company has, since 31 December 1937, been operating two tenders and one tug between the Bund and the Dollar Wharf, which is above the Nantao boom. These craft are the tender DOLLAR, the tender DAHLAY, and the tug BILLE DOLLAR, and have special permits issued by the Japanese naval authorities numbers 21,22,23, dated 31 December 1937. At the time these permits were issued permits were also requested for certain lighters, but the company representatives were informed that as long as they were being towed by one of the above craft, no special permits were necessary. Thus for the past six weeks these lighters have been towed to and from the Dollar Wharf without interference. Recently, however, the officer in command of the Japanese gunboat stationed at the boom has refused to allow the lighters to be towed through the boom without special permits which he states must be obtained from the Japanese naval authorities.

The lighters which the Dollar Company proposes to use are registered numbers 585, 586, 659, 660, 661 and 662. Would it be possible for you to issue the necessary permits to the Robert Dollar Company for these lighters, which it is understood will be towed by one of the tenders or tugs for which permits have already been issued?

Thanking you for your assistance in this matter, I am,

Respectfully yours,

H. E. YARNELL
ADMIRAL, U.S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Vice-Admiral K. Hasegawa, IJN,
Commander in Chief, Japanese Fleet in China
H.I.J.M.S. IZUMO, Flagship
Shanghai, China.

Copied by MB
Checked with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 296 to despatch No. 1555 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
26 February 1938

The Robert Dollar Company
51 Canton Road
Shanghai, China

My dear Sirs:

The question of permits for six lighters belonging to the Dollar Company to pass through the Whangpoo boom has been referred to the Japanese naval authorities. A copy of the reply which has been received is transmitted to you.

It is suggested that the procedure of submitting a formal request to the Japanese Third Fleet Headquarters via the Japanese Consulate General be followed. The Japanese naval authorities have informed me unofficially that your request for the passes will receive favorable consideration.

Respectfully yours,

H.E. YARNELL
ADMIRAL, U. S. NAVY
COMMANDER IN CHIEF
U.S. ASIATIC FLEET

Copy to AmConGen Shanghai

Copy of enclosure to above letter

H.I.J.M.S. IZUMO

My dear Admiral Yarnell:

I have the honor to acknowledge the receipt of your letter of 23 February in regard to issuing permits for the six lighters of the Robert Dollar Company.

I suggest that the Robert Dollar Company submit a formal request for these permits to the Japanese Third Fleet Headquarters via the Japanese Consulate General, and forward the passes which have already been issued for the company's tenders and tug. The request can then be considered and the necessary permits issued.

I am,

Respectfully yours,
K. HASEGAWA
Vice-Admiral, IJN
Commander-in-Chief Japanese Fleet in China.

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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Copy

Shanghai, China
February 28, 1938.

Dear Admiral Yarnell:

The receipt is acknowledged of a copy of the translation of the letter dated February 26, 1938, addressed to you by Vice Admiral Hasegawa in regard to the application for permission for six lighters of the Robert Dollar Company to pass through the Whangpoo boom; also copy of your letter of February 26, 1938 to the Robert Dollar Company in regard to the same matter.

As suggested in Vice Admiral Hasegawa's letter, an application for permits for the six lighters was made by the Dollar Steamship Lines to the Japanese Consulate General for submission to the Japanese Third Fleet Headquarters. That application and the three permits issued on December 31, 1937 for the two tenders and one tug belonging to the Dollar Line, together with a covering letter from this Consulate General, were delivered to Vice Consul Umekawa of the Japanese Consulate General on February 26 by Vice Consul Cooper.

Vice Consul Umekawa informed this Consulate General today by telephone that the naval authorities had refused the application, on the assumption that the permission was desired for the purpose of transporting general cargo. That assumption was of course correct. Vice Consul Umekawa offered to take the matter up with the naval authorities again if the Dollar Line would state in a new application that only cargo owned by that firm would be transported. Such a permit, even if issued, would not meet the requirements of the Dollar Line and therefore no subsequent application has been made.

I should like to suggest, if you see no objection, that you inform Vice Admiral Hasegawa that we have not been able, despite his assurances, to obtain permits for these American owned lighters and therefore it is not possible for the American company to deliver cargo from its wharves to its clients. It may be added that, according to the Dollar Company, some of the cargo has already passed Customs and duties thereon have been fully paid.

Very truly yours,

C. E. Gauss,
American Consul General

Admiral H. E. Yarnell, U.S.N.,
Commander in Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL,
Shanghai.

Copied by MB
Checked with JAC

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 991 to despatch No. 1355 of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

March 2, 1938.

Memorandum for Files

I handed the attached memorandum this morning to Mr. Okamoto, the Japanese Consul General, with a most emphatic protest and declaration that unless the matter is immediately put right I shall be under the necessity of reporting it to Washington and Tokyo as substantial evidence of the failure of the Japanese naval authorities to implement the undertaking given at Tokyo in connection with the PANAY incident that the Japanese authorities--civil, naval and military - will not take unwarranted and unlawful action prejudicial to American interests.

Mr. Okamoto said he was seeing the Commander-in-Chief of the Fleet some time today and would take up the matter with him.

I emphasized repeatedly that an intolerable situation was being created here by the action of his military and Navy; that we have been very patient; but that I had determined now that we would obtain satisfactory action or would be under the unpleasant necessity of exposing the facts to Washington and the Ambassador at Tokyo.

C.E.G.

