

MICROCOPY

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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 33

1930-39

793.94/8001-8280
June-Oct. 1936



**THE NATIONAL ARCHIVES
NATIONAL ARCHIVES AND RECORDS SERVICE
GENERAL SERVICES ADMINISTRATION**

WASHINGTON: 1975

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

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.

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

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

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

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.

NATIONAL ARCHIVES MICROFILM PUBLICATIONS

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

DOCUMENT FILE

NOTE

SEE 893.00/13568 FOR Tel#-, Noon

FROM Canton (Spiker) DATED June 23, 1936
TO NAME 1-1127 ...

REGARDING: Southwest military expedition northward: Civil war or anti-Japanese gesture?

Joint action against Japanese aggression demanded as prerequisite to participation by Southwest in plenary session at Nan-king in July. Furthermore, another telegram has been addressed Chiang Kai Shek by Marshals Chen and Li taunting and urging immediate action. According to Kwangsi military headquarters, all Japanese advisers have left that province. Students are spreading anti-Japanese propaganda in vicinity of Kweilin.

FRG.

FE

LMS

GRAY and SPECIAL GRAY

Canton via N. R.

Dated June 23, 1936

Rec'd 12:20 p. m.

NOTE
793.94

Secretary of State,
Washington.

June 23, Noon.

/13563

Referring to my telegram of June 22, 4 p. m., am reliably informed by official that at joint meeting of Southwest Political Council and Kuomintang Central Executive Committee yesterday it was decided to demand satisfactory assurances from Nanking in relation to the following points as prerequisite to Southwest's participation in plenary session at Nanking in July: (1) severance of diplomatic relations with Japan; (2) declaration that all Sino-Japanese secret treaties including Tangku truce are null and void; (3) armed resistance to increase of Japanese troops in North China in violation of Boxer Protocol; (4) mobilization of strength of entire country in readiness for resistance to Japan; and (5) cancellation of all orders of the National Government suppressing freedom of speech, of assembly and of the right to form patriotic associations.

893.00/13568

Two. Informant states that such demands are expected to make the situation much more tense and serious than heretofore

LMS 2-June 23, Noon, from Canton.

heretofore since if Nanking accepts it means hostilities with Japan while if Nanking declines its insincerity is established and the Southwest will probably take independent action, the nature of which has not yet been decided but which may be expected to mark a sharp break in relations of the Southwest leaders with the Japanese. Informant is closely connected with Southwest leaders and his views are colored accordingly although hitherto his information has proved generally reliable.

Three. Local government-controlled press today publishes text of a further^v telegram allegedly sent on June 21st to Chiang Kai Shek by Marshals Chen and Li both of whom are becoming increasingly articulate against Chiang. Telegram taunts Nanking leaders with being brave toward their brethren and cowards toward the foreign foe, urges action without delay against the Japanese and promises that Kwangtung and Kwangsi leaders will follow Chiang "through fire and water, will go at his order to any theatre of war". Chen's sudden activity in issuing personal statements to local press after long period of silence is causing comment but is believed possibly indicative of no more than pressure to support secret bargaining with Nanking.

Four.

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

LMS 3-June 23, Noon, from Canton.

Four. Kwangsi military headquarters which for weeks has repeatedly and most emphatically denied that Japanese advisers were employed by Kwangsi yesterday informed American press correspondent that all Japanese advisers left Kwangsi several days ago and that Kwangsi defied anybody to find a single Japanese adviser in that province. Reliable mail information from Kweilin under date of June 15th showed that city was held by militia only, that all troops had gone to the north, that wholesale conscription was proceeding, and that students were very active spreading anti-Japanese propaganda throughout the area.

Five. Sent to the Department, Peiping, Nanking, Hankow, Shanghai.

SPIKER

CSB

TELEGRAM RECEIVED

RC

1-1336

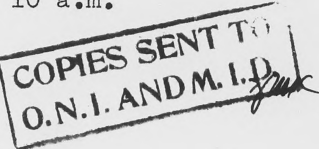
FROM GRAY

PEIPING via N R

Dated June 25, 1936

Rec'd. 10 a.m.

Secretary of State,
Washington, D.C.



321, June 25, 11 a.m.

The following telegram has been received from
the Consul at Tsinanfu.

"June 24, 9 p.m. Japanese proprietor of heroin
shop in Tsinanfu killed by group of Chinese raiders
late last night with an ax, Japanese woman injured,
Chinese gate man killed, Chinese policeman injured.
Japanese Consulate investigating. Newspapers for-
bidden to report". By mail to Tokyo.

CSB

MERRELL

793.94/8002

FILED
JUN 30 1936

FE

793.94
note
393.9423
893.114 Nov

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



DEPARTMENT OF STATE
RECEIVED
DIVISION OF FAR EASTERN AFFAIRS
June 13, 1936.
1936 JUN 25 AM 11 47

~~CONFIDENTIAL~~

Subject: The Situation in North China.
DIVISION OF
COMMUNICATIONS
AND RECORDS

S:
Mr. Secretary.



793.94
Reports of developments in Sino-Japanese relations in North China during the week in review indicated that Japanese pressure for the autonomy of the Hopei-Chahar area was increasing and that the power of resistance of the Hopei-Chahar authorities had been weakened by the critical situation in Southwest China.

In regard to the situation in the Southwest, official reports generally indicate (1) that Southwestern troops have invaded southern Hunan Province; (2) that Chiang Kai-shek's army is prepared to resist the invaders if they move farther northward; (3) that the Chinese Government, anxious to avoid civil war, is making every effort to reach an understanding with the Southwestern authorities; (4) that there are differences of opinion between the Kwangtung and Kwangsi authorities, the former seeming to be desirous of avoiding a break with the Nanking Government whereas the latter appear to be taking the initiative in causing and continuing the present strained situation; and (5) that Japanese intrigue may in a measure be responsible for the intransigent attitude of the Kwangsi authorities.

793.94/8005

FILED
JUN 17 1936

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

- 2 -

authorities and for the crisis in the relations between the Nanking Government and the Southwestern authorities. On the basis of information at hand, it would be unwarrantable to predict whether (a) civil warfare, (b) hostilities toward Japan, or (c) a peaceful settlement will materialize from the present obscure situation. However, there appears to be a tendency toward adjustment of the difficulties without resort to hostilities.

M. D. G.

JCV.
FE:JCV/VDM

in file

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

793.94
SECRETARY OF STATE
JUN 22 1936

DEPARTMENT OF STATE

Division of

DIVISION OF FAR EASTERN AFFAIRS

CONFIDENTIAL

JUN 22 1936

June 20, 1936.

1936 JUN 25 AM 11:47

Subject: The Situation in China.

S: DIVISION OF
Mr. Secretary COMMUNICATIONS
AND RECORDS

During the past week there has continued to be both in North China and in South China a good deal of activity which adds to the general confusion of the situation, but the general trend of events appears not to have changed and no conclusive development appears to have occurred.

In regard to North China, reports have indicated continuance of Sino-Japanese conferences in which the Japanese military are pressing their demands for greater autonomy in the administration of the Hopei-Chahar area with, apparently, some direct backing of the Japanese Foreign Office.

In regard to South China, reports indicate continuance of large-scale military movements on the part of armies of the southern provinces (Kwangtung and Kwangsi) on the one hand and armies of the Nanking Government on the other hand. Large forces are reported to be drawn up in opposing positions on the southern border of Hunan Province. The southern provinces continue to agitate for armed resistance to Japan. To what extent the activities of the southern leaders are motivated by a desire that China shall make

armed

793.94/8004

FILED

F/FG

- 2 -

armed resistance to Japan and to what extent they are seeking merely to make trouble for the Nanking Government (especially Chiang Kai-shek) and to get money is quite impossible to say. Negotiations between representatives of the southern provinces and representatives of Nanking continue actively in progress. Certain reports indicate Japanese activity in connection with political and military movements of the Chinese in the south. Japanese officials are reported to have warned the Kwangtung Provincial Government against fomenting or permitting anti-Japanese sentiment. A Kwangtung official is reported to have replied in terms of strong complaint against Japan's policy and activities in China during the past five years. To what extent the movements and utterances of Japanese officials and military officers in South China have been directed from Tokyo it is impossible to say.

Press reports state that there are now two British, two Japanese, one American and two Nanking Government gunboats at Changsha. There are in Changsha and southern Hunan about eighty American nationals. Appropriate directions have been issued by the American Consul General at Hankow in regard to evacuation, if it becomes necessary, of these American nationals.

It is obviously possible, but it does not yet appear probable that there will eventuate war between the Central Government and the South.

FE:JCV:SKH/ZMK:VDM

TELEGRAM RECEIVED

LMS

GRAY

1-1234

FROM

Peiping via N. R.

Dated June 26, 1936

Rec'd 2:14 p. m.

Secretary of State

Washington.

326, June 26, 9 p. m.

The following telegram has been received from

Tsingtau:

"June 26, 3 p. m. A mass meeting of Japanese subjects in Tsingtau will be held this afternoon to protest against alleged insult to Japanese flag on the Japanese vessel seized by the Chinese maritime customs cruiser last week. The meeting has been promoted by the federation referred to in this Consulate's despatches numbers 129 and 130 of June 11th and 22nd. This group apparently bent upon making a situation in which armed intervention of Japan would be likely. Not repeated to Department".

MERRILL

CSB

lib
Division of
Far Eastern Affairs
JUN 26 1936
Department of State

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

793.94/8005

JUN 30 1936

FILED

F 6

793.94
note
894.015393

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

TELEGRAM RECEIVED

LMS

1-1336

GRAY and SPECIAL GRAY

FROM

Nanking via N. R.

Dated June 26, 1936

Rec'd 2 p. m.

793.94
Secretary of State,
Washington.

204, June 26, 8 a. m.

One. Kuwashima, Director of the East Asiatic Bureau of the Japanese Foreign Office and former Consul General at Tientsin, arrived here June 23rd following a visit to North China (see paragraphs one and two of Peiping's 301, June 12, 3 p. m. to the Department). He has called on the Ministers of Foreign Affairs, War, Railways and Industries, talking for one hour with Chang Chun, June 24th. According to a responsible official of the Foreign Office he has not transacted any diplomatic business with the Chinese Government but has exchanged views with Chinese officials. The semi-official Central News Agency reports him as saying in an interview that, (one) this is no time for tackling political issues between China and Japan, his conversations with numerous official and private Chinese having led him to believe that pending decision for Sino-Japanese economic cooperation Japan should give attentive

ears

Division of
FAR EASTERN AFFAIRS
JUN 26 1936
Department of State
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D.N.I. AND M.I.D.

793.94/8006

FILED
JUN 30 1936

F-6

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

LMS 2-No. 204, June 26, 8 a. m., from Nanking.

ears among the Chinese; (two) Sino-Japanese issues in North China will be easier to settle the moment the Chinese Government recognizes the close relation and importance of that region to Manchukuo and Japan; (three) Japan fully realizes the futility of urging China to recognize Manchukuo; (four) smuggling in North China is due to customs tariff rates and the Japanese Government will consider taking effective measures to suppress Japanese nationals engaged therein when China reduces customs duties on Japanese products.

Two. Kuwashima is to fly today to Hankow to see Hupeh Chairman Yang Yung Tai and will proceed to Shanghai June 27th to meet Kawagoe who is expected to reach Nanking June 28th. Date for presentation of latter's credentials will probably be June 30th.

Three. To Department. By mail to Peking, Hankow, Shanghai, Tokyo.

JOHNSON

HPD

165-5

JS

TELEGRAM RECEIVED

PEIPING Via N R

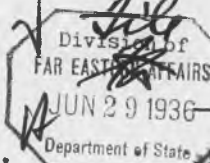
1-1336

FROM

Dated June 27, 1936

Rec'd 5:35 p m.

Secretary of State,
Washington, D.C.



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

327, June 27, 2 p.m.

Local assistant Japanese Military Attache orally protested yesterday to the Chinese authorities over an incident which occurred yesterday at Fengtai where five or six hundred Japanese troops have been quartered since June 21 in the new barracks. The Japanese version of the incident is that a Japanese officer and several men were detained in Chinese barracks near Fengtai for two or three hours and that this indicates strong anti-Japanese feeling.

By mail to Tokyo.

SMS NPL

MERRELL

793.94/8007

FILED
JUL 1 1936

F/F/G

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

TELEGRAM RECEIVED

FS

GRAY & SPECIAL GRAY

1-1836

FROM

Peiping via N. R.

Dated June 27, 1936

Rec'd 5:32 p. m.

Secretary of State, Division
Washington, FAR EASTERN AFFAIRS
JUN 29 1936
Department of State

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

329, June 27, 4 p. m.

Embassy's 313, June 20, 3 p. m. 7988

One. Major General Matsumuro has stated in private conversation that the conference of Japanese officers at Tientsin decided that the Kwangtung army will confine its action to affairs north of the Great Wall and that the North China garrison will direct affairs south of the Wall. The same statement was recently made to the press by a Japanese military spokesman. There is reason to believe, however, that the Kwangtung army regards the policy of the North China garrison as on trial and that the permanency of the improvement in the spheres of control dated upon the success of the policy of the North China garrison.

Two. The policy of the North China garrison is not (repeat not) clearly known except that the Japanese military are determined to extend their control over North China. One well-informed Chinese source states that Sung is being pressed for a declaration of neutrality, that

he

793.94/6008

JUN 30 1936

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166-1

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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

FS 2-No. 329, June 27, 4 p. m. from Peiping

he will, in that event, be given control of Yin Ju Keng's area, and that the Japanese military hope Shantung will join the new regime quickly and Shansi and Suiyuan subsequently. Major General Matsumuro, however, has recently stated in conversation that he is deeply dissatisfied with Sung and would like to see his regime replaced by an intelligent civilian regime. The creation of an intelligent civilian regime appears to be impossible, while the (*) of Sung could probably be accomplished only by the creation of disorders and would probably be accompanied by further disorders. The Japanese military seem to be in something of a quandry, especially as they maintain that they do not (repeat not) wish to use military force.

Three. Decision of Sung Che Yuan for or against further yielding to Japanese wishes seems to depend on the outcome of relations between the National Government and the Southwest. A military conflict in the south, which observers here regard now as probably unavoidable, will (if it is not a quick success for Chiang Kai Shek) greatly weaken Sung vis a vis the Japanese.

Four. Delegates from the Southwest are allegedly urging Northern leaders to take simultaneous military action against Chiang. Sung conferred with Han Fu Chu on June 20. It is now anticipated that, in case of conflict

166-2

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

FS 3-No. 329, June 27, 4 p. m. from Peiping

conflict in the south, Sung and Han will declare
neutrality. Yen Hsi Shan is said to have refused to
participate with Sung and Han.

By mail to Tokyo.

SMS:NPL

MERRELL

(*) Apparent omission

166-3

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

FS

1-1336

FROM

GRAY & SPECIAL GRAY

Nanking via N. R.

Dated June 29, 1936

Rec'd 10:30 a. m.

Secretary of State
Washington.

Division of
FAR EASTERN AFFAIRS
JUN 29 1936
Department of State

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

209, June 29, 11 a. m.

One, An officer of the Embassy was informed this morning by a responsible official of the Foreign Office that the North China situation is now causing the Chinese Government much greater concern than is the crisis with the Southwest. He said that if Sung Che Yuan should yield a little longer to the Japanese military, serious developments might be avoided. He did not know what influence in this respect might be exerted upon Sung by the new Tientsin Mayor, Chang Tze Chung, whom he described as a stronger, more stubborn and more anti-Japanese officer than Sung. He said the Japanese had opposed Chang's appointment but had not made an issue of it although they had wanted Chi Hsueh Yuan given the office and they were now working to eliminate Sung's 29th army (formerly Feng Yu Hsiang's Kuominchun) from Hopei. If Sung (and Chang) should not yield in this, it was feared that the Japanese would use force to accomplish their desires. In any event he saw another major crisis looming in the North.

Two.

793.94/8009

FILED

JUL 1 1936

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167-1

FS 2-No. 209, June 29, 11 a. m. from Nanking

Two. Appointments of Chang as Mayor of Tientsin and of Major General Liu Ju Ming as Chairman of Chahar, previously made by the Hopei-Chahar Council, were formally mandated by the National Government June 26.

693.94-44
Three. Kawagae is scheduled to leave Shanghai for Nanking tomorrow by Japanese naval vessel. He will present his credentials as Ambassador July 3. The Foreign Minister expects him to take up the customs incidents as his first important matter of business but Suma, First Secretary of the Japanese Embassy, informed ^{ME} ~~(*)~~ this morning that he is directing the Japanese Consul General at Tientsin, who is now in Shanghai conferring with his Ambassador-designate and is expected to visit Nanking, to settle the matter locally.

Four. To the Department and Peiping. By mail to Tokyo and Shanghai.

HPD

JOHNSON

(*) Omission

167-3

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. ---.

AMERICAN CONSULATE GENERAL

Tientsin, China, May 21, 1936.

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

SUBJECT: Japanese Barracks and Aerodrome
near the International Race Course
in Tientsin.

For Distribution-Check		Yes	No
Grade			
For			
		✓	✓
		O N I - M I D	

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.

SIR:



RECEIVED
DEPARTMENT OF STATE
JUN 29 PM 1 33

I have the honor to enclose a copy of my des-
patch No. 226, to the Embassy, Peiping, dated May
21, 1936, entitled "Japanese Barracks and Aerodrome
near the International Race Course in Tientsin."

Respectfully yours,

David C. Berger
David C. Berger,
American Consul.

Original and four copies sent to Department.

800
RSW:mhp

FILED
JUL 8 1936

793.94/3010

F/FG

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

No. 226.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN CONSULATE GENERAL
Tientsin, China, May 21, 1936.

SUBJECT: Japanese Barracks and Aerodrome near
the International Race Course in Tientsin.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to this Consulate
General's despatch No. 221, ⁷⁹⁵²dated May 20, 1936, con-
cerning the increase of Japanese troops in Tientsin,
in which reference is made to the uncompleted state
of the Japanese barracks and aerodrome under con-
struction near the International Race Course in Tien-
tsin, and to previous despatches* describing the
project, and to report that further investigations
made yesterday afternoon reveal that, according to
the statements of several Chinese workmen engaged
in the construction work, the new barracks are to
be completed on June 15, when it is believed that
they are to be occupied by Japanese troops. There
are no troops at present on the site, although the
work

* See also this Consulate General's despatches Nos.
189, 190, 205 and 210, dated April 15 and 16 and
May 5 and 8, 1936, respectively.

793.94/7904
7936
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0021
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

- 2 -

work is being supervised by Japanese army officers.

The workmen with whom the project was discussed stated that there are in all thirty-six separate buildings already standing, eight of which are of large one-story brick structures which will house the soldiers. Stables, storehouses, and garages are also being constructed, according to the workmen. The smaller buildings are of sheet iron.

Another road - the third - is being laid to connect the new barracks with the highways leading into Tientsin. The work which is being done on the roadbed indicates that it will be either of surfaced gravel or concrete.

New construction work is underway to the east of the present project, and the workmen state that an aerodrome is to be built there.

The buildings are already wired for telephones.

The Consulate General will report the completion and occupancy of these buildings promptly.

Respectfully yours,

David C. Berger,
American Consul.

Copy to Embassy, Nanking.
Five copies sent to Department by despatch No. ---
dated May 21, 1936.

800
RSW:mhp

A true copy of
the signed original.
mhp

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

No. 123

AMERICAN CONSULATE
RECEIVED
Tsingtao, China, May 27, 1936.

1936 JUN 29 PM 1 39

DIVISION OF
COMMUNICATIONS
AND RECORDS

Division of
FAR EASTERN AFFAIRS
JUN 30 1936
Department of State

SUBJECT: Japanese Newspaper in Tsingtao Suspends
Publication for Three Days Because of
Reference to Japanese Emperor's Rescript.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peking, China.

Sir:

I have the honor to report that the local Japanese daily newspaper "TSINGTAO SHIMPO" was compelled to suspend publication for three days commencing May 22, 1936, because of an objectionable reference to the Japanese Emperor's rescript opening the Diet on May 5.

The TSINGTAO SHIMPO is published by Mr. S. Kotani a member of the Japanese Lower House. On May 16 a contribution by Mr. Kotani appeared in the local paper under the heading "Attending the Diet Under Martial Law". Therein the writer, as stated in the paper's apology, "carelessly" used "imprudent phraseology" which was "withdrawn" and for the use of which the paper "disciplined itself" by suspending publication of morning and evening issues.

It has not been announced what phrase or phrases were objected to by the Japanese authorities (Japanese Consulate

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C. R. AND M. I. D.

793.94/8011

FILED

JUL 7 1936

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- 2 -

Consulate General). However it has been surmised that the following words (in translation) probably caused the suspicion:

"All of us who had anticipated that the Imperial Rescript would be as routine and formal as usual ..."

This Consulate's Japanese interpreter stated that it was less likely for Mr. Kotani even to anticipate the nature of a rescript and more so to refer to one as "routine and formal". In Japan the rescript was described as of an "unprecedented nature" (cable telegram of May 5 from Tokyo).

When publication of the paper was received, notice appeared that a great effort would be made to avoid any recurrence of such an incident.

Respectfully yours,

Samuel Sokolov,
American Consul.

800/891

Original to Embassy, Peking.
Copy to Embassy, Nanking.
5 copies to Department of State.
Copy Tsinan-Chefoo.

A true copy of
the signed original.
inal. *YD*

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

July 6, 1936.

MEM:
MMH:

Shanghai's despatch No. 231, May 27, 1936, reports in regard to the Nakayama murder case.

A Chinese ("Shao Kwantung"), described as the "Star Witness" testified first implicating other Chinese, changed his story later stating that he alone had killed Nakayama, and finally retracted all previous testimony claiming that "third degree" methods had been used.

The CHINA WEEKLY REVIEW commented editorially:

"Not a single solid and reliable witness has yet testified and none of the testimony which has been given has received corroboration. * * * it is obvious that the Japanese are determined to press the case to a conclusion satisfactory to themselves if there is the least possibility of doing so."

The Consulate General states that "in well informed circles the feeling is growing that Japanese pressure upon the (Shanghai Municipal) Council has increased to such an extent, following the recent election fiasco, that the Council is extraordinarily anxious to effect a settlement of this incident."

JCV
JCV/VDM

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

NO. 231

AMERICAN CONSULATE GENERAL,
Shanghai, China, May 27, 1936.

ok/c

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For Dis. Division-Check		Yes	No
Grade	G	To F. H.	<input checked="" type="checkbox"/>
For	Stanton	In U.S.A.	<input checked="" type="checkbox"/>
		ONI-MID	

SUBJECT: The Nakayama Murder Case.

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

RECEIVED
DEPARTMENT OF STATE
SIR:

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

Division of
FAR EASTERN AFFAIRS
JUN 30 1936
Department of State

I have the honor to enclose a copy of a self-

- 1/ explanatory despatch of today's date from this
Consulate General to the American Embassy at Peiping
in reference to the subject above mentioned.

DEPARTMENT OF STATE
A-C/C
ASSISTANT SECRETARY
OF STATE

Respectfully yours,

C. E. Gauss
C. E. Gauss,
American Consul General.

FILED
JUL 9 1936

Enclosure:

- 1/- Copy of Shanghai Consulate
General despatch No. 208.

800
EFS MB

In Triplicate.

793.94/3012

F/FG

No. 208

AMERICAN CONSULATE GENERAL

Shanghai, China.

May 27, 1936.

Subject: The Nakayama Murder Case.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to my strictly confidential despatch No. 155 ⁷⁹⁰⁶ of April 24, 1936, concerning the Nakayama murder case, and to subsequent references made thereto in this office's political report for April and in the covering despatches accompanying intelligence summaries prepared by the Intelligence Officer of the United States Fourth Marines.

Four hearings have been held this month, namely, on May first, sixth, twentieth and twenty-seventh. These sessions were not held in camera and the authorities permitted the local newspapers to report fully on the case. At the hearing on May first the Shanghai Municipal Police charged two of the three Chinese arrested and one of these, named "Shao Kwangtung or Little Cantonese", definitely implicated the other accused in the commission of the crime. This accusation was emphatically denied

-2-

denied by the second accused who asserted that he had no part in the crime and had no knowledge of it. In the next session held on May sixth "Little Cantonese", the star witness in the case, electrified the court by announcing that he had killed Warrant Officer Nakayama; that the other accused whom he had implicated at the previous hearing was in no way connected with the crime, and that he alone had fired the fatal shot. He further stated that he had wanted to kill a high Japanese officer ever since the Sino-Japanese hostilities in 1932 but that "not being able to find a high officer and seeing a Japanese sailor walking along Darroch Road on the night of November ninth I killed him." This sensational confession caused the prosecution to request a remand of two weeks in order to enable the Shanghai Municipal Police to investigate these developments. This session was also marked by charges made by other witnesses that the case was a "frame-up."

In the session held on May twentieth "Little Cantonese" again changed his story in some particulars and gave as the motive for the commission of the crime not the desire to kill a high Japanese officer but the belief of a so-called charitable association with which he is connected that it would benefit from the disturbances which would probably arise following the murder of a Japanese officer. Aside from this revision of testimony there were no startling developments at this hearing. However, the presiding judge intimated that he would personally attend a reconstruction of the crime

-3-

crime which was scheduled for May twenty-second. It is not known how convincing the judge felt the reenactment of the crime to be, but newspaper reporters and others who were present apparently were not impressed.

The high point of the somewhat incomprehensible trial occurred at the hearing on May twenty-seventh, when "Little Cantonese" repudiated his previous confessions and denied any part in or knowledge of the crime. Newspaper accounts of the scene which took place in court described the pathetic manner in which "Little Cantonese", with tears streaming down his cheeks, bared his chest to show marks which he alleged were wounds received from police torture. He is also said to have informed his attorney that he had endeavored several times while in confinement to commit suicide by swallowing keys. The defense counsel thereupon petitioned the court for permission to remove "Little Cantonese" to a hospital since it was feared that he had become mentally unsound by reason of the prolonged grilling to which he had been subjected. Acting on the petition of the defense attorney the court ordered "Little Cantonese" sent to the police hospital for examination during the week's remand of the case.

Further hearings are anticipated but the local foreign and Chinese press reflect the feeling in the mind of the public that the repeated and conflicting statements of the accused are entirely unreliable and have not disclosed the true facts in the case. In consequence the public is led to wonder whether the accused were either directly responsible for the com-
mission

-4-

mission of the crime or were in any way implicated therein, and whether the "confessions" which have become commonplace features of the hearings are not the result of police torture and pressure from some source. The CHINA WEEKLY REVIEW (American and Chinese registered), which has been openly critical of the proceedings, has not hesitated to place upon the Japanese the responsibility for these "farfetched confessions" and in its issue of May 16 unequivocally accused the Japanese of exerting pressure. The Review stated that:

"'Chao Kwangtung' star witness in the case, has now told three different stories of the circumstances in which the Japanese marine is alleged to have met his death and the total evidence has become such a maze of contradictions that the case has degenerated into an utter farce. Not a single solid and reliable witness has yet testified and none of the testimony which has been given has received corroboration. In almost any other country the case would be dismissed and the principal witness arraigned for perjury. But Chinese courts are subject to Japanese pressure and they will not always take the logical course where a Japanese issue is involved. Hence the Shanghai public is likely to be regaled with more of the ridiculous 'evidence' which has featured the proceedings so far, particularly since it is obvious that the Japanese are determined to press the case to a conclusion satisfactory to themselves if there is the least possibility of doing so."

The legal department of the Shanghai Municipal Council which is engaged in prosecuting the case continues to profess a genuine belief in the implication of one or more of the accused in the commission of the crime. However, in well informed circles the feeling is growing that

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

-5-

that Japanese pressure upon the Council has increased to such an extent, following the recent election fiasco, that the Council is extraordinarily anxious to effect a settlement of this incident.

Respectfully yours,

C. E. Gauss,
American Consul General.

800
EFS MB

In Triplicate to Department by
despatch No. 231 of even date.

Copy to Embassy, Nanking.



0030

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
July 6, 1936.

~~MSM:~~
MMH:

Nanking's despatch No. 176, May 27, 1936, transmits a memorandum forwarded to the Embassy by Professor Bates of Nanking University. The memorandum advocates the policy which the Chinese Government should adopt toward Japan and Professor Bates states that the memorandum "has been favorably discussed" by the Minister for Foreign Affairs. Mr. Peck surmises that the memorandum was prepared by a "small group of intelligent Chinese" who meet periodically with Professor Bates but that probably "Professor Bates himself at least guided the drafting of the document."

Nanking states that the memorandum "may be epitomized as advocating thorough study by the Chinese Government of all phases of its controversy with Japan, friendly but firm resistance to encroachment and a public appeal to Japan, setting forth the rights and wrongs of the controversy. In reference to the delicate point whether China should use military force to resist Japan's encroachments, the memorandum seems to feel that war with Japan would be indescribably disastrous for China and that almost any sacrifice of territory would be preferable to such a disaster. Strong hope is held out that with just the right mixture in the Chinese attitude of firmness, reasonableness and friendliness, sensible and fair-minded Japanese may be able to control Japanese policy toward China, in place of the arrant militarists who now seem to be guiding it."

The

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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. Huston NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 2 -

The memorandum may be briefly summarized as follows: Concern is expressed over (1) the yielding of important rights by subordinate local officials; (2) the public ignorance of the essential facts of Sino-Japanese relations, and (3) the possibility that "defensive preparation" may lead to war. Vigorous and straight forward central negotiation is advocated. Recommendations along the following lines are made:

(1) negotiation should be conducted by central government officials in Nanking and Tokyo, (2) a highly qualified group should prepare complete factual memoranda concerning past and present relations with Japan, (3) in negotiation China should emphasize that it desires peace and a chance to carry on reconstruction and therefore wishes sincerely to adjust its relations with Japan, (4) public opinion in China should be guided by an informed but not controlled press; (5) clarification of Hirota's "three points" should be obtained, (6) China's various grievances against Japan should be presented with a view to settlement, (7) adjustments with Japan might include the following (a) joint air services of reciprocal benefit, (b) extension of through rail services, (c) use of Japanese consultants in industry and agriculture, (d) purchase of Japanese

materials

0033
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

- 3 -

materials for certain railways, (e) a tariff policy which gave due consideration to Japanese interests, (f) encouragement of cotton growing in North China, and (g) consideration of Japanese needs for minerals, (8) all matters in North China of national concern should be handled at Nanking; (9) the ties between provincial officials in North China (and elsewhere) and the Central Government should be strengthened (10) "faced by firmness combined with moderation and a wish to make a settlement, the Japanese may modify their attitude", (11) resort to war should be made only after every reasonable compromise has been made and all the possibilities of non-military resistance have been explored and attempted because warfare would inevitably bring disaster to China.

JCV
JCV/VDM

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



EMBASSY OF THE
UNITED STATES OF AMERICA
Nanking, May 27, 1936.