Note by Mr. Hall:

3/3/38 at 2.45 p.m. M. Umekawa told me he expected to have the passes any moment and that he would send them to me
MH

Copied by MB
Checked with JAC

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 992 to despatch No. _____ of C. E. Gauss, American Consul General at Shanghai, dated [illegible] 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

Shanghai, China, March 14, 1938.

Dear Admiral Yarnell:

Please refer to my letter of February 28, 1938, and to preceding correspondence concerning applications for permission for six lighters of the Dollar Steamship Lines to carry cargo through the Whangpoo boom. On March 7, 1938, the company received permits from the Japanese authorities for each of the lighters to make one round trip through the boom. On March 9 the company again applied for permits through this Consulate General. Today Vice Consul Umekawa stated to a member of my staff that the Japanese Naval Authorities definitely refuse to issue the desired permits for the six lighters. When pressed for the reasons for the refusal Mr. Umekawa said no more than that the Japanese Navy would not permit business through the boom.

In view of Mr. Umekawa's statement it will be appreciated if you will bring this infringement of American rights and interests to the attention of Vice-Admiral Hasegawa. For your information I am enclosing a copy of a self-explanatory third person memorandum that I left with the Japanese Consul General when I called on him in connection with this case on March 2, 1938.

Very truly yours,

C. E. Gauss
American Consul General

Admiral H. E. Yarnell, U.S.N.,
Commander in Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL,
Shanghai, China.

Enclosure:
1/- Copy of Memorandum.

Copy of Memorandum:

Shanghai, March 2, 1938.

On or about December 31st, 1937, "passes" were issued by the Japanese authorities for two tenders (the "DOLLAR" and the "DAHLAY") and one tug (the "BILLIE DOLLAR") of the Dollar Steamship Lines, to operate through the boom between Shanghai and the Dollar Wharf on the Pootung side.

At that time "passes" had also been requested for six lighters belonging to the American company, but the oral

reply

7851

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

reply was returned that no special passes or permits were required for the operation of such lighters which would be towed by one of the tenders or the tug above named.

This arrangement permitted the American company to operate their Pootung Wharf above the boom in a reasonably satisfactory manner and the Company's lighters were towed by the Company's tenders or tugs without interference or objection until, on or about February 18th, 1938, the officer in command of the Japanese man-of-war stationed near the boom stopped the operation of the company's lighters, asserting that they could not be permitted to pass without special permits from H.I.J.M. Navy authorities.

Thereupon application was made for permits for the six lighters, the matter being presented to the Japanese naval authorities through the Commander-in-Chief, U.S. Asiatic Fleet. The Commander-in-Chief of the Japanese Fleet in China informed the American naval commander-in-chief that application for the passes or permits should be made to the Headquarters of the Third Fleet through the Japanese Consulate-General.

Due application was therefore made through the American Consulate General and the Japanese Consulate General to the Headquarters of the Third Fleet, for the issuance of the necessary passes or permits, but the issuance of such passes or permits has been refused.

The American Consul General has to point out that the Dollar Wharf, on the Pootung side, is the principal American wharf of Shanghai, that the warehouses at that wharf contain cargo belonging principally to American firms, and to other firms in Shanghai, who desire delivery thereof, that their inability to obtain such delivery is seriously injuring and prejudicing their business and American interests, and that the American company, through the action of the Japanese naval authorities in refusing to permit the passage of the company's lighters through the boom, is being prevented from the exercise of its legitimate right to make use of its wharf and warehouses in the port of Shanghai for legitimate purposes of warehousing and storage, and the receipt and delivery of cargo.

Before reporting this matter to the American Government, the American Consul General desires to bring it again to the attention of the Japanese authorities and to request reconsideration of the request made by the American company.

The six lighters of the American company bear registered Nos. 585, 586, 659, 660, 661 and 662. They are all of 100 tons capacity; length 78 feet; draft 5'6"; and carry crews of four men each.

Copied by MB
Checked with RN

54. Remarks Attributed to General Beaumont Regarding Japanese. Feb. 24, 1938. Encl. 293

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure No. 2?? to despatch No. 1??? of C. E. Gauss, American Consul General at Shanghai, dated APR 20 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

February 24, 1938

Memorandum for the Files

The Japanese Consul General called me by telephone about 12.30 P.M. and stated that his attention had been directed to a report which appeared in the POST & MERCURY last evening quoting General Beaumont as saying to pressmen at Manila that Shanghai is passing through a reign of terror, that discipline amongst the Japanese soldiers is poor, and that this was probably the reason for the recall of General Matsui. He said the report was credited to "Fleetnews", and asked me whether I could ascertain whether General Beaumont had made any such statement.

I replied that I did not know any news service called "Fleetnews" and I did not know whether General Beaumont had made the statement credited to him, but that I would make inquiry in the matter.

C.E.G.

From:
(Shanghai Evening Post & Mercury; February 23, 1938)

BEAUMONT DECLARES DISCIPLINE
OF JAPANESE SOLDIERS HERE POOR

(Fleetnews)

MANILA, Feb. 22.-- The U.S. transport "Chaumont" with Brigadier General John C. Beaumont and the 6th Marines from Shanghai, arrived here this afternoon. In an interview given by General Beaumont to pressmen, he said that Shanghai was passing through "a reign of terror". He considered that discipline amongst the Japanese soldiers was poor, and that this was probably the reason of the recall of General Matsui.

Shanghai, February 24, 1938.

Dear Admiral Yarnell:

As you will note from the enclosed memorandum the the Japanese authorities are making inquiry as to the authenticity of a "Fleetnews" press report of certain statements alleged to have been made at Manila by Brigadier General Beaumont.