No. 176.

793.94

Subject: Sino-Japanese Relations.

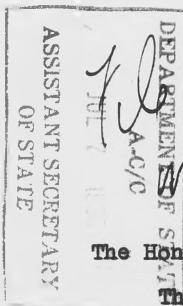
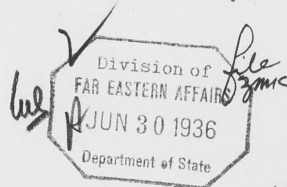
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RECEIVED
DEPARTMENT OF STATE

01 11 PM 23 JUN 1936

DIVISION OF
COMMUNICATIONS
AND RECORDS

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



The Honorable
The Secretary of State,
Washington.

FILED
JUL 8 1936

Sir:

I have the honor to refer to my despatch No. 135
of April 1, 1936, on the subject "Sino-Japanese Relations:
Conversation with the British Ambassador". In the des-
patch under reference I reported that Sir Alexander
Cadogan, the late British Ambassador to China, told me
that he had observed to the Chinese Minister for Foreign

Affairs

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- 2 -

Affairs that it seemed to him that there were two methods of handling the controversy between Japan and China, to try to reach a basic understanding and leave details for later consideration, or to adjust such differences as could be adjusted, in the hope that ultimately a settlement of the fundamental issues might be reached; the Minister for Foreign Affairs had replied to this that the second method seemed to him to be the only feasible one.

- 1/ In this connection I have the honor to enclose a copy of a letter dated May 17, 1936, from an American citizen, Professor M. S. Bates, of the University of Nanking, with which Professor Bates sent me a memorandum discussing the policy which the Chinese Government should
- 2/ adopt toward Japan. I enclose, also, a copy of another letter from Professor Bates, dated May 23, 1936, in reference to this memorandum.

It will be noted that Professor Bates states that this memorandum has been favorably discussed by Mr. Chang Chun, the Minister for Foreign Affairs, and other Ministers, and that Sir Alexander Cadogan, before he left Nanking, gave advice to General Chiang Kai-shek and to General Chang Chun embodying the same principles as "we" had emphasized in the document sent me by Professor Bates. The personal pronoun "we" gives a clue to the authorship of the memorandum. Professor Bates has told me that he has periodical, informal conversations concerning international relations with a small group of intelligent

Chinese

- 3 -

Chinese students of such matters and the wording of the memorandum would indicate that it may have been written by this group; it seems very probable, however, that Professor Bates, himself, at least guided the drafting of the document. If so, I am inclined to think that he and any other American citizens associated with him in this confidential study bring to this activity broad intelligence and sound principles. I am strongly inclined to believe that if the Chinese authorities concerned know that any American citizens are thus occupied, they are grateful for this study of their problems by persons qualified through training and investigation. Needless to say, the activities of the group with which Professor Bates is connected are carefully shielded from publicity, at least in China.

In the letter of May 23, 1936, Professor Bates states that Sir Alexander Cadogan told him that he, Sir Alexander, had been urging that China better maintain its own position, if it expected to gain any sort of understanding in other countries, referring with particular disapproval to the method hitherto acquiesced in by the Chinese authorities, of dealing with Japan through local agencies and with Japanese military men of all ranks and degrees of authority. Sir Alexander told Professor Bates that he had emphasized that there was a need for a firm national stand by the Chinese, but that this should be essentially moral rather than jingoistic, or even military; he thought that this attitude would

delay

- 4 -

Japanese political advance through use of the cheap and easy tactics employed by them last autumn.

Coming to the memorandum itself, it is to be noted that it contains suggestions for different modes of action by the Chinese Government toward Japan. The memorandum may be epitomized as advocating thorough study by the Chinese Government of all phases of its controversy with Japan, friendly but firm resistance to encroachment and a public appeal to Japan, setting forth the rights and wrongs of the controversy. In reference to the delicate point whether China should use military force to resist Japan's encroachments, the memorandum seems to feel that war with Japan would be indescribably disastrous for China and that almost any sacrifice of territory would be preferable to such a disaster. Strong hope is held out that with just the right mixture in the Chinese attitude of firmness, reasonableness and friendliness, sensible and fair-minded Japanese may be able to control Japanese policy toward China, in place of the arrant militarists who now seem to be guiding it.

I have the honor to refer to the Embassy's telegram No. 157, May 25, 5 p.m., from Nanking, reporting an address given by the Minister for Foreign Affairs on May 25, dealing with the subject of Sino-Japanese relations, in which he seems to have attempted to

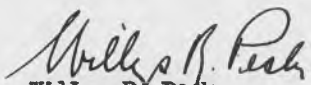
achieve

- 5 -

achieve this combination of firmness, reasonable-
ness and friendliness.

Respectfully yours,

For the Ambassador:


Willys R. Peak,
Counselor of Embassy.

✓
Enclosures:

1. From Professor Bates,
May 17, 1936 (sub-enclosure of memorandum)
2. From Professor Bates,
May 25, 1936.

Original and four copies to Department
Copy to Peiping

710 S-J

WRP: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

(CORRECT COPY MCL)

THE UNIVERSITY OF NANKING
Department of History

May 17, 1936.

Mr. Willys R. Peck,
American Embassy,
Nanking.

Dear Mr. Peck:-

For your information I am sending a paper originally drawn up in March, which has been favorably discussed at considerable length by Chang Chun and other ministers. It will give you no new ideas, but you may be interested in the attempt to formulate a statement. Sir Alexander Cadogan told his friends that his last advice to Chiang and to Chang Chun was identical in principle.

Cordially yours,

(Signed) M. S. Bates

P. S. May I recommend to you or your associates S. Takeuchi's "War and Diplomacy in the Japanese Empire", the most useful of many books on Japan that I've tried this year? It quitely lays out a lot of valuable facts and judgment.

(Initialed) M.S.B.

(CORRECT COPY MCL)

CAUTION

SUGGESTIONS ON POLICY TOWARD JAPAN

The views and suggestions respectfully presented hereinafter are intended to support the Government in a firm stand to maintain the rights, the welfare, and the way to future development of our people. We have confidence in the purposes of our chief leaders, and wish merely as good citizens to show a constructive interest in the most critical problem of these months. Our preparation has tried to secure the benefits of cooperative thinking by persons of varied experience and background, and has included first-hand investigation of conditions and of opinion both in Japan and in North China. If our statements can give aid in the analysis of possible courses of procedure, or can give some small confirmation of careful judgment already made, we shall be fortunate.

We are conscious of three anxieties among intelligent friends: (a) Concern over the yielding of important rights and interests by local or subordinate officials. This dangerous tendency should be displaced by straightforward central negotiation that would force the Japanese to show their position plainly, and would probably check the ambitions of some of their officers. (b) Concern over the general ignorance of the essential facts and problems of our present relations with Japan. There has been some lack of proper support for the Government because of the fear that injurious agreements or concessions have been made in secret. Moreover, the issues are now hidden from moderate elements in Japan and from friendly opinion in other countries, where it is thought that certain of our

officials

- 2 -

officials have more or less willingly participated in vague and concealed compromises with the Japanese. (c) Concern over the possibility of "defensive preparations" made in natural resentment and despair, and unwisely pressed forward by certain groups. Such military steps might all too easily bring us into war, with terrible consequences for our future, to say nothing of immediate sufferings among a poor and unorganized people. The Japanese generals know how to make good use of any situation that would enable them to take the most valuable portions of our country by right of conquest.

We therefore advocate vigorous central negotiation, in an effort to straighten out the major relationships of the two countries if at all possible; and to demonstrate in full sincerity, alike to responsible public opinion in this country, in Japan, and in the rest of the world, that the Government has done all in its power to meet the situation reasonably.

A. RESPONSIBLE NEGOTIATION

In order to follow such a policy, it is absolutely necessary that there shall be no local arrangements with Japanese officers, but that all international issues be referred immediately to ranking; also that there be no vague or oral "understandings" and "agreements" capable of unjustified extension at the will of the Japanese, but only properly constituted negotiations leading to written agreements promptly published. This course is the best defense against illegitimate methods of pressure by the Japanese, and equally against distrust and lack of support from our own people at a time when the Government has desperate need of the utmost sympathetic understanding

at

- 3 -

at home and abroad. Our Ambassador in Tokyo, supplemented by other designated persons, should aid the progress of the main negotiations in banking by continual endeavors to secure the understanding and respect of important elements in Japan. Our representatives in Japan should be courageous as well as courteous in making known the issues between the two countries, and our stand upon them.

B. PREPARATION AND CONDUCT OF NEGOTIATIONS

(1) Procedure and tactics for negotiation should be worked out immediately, subject to choice and change according to circumstances. The highest quality of personnel should be promptly and continuously at work upon this problem, for delay or carelessness may be costly to the whole nation. We respectfully suggest that the President of the Executive Yuan should appoint for assistance to the Ministry of Foreign Affairs, small commissions of experts to be ready for report of facts, recommendations, and consultation, considering in advance as many phases of their subjects as may arise in the negotiations. Commissions should deal with communications, the tariff, outstanding loans, currency and banking, exploitation of natural resources, military questions, legal issues. The cooperation of appropriate Ministries and local authorities should be sought from the beginning, both for the sake of efficiency and in order to secure mutual understanding and a spirit of combined effort throughout government circles.

(2) There should be prepared at once for the negotiators' own use, for possible employment in conversations with the Japanese, and for publicity at chosen or necessary times: (a) a factual review of the Japanese advance since 1932, showing the procedure of their military men in China,

the

- 4 -

the actual injury to Chinese sovereignty and interests, the conciliatory response continually adopted by our officials; (b) full information as to relevant agreements and understandings of all sorts, and as actual working relationships in Hopei, Chahar, Suiyuan, and Fukien; (c) all available details that throw light upon the probable Japanese policy in China, special points which they are likely to press, and so forth. These statements should be prepared by high-grade men, in such form that they can be absolutely depended upon for accuracy and reasonable completeness, and accompanied by documentary evidence in every possible case.

(3) The spirit and attitude in which the negotiations are begun and carried on is of the utmost importance. Our country should take the position that we want peace and opportunity for reconstruction, to continue with the encouraging internal progress of recent years. Our Government is respecting all normal and legal rights of Japan, and intends to continue to do so. Aggressive military acts in the North-eastern Provinces, Jehol, and along the Great Wall, have been borne with remarkable patience by the Chinese nation. Even now we wish to understand Japanese desires and to make any adjustments to meet them which are also properly considerate of the rights and interests of our own people. Since we must sincerely do our best to work by the method of negotiation, we should not at the same time make a display of military preparations, particularly those involving the general public. (Development of the army and related projects could go forward normally). Moreover, the negotiations must be carried forward with honest patience and persistence, realizing

that many

- 5 -

that many apparent deadlocks may occur, and that long endurance of difficulties may be required.

(4) The situation demands constructive guidance of public opinion in conditions that will increase public trust. There should be an educative program of conferences with editors and chiefs of news services, and of speeches and articles carefully and frequently prepared by well-selected leaders, which shall present effectively to the people the actual problems of relationships with Japan and how the Government tries to meet them. Without undue publicity as to matters that must for the time being remain confidential, it is nevertheless imperative that far more satisfactory information be supplied in this time of dark distrust and misunderstanding. Greater freedom of public discussion and publication on the international issues is an essential element of confidence. Within reason, the more the Government trusts the people, the more the people trust the Government.

HIROTA'S THREE PRINCIPLES

If there is stress upon the three principles of Premier Hirota at the outset of the negotiations, they should be taken up for discussion in a cordial manner, but with frank objection to their sweeping generalizations.

(1) Our Government fully agrees in the effort to place Sino-Japanese relations "on a firm, friendly basis", and takes its various positions in the negotiations as implementation of that purpose. Obviously, friendly relations can be based only upon respect for territory and for sovereign rights. Moreover, China cannot agree that "friendly relations" require the maintenance of

severe

- 8 -

severe censorship and the revision of educational practice at the dictation of Japan. Our Government has faithfully withdrawn any sort of official support or permission for boycotts or anti-Japanese agitation, and has by its own action restrained the press from natural comment and even from normal reporting on many injuries that it has suffered in the past three years. It is impossible for any nation to go farther in this direction than the Government has already gone, in the face of great provocation; and this control of newspapers cannot rightly be maintained indefinitely, or under Japanese interference. Control for the sake of courtesy is justifiable only if it is reciprocal and voluntary. Moreover, we should assert unequivocally our rights of patriotism and national expression both in education and in public statement; there is no just objection to our being "pro-Chinese".

(2) China has already shown a cooperative attitude toward "Manchoukuo" by the conclusion of agreements regarding transportation, postal and telegraph services, and provisional arrangements along the frontier. Without assent to the forcible detachment of territory, our Government should be willing to make further adjustments of that character in any de facto manner that is mutually beneficial to the populations on both sides of the existing frontier. As to economic cooperation of Japan, "Manchoukuo", and China, we should show a favorable attitude and proceed at once to concrete problems as hereafter suggested, without being bound in advance to undefined acceptance of future dictation.

(3) Our Government might make a declaration or even an exchange of notes reaffirming its practice and policy against

communism.

- 7 -

communism, and stating its willingness to interchange information regarding any communist activities in the north and northwest of interest to both countries. But we could not agree to an all-inclusive pledge of "joint action against communists" that could later be used by Japan to interfere with the Chinese army and with lines of communication, or to compel united war upon Russia.

D. GRIEVANCES AGAINST JAPAN

Both for the remedy of previous and continuing injury, and for the sake of taking a vigorous position in the negotiations, the Government should press a number of issues against Japan. The requirements for redress and remedy should, where desired, be introduced as making effective the mutually desired policy of establishing normal friendly relations. On the following matters, for example, there should be concrete and documented evidence, prepared by skilled men in contact with the local and departmental officials most concerned:

(1) Military pressure in the Hopei-Chahar area, and continual interference with the administration established there.

(2) Extensive smuggling by Japanese nationals under protection of extraterritoriality and sometimes directly of Japanese officers.

(3) The notorious drug traffic in contravention of Chinese laws and to the great damage of the people.

(4) Defiance by Japanese banks of the legally adopted currency regulations of the Chinese Government; and apparent Japanese opposition in Hopei to use of the notes of the national banks.

(5)

- 8 -

(5) General abuses of extraterritoriality, including indiscriminate registration and protection, and the immunity of discreditable persons to effective police and jurisdictional control.

(6) Interference with administration in various parts of China, as for example in railway matters and in police functions.

(7) Unauthorized flights by military airplanes over Chinese territory.

(8) Injurious and provocative declarations by military officers and government news agencies, flatly contrary to a policy of friendly relations.

(9) Gross challenge to sovereignty in the assertions of high Japanese officers that the National Government is not free to deal with "autonomous movements" in North China.

II. POSSIBLE ADJUSTMENTS ON THE PART OF CHINA

In considering the negotiations with a view to anticipating Japanese demands, the Government would gain by readiness and even by initiative in offering at the proper stage to do all that is possible to meet Japanese desires, rather than by waiting to be pushed into a position where no bargaining is possible, and where the procedure of the ultimatum is likely. This attitude is the effective complement of the intention to stand firm against unreasonable and grossly injurious demands.

(1) Facilities for air services between China and Japan and "Manchoukuo" should be offered on the basis of joint enterprise or of reciprocal benefit.

(2) Through railway services, which have already been started, could be regularized and extended on similar principles.

(3)

- 9 -

(3) Japanese experts may be invited, particularly in agriculture and industry, but only as technical consultants and not as administrators. Such arrangements should not limit the freedom to secure experts from other nations.