I

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

I could do no less than say that I would make inquiry in the matter.

If General Beaumont did not make the statements credited to him, it would be desirable that we be in a position so to state to the Japanese authorities.

Very sincerely yours,

C. E. Gauss
American Consul General

Enclosures:
Memorandum
Copy of article in S.E.P.&.M.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL, Shanghai.

UNITED STATES ASIATIC FLEET
U.S.S. AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
26 February 1938

My dear Mr. Gauss:

Upon receipt of your letter of 24 February the following despatch was sent to General Beaumont on the U.S.S. CHAUMONT;

"FLEETNEWS PRESS AGENCY IN MANILA REPORTS GENERAL BEAUMONT STATED SHANGHAI PASSING THROUGH REIGN OF TERROR AND POOR DISCIPLINE AMONG JAPANESE TROOPS PROBABLE CAUSE MATSUIS RECALL DESIRE INFORMATION AS TO AUTHENTICITY THIS INTERVIEW"

His reply is as follows:

"MY STATEMENTS ENTIRELY MISQUOTED BY MANILA PRESS UNITED PRESS AGREED TO NOTIFY SHANGHAI TO THAT EFFECT NO REFERENCE MADE TO TERRORISM IN SHANGHAI OR CAUSE OF MATSUIS DETACHMENT"

Very sincerely
H. E. YARNELL
ADMIRAL, U.S. NAVY

Mr. C. E. Gauss
American Consul General
Shanghai, China

(Note by Mr. Gauss) Informed Mr. Okamoto orally to this effect on this morning during a call at the Japanese Consulate General
C.E.G.

Copied by MB
Checked with RN

55. German Embassy Official Travels to Nanking on OAHU. March 24, 1938. Encl. 294

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By Milton O. Gustafson NARS, Date 12-18-75

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 294 to despatch No. 1033 of C. E. Gauss, American Consul General at Shanghai, dated APR 21 1938, on the subject: "Action Taken by American Naval Authorities During Shanghai Hostilities of Interest to Consulate General."

Copy

German Consulate General
Shanghai

Shanghai, March 24, 1938.

Dear Mr. Gauss:

On instructions by the German Ambassador, Mr. Fritz Cordt of the Office of the Commercial Counsellor to the German Embassy in China has to proceed to Nanking to relieve one of the German officials there.

Since early next week, as I understand, the American gunboat "OAHU" is leaving port for Nanking, I would highly appreciate the courtesy of the competent American authorities to grant Mr. Cordt a passage on the "OAHU".

May I, therefore, ask your kind assistance in informing me at your earliest convenience whether you could arrange for such a passage. I would also appreciate very much indeed if you could let me know whom, eventually, I would have to approach or what Mr. Cordt would have to do.

Thanking you in advance for your kind assistance,

Yours sincerely,

(Sgd.) M. Fischer.

Clarence E. Gauss, Esq.,
Consul General for the United
States of America,
Shanghai.

Shanghai, March 25, 1938.

Dear Admiral Yarnell:

I am enclosing a copy of a letter which I have received from my German colleague here and concerning which Mr. Butrick spoke with Lieutenant Sylvester this morning. I shall be pleased to convey to Mr. Fischer any reply which you may care to make in regard to the request to send Mr. Cordt to Nanking on the U.S.S. OAHU.

Sincerely yours,

C. E. Gauss
American Consul General

Enclosure:

DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

Enclosure:
1/- Copy of letter from German Consul General dated March 24, 1938.

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL, Shanghai.

UNITED STATES ASIATIC FLEET
U.S.S AUGUSTA (Flagship)

U.S.S. ISABEL
Shanghai, China
28 March 1938

Dear Mr. Gauss:

I am enclosing a copy of the authorization for Mr. Fritz Cordt to take passage in the U.S.S. OAHU which leaves for Nanking on 30 March. Would you kindly inform Mr. Cordt that the U.S.S. OAHU will have a boat for him at the Customs Jetty at 9 a.m., 30 March?

Very sincerely,

(Sgd.) H. E. Yarnell
Admiral, U.S. Navy

Mr. C. E. Gauss
American Consul General
Shanghai, China.

UNITED STATES ASIATIC FLEET
U.S.S AUGUST (Flagship)

U.S.S. ISABEL
Shanghai, China
28 March 1938

From: The Commander in Chief, Asiatic Fleet
To : The Commanding Officer, U.S.S. OAHU

Subject: Transportation for Mr. Fritz Cordt.

1. The transportation of Mr. Fritz Cordt, of the office of the Commercial Counsellor to the German Embassy

in

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

in China, from Shanghai, China to Nanking, China in the U.S.S. OAHU is authorized.

H. E. YARNELL

Shanghai, March 28, 1938.

Dear Admiral Yarnell:

With reference to your letter of March 28, 1938, I have informed the Acting Consul General for Germany that you have approved the passage to Nanking on the U.S.S. OAHU for Mr. Fritz Cordt and that a boat will await him at the Customs Jetty at 9:00 a.m. on March 30th.

Sincerely yours,

C. E. GAUSS
American Consul General

Admiral H. E. Yarnell, U.S.N.,
Commander-in-Chief, U.S. Asiatic Fleet,
U.S.S. ISABEL, Shanghai.

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

EG GPO

FROM GRAY

COPIES SENT TO
[illegible] AND M.I.D.

Shanghai via N. R.

Dated May 20, 1938

Rec'd 8:25 a.m.

Division of
FAR EASTERN AFFAIRS
MAY 20 1938

Secretary of State,

Washington.

693, May 20, 2 p.m.

The following Associated Press message held up by Japanese censors here today:

"Hankow date line. Chinese bombers flew over Japan proper last night according official Chinese announcement dropping leaflets but no bombs several points including Osaka, Sasebo. Announce took off secret base midnight flying over Japan between 2 and 5 a.m. without being challenged, returning bases safely. End of Hankow date line. Leaflets declared Chinese held no enmity to the Japanese people or Imperial House, expressed the hope Japanese people rise in opposition to invasion Chinese territory by Japanese militarists."

I have not been able to confirm above information here.

Repeated to Hankow, Peiping and Tokyo.

LOCKHART

KLP

FILED
MAY 24 1938

F/FG
795.94/13068 1/2

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

ADVISER ON POLITICAL RELATIONS
MR. HORNBECK
JUN - 3 1938
DEPARTMENT OF STATE

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

May 31, 1938.

Shanghai's 1380, April 20, 1938, entitled "Industrial and Commercial Losses in Shanghai Caused by the Sino-Japanese Hostilities of 1937-38."

The present despatch is a collation of data so far available on the above subject. Property damage in the International Settlement was heaviest in the Japanese defense sector. Elsewhere in the International Settlement only six air bombs struck, and only one in the French Concession. In addition to some 905 factories and workshops destroyed, probably 1,000 others have been damaged more or less seriously. It is virtually only foreign-owned industry which will physically be in position to resume operations. Thirty percent of the skilled labor of Shanghai has sought refuge in the interior. Chinese houses in the International Settlement have suffered property loss amounting to over US $112,000,000. The chief sufferers among the industrial establishments were the tobacco companies, including Nanyang Brothers, Hwa Ching and Hwa Tung.

Enclosed with the despatch are three interesting maps: (1) A map showing property damage in the Japanese defense sector. (2) A map of Greater Shanghai indicating sections of the city which suffered partial or complete destruction and points at which bombs fell. (Kiangwan Civic

Center

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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Center and Nantao were not surveyed due to restrictions placed on access to the areas. Destruction in Nantao is estimated at 60 percent.) (3) A map indicating progress of hostilities in the Shanghai area and outlining the position of the Japanese lines on successive dates from the beginning of hostilities until active fighting passed beyond the city.

It is estimated that up to the end of 1937 hostilities had caused a decline of Yuan $249,200,000 in Shanghai's import trade and Yuan $95,600,000 in its export trade. This drastic decline must be attributed chiefly to disruption of communication with the city's hinterland.

Present losses at Shanghai are estimated at three times as great as those of 1932. The Consul General believes, however, that Shanghai's power of recovery has not been irreparably shattered. Crippled as the city is by heavy losses, there remains a large and important nucleus in the French Concession and the International Settlement which has been virtually untouched by the fighting and which is physically capable of fully resuming its accustomed activities. The underlying basis of the importance of Shanghai continues to be found in the services which it must render to its vast hinterland. It is not conceivable that even the most protracted hostilities could permanently

destroy

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By Milton D. Gustafson NARS, Date 12-18-75

destroy economic life in the Yangtze basin, and a revival of that life, however long delayed, must ultimately react on the fortunes of Shanghai.

793.94/13069

FE:Ringwalt:HES

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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

NO. 1380

11501

AMERICAN CONSULATE GENERAL,

Shanghai, China, April 20, 1938

1938 MAY 23 PM 2 44

Map enclosure filed (11/7/40) in Ge as: 449.74 Hwd 1937 S

LEGAL ADVISER JUN 4 1938 DEPARTMENT OF STATE

Office of the Geographer JUL 24 1938 DEPARTMENT OF STATE

DIVISION OF COMMUNICATIONS AND RECORDS

HISTORICAL ADVISER JUN 24 1938 DEPARTMENT OF STATE RECORDING DESK FILE

Division of Far Eastern Affairs MAY 24 1938 Department of State

NOT FOR PUBLICATION

SUBJECT: Industrial and Commercial Losses in Shanghai Caused by the Sino-Japanese Hostilities of 1937-38.

For Distribution Outside

Copy to not to be published with accompanying despatch

DEPARTMENT OF STATE DIVISION OF COMMUNICATIONS AND RECORDS 6/22/38

MAY 24 1938

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THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to refer to my despatch no. 1028 of October 20, 1937, entitled "Rough Estimate of Probable Damage Resulting from Two Months of Hostilities at Shanghai". While large scale hostilities in the Shanghai area ceased five months ago, detailed estimates of property damages are still far from complete, partly due to the sheer magnitude of the task of collecting and organizing data from the large number of individuals and firms sustaining property damages but also due, in a large degree, to the inability of Chinese as well as foreign property owners to enter freely into certain badly damaged areas to inspect their property and inventory losses. Collection of information is constantly in progress and while it is anticipated that a comprehensive report on this subject will be prepared eventually by the Shanghai Municipal Council, such data as has become

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By Milton O. Gustafson NARS, Date 12-18-75

become available up to the present has been collated herein as of probable interest to the Department.

Information concerning American property damages, prepared in this office from preliminary reports submitted in connection with claims for compensation, is given separately in my despatch no. 1273 of March 11, 1938, entitled "Tentative Reports for Shanghai Consular District of Status of American Property Situated in and near Scene of Present Sino-Japanese Hostilities, 1937-1938" and another report now being prepared to bring information on that subject up to date.