(4) Railway materials should be purchased from Japan wherever technical and financial conditions are favorable, by lines in which Japanese capital has a preponderant interest, just as other lines under similar conditions now give reasonable preference to tenders from particular countries.

(5) Tariff policy should consider the interests of Japan with friendly concern, on the basis of mutual benefit and within the scope of a fair deal for Chinese interests. China is, however, unable and unwilling to act contrary to her general commercial treaties with other nations.

(6) The Chinese Government will encourage the growth of cotton in North China, and its sale to Japanese industry in a free market. This policy cannot be carried to a point of injury to rural economy or to Chinese mills.

(7) Japanese needs for minerals will be considered in a friendly manner, but with due regard for China's sovereign rights and for the economic development of our own people. Excessive and exclusive demands for the transfer of mining rights cannot be accepted.

F. THE NORTHERN PROBLEM

(1) De jure recognition of "Manchoukuo" should not be accorded. The Government should assert and maintain its sovereign rights in Hopei and Chahar. The relations of the local Governing Council to the National Government should be continued or restored, even if under the nominal procedure of the Council. If we are pressed to change the

status

- 10 -

status of Suiyuan, that province could be considered as falling into the same class as Hopei and Chahar. All questions of national import should be referred at once to Nanking, and should receive immediate and careful reply from the capital. In particular, national rights and national organs should be guarded as thoroughly as possible in such critical issues as the fixing of tariffs, preservation of unhampered trade with the rest of the nation, integrity of the customs administration, responsibility and services for the national debt, currency, banking, railway administration, educational policy and such educational administration as is now national. The Japanese should be strongly urged to repudiate their connections with the East Hopei Autonomous Government, and to permit the re-establishment of a unified administration; similarly with the Hsiens of Chahar seized by troops from "Manchoukuo".

(2) It is highly necessary that close contacts be maintained with the chief officials in Hopei and in adjoining provinces, as well as in Fukien, with the use of trusted personal representatives and authoritative messengers who should be able to prevent possible misunderstandings and dangerous difficulties in time of crisis. In looking ahead, there may be especial need for encouragement in Shantung, and for strengthening the dependable leaders in Fukien. Our military weakness makes it all the more important that policy and relationships be clearly understood in a cooperative spirit among the men on whom difficult responsibilities are placed. There should be no risk that any one feel himself isolated, or imagine that he does not enjoy the confidence and support of the National Government on the lines of a mutually known policy.

G.

- 11 -

G. OUR ULTIMATE STAND

(1) We have tried to set forth a firm but reasonable position on the issues with Japan. If the Government is compelled to yield more, let it be by naked force, not by complicity or weakness of any of our officials. There are signs that the Japanese are glad to get what they can by threats and by political strategy, with force in the background. But important elements in Japan fear expense, fear complications in view of a possible war with Russia, or fear eventual international hostility to an open program of imperial expansion. We do not dare to assume that these elements are able to control the ambitious militarists or to counter the nationalistic tendency to extend Japanese power. But they are a retarding and restraining influence; and that influence cannot operate when the military men's manipulations are covered up by apparent Chinese participation and agreement, as is the case already with some officials in Hopei and Chahar.

(2) Part of the national dilemma seems to lie in the unconscious assumption that a firm attitude and refusal of wrong procedure or wrong pressure in North China would lead to war, with results fatal to our country. We respectfully suggest that this assumption be examined. When faced by firmness combined with moderation and a wish to make a general settlement, the Japanese may modify their attitude. If they do turn once more to armed pressure, the Government might well distinguish between concessions that it would make if compelled by actual use of force, but over which it would be wrong to start a course of military action leading to general war; and on the other hand, concessions that it could not make under any conditions, because they would

subject

- 12 -

subject the major portion of our people to Japanese interests and Japanese policies. Since war would almost certainly mean the economic and political subjection of the most progressive and most prosperous parts of our country, and therefore the impossibility of our revisal and development in any measurable period of time, we ought not to take steps invite a military struggle for any lesser stakes. Specifically, some would suggest that if the choice is clear between probable general destruction and some sort of compromise, we should yield certain points in economic matters beyond those set forth above, or in the de facto regularization of present arrangements in "Manchoukuo", Hopei and Chahar. Such compromise should be a last resort of negotiations, and only after the most careful consideration as to whether it would prove to be any real protection to the major interests of our people. We do not see how any other sort of yielding could be justified. It would be highly desirable for the heavy responsibility of such critical decisions to be shared in consultation with important official and non-official leaders from the chief regions of the country.

(3) The Governments even of Great Powers have in various circumstances been compelled to give way before superior force and to relinquish territory or rights, seeing clearly that to begin or to continue a struggle under those conditions would result in vastly greater losses to their peoples. That was patriotic wisdom. In some cases the governments taking such a stand have plainly said that they did so under duress, with open protest against the injustice forced upon them. Their own people and the opinion of other nations have understood the situation, and usually it has been possible to

secure

- 13 -

secure redress at a later time. But this stand is patriotic only if the Government has used its fullest human resources in vigorous and wise negotiation, and with firm refusal to become partners with Japan in the continued partition of our country. When officials have honestly done the best they could for their country under hard conditions, they can keep the trust and support of their people and the respect of the world, by making the facts clear.

(4) That the feelings of our people should incline toward armed resistance against Japan is only natural. But we venture to refer to a previous memorandum in which we considered our inner weakness, Political, industrial, and financial; and the probable disastrous results of attack by the greatly superior artillery, air force, navy, and industrial might of the Japanese. Our ports, our main communications, our few factories, our financial and commercial centers with our chief sources of revenue and loans, valuable resources along the coast and navigable rivers, would doubtless be seized within a short period. In complete economic collapse and loss of necessary communications, it would be difficult for the divided country to maintain any effective cooperation either against the Japanese or against unpaid soldiers and the dangers of communism. It is obvious that there is no real reason to expect foreign aid at this time, though we should try to follow a policy that will make such aid possible at some more favorable period in international relations. Petty playing for time by delaying negotiations in detail is of no avail; but in the longer view, to preserve as large a base as possible for our nation is high statesmanship in comparison with quick destruction by immediate

war.

- 14 -

war. The dangerous pressure may be lessened if Japan exhausts herself in war with Russia, or arouses general opposition by her imperial advance, or falters in factional and class dissensions. Moreover, Japanese expansion has been irregular, and inner strains may bring a shift at any time.

H. CONCLUSION

Our program of suggestions, then, is three fold:

(1) Every effort to reach a settlement by negotiation, on lines fully explained above. This is the basis of policy.

(2) If negotiations fail, a positive refusal to slip loosely and timidly into acquiescence in Japanese demands; and at the same time, great caution to avoid in at all possible the terrible suffering and conclusive losses of war. Let all the possibilities of non-military resistance be explored and attempted. Strategic abandonment of certain areas might be desirable, if planned in a considered policy. Civil and educational officers should be encouraged to remain at their posts in a strong moral stand for national interests. The boycott and popular non-cooperation should also be organized. It is possible that local resistance by soldiers and police of an invaded locality might for a time be better than general war. Yet it could not be well or long maintained without active support from the National Government; and the tendency would probably be rapid toward complete war. Perhaps human nature cannot submit to some extreme pressures without armed struggle. But if the final result should be war and disaster, our children and the judgment of the world could never forget a failure to try to the utmost the means of diplomacy. We have not done all that can be done by the peaceful methods of reason and

publicity;

- 15 -

publicity; and that is the first duty. If we want a favorable attitude among independent minds in this country, among moderate elements in Japan, and among influential circles in western nations, our whole position and the Japanese position must be made thoroughly clear. Action that is hasty, or concealed, or without thorough consideration of consequences, runs the risk of harsh judgment at home and abroad.

(5) There should be comprehensive and continuous appeal to the patriotism of the whole nation: (a) to press on with the fundamental work of construction; (b) to maintain the unity of the country as against all types of factional and personal interests; (c) to support the Government in a clearly explained effort to meet the Japanese problem; (d) to fight with self-respect and love for our people the evils of narcotics and corruption. This appeal should be not merely a series of proclamations, but should be developed steadily in a great educational and governmental program, using all available agencies for the spread of the ideas and for practical work upon the problems.

Let us meet the emergency of these years in a way worthy of the best elements in the spirit and culture of the Chinese race: Firm reasonableness in negotiation; a vigorous appeal to constructive patriotism. A host of citizens will follow wise and courageous leadership from the Government.

3054

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

(CORRECT COPY MCL)

UNIVERSITY OF NANKING
College of Arts
Nanking, China

May 23, 1936.

Mr. Willys R. Peck
American Embassy
Nanking

Dear Mr. Peck:

I am sorry for the clumsy haste of my letter dated May 17. The final sentence was meant to imply that Sir Alexander Cadogan advice to General Chiang and to Chang Chun embodied the same principles as we had emphasized in our memoranda.

Just before Sir Alexander left he told me that he had been urging with the utmost plainness the necessity that China should better maintain her own position if she expected to gain any sort of understanding in other countries. He referred particularly to the backdoor methods of dealing through local agencies and with Japanese military men of all ranks and degrees of authority. Sir Alexander repeatedly emphasized the need for a firm national stand which should be essentially moral rather than jingoistic or even military. He believed that such an attitude, if resolutely held by most of the Chinese officials concerned, would greatly delay and perhaps in part prevent the Japanese advances by the cheap and easy tactics which they employed last autumn.

I find much interest in recent papers from Japan. They confirm Mr. Hedges' report that the severe criticism of the army since February has affected minds all through the country and is arousing considerable reaction among both civilian and military conservatives. The "Yomiuri" of the past week

continually

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

- 2 -

continually referred to the enlarged garrison for Tientsin as an expedient measure. The Japanese papers refer rather casually to the smuggling, emphasizing South China as much as possible and continually pointing out the inefficiency of the Chinese customs under present conditions of high tariffs.

Sincerely yours,

(Signed) M. S. Bates

M. S. Bates

P.S. Please forgive the phonetic wanderings of a secretarial experiment

(Initialed) M.S.B.

0056

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

July 6, 1936.

~~MMH:~~
MMH:

Shanghai's despatch No. 232, May 28, 1936, reports remarks made by Japanese officials to the representative of the NEW YORK TIMES concerning Sino-Japanese relations.

The Japanese Military Attaché is reported to have stated (1) that agreement to negotiate for through railway, postal and other services was a part of the Tangku Truce; (2) that an understanding had been reached on November 15, 1935, whereby the Great Wall along the Hopei border was ceded (to Japan or "Manchukuo") and Japan was granted the right to build barracks at Kupeikow and other Passes inside the Great Wall, (3) that the Tangku Truce permits the despatch of more troops into north China than might be justified by the Boxer Protocol; (4) that the Japanese army considered Sung Che-yuan a fairly capable administrator and therefore did not favor his retirement; and (5) that the communist threat in the north was so serious that the Chinese troops were incapable of coping with it.

Remarks made by Suma have been reported in the press and in official telegrams.

JCV.
JCV/VDM

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

NO. 232

AMERICAN CONSULATE GENERAL,
Shanghai, China, May 28, 1936.

Confidential.

For Distribution-Check		Yes	No
Grade	9		
For	Stanton		
	011-141D		

SUBJECT: Sino-Japanese Relations.

RECEIVED
DEPARTMENT OF STATE
JUN 29 1936

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

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

Division of
FAR EASTERN AFFAIRS
JUN 30 1936
Department of State

1/

I have the honor to enclose a copy of a self-explanatory despatch of today's date from this Consulate General to the American Embassy at Peiping in reference to the subject above mentioned.

Respectfully yours,

C. E. Gauss,
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate
General despatch No. 211

800
EFS MB

In Quintuplicate.

793.94/3014

FILED

JUL 9 1936

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. 211

AMERICAN CONSULATE GENERAL

Shanghai, China.

May 28, 1936.

Confidential.

Subject: Sino-Japanese Relations.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping.

Sir:

I have the honor to state that Mr. Hallett Abend, representative of the New York Times, has informed me confidentially of the substance of several interesting interviews which he has had recently with prominent Japanese officials.

On May 23, 1936, Mr. Abend interviewed Major General Seisichi Kita, newly appointed Japanese Military Attache, and found him to be very frank and communicative. Mr. Abend questioned General Kita regarding complaints made by the Chinese authorities concerning Japanese interference with the functions of the Chinese Customs preventive forces and elicited some replies that were of a decidedly revealing nature. For instance, General Kita stated that when the Tangku Truce Agreement was signed on May 31, 1933, the Chinese delegates agreed to negotiate various other matters later, including the resumption of through railway.

-2-

railway, postal and other services. He added that one of the matters subsequently negotiated was the cession of the Great Wall along the northern Hopei border and the granting of the right to the Japanese to construct military barracks south of the Great Wall at Kupeikow and other strategic passes. General Kita explained that this understanding had been reached on November 15, 1933, and that technically it did not form a part of the Tangku Truce Agreement although predicated upon it.

The Japanese also hold the view, judging from remarks made by General Kita during the course of this interview, that the Tangku Truce Agreement, which appears to grow more elastic with the passage of time and the growing requirements of the Japanese, permits the sending of more troops into North China than might be justified by a strict adherence to the terms of the Boxer Protocol.

General Kita also made some interesting observations regarding General Sung Che-yuan, whose troops were recently reported to be about to withdraw from Hopei because of Japanese pressure. He said he did not believe these reports were accurate because the Japanese army in general regards General Sung as a fairly capable administrator and does not favor his retirement from Hopei. In this connection he referred to the gravity of the communist menace in adjacent provinces, where he said it was patent that government forces were making no real attempt to exterminate the Reds and expressed

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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

-3-

the opinion that the military forces in Hopei, including General Sung's troops, were insufficient to cope with this threat.

The extent of Japanese aspirations in North China was further revealed by Mr. Suma, Japanese Consul General at Nanking, during the course of an interview which Mr. Abend had with him a day or two ago. Mr. Suma, who was en route to Tokyo to report to the Japanese Government, stated quite frankly, with reference to the rumored abandonment by Japan of the scheme to establish an autonomous regime in North China to include five provinces, that the plan was still being carefully considered. He referred to Japanese interests in Shantung, which he said were of "prime importance", and pointed out that China has not repaid a single dollar of the fifteen million dollar debt incurred by China at the time of the Washington Conference in connection with the purchase of Japanese properties in Shantung. The unpaid interest on this obligation, Mr. Suma said, amounted to more than six million dollars. He also mentioned Japan's forty million dollar mortgage on the Tsingtao-Tsinan Railway which falls due next year.

Mr. Abend informs me that Mr. Suma expressed himself as being thoroughly dissatisfied with the attitude of the National Government and that he stated quite frankly that in his opinion Sino-Japanese relations had definitely worsened in the past month and that he was proceeding to Tokyo to submit a report to the Japanese Foreign Office regarding recent developments. It is not improbable that Mr. Suma's report will affect in some

measure

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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

-4-

measure the instructions to be issued to the new Japanese
Ambassador to China before his departure.

Respectfully yours,

C. E. Gauss,
American Consul General.

800
EFS MB

In Quintuplicate to Department
by despatch No. 232 of even date.

Copy to Embassy, Nanking.

Copy to Embassy, Tokyo.

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

No. 124

AMERICAN CONSULATE
Tsingtao, China, May 28, 1936.

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

SUBJECT: Rumors of Resignation of Mayor of
Tsingtao.

For Distribution-Check		Yes	No
Grade	XX		
For	In U.S.A.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Shanghai		671-41D	

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

RECEIVED
DEPARTMENT OF STATE
JUN 29 PM 1 39



I have the honor to quote the following from a
letter dated May 25, 1936, addressed to this office
by the American Consul at Tsinan:

"A member of my staff has just delivered
the following note to me:

Information from reliable source indicates that Japanese pressure on the removal of Admiral Shen Hung-lich from the Mayorship of Tsingtao has been severe within the past few days and that the appointment of a successor from Nanking will not be accepted by the Japanese. Although Admiral Shen has announced in the newspaper that he has never tendered his resignation, General Han Fu-chu has recommended to the Central Government three officials as possible candidates for the Mayor of Tsingtao: (1) Li Shu-chun, Commissioner of Civil Affairs, (2) Chang Shao-t'ang, Secretary General to the Provincial Government, and (3) Chang Yueh, Member of the Provincial Government".

Locally there have arisen rumors from time to time
of the possibility of the relinquishment of the office
of Mayor of Tsingtao by Admiral Shen Hung-lich. Vari-

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JUL 6 1936

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- 2 -

ous reasons therefor have been given, e.g., antagonism of the Japanese community and of Japanese authorities; difficulty in maintaining balance between the Nanking Government and General Han Fu-chu at Tsinan; the burden of securing sufficient revenue for municipal improvements and at the same time for remission to the "powers that be" in Nanking and Hankow (General Chang Hsueh-liang). Added to these problems which burden the mayor of a great, progressive city is the undoubted manipulation of some of General Han's more important subordinates or underlings who are not content with the posts they now occupy at Tsinan and who have their eyes on the mayoralty of a rich municipality which geographically is in Shantung Province. There is a constant pressure on such military leaders as General Han, to find lucrative posts for the more prominent and influential of his followers; the pressure is great and the need for a solution of the problem imperative from the point of view of self preservation. It is accordingly not at all difficult to believe that the three Chinese officials mentioned in Mr. Smith's letter are keen candidates for the office of mayor of Tsingtao and that each has the support of General Han. The latter may in turn seek the support of the Japanese, of the nature indicated, i.e. disapproval of an appointee by Nanking of one who is not General Han's man.

JAPANESE ATTITUDE

It cannot be said that the Japanese community in

Tsingtao

0062

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

- 3 -

Tsingtao is friendly toward Admiral Chen Hung-lien. Their feeling is a good illustration of the unreasonableness of the Japanese Government's policy which demands that China show "positive acts of friendship". Nothing concrete is expostulated; Japanese are not discriminated against in Tsingtao; their complaint that the Mayor is not sufficiently energetic or active "in securing funds from Nanking for municipal improvements" will strike one as extraordinary when it is a fact that the Japanese community is notoriously delinquent in the payment of ground rents due the municipal government. Nevertheless there is no evidence that the Japanese are actively engaged in forcing the Mayor out, but as stated above, it is not impossible that they will play their part in the event that a new mayor is appointed by the Nanking Government. But this office does not consider that the present incumbent's difficulties arise primarily from the Japanese; political pressure at Tsinan would appear more important, yet acts of omission as well as acts of commission by the Japanese will doubtless be factors should any disturbance in Tsingtao result from a change in the local Chinese administration.

Respectfully yours,

Samuel Bokobin,
American Consul.

800
SS/AD

Original to Embassy, Peiping,
5 copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tsinan-Chefoo.

the signed original
inal. *[Signature]*

No. 124

AMERICAN CONSULATE

Tsingtao, China, May 28, 1936.

SUBJECT: Rumors of resignation of Mayor of
Tsingtao.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to quote the following from a
letter dated May 25, 1936, addressed to this office
by the American Consul at Tsinan:

"A member of my staff has just delivered
the following note to me:

Information from reliable source indicates that Japanese pressure on the removal of Admiral Shen Hung-lieh from the Mayorship of Tsingtao has been severe within the past few days and that the appointment of a successor from Nanking will not be accepted by the Japanese. Although Admiral Shen has announced in the newspaper that he has never tendered his resignation, General Han Fu-chu has recommended to the Central Government three officials as possible candidates for the Mayor of Tsingtao: (1) Li Shu-chun, Commissioner of Civil Affairs, (2) Chang Shao-t'ang, Secretary General to the Provincial Government, and (3) Chang Yueh, Member of the Provincial Government".

Locally there have arisen rumors from time to time
of the possibility of the relinquishment of the office
of Mayor of Tsingtao by Admiral Shen Hung-lieh. Vari-

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- 2 -

ous reasons therefor have been given, e.g., antagonism of the Japanese community and of Japanese authorities; difficulty in maintaining balance between the Nanking Government and General Han Fu-chu at Tsinan; the burden of securing sufficient revenue for municipal improvements and at the same time for remission to the "powers that be" in Nanking and Hankow (General Chang Hsuen-liang). Added to these problems which burden the mayor of a great, progressive city is the undoubted manipulation of some of General Han's more important subordinates or underlings who are not content with the posts they now occupy at Tsinan and who have their eyes on the mayoralty of a rich municipality which geographically is in Shantung Province. There is a constant pressure on such military leaders as General Han, to find lucrative posts for the more prominent and influential of his followers; the pressure is great and the need for a solution of the problem imperative from the point of view of self preservation. It is accordingly not at all difficult to believe that the three Chinese officials mentioned in Mr. Smith's letter are keen candidates for the office of mayor of Tsingtao and that each has the support of General Han. The latter may in turn seek the support of the Japanese, of the nature indicated, i.e. disapproval of an appointee by Nanking of one who is not General Han's man.

JAPANESE ATTITUDE

It cannot be said that the Japanese community in

Tsingtao

- 3 -

Tsingtao is friendly toward Admiral Chen Hung-lieh. Their feeling is a good illustration of the unreasonableness of the Japanese Government's policy which demands that China show "positive acts of friendship". Nothing concrete is expostulated; Japanese are not discriminated against in Tsingtao; their complaint that the Mayor is not sufficiently energetic or active "in securing funds from banking for municipal improvements" will strike one as extraordinary when it is a fact that the Japanese community is notoriously delinquent in the payment of ground rents due the municipal government. Nevertheless there is no evidence that the Japanese are actively engaged in forcing the Mayor out, but as noted above, it is not impossible that they will play their part in the event that a new mayor is appointed by the Nanking Government. But this office does not consider that the present incumbent's difficulties arise primarily from the Japanese; political pressure at Tsinan would appear more important, yet acts of omission as well as acts of commission by the Japanese will doubtless be factors should any disturbance in Tsingtao result from a change in the local Chinese administration.

Respectfully yours,

Samuel Kokobin,
American Consul.

800
SS/AD

Original to Embassy, Peiping.
5 copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tsinan-Chefoo.

A true copy of
the signed original
inal. RD

0068

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
July 3, 1936.

~~MMH:~~
~~WTT:~~
~~MMH:~~

Reference Tsingtao's despatches Nos. 125 and 127 of June 2 and 5, 1936, in regard to difficulties in Sino-Japanese relations arising out of a slight assault on a Japanese girl by two Chinese school children who were provoked by the girl when she threw sand at them. The Japanese Residents Association of Tsingtao made certain demands which in a modified form were presented to the Chinese authorities by the Japanese Consul General. On June 3 the Chinese met the demands which included (1) apology by the Chinese Mayor, (2) apologies by the assailants, (3) reprimand to Tsingtao Director of Education, dismissal of the school principal, and expulsion of the assailant from the school, (4) payment of a solatium, and (5) assurance by the Tsingtao municipal government that it will maintain friendly Sino-Japanese relations. The Consul states that on the basis of "such an incident" an apology is being exacted from "the mayor of a great city" and "a progressive educator" is being reprimanded. "asks, "can there be an improvement in the relations between the two nations?", and concludes that "the problem seems hopeless."

JCV
JCV/VDM

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

Copy for Department of State.

No. 125

AMERICAN CONSULATE

Tsingtao, China, June 2, 1936.

COMES SENT TO
C.N.I. AND M.I.D.

SUBJECT: Sino-Japanese Incident in Tsingtao.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

For Distribution Check			
Grade	For	To	Yes
	G	TO P.H.	
	L. H. H. H.	IN C. S. A.	✓
			ONI-MID

Division of
FAR EASTERN AFFAIRS
JUN 30 1936
Department of State

RECEIVED
DEPARTMENT OF STATE

Sir:

I have the honor to report that on May 29, 1936,
an incident occurred in Tsingtao which has stirred the
Japanese community and which has led to the holding of
meetings calling on the Japanese authorities to present
a series of demands to the Chinese municipal administra-
tion.

It is alleged by the Japanese that two Chinese
students beat a nine-year old Japanese girl at the
playground of the Japanese First Primary School. A
Chinese official has informed the consulate that pro-
bably a slight assault was made on the girl by the two
students who were provoked by the girl when she threw
sand at them.

On May 30, 1936, the Executive Committee of the
Tsingtao Japanese Residents' Association held a special
meeting to discuss the incident. Following this meeting
two...

ASSISTANT SECRETARY
OF STATE

DEPARTMENT OF STATE

793.94/3016

FILED

F/FG

- 2 -

two high officers of the Association called on the Japanese consul general and requested that the following demands be presented to the Chinese authorities of Tsingtao:

1. Apologies by the students, their guardians, their school master, and the responsible official of the municipal administration (Director of Education ?) be made to the Japanese child, her guardian, the Japanese school master, the Japanese consul general, and the Japanese Residents' Association.
2. Serious punishment of the Chinese culprits and their school master.
3. Payment of solatium.
4. Assurances that similar cases will not occur involving Japanese residents in general and Japanese children in particular.

The consul general was asked in addition to press with the Chinese authorities the matter of the eradication of the "anti-Japanese spirit in Chinese education". It is understood that the Japanese consul general has referred the assault to the Chinese authorities but that the demands presented were not as severe as those indicated above.

Following the Japanese consul general's call, a committee of ten Japanese fathers called on the Chinese officials to discuss the case with the Chinese authorities. In the absence of Admiral Shen Hung-lish, the Mayor, the delegation was received by the Chief Secretary, Mr. Hu Chia-feng. The Japanese stated that while diplomatic settlement of the case was in the hands of the Japanese consul general, they had called to present

in...

- 3 -

in as serious a manner as possible the grave nature of the case and to receive assurances that the Japanese children and the Japanese community would at all times be free from molestation. They wished to add that in their opinion the root of the trouble was the anti-Japanese spirit which was being inculcated in all Chinese schools and that it was absolutely imperative that the Chinese take measures to eradicate the spirit which now prevails and was fostered by Chinese teachers.

The delegation referred to the heroic sacrifices made by the Japanese in taking Tsingtao from the Germans. It requested the Chinese municipal administration to remember the Japanese monument to the soldiers and sailors who gave their lives at Tsingtao and not to think that the Japanese would suffer the Chinese to forget the Japanese sacrifices. If the Chinese could not administer the city without harm to the Japanese, they had better get out!

Japanese Dissatisfied with Chinese Attitude.

The latest information which the consulate has is that the Japanese are exceedingly dissatisfied with the Chinese view of the incident as simply a children's quarrel. The Japanese appear determined to maintain the contention that the assault is a direct result of the present Chinese system of education which inculcates anti-Japanese spirit among the Chinese school children. The Chinese papers are not publishing any items relating to the incident, but the Japanese papers are

emphasizing ...

0072
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 -

emphasizing the responsibility of the Chinese authorities. References are also being made in the Japanese press to the desirability of having military training abolished in Chinese schools.

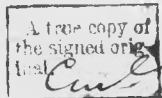
There is nothing to indicate at this time that the Chinese will not be able to arrive at a satisfactory settlement of the case but the danger lies in the possibility of Japanese pursuing their contention of an anti-Japanese spirit in Chinese schools and of demanding a satisfactory guarantee that their complaint will be satisfied, perhaps by some reference of Chinese curricula to the Japanese for approval. This, however, is simply speculative.

Respectfully yours,

Samuel Sokobin,
American Consul.

800
SS/CML

Original to Embassy, Peiping.
Copy to Embassy, Nanking.
Five copies to Department of state.
Copy to Tainan-Chefoo.



3075
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 D. Huatgen NARS, Date 12-18-75

Copy for Department of State.

No. 127

AMERICAN CONSULATE

Tsingtao, China, June 5, 1936.

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

SUBJECT: Sino-Japanese Incident in Tsingtao.

For Distribution Check		Yes	No
Grade	XX		
For	Soborin		
	0 N1-MID		

The Honorable

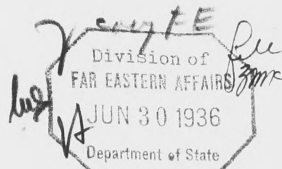
Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

RECEIVED
DEPARTMENT OF STATE

JUN 29 PM 2 13
1936

DIVISION OF
COMMUNICATION
AND RECORDS

Mr:



I have the honor to refer to this consulate's despatch no. 125 of June 2, 1936, file no. 800, subject: Sino-Japanese Incident in Tsingtao, and to report that a settlement was reached Wednesday, June 3.

The settlement was made on the following basis:

- Apology by Mayor to Japanese Consul General.
- Apologies by the Chinese student assailant and his guardian (parent) to the Japanese victim, her parents and her school principal.
- Reprimand of the Tsingtao Director of Education, dismissal of the school principal and expulsion of the assailant from the school.
- Payment of solatium.
- Assurance that the Tsingtao Municipal Government will adhere to the principle of maintaining friendly Sino-Japanese relations, particularly in the educational sphere, so as to prevent a recurrence of the incident.

A newspaper article quotes the Japanese consul general as being very satisfied with the action of the Mayor in speedily reaching a settlement upon the return of the Mayor to Tsingtao on June 2.

The Japanese consul general added that it was

inconceivable...

793.94/3017

F/FG

- 2 -

inconceivable that in Japanese schools the pupils would receive an education which would cause the students to be "anti-Chinese", but unfortunately in the Chinese schools an anti-Japanese spirit did exist and that furthermore such an attitude was fostered by the schools. He expressed the pious hope that the children of the two nations, as well as the adult nationals, would in their contact with one another be animated by "mutual love and respect".

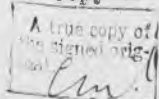
To an outsider the terms of settlement appear as most humiliating to the Chinese, and doubtless so they are considered by the Chinese themselves. This consulate has made no special effort to inquire as to the facts of the incident but certainly it appears that the only parties concerned were Chinese and Japanese school children. On the basis of such an incident the Japanese community were bent on securing a personal and official apology from the mayor of a great city and the reprimanding of a progressive educator (the Director of Education). How can there be an improvement in the relations between the two nations? The problem seems hopeless.

Respectfully yours,

Samuel Sokobin,
American Consul.

800/
SS/CML

Original to Embassy, Peiping,
Five copies to Department of State,
Copy to Embassy, Hanking,
Copy to Tainan-Chefoo.



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 693.94344/92 FOR Note

FROM Great Britain (Atherton) DATED June 12, 1936
TO NAME 1-1127 ...