Property Damages

With the exception of the Japanese defense sector, comprising that section of the International Settlement lying north of Soochow Creek and east of Honan Road (generally referred to as Hongkew and Yangtzepoo), the foreign controlled areas of Shanghai remained outside the zone of actual hostilities waged in and around the city from August to November 1937, and thereby avoided the fate of less fortunate areas of the city which became the scene of heavy fighting. From the beginning, the Japanese defense sector served as a base for Japanese military operations and as the object of Chinese raids during the early period of fighting and of heavy street and house to house operations by the Japanese forces to clear out Chinese irregulars, it suffered particularly heavy damage, amounting to complete destruction over wide areas. Damage in the remainder of the International Settlement was limited to points at which six bombs struck

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in the course of aerial operations. Only one bomb struck in the French Concession and the damage which it caused was negligible.

A list has been prepared by the Industrial Department of the Shanghai Municipal Council, after an investigation in the northern and eastern areas of the International Settlement (Hongkew and Yangtzepoo), of factories and workshops completely destroyed in those areas as a result of the Sino-Japanese hostilities of 1937. A copy of that list, giving the name of each factory and workshop and the number of persons previously employed in each, has been obtained for the files of the Consulate General and a summary of that data is given below by industries, with an indication for each category of factory of the number of workers employed prior to the hostilities.

Analysis of Factories and Workshops Destroyed.

Type of Enterprise	Number known completely destroyed	Number of workers previously employed
Woodworking	23	792
Furniture manufacture	2	44
Metal industry	72	1,241
Machinery and metal products	410	6,219
Vehicles	3	33
Bricks, glass	8	405
Chemicals	49	564
Textiles	136	4,687
Clothing	44	3,476
Leather, Rubber	19	556
Foods, drinks, tobacco	40	10,278
Printing, paper, etc.	75	1,694
Scientific and musical instruments	3	140
Other industries	21	784
	905	30,868

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The above figures are admittedly only approximate and were compiled with a view to assessing the possibilities of employment when the areas are reopened to normal activities. It is estimated that out of a former 135,000 persons at work in industrial enterprises in these areas prior to August 1937 there will be occupation for not more than 40,000, at a maximum, if remaining factories are able to operate at their former labor strength.

In addition to those 905 factories and workshops described as totally destroyed, probably some 1,000 Chinese factories and workshops have been damaged more or less seriously. It is virtually only foreign-owned industry which will physically be in a position to resume operations. The problem of housing workers in proximity to the plants presents another difficulty because of the extensive destruction of dwellings. A local American realtor places the value of destroyed Chinese houses in the city of Shanghai at $112,426,660 United States currency. Figures are not available to indicate the amount of damage to factories and workshops but the extent of destruction in the Hongkew and Yangtzepoo districts can be appreciated from the number of establishments destroyed and the number of persons which they previously employed.

With the exception of approximately forty concerns, each of which employed over one hundred workers, including both men and women, most of the concerns listed were small and employed from two or three to forty or fifty hands. The industrial establishments which employed the largest number of workers were the tobacco companies. The Nanyang

Brothers

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Brothers Tobacco Company, 786 Broadway, employed 2,978 persons, the Hwa Ching Tobacco Company, 340 Wayside Road, employed 2,000 persons, and the Hwa Tung Tobacco Company, 902 Tongshan Road, employed 1,345 persons.

The Industrial Department of the Shanghai Municipal Council has also undertaken the preparation of a map of the Yangtzepoo district to indicate areas of complete destruction. The section of that map covering the western half of that district from Hongkew Creek to Yangtzepoo Creek has been completed and a copy, prepared in this office,
1/ is transmitted under separate cover. In a preliminary survey conducted by the Shanghai Power Company, an American firm, it appears that property damage in the eastern half of Yangtzepoo was heavy but not nearly so extensive as in the western half, due to the fact that fighting was less intense, and also because of the relatively higher proportion of vacant land in the eastern section.

So far mention has been made only of damages sustained by property within the limits of the International Settlement. There were, however, a number of other sections of the city of Shanghai, outside the Settlement and the French Concession, which were the scenes of protracted hostilities and in these areas as well extensive property damage was sustained.

Through the courtesy of a local American firm the
2/ Consulate General was permitted to photograph a map, a copy of which is enclosed, prepared by two foreign firms in Shanghai. On it are indicated sections of the city which suffered partial and complete destruction and points at

which

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which bombs struck in the city. It will be noted that Chapei is the area outside the International Settlement in which the heaviest damages are shown but in two sections of the city where damages were particularly heavy, namely, Kiangwan Civic Center and Nantao (including the Chinese City), the firms which prepared the map had not conducted surveys because access to those areas is severely restricted under the prevailing "pass" system. Hence no markings have been placed on those two sections of the map. The American firm which supplied the map to this office stated, however, that property destruction in the Nantao area, due to heavy shelling and numerous fires, approximated 60% and that in the Kiangwan Civic Center a number of government buildings were destroyed and many private dwellings damaged and looted. The brunt of the losses through the destruction of physical plants has been borne by Chinese interests with foreign properties suffering but mildly in comparison.

3/ To supplement that map another is enclosed on which the progress of hostilities in the Shanghai area is indicated by drawing in the position of the Japanese lines on successive dates from August until the active fighting passed beyond the city in November 1937. This latter map was prepared from a series of maps submitted by this office during the course of hostilities around this city.

Losses from Plant Shut Downs

Another source of heavy loss is the cessation of income to labor formerly employed in factories which were destroyed.

It

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It was estimated that at the end of February 1938 a total of 86,442 factory workers were employed in factories situated in the International Settlement (including extra-Settlement roads inside the defense perimeter) as compared to an approximate total of 250,000 before the hostilities. Even the February figure showed a marked increase over previous estimates. It is therefore not difficult to visualize the heavy reduction of income to labor in Shanghai over the period since August 1937, as well as the loss of profit which could have been expected to accrue to owners had operations not been interrupted and access to plants and stocks of merchandise restricted. It has been estimated that thirty percent of the skilled labor of the port has sought refuge in the interior and most of the balance have added their number to the multitude of refugees who are living on charity in the foreign areas of Shanghai.

Trading and Shipping Losses

Trading and shipping losses have been large and are continuing to accumulate. In a report of February 7, 1938, from the American Assistant Commercial Attache at Shanghai, it was estimated that up to the end of 1937 the hostilities had caused a drop of $249,200,000 Chinese currency in Shanghai's import trade and $95,600,000 in the city's export trade. That Shanghai's external trade has shown such drastic declines cannot be attributed so much to disruption of foreign shipping services, however, as to

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the fact that military operations have cut off this city from the Yangtze basin hinterland, with a population of approximately 200,000,000, which it normally serves. Coastal shipping, while closed to Chinese, remains open to foreign vessels (British shipping predominates in the coastal trade) and although that trade has dropped more than seventy percent, service has not been discontinued. With the exception of American lines, foreign ships continue to call at Shanghai and adequate facilities for foreign trade are available.

Harbor facilities of Shanghai, although they have not emerged from the hostilities unscathed, are still in general intact and capable of quickly responding to any upturn in trade which may develop. Certain wharves have been damaged and a cessation of conservancy operations in the harbor is a potential threat to shipping, but even this latter problem would lend itself to speedy solution if a relaxation of military restraints could be effected and normal harbor services permitted to resume operations.

Prospects for the Future

In the report from the Assistant Commercial Attache at Shanghai of February 7, 1938, mentioned above, the various categories of Shanghai losses are tabulated and an estimated total for those losses of $844,400,000, Chinese currency, arrived at. A number of items not mentioned above are enumerated, including: looted and confiscated merchandise and plant equipment, losses of household effects and store fixtures in partially destroyed property, local contributions to refugee relief and losses in freight

haulage

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haulage revenue on unshipped exports and unshipped products of Shanghai industry to interior and coastal points. The figures given in that report are intended to cover only the period from August 1937 to the end of that year. Unquestionably, an estimate of losses sustained up to date would reach a substantially higher figure since unabated hostilities in other parts of China continue to increase practically every category of loss, with the exception of physical damage to property.

The effects of the military operations on the commercial life of Shanghai are felt with special keenness because the city was enjoying a period of exceptional prosperity, almost approaching a boom, in the months just prior to the outbreak of hostilities, and with the beginning of those hostilities its economic life was brought to an almost complete standstill and its prosperity dissipated almost overnight.

The memory of its most recent war is fresh in the minds of the city's populace and the havoc wrought is still startlingly evident to the most casual observer. At first thought, it might seem reasonable to conclude that Shanghai had been dealt such a severe blow that to rise again to occupy its accustomed position as the leading port in the Orient would be an insuperable task.

Such a view, however, is probably unwarranted in view of previous demonstrations of its recuperative powers. Its quick recovery from the effects of the Incident of 1932 is an example in point and while a consensus of opinion appears to indicate that present losses are three times as great

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great as those of 1932, it would seem over pessimistic to conclude that Shanghai's powers of recovery had been irreparably shattered. Crippled as the city is by the loss of industrial plants, stocks of goods, private dwellings and loss of trade, there still remains a large and important nucleus in the French Concession and the International Settlement south of Soochow Creek which was virtually untouched by the fighting and which is physically capable of fully resuming its accustomed activities. In some ways the foreign areas have profited from the recent disturbances. The refugees attracted to those areas are a burden rather than an asset, but on the other hand an estimate of a Shanghai Municipal Council official places the number of new factories established in the International Settlement since the start of hostilities at eight hundred with an average investment of $3,000, Chinese currency.

Despite its varying fortunes, the underlying basis of the importance of this port continues to be found in the services which it must render to its vast hinterland. It is inconceivable that even the most protracted hostilities could permanently destroy all economic life in the Yangtze basin and a revival of that life, however long delayed, must ultimately react on the fortunes of Shanghai. As has been pointed out, the essential services of the city and port, although damaged, have not been destroyed and are capable of responding to the demands of any renewed commercial activity.

Probably the chief remaining obstacle to a restoration

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of normal business is the continued restriction of up-river and inland trade resulting from the Japanese control of all inland waterways leading out of Shanghai and the disruption of rail facilities. A very few neutral shippers have been permitted under special arrangements with the Japanese authorities to operate highly profitable inland services. As a shipper's permission to operate inland may be revoked at any time, however, this sort of enterprise is exposed to such uncertainty that it offers slight prospect of developing on any sound and satisfactory basis. The general rule holds that Japanese restraint on river shipping is indefinitely prolonging the resumption by Shanghai of its most important function as the entrepot for central China's external commerce and that any solution of the present impasse in the city's trading fortunes must await a return of free access to its hinterland.