REGARDING: "Japanese Garrison - North China -
Clipping from PARLIAMENTARY DEBATES -

dt

793.94/3018

8018

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 893.00 P. R. Mukden/102 FOR Desp. #259 to Embassy

FROM Mukden (Ballentine) DATED May 7, 1936.
//19// NAME 1-1137 ***

REGARDING: Japanese activities in "Manchukuo": Reports
regarding -, during April, 1936.

fpg

793.94/3019

8019

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. Relations with Japan:

1. Relinquishment of Japanese Extraterritorial Rights:

793.94
With consistent success the Kwantung Army has over-
ridden the opposition of Japanese industrial and commercial
interests to its determination that Japan relinquish ex-
trality in Manchuria. During April a conference was held

¹ My despatches, No. 247, April 14, 1936; No. 249, April
18, 1936; No. 252, April 18, 1936; No. 255, April 22,
1936.

in

- 5 -

in Hsinking to complete the draft of the treaty abolishing Japanese extraterritorial rights. It is understood that the conference was composed of representatives of the "Manchukuo" Government, the Kwantung Army, the Japanese Embassy, the Kwantung Bureau and the South Manchuria Railway Company. The text of the draft treaty, which, according to press reports, is to be signed May 31, 1938, has so far not been released. On April 18, the Kwantung Army Headquarters issued a statement to the effect that the treaty is to provide for the transfer to "Manchukuo" of Japan's administrative and taxation rights within the Zone, and without the Zone, the abandonment of extraterritorial rights. It is understood that the South Manchuria Railway will transfer gratis to "Manchukuo" public facilities in the Zone, excepting Japanese schools, which will be under the control of the Japanese Embassy.

A rather significant side-light was thrown on this subject during my visit to Hsinking early in the month. A high Japanese official told me that the Japanese Privy Council was then studying the proposed treaty, a procedure which properly is incident to ratification. I expressed surprise at not having heard of the signing of the treaty. Whereupon he hastened to say that the deliberations of the Privy Council at this stage were merely informal and that the treaty had yet to be signed. This departure from normal procedure would seem to indicate either that no further negotiations between the two parties appear to be contemplated subsequent to the Privy Council's examination of the draft, or that in order to avoid a hitch after signing, the Privy Council's prior approval is being sought.

2. Increase of Kwantung Army Forces in Manchuria:

On grounds of preparedness, the specific threat being the alleged heavy concentration of Soviet troops

along

- 6 -

along "Manchukuo's" northern frontiers, the Kwantung Army chiefs have during the month under review clamored for a return to 1932 strength. It is not at all unlikely that a secondary cause for the demands for expansion of military forces is the grave "bandit" situation. A KOKUTSU news report states that the Japanese War Ministry is responding favorably, and in enlarging the Kwantung Army forces, is preparing to expend one billion yen over a period of five years. The release goes on to explain that the funds will principally be obtained by continuing the "Manchurian Incident Expenses" for that period.

It is presumed that the proposed augmentation is already being put into effect, in view of reliably reported heavy movements of troops, arms and equipment of all description entering Manchuria from the Kwantung Leased Territory and Korea, although these movements may be to a greater or lesser extent a result of replacements now due to take place.

3. Two North Chosen Ports Managed by S.M.R.:

The North Chosen ports of Seishin and Yuki were, by Japanese Imperial Ordinance, reported to have been promulgated April 28, 1936, entrusted to the South Manchuria Railway for management. Management was effective from the date of promulgation. The ports were transferred from the Government General of Chosen without compensation.

4. S. M. R. Coal Liquefaction and Japanese Defense:

On April 16, President Matsuoka of the South Manchuria Railway is said to have conferred in Tokyo with Japanese War Minister Terauchi and with Navy Minister Nagano. Newspaper reports were to the effect that the principal topic of discussion was a proposed 10 million yen coal lique-

faction

- 7 -

faction plant to be built by the South Manchuria Railway at Fushun and possibly subsidized by the Japanese Navy.¹ If the project is put into effect, it will be of considerable strategic value, designed to produce 60 tons a day. On the other hand the process will presumably be highly uneconomic.

C. Relations with China:

1. East Hopei Mission:

On April 15 there arrived in Hsinking a good-will mission dispatched to "Manchukuo" by the so-called East Hopei Anti-Communist Autonomous Government.² The head of the delegation was Mr. Ch'ih Tsung-mo (池宗墨). The mission's ostensible purpose was to express East Hopei's thanks to the Kwantung Army and to pay respects to the "Emperor". During the stay, however, a preliminary draft of a mutual aid pact is reported to have been drawn up, covering economic and military cooperation. It is understood that the treaty will be signed after "Manchukuo" reciprocates with a good-will mission to Tungchow.

This display of affection and cooperation between Japanese proteges would seem to indicate a consolidation of the Japanese position southwestward. Because the visit of the mission and attendant ceremonies took on the form of similar exchanges between sovereign states, plausibility is given to the theory that Japan's aims in continental policy is one of hegemony over a group of nominally independent states.

D. Relations with the U. S. S. R.:

1. Border:

There has been a marked easing in the tension along

¹ My Political Review for March 1936 (page 16)

² My despatch No. 253, April 20, 1936.

- 8 -

the "Manchukuo"-Soviet and "Manchukuo"-Outer Mongolia borders due to an apparent desire on the part of responsible authorities to temporize. In conversations which I held with Hsinking officials on April 10, I gained a definite impression that recent border clashes are not regarded as likely to lead to any immediate major conflict.¹ What attitude the Kwantung Army will assume when its strength is augmented by the reinforcements now being made is open to speculation. For the present, the conflicting claims are being dealt with through Moscow and Tokyo diplomatic channels, agreement having been reached later in the month, according to press reports, to establish a mixed commission for the demarkation of the east border. The Kwantung Army insists that the Outer Mongolian frontier must await definition at a later date.

E. Relations with Belgium:

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 893.00 P.R.Canton/100 FOR Desp.#118 to Embassy

FROM Canton (Spiker) DATED May 11, 1936
/h6// NAME 1-1127 ***

REGARDING: Sino-Japanese relations during month of April, 1936:
Gives developments in -.

fpg

793.94/ 8020

8020

193.94
B. Relations with Other Countries:

1. Japan:

(a) Marshal Li Tsung-jen Urges Armed Resistance to Japan:

Anti-Japanese sentiment and propaganda apparently increased rather than abated during the month, though it was difficult to determine to what degree the manifestations of local leaders represented a genuine desire to fight Japan rather than ulterior motives such as a wish to forestall a possible popular movement for cooperation with China under the newly completed constitution. Most noteworthy was a lengthy statement in the form of an interview made by Marshal Li Tsung-jen on April 17th and prominently published in the local and Hong Kong press on the following day. Urging armed resistance against Japan as the sole means of national salvation at the present juncture, Marshal Li warned against trusting in the possibility of the United States, Britain or Russia going to war with Japan and optimistically predicted that a Japanese attempt to conquer China militarily would serve to unite China, isolate Japan diplomatically and involve too great expenditures and complications to ever permit of final success.* According to a responsible spokesman of the Southwest
Telegram of April 20, 4 p.m. and despatch No. 114 of April 22, 1936.

-4-

the Southwest Political Council, the local Japanese authorities, while refraining from an official protest in view of their "understanding" that Marshal Li had not spoken in his official capacity, intimated informally that any such future utterance by a member of the Council in his official capacity would be strongly protested against.

(b) Other Anti-Japanese Manifestations:

Marshal Li's views were echoed in public statements by several lesser Southwestern leaders. There were also many press reports concerning the expansion and activities of the newly organized Nationalism Propaganda Commission (see political review for March), from which it appeared that the avowed purpose of the organization is to enlist popular Southwestern support of the thesis that South China must reassume the initiative in leading the country back to the path of national salvation through adoption of a policy of armed resistance to Japan and strict adherence to the original precepts of Sun Yat-sen as interpreted by Ku Chen-min and his Kuomintang followers. In an address before the Southwest Political Council, the Mayor of Canton is quoted as having stated that the most important task now before the Council is that of arousing popular opinion against foreign aggression, that the propaganda campaign being undertaken on a thorough scale by the new commission is urgently needed to prevent further evasion by the Central Government in meeting the menace of foreign invasion and that Canton is to become the pivot of the new national movement.

The Consulate

-5-

The Consulate General's understanding that anti-Japanese sentiment in Kweichow has been notably increasing of late was confirmed by a foreign missionary who has resided for many years in that province. According to his information, feeling against Japan has now become very noticeable both among officials and the general populace of Kweichow, there is much anti-Japanese propaganda, particularly by students, and the communist troops which recently traversed the province were active in arousing public resentment against Japan.

(c) Opposition to Appointment of Kawagoe as Ambassador to China:

A considerable outburst of hostile press publicity greeted reports indicating that Mr. S. Kawagoe would be appointed as Japan's new Ambassador to China. Recalling the "aggressive" attitude which he displayed while serving as Consul General at Canton, particularly with respect to the notorious affair involving the abduction of a Korean from Chinese territory which excited such a furore a few years ago, local circles ominously interpreted his selection as proof of Japan's increasingly imperialistic policy, and the Southwest Political Council was reported to be contemplating transmission of a telegram protesting his appointment. It was subsequently stated that the Council had abandoned the idea as useless; but during the past two weeks a large number of local guilds and trade associations are reported to have circulated strong telegraphic protests.

(d) Conflicting Reports of Japanese Machinations in South China:

As in the preceding few months, the local press indulged in spasms of alarming accounts of imminently threatening

subversive

-6-

subversive movements in South Fukien and at Swatow alleged to be promoted by Japanese agitators, and the approaching visit of the Japanese fleet to South China was pointed to as sure evidence of like things to come. Many of the reports appeared to be deliberately confusing activities of small bands of communists in the Hainan-Fukien border regions with so-called autonomy plots, and from their contradictory nature and general lack of reliable confirmation it appeared that they were more inspired by nervous - though possibly justified - anticipation or propaganda purposes than founded on concrete actual developments.

A responsible and, in the past, relatively trustworthy Chinese informant of high official rank, however, privately informed the undersigned to the effect that it was his well considered conviction that Japan must interfere in China within the next few months to prevent unification of the country through implementation of the new constitution, if not for other motives, and that, according to a carefully formulated program, any Japanese military action in North or Central China would be accompanied by action along the South China coast on the general lines described in the Consulate General's confidential despatch No. 92 of January 18, 1948.

The HUALING NEWS AGENCY carried reports - as yet unconfirmed - that the Japanese Government is shortly to establish special economic offices in Kwangtung, Kwangsi and Fukien Provinces to prepare the way for Japanese economic development of South China; and also that the proposed site for the Pan American "Clipper" service at Macao had been abandoned and is being purchased by Japanese interests. The latter report is of interest in view of previous, apparently well founded information that Japanese quarters had

recently

0088

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

-7-

recently bought up a considerable tract of reclaimed water-
front land at Macao.

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

DOCUMENT FILE

NOTE

SEE 893.00/13581 FOR #-

FROM Tientsin (Berger) DATED May 28, 1936
TO NAME 1-1127 ***

REGARDING: Student demonstration in Tientsin: Against the increase in
the Japanese garrison in North China.

FRG.

793.94/8021

8021

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 121.5493/150 FOR Tel. #322 2pm

FROM China (Merrill) DATED June 25, 1936
TO NAME 1-1127 ***

REGARDING:

Rough treatment accorded American citizens by
Japanese soldiers on the streets of Peiping, and
invasion of the Embassy property, reported. Protest
made to the Japanese Embassy.

emc

793.94/ 8022

8022

GRAY

Peiping via N.R.

Dated June 25, 1936

Rec'd. 7 a.m.

Secretary of State,
Washington, D.C.

322, June 25, 2 p.m.

One. An officer of the Embassy called at the Japanese Embassy this morning and handed to First Secretary Muto copies of memoranda prepared by two American citizens who were roughly treated by Japanese military on June 23, on which day about 1500 Japanese soldiers were in Peiping for the purpose of participating in the ceremony of presentation to the local regiment of a regimental flag from the Japanese Emperor.

Two. Captain H.S. Jernigan, attached to the office of the Military Attache, stated in his memorandum that when he was standing in civilian clothes in Hatamen Street (not on the side walk) he was pushed in the stomach by the bayonet of a Japanese soldier who was a sentry during the presentation ceremony which took place on the Glacis. Mrs. Walter E. Yaecker, wife of the chief quartermaster clerk of the Embassy guard, stated in her memorandum that a Japanese soldier or officer in uniform threatened her several times with his saber when she refused to obey

2- From Peiping, June 25, 2 p.m.

obey his order to get off the side walk of Legation street near the Wagonslits Hotel until she had reached the point where her rickshaw was standing. Neither American involved desires any publicity in this regard.

Three. When these memoranda were presented, the Japanese Secretary was informed that American citizens have the right to walk on the streets and sidewalks of Peiping and that they had been rudely and roughly treated by Japanese military.

Four. A third memorandum was also delivered with regard to the entry on the morning of June 21 of about 20 Japanese soldiers into property of the Embassy at Sankwanmiao. These soldiers who were on their way to or from the railway station were doubtless not familiar with the district and were seeking toilet facilities. When none was found at least some of them urinated in the passage way leading to the swimming pool.

Five. The Japanese Secretary stated that he would forward these memoranda immediately to the Commandant of the Japanese guard and would reply subsequently.

Six. The French Embassy has written a note to the Japanese Embassy protesting against incidents similar to these mentioned in paragraph two involving French nationals.

By mail to Tokyo.

MERRILL

RC

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

DOCUMENT FILE

NOTE

SEE 893.00/13576 FOR Tel#-. 11am

FROM Canton (Spiker) DATED June 27, 1936
TO _____ NAME _____ 1-1127 ***

REGARDING: Rupture between Southwest and Central Government

"Resistance to Japanese", demanded by the Southwest, does not mean immediate armed attack on the Japanese forces, but merely stronger attitude and a more self-respecting insistence upon China's rights, according to local prominent official.

FRG.

793.94/ 8023

8023

0094

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

FE

JS

Gray and Special gray

CANTON Via N R

Dated June 27, 1936

Rec'd 5:35 p.m.

NOTE
793.94

Secretary of State,
Washington, D.C.

June 27, 11 a.m.

Referring to my telegram of June 26, 5 p.m., local
official, high in government and party councils, who is
considered pro-Nanking and definitely anti-Pai, yesterday
confidentially stated that talk admitting of serious
fighting between the Southwest and Nanking is nonsense;
that each side realizes that it will lose by such a course;
that Kwangtung is sending delegates to the coming plenary
conference and that Kwangsi, while not wishing to send
delegates, will have to follow Kwangtung's example; further
that the "resistance to Japanese" demanded by the South-
west does not mean immediate armed attack on the Japanese
forces but merely stronger attitude and a more self-
respecting insistence upon China's rights. Telegrams from
"neutrals" such as those mentioned in first sentence,
paragraph two, of my telegram June 25, 4 p.m., are
believed to be paving the way for Chen and Li, if not, Pai
to accede to such requests without letting Pai down too
openly and abruptly.

Two. Local authorities have recently been arresting
a number of persons on the grounds of communistic or

"anti-

893.00 / 13576

13572

0095
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

-2-

From Canton, June 27.

"anti-revolutionary activities," these persons, including two Chinese ex-teachers at Chung Shan University claiming American citizenship, (?) arrested yesterday. Neither registered at this Consulate General although one, George Ben Lim, has made application therefor (referring to Department's instruction of April 25, 1935, also office's reply of July 8, 1935). This Consulate General refraining from formal action in either of the cases (referring to Department's instruction No. 202, April 19, 1926, and No. 1353 of April 25, 1934 to the Legation at Peiping). Early release of both suspects indicated.

Three. Sent to the Department Peiping, Nanking, Hankow and Shanghai.

SPIKER

NPL SMS

0096

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

LMS

GRAY and SPECIAL GRAY

Peiping via N. R.

Dated July 1, 1936

Rec'd 2:30 p. m.

Secretary of State
Washington.

Division of
FAR EASTERN AFFAIRS
JUL 2 - 1936
Department of State

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

331, July 1, 1 p. m.

Embassy's 326, June 26, 9 p. m.