Respectfully yours,

C. E. Gauss
American Consul General

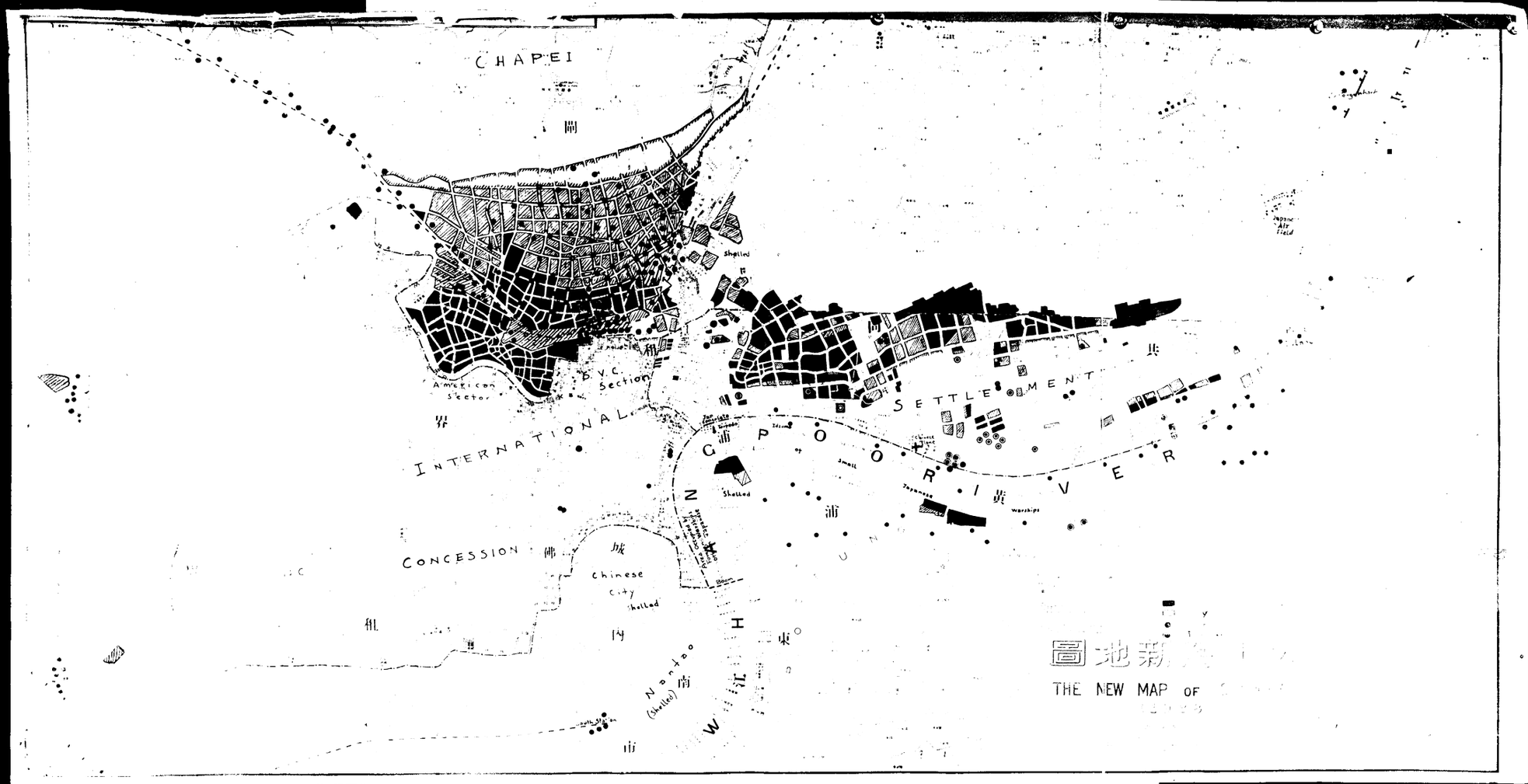
Accompaniment:
1/- Map covering western half of Yangtzepoo district from Hongkew Creek to Yangtzepoo Creek.

Enclosures:
2/- Photographic copy of map of Shanghai, indicating partially or completely destroyed sections.
3/- Map indicating progress of hostilities in Shanghai area.