One. The following telegram has been received from
the Consul at Tsingtau:

"June 30, 10 a. m.

The Japanese naval intelligence officer in Tsingtau,
under instructions from Commander-in-Chief of the Third
Japanese Fleet, informed the Commissioner of Customs
(one) that the flag incident and the firing with dum-dum
bullets on the Japanese vessel by the customs cruiser
is regarded seriously; (two) that the Japanese Navy will
take such measures as it deems appropriate against the
future illegal acts of the Customs' cruisers; (three)
that the Japanese Navy does not admit Chinese jurisdic-
tion outside three-mile limit".

Two. With regard to the mass meeting referred to
in the Embassy's 326, June 26, 9 p. m., Sokobin has re-
ported in a despatch of June 27 that a mass meeting was
held June 27, 5 p. m., at the Japanese Residents' Asso-
ciation, were ordered dispersed in an orderly manner

after

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note
693.94244

793.94/8024

F/FG

LMS 2-No. 331, July 1, 1 p. m., from Peiping.

after passing resolutions embodying exaggerated demands; that a second mass meeting was held later that evening at the Tsingtau shrine where speech was less restrained and where Japanese police kept order with some difficulty; and that several hundreds armed with cudgels subsequently marched to the Customs House; and that, although no one was apparently injured and no attack was made, many window panes in the Customs House were reported to be broken.

Three. Sokobin, also reported in a despatch of June 25 that the incident occurred prior to June 19; that he had been informed by the Commissioner of Customs that the Japanese Consulate General had said that, if prompt settlement were not made, it would not (repeat not) be responsible for any action which the aroused Japanese community would take independently; insists that Japanese vessel, which had been apprehended with a cargo on which the duty amounted to \$50,000 Chinese currency, was being detained by the Customs; that the Japanese Consulate General appeared to be primarily concerned about the alleged insult to the vessel's Japanese flag; and that, according to the Customs Commissioner, the allegation that the flag was torn to shreds and thrown into the sea was ridiculous.

By mail to Tokyo.

MERRELL

SMS:NPL
168-2

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

LMS

GRAY

1-1338

FROM Peiping via N. R.

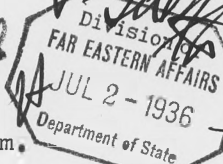
Dated July 1, 1936

Rec'd 2 p. m.

Secretary of State,
Washington.

332, July 1, 2 p. m.

The Consul General at Tientsin reports in despatch 251, June 29, that the Commissioner of Customs at Tientsin has stated in a confidential conversation that he has found the Japanese consular authorities in Tientsin quite reasonable in connection with the seizure immediately off Chi-Kou, South of Tangku, on June 20 of a Japanese vessel by a customs cruiser; that the customs vessel had fired on the Japanese vessel, which had been flying the Japanese flag and which had a Japanese crew, when it refused to stop and was attempting to escape into the Chi-Kou River; that the Japanese vessel had no name or papers; that two of the crew of the Japanese vessel were wounded, apparently slightly; that the Japanese vessel was towed to Tangku where the Japanese consular police behaved in a high-handed manner; that, although almost no smuggled goods were found on board, there seemed to be no doubt that the vessel was engaged in smuggling; that the Japanese consular authorities insisted particularly on some form of redress



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

LMS 2-No. 332, July 1, 2 p. m., from Peiping.

redress for the damage to the Japanese flag caused by several bullets; that he had willingly apologized for this indignity; and that he was confident of a complete settlement of the matter locally in the near future unless the incident should become confused with the similar incident at Tsingtau (reference Embassy's 331, July 1, 1 p. m.).

By mail to Tokyo.

MERRELL

WWC

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



EMBASSY OF THE
UNITED STATES OF AMERICA
ROME, June 15, 1936.

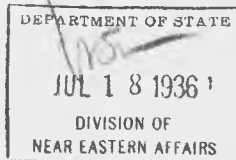
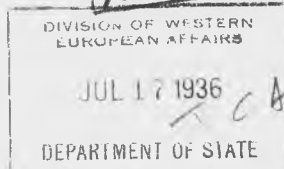
No. 1740

Subject: Far East Situation.

Commercial Office (A-C/O)

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COMMUNICATIONS
AND RECORDS

ASSISTANT SECRETARY
OF STATE
DEPARTMENT OF STATE

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to submit herewith in translation
the STAMPA interview mentioned in my telegram No.
198 of June 8th, with the Japanese Ambassador in Rome
regarding Sino-Japanese relations. Sugimura emphatically
denied that Japan had "aggressive" intentions with respect
to China, although she was prepared for war in defense of
her vital rights if this became necessary. Japan, he
pointed out, had no need of a war to enhance her prestige
but did have irrepressible need of economic expansion.
Among the chief causes for tension with China he mentioned
Chinese boycotting of Japanese goods and the chaotic
state of internal affairs in China. Admitting that a

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-2-

number of points in Sino-Japanese relations required rectification, he insisted that the best remedy for the problem would be the reestablishment of order in China by the Chinese themselves, as the better elements in that country realized. Another serious question was the spread of communism: Japan, he said, respected the internal regimes of other countries, but whenever the danger of communist contagion to Japan herself should appear, Japan was prepared for drastic measures. The Ambassador then described the views of the military and non-military authorities in Japan toward the settlement of Chinese question as "surgical" and "medical" respectively, though both were agreed as to causes and purposes. It was natural, he explained, that the military should consider strong methods the surest and quickest, whereas the diplomats were seeking a milder remedy; the more skillful diplomacy was, "the better will it succeed in settling the gravest situations without an operation involving loss of blood; but even the most prudent doctor must occasionally have the wisdom to admit that in a given case surgery is called for."

The Italian press, which continues to follow developments in China with careful attention, in its editorial comment reveals no overwhelming uniformity of views which would indicate that definite instructions had been issued by the authorities as to how the subject was to be handled, as is frequently the case with major international problems directly affecting Italy. Most newspapers are strictly neutral in their attitude, to be sure, evincing sympathetic understanding of both Chinese and Japanese aspects of the problem, although several editorials issued on June 6th and 7th implied an anti-

Japanese

-3-

Japanese stand, particularly in their criticism of England and other western powers for having encouraged the conflict in the Far East by their internecine quarrels over the relatively unimportant Ethiopian question.* Had Europe not been under the hypnotic influence of sanctions, said the POPOLO DI ROMA, Japan would have hesitated. With the possible exception of the comment of the STAMPA correspondent on his interview with Ambassador Sugimura, it may be said that no article yet published has appeared to take an unqualified stand for Japan as against China. On the other hand, the general tone of the government spokesman's article (see Enclosure No. 2) is markedly sympathetic toward China and tacitly advocates an European anti-Japanese front.

As to the motives inspiring the Cantonese movement, most writers ascribe this to a nationalistic spirit although the majority of them more or less openly accuse the Soviets of fostering the movement. The government spokesman, however, insisted that the Cantonese stand was nationalistic and not communistic. The MESSAGGERO, on the other hand, ascribed it to the machinations of the wealthy Cantonese bourgeoisie, who were afraid of losing their North China markets to Japan, and possibly also to communist backing. The Vatican OSSERVATORE ROMANO directly accused the Soviets of having "moved their Cantonese pawns" against the Japanese to ward off any united anti-communist front between Nanking and Tokyo and found the nationalist utterances of Canton merely a screen.

The rumored agreement between Nanking and Tokyo is but casually referred to by most writers, but the MESSAGGERO finds this the one point on which there is no doubt. The

above

793 94/7945
My telegram No. 198 of June 8, 1936.

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above newspaper attributes the sudden silence occurring a few weeks ago with respect to Japanese conquest of the five northern provinces to an agreement between Chang-Kai-Shek and the Japanese government providing for suppression of anti-Japanese propaganda in China, economic cooperation between China, Japan, and Manchukuo, and a united front against bolshevism. Virginio Gayda, on the other hand, says that "there seems to exist no agreement" between Nanking and Japan, just as there is no proof of an agreement with Russia. Sympathy is invariably expressed for the position of the Nanking government but the government spokesman, though admitting that any direct anti-Japanese reaction on the part of that government would lead to a probably disastrous war with Japan, points out that vacillation on its part is dangerous:

"It is contrary to those purposes of Chinese national renaissance which have placed Chang-Kai-Shek on a pedestal and meanwhile provokes the hostile reaction of the Canton government, which, less exposed to any immediate menace from Japan, freely affirms the uncompromising principle of the spiritual and territorial integrity of China against Japan."

Gayda, nevertheless, fails to specify just what action he thinks Nanking should take.

As to England's position, the majority of editorial writers have either avoided direct references or evinced a discreet sympathy with an eventual anti-Japanese reaction on her part, in line with the general Italian press trend for the past few weeks in stressing natural affinity of Italian and British interests. British policy during the past year is criticized for having been ambiguous, but certain writers, and among them Virginio Gayda, see

symptoms

-5-

symptoms of a return to an active policy, which they implicitly endorse. It is asserted that the Far East stakes are highly important to Europe and that unless this continent gets together without further delay its prestige in the world will definitely decline. The TRIBUNA found the present developments in China one phase of the Anglo-Japanese duel, adding that only in that way could many aspects of the complex situation be explained. Noting that the war which South China desired to wage against Japan has taken on the character of civil war, this newspaper said:

"There is thus somebody other than China who desires to profit by this further civil war. The moment is propitious. A moment spontaneously occurring or a moment artificially created for recondite purposes?

"The situation of North China is described in the reply of that Chinese general who, invited by Canton to march against Japan, replied that 'This move would be contrary to the de facto situation existing in North China!'

"In brief, despite appearances, events in China thus simplified are much clearer than one might believe."

The MESSAGGERO opined that if Canton should with communist assistance win out, British influence in South China would be seriously compromised: hence her demand for compensation in North China and the activities of Leith Ross.* The newspaper doubted, however, that China could grant England privileges in the Japanese sphere of influence or that Japan would tolerate this when her own industry was in such great need of markets. Daniele Varè (former Italian Minister to China), in an article published in the MESSAGGERO, found
England's

There has been no comment as yet on Leith Ross's recent parleys with the Japanese government.

-6-

England's policy weakened by the special position of her Dominions, particularly Australia, who would breathe easier if Japan were kept busy enough in China to forget about Australia. "The British Dominions," he said, "the United States (because of the Philippines), France (because of IndoChina), Holland (because of the Dutch Indies), and England herself (because of Hongkong, Singapore, and the Sunda Islands) might all under a certain aspect be pleased to see Japan engaged in China. Signor Varè, noting an article by Edgar Snow in the June 6th SATURDAY EVENING POST in which mention was made of British propaganda to obtain American cooperation against Japan, remarked:

"But investments of American capital amount to about one-sixth of British investments. On the other hand American investments in Japan are almost double those in China. And American exports to Japan are twice those to China. The Americans are practical people. When they hear a proposal for a united front in the Pacific and joint measures to preserve peace and active cooperation in maintaining the integrity of China, they show considerable scepticism.

"It must be kept in mind, however, that as an international dispute becomes gradually more acute, one is at the mercy of the slightest incident."

American diplomacy is coupled with that of Europe in the CORRIERE DELLA SERA'S accusation of negligence with regard to Far Eastern affairs:

"In the face of these grave complications in the Far East it is important to note the almost total paralysis of European and American diplomacy. In that conflict, the exact terms of which are as yet obscure, the fate of a good half of the inhabited world may be decided. Hypnotized by the spectacle of the insipid Genevan comedies, the western powers have too long and too largely neglected the Asiatic chessboard, which is far more vital

for

-7-

for their general interests and far more pregnant with unpredictable dangers. An occasional symptom today leads to the hope that this monstrous incomprehension is reaching an end."

Aside from these few fleeting references, there has been no comment on American policy, although news items reflecting thereon are briefly reported.

Forecasts of the outcome of the present complications are not ventured on, although the general conclusion of the press seems to be that while civil war in China is well within the range of possibilities, open war between China and Japan is unlikely; war between Russia and Japan is held to be even less probable. The MESSAGGERO excludes this last possibility on the mere ground that China is large enough to satisfy all present appetites, and it notes that while Japan has been engaged in Manchukuo, Inner Mongolia, and the northern provinces, Russia has quietly taken possession of Chinese Turkestan and has her agents busily employed in other regions.

As to Italy's possible future policy regarding the Sino-Japanese question, the recent appointment of Count Galeazzo Ciano as Minister for Foreign Affairs * is generally assumed to indicate, until proof to the contrary is forthcoming, an anti-Japanese position, in view of the new Minister's well-known sympathies for China. (In this connection it may be noted that the press of June 16th reports the favorable comment on Ciano's appointment appearing in the Nanking HSIN CHIN JIH PAO.) There is, on the other hand, some speculation as to whether Italy might pursue a pro-Japanese policy

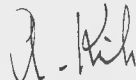
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Despatch No. 1735 of June 12, 1936.

-8-

policy to the extent of recognizing Manchukuo in return for recognition of Italian sovereignty over Ethiopia. At the same time it is pointed out that the cases of Manchukuo and Ethiopia are not analagous: in the first place, Manchukuo is territory formerly a component part of a state which still exists as a large and independent nation, while Ethiopia is the sum total of a formerly independent country now completely subject to Italian sovereignty; in the second place Manchukuo is an allegedly independent country, while no fiction whatsoever is maintained as to Ethiopia, frankly presented as a possession of Italy-- Manchukuo must be recognized if at all as an independent state, while in the Ethiopian case there is no question of recognition of Ethiopia but of recognition of Italy as the sovereign power of Ethiopia.

Respectfully yours,



Alexander Kirk
Chargé d'Affaires ad interim.

Enclosures:
Translation of Interview.
Summary of an Article.

EH/gc

710

Enclosure No. 1, Despatch No. 1740, June 15, 1936, American Embassy, Rome.

STAMPA, Turin,
June 12, 1936.

Interview with Ambassador Sugimura.

(Translation)

There are two kinds of diplomats, from the journalistic viewpoint at least: those who complicate the simplest sort of thing with an involved roundabout phraseology; and those who spare their listener the effort of deciphering every word. Very soon after his arrival in Rome, H. E. Yotaro Sugimura gained a reputation for frankness and clarity. After an interview with the Japanese Ambassador, one leaves the beautiful villa in Viale della Regina with clear ideas: the conversation has contained none of those sibylline phrases which for such a large part of the international repertoire or, worse yet, those pompous ones which boil down to nothing.

One can put questions to H. E. Sugimura in the least circumspect form:

Has Japan aggressive intentions toward China?
There is much talk of this.

We intentionally mentioned "aggression" since this word has been particularly dear to the Genevan bureaucrats, lovers of formalities upon which to base the most iniquitous legal consequences.

The Ambassador replies:

"Japan does not want to attack: she wants to live.
And you know as well as we do that the life of
a people cannot be stifled by protocols."

And at this point the courteous but sincere diplomat made a substantial distinction:

"Two aspects of the Far East situation must be considered: the economic and the political.
The economic problem is fundamental for us:
a people which is increasing steadily (like
all sound peoples) and has a restricted

territory,

-2-

territory, vitally needs economic expansion. In the political field, it is absurd to attribute 'aggressive' intentions to a nation which asks only for work. We are ready for war, even for a great war if necessary, because every strong people must today support its rights with its arms, but this does not mean that we desire to 'aggress' or in any way cause bloodshed in the Orient to increase our prestige."

Sugimura smiled a legitimate smile of national satisfaction when he declared:

"Japan already has her prestige. Three wars have fully confirmed it: a fourth is not needed for that purpose."