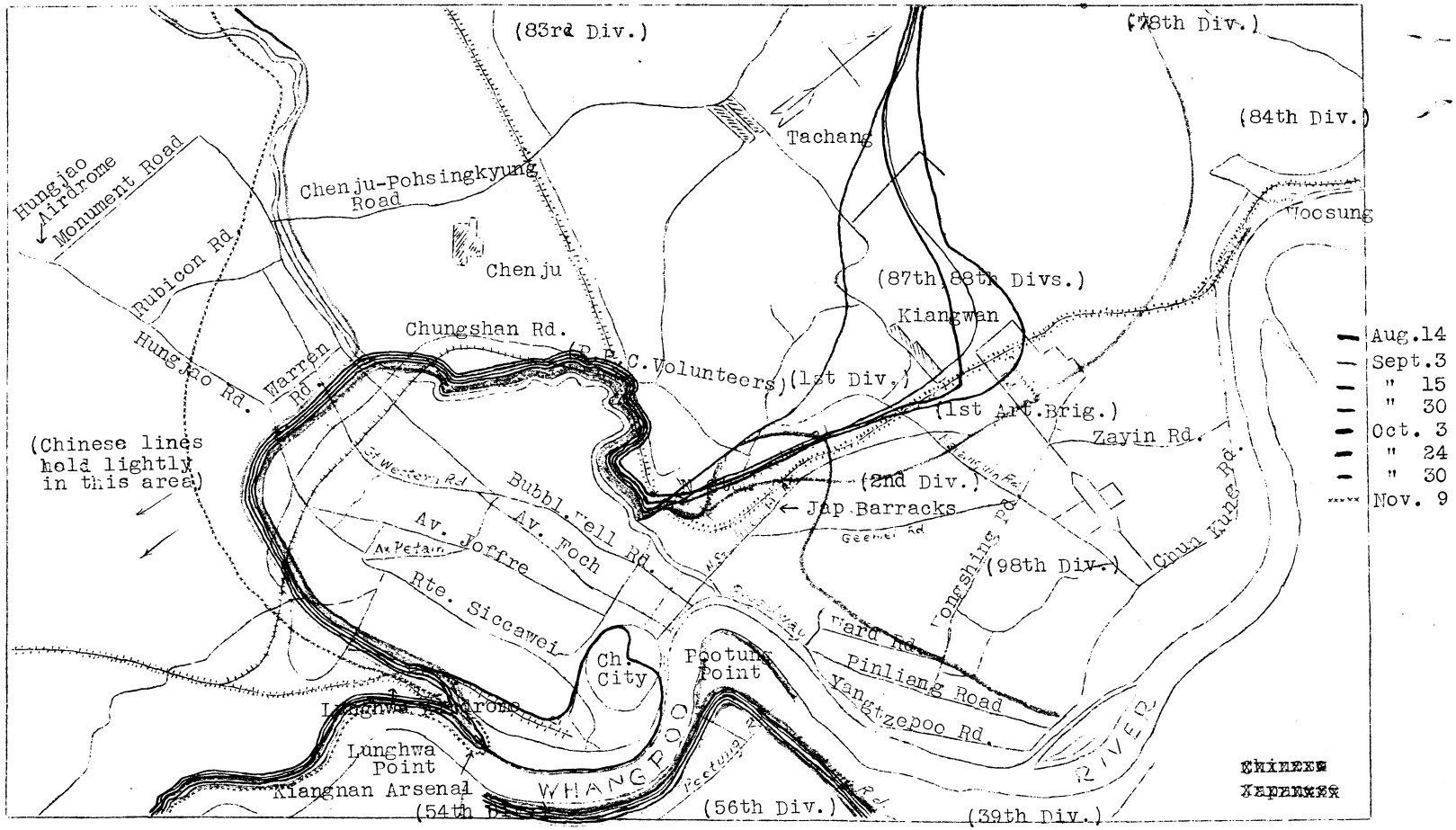
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Copy to Embassy, Peiping.
Copy to Commercial Attache, Shanghai.

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Enclosure No. 1 to despatch No. 1380 of C. T. Gauss,
American Consul General at Shanghai, dated April 20,
1938, on the subject: "Industrial and Commercial Losses
in Shanghai Caused by the Sino-Japanese Hostilities
of 1937-38."

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FW 793.94/13069

Accompaniment No. 1 to despatch No. 1380 of C. E. Gauss, American Consul General at Shanghai, dated April 20, 1938, on the subject: "Industrial and Commercial Losses in Shanghai Caused by the Sino-Japanese Hostilities of 1937-38."

This enclosure entitled "Map of the Western Half of the Yangstepoo District, International Settlement, Shanghai, with areas completely destroyed in the course of the Sino-Japanese Hostilities of 1937 marked in red" has not been microfilmed because of its large size.

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DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS
May 27, 1938

~~MSM~~
~~WAA~~

Reference Tsingtao's despatches to the Embassy at Peiping nos. 303 and 304, both of April 20, 1938,

These despatches report incidents (the only important one having been made the subject of a separate despatch) illustrating the suspicion with which Japanese regard Chinese who have any connection with foreign missionaries and their fear that relief money given to Chinese will be diverted to anti-Japanese uses.

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Copy for Department of State.

No. 305

AMERICAN CONSULATE

Tsingtao, China, April 20, 1938.

Subject: Chinese Suspected of Spying When Helping Sick Missionary.

793.94/15070

The Honorable
Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to report the following minor incident which may have influenced Japanese to be suspicious of foreign missionaries in the Chowtsun (周村) area of the Province of Shantung.

It is reported that during the first part of April Mr. Paul Pitt, a lone missionary, became very seriously ill in a very small village called Yeh Tou Chen near Chowtsun. He was carried on a stretcher by friendly Chinese villagers to the railway to be put on the train to be carried to an American hospital at Tsinan. Some days later the railway was attacked and the Japanese are said to have alleged that the villagers who helped Mr. Pitt were members of the Red Spear Society and spied on the Japanese when they brought Mr. Pitt to the railway. Mr. Pitt is reported to be a Canadian independent missionary

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of the American Bethany or Bethel sect but his followers are described by Chinese words applied to Pentecostal Christians.

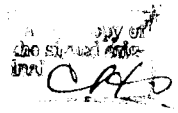
On April 13 Dr. A. L. Carson, an American missionary, and a British missionary were forced to get off a railway train at Chowtsun and were tied with two Chinese who happened to sit at the same end of the railway coach and who were subsequently executed. The report spread in Chowtsun that the Chinese were suspected of being "Pentecostal Christians" involved in Red Spear Society activities. Dr. Carson is under the impression that the Pitt incident may therefore have had some bearing on his arrest. (cf. my despatch No. 302, April 20, entitled "Arrest of Dr. A. L. Carson by Japanese".)

Respectfully yours,

L. H. Courley,
American Consul

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Original to Embassy, Peiping.
5 copies to Department.
copy to Embassy, Hankow.



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