But this statement, though in itself reassuring, is not enough to liquidate peacefully the complicated situation of the Far East. The Sino-Japanese quarrel has many causes and, among the most important, the systematic Chinese boycott of the goods which Japan sent in abundance to that vast market.

"Competition is a commercial form of legitimate struggle, but systematic boycotting alters the situation: and it therefore automatically spreads from the economic to the political field. More or less the same thing happens in other countries, where many serious and acute situations originate in the failure to realize irrepressible economic needs: worse yet, it happens when artificial barriers are set up. The vitality of a people, I repeat, cannot be arrested, nor does it follow that it must necessarily prove harmful to the countries toward which it extends."

One naturally thinks of Manchukuo; and His Excellency immediately senses the unspoken question. He replies:

"Manchukuo is already experiencing the benefits of a sound and modern organization. It is logical that we intend to defend our interests where so much of our energy is expended. The ruler of Manchukuo, descendent of the last reigning dynasty in China, today has several capable and useful Japanese organizers in his government. The country is prospering: symptomatic proof of this fact is that capital is flowing plentifully into Manchukuo even from China.

On the

-3-

On the other hand, China is in the grip of the most serious political and administrative disorder; while the finances of the Nanking Government grow poorer and poorer, certain military leaders in the provinces grow richer. Several times the Chinese have boycotted Japanese goods and protested at contraband, carried on for the most part by Chinese. I admit that several things in Sino-Japanese relations must be corrected to eliminate the present abnormal situation. But the best remedy will always be the reestablishment of order in China by the Chinese themselves; the better elements in China have recognized this fact and are bending their efforts in that direction. Many Chinese, especially those inhabiting the regions near Manchukuo, regard the latter as an enviable country."

A problem having many unknown quantities also has many coefficients: and we cannot in this conversation pass over the highly important factor of communism. On this subject the eminent speaker is even more explicit:

"Communist propaganda we consider deleterious. On this point there is no possible hesitation. Through centuries of history our country has a tradition of sound hierarchies, a social constitution which no outside force must be allowed to weaken: the sanctity of the family, love of country, devotion to the Emperor represent an inheritance upon which anti-social, idealogical experiments cannot be permitted. We respect the internal organization of any foreign country, for that is none of our business, at least until such time as it is none of our business; but we are prepared for the most extreme measures should any possibility of contagion arise."

The word "contagion" accurately describes this pathological phenomenon of which we have such instructive symptoms in Europe; and the clinical word suggests an apt comparison to His Excellency:

"As in medical sciences there are two different techniques in political science and international relations: the medical method and the surgical method. At this moment there are two tendencies in Japan, one more moderate, the other more extreme. It cannot be said which is the wiser, for that depends on circumstances. The Army in our country represents a force that is not

only

-4-

only military but also, through centuries of tradition, directly political. It is natural for those who carry the sword to be inclined at the slightest provocation or obstacle to draw out their weapon and settle the situation by surgical methods. But one must not exaggerate or judge superficially and think that the Japanese army desires war for war's sake."

Since we don't want Sugimura to think us among those who share this false view, we quote, as confirmation of our opinion, the profound maxim of a great ruler who made modern Japan powerful: "Kekki-ni hayari, so-bo no furumai nado, senwa bu-yu to wa ii-gatashi." Sugimura fully agrees:

"Exactly. 'To act with brutal impetus and conduct oneself with violence must not be thought heroism.' The leaders of the Japanese army understand this proverb of the great Emperor. However, it is also natural for them to regard surgical method as the surest and quickest. On the contrary we diplomats have a medical mission: we must seek to identify the causes of the malady and cure it without too violent methods. The more skillful real diplomacy is, the better will it succeed in settling the gravest situations without an operation involving loss of blood. But even the most prudent doctor must occasionally have the wisdom to admit: 'In this case surgery is called for.'"

Enclosure No. 2, Despatch No. 1740, June 15, 1936, American Embassy, Rome.

GIORNALE D'ITALIA, Rome.
June 6-7, 1936.

Toward the Pacific - Obscure Conflict

Virginio Gayda.

(Summary)

The Sino-Japanese clash with its farflung international repercussions is today taking on a more acute and immediate aspect. But the whole affair at the present uncertain stage is vaguely outlined and imposes extreme prudence of judgment and objectivity.

The present complex developments in the Far East may briefly be summed up in three successive phases: increased Japanese pressure in North China; the hesitancy of the Nanking government; the reaction of the Canton government, which insists upon active opposition to the Japanese advance.

The increase in Japanese pressure in North China is the immediate result of the political situation in Japan following the military coup a few months ago. This movement was inspired by a nationalist spirit that wants to see Japan great, imperial, freed from the influence of parties and financial groups, absorbed in her mission of Asiatic concentration. The military does not command but strongly influences the Government, and that influence is responsible for the increased friction between Inner Mongolia, dominated by Japan, and Outer Mongolia, dominated by the Soviets, while Japan's presence in North China is felt more strongly from day to day.

That presence is today manifested in four ways: silent military pressure exercised through hidden batteries; establishment of Japanese advisors in the five northern provinces;

-2-

provinces; encouragement of the autonomist movement of those provinces; organized contraband of Japanese goods in them, cutting down China's customs revenue and dominating their economy. Pressure has increased during the past few weeks. An autonomous government has already been established in the provinces of Hopen and Shahar, having vaguely defined relations with Nanking. Meanwhile Japanese troops in the region have been increased to more than 10,000 men, Japan taking great advantage of the privilege of the signatories of the Boxer Protocol of 1901 to occupy certain strategic points of China.

As to China's reaction, the central government of Chang-Kai-Shek is not in accord with the more radical government of Canton. At this point it must be made clear that the current theory of a communistic spirit in Canton is incorrect. The Canton government, on the contrary, has distinctly nationalist tendencies. It claims to stand for the traditional Chinese nationalist of democratic tendencies as against the alleged dictatorship of Chang-Kai-Shek. But aside from this internal divergency, the Canton-Nanking conflict originates particularly in their differing reactions to Japanese policy.

Nanking is hesitant, due unquestionably to its immediate and dangerous contact with Japanese forces. Were Nanking's reaction overly direct and violent, Japan would use it as a motive for open war, in which the Chinese forces might be easily submerged. But hesitation also is dangerous for the Nanking government. It is contrary to the cause of national renaissance which has placed Chang-Kai-Shek, its declared exponent, on a pedestal and meanwhile it provokes the hostility of the Canton government, which, being less exposed to Japanese threats, more uncompromisingly stands for the spiritual

-3-

spiritual and territorial integrity of China against Japan.

The match is decisive. The demands Japan has served on China during the past few months inevitably tend toward complete, direct Japanese influence. These demands are fundamentally three: recognition of the independence of Manchukuo, product of the mutilation of Chinese territory; cessation of all anti-Japanese agitation; united front against communism--that is, against Russia. Nanking temporizes. Its dilemma is rather cruel. Agreements with Tokyo have been rumored, but it does not appear that any agreement exists. An agreement with Soviet Russia has also been talked about, but this too seems unfounded: Russia, one would think, is today concerned chiefly with her European frontiers, the defense of the Outer Mongolian frontier, and her own maritime provinces, where she has concentrated 200,000 men, airplanes, and submarines.

The nationalist move of Canton is therefore directed against Nanking because directed against Japan. Though no declaration of war has been made, the movement is distinctly military.

With this internal dissension as against Japan's cool decision, the Chinese situation seems confused and uncertain. It is further complicated by other factors, one of which is the presence of strong groups of the Chinese red armies. Disbanded in large part by Chang-Kai-Shek, the remnants of these armies are now concentrated in Shantsi and Kansu, particularly the former, in a zone in immediate contact with the Japanese armies. What course will they take? Will they operate independently, in the service of the Soviets, or with the Chinese national troops against Japan?

This new phase in China has, according to our forecasts, occurred

-4-

occurred during the period of sanctions and the absence of European policy in the restless Pacific. It was obvious that England's excessive concentration on the Ethiopian affair would open up Chinese territories, wherein England has vast and vital interests, to new influences.

England's reaction has not yet come about. Her policy in the Far East has been somewhat ambiguous during the past months, ranging from efforts to reach a direct agreement with Japan for cooperation in North China despite opposing precedents at Geneva, to a state of almost complete inactivity after Japan showed distinctly that she desired to be alone in her Asiatic policy. She now appears about to resume an active policy. The first symptom thereof, which coincides in a measure with the diminished tension in Europe, may be found in the 1,200,000 pound loan which Great Britain is preparing to grant China, since this would indicate that England is taking a position against Japan.

It appears that France also is giving her attention again to the Far East, where western influence has practically disappeared of late.

Absorbed in the Ethiopian affair, Europe has lost its world vision and sense of its own great interests. Having destroyed its solidarity, it has also destroyed the force and clarity of its world political directives. The results are today obvious.

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

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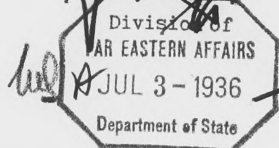
FROM

GRAY

Peiping via N. R.

Dated July 3, 1936

Rec'd 2 p. m.



Secretary of State,
Washington.

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

338, July 3, 6 p. m. / 18007

Embassy's 327, June 27, 3 p. m.

One. The local Japanese Assistant Military Attache stated this morning that the Chinese authorities agreed this morning to Japanese demands with regard to the detention on June 26 of a Japanese officer in Chinese barracks at Fengtai which had been followed by another incident on June 30 when a Sino-Japanese committee investigating the affair had been threatened by Chinese soldiers with rifle and machine guns.

Two. He stated that the demands agreed to were as follows: (1) punishment of the captain who detained the Japanese military officer; (2) apology from Chinese military authorities; (3) guarantees against repetition; and (4) the removal of the Chinese battalion stationed at Fengtai. He added that the battalion has already been replaced by another.

Copy to Tokyo.

MERRELL

KLP

793.94/8027

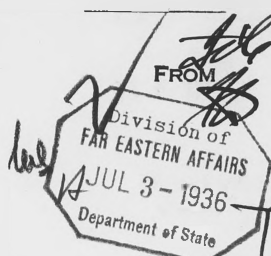
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JUL 7 1936

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

TELEGRAM RECEIVED

LMS

1-1336



GRAY

Peiping via N. R.

Dated July 3, 1936

Rec'd 1:55 p. m.

Secretary of State,
Washington.

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

336, July 3, 4 p. m. 793.94/8824

Embassy's 331, July 1, 1 p. m.

One. The Consul at Tsingtau reports that the despatch of the Japanese cruiser IDZUMO to Tsingtau in connection with the flag and smuggling incident is possibly due to the unrest prevailing among Japanese at Tsingtau; that those Japanese who participated June 27 in mass meetings and demonstration are not (repeat not) satisfied with the situation; that considerable resentment is being shown against the Japanese Consul General and consular police for measures of restraint taken at that time; that the federation of ten Japanese societies in Tsingtau which was formed in early June is understood to have made strong representations to the Japanese Government; that thirteen Japanese subjects, including an important newspaper man, have been arrested by the Japanese Consulate General; and that a censorship of the Japanese press is apparently being imposed by the Japanese Consulate General.

By mail to Tokyo.

KLP:WWC

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793.94/8028

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JUL 7 1936

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

CA

Gray

CANTON VIA N. R.

TELEGRAM RECEIVED

Dated July 4, 1936.

Rec'd 1:30 p.m.

1-1236
Secretary of State,
Washington.

FROM Division
FAR EASTERN AFFAIRS
JUL 6 - 1936
Department of State

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

793.94
July 4, 4 p.m.

Have just been separately approached by local authorities and by the special delegate for Foreign Affairs with blustering effort to hold Dollar Steamship Company responsible for refusal to transport to Shanghai 300 so-called "representatives of various public organs to insist on immediate anti-Japanese military operations." Delegation scheduled to sail from Hong Kong tomorrow on the PRESIDENT JEFFERSON and consists of individuals hitherto unheard of, all of them travelling steerage. Delegation obviously one for demonstration purposes only. Local agent of Dollar Steamship Company informed me that Nanking Government informed American Consul General at Shanghai that members of delegation will not be permitted to land in Shanghai, that American Consul General so informed Dollar Steamship Company which instructed its Hong Kong office to inform delegation and refuse to sell tickets. This Consul-General has emphatically informed local authorities that the Dollar Steamship Company should be left out of the question which is obviously a political one for settlement between the Southwest and the Nanking Government, the American company being only a commercial firm bound by the well known laws governing steamship companies. Both officials finally admitted their appreciation of situation and desisted from efforts

793.94/3029

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JUL 7 1936

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

--2--Canton, July 4, -4 p.m...

efforts to blame American company. Authorities plan to buy through tickets to Kobe for this proclaimed arch anti-Japanese delegation in the belief that through passengers, delegates may be able to stop off in Shanghai and in any event will be quite free to land in Japan where they need no passports. Local Dollar agent who is proceeding at once to Hong Kong has given fullest details of my conversations with local authorities. Have given similar advice directly to the American Consul General at Hong Kong by telephone.

Two. Very serious and increasingly chaotic conditions in Kwangsi is being reported in telegram to follow.

Sent to Shanghai and repeated to the Department, Peiping, Hanking and Hankow.

SPIKER.

170-2

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

1-1236

FROM

JS

Gray

GENEVA (Part air)

Dated July 3, 1936

Rec'd 6th 5:07 a.m.

Secretary of State,

Washington, D.C.

Division of
FAR EASTERN AFFAIRS

JUL 6 - 1936

Department of State

282, July 3, 4 p.m.

I had lunch with Koo today who in what he had to say
confirmed my 238 June 22, noon.

GILBERT

JS

793.94/8030

FILED
JUL 7 1936

F 6

TELEGRAM RECEIVED

RB

1-1236

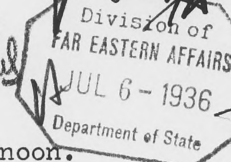
FROM GRAY AND SPECIAL GRAY

Hankow via N. R.

Dated July 3, 1936

Rec'd 8:30 p. m.

Secretary of State
Washington.



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

216, July 3, noon.

Paragraph No. two of our 209, June 29, 11 a. m. and
our 213, July 2, 4 p. m.

One. Kawagoe arrived yesterday morning on light
cruiser KUREA. The river flagship ATAKE and two gunboats
were here but one gunboat and the flagship left after
he disembarked. The semi-official Central News Agency
states that while he himself gave no statement to the
press, First Secretary Suma, speaking for him, said in
reply to questions that the time is premature to open
negotiations for the settlement of numerous Sino-Japanese
issues and a second protest to the Foreign Office over the
customs incidents is not (repeat not) contemplated.

Two. Kawagoe yesterday told a foreign news corres-
pondent that (one) "political questions" can remain in
the background for the present and his first official
concern will be with Sino-Japanese "economic cooperation";
(two) the immediate questions he will take up concern
"cooperation"

793/94/3031

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JUL 9 1936

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

RB

-2-#216, July 3, noon from Nanking

"cooperation" in communications, particularly railways,
and ~~he is~~ prepared to press these matters energetically.

Three. Kawagoe presented ~~him~~ ^{his Credentials} as Ambassador this morning.

Four. To the Department. By mail to Peiping,
Shanghai, Tokyo.

PECK

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

DEPARTMENT OF STATE

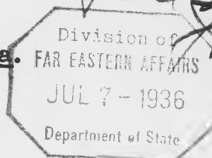
DIVISION OF FAR EASTERN AFFAIRS

June 26, 1936.



~~CONFIDENTIAL~~

Subject: The Situation in China.



793.94
S:
Mr. Secretary.

During the week in review several incidents increased the tension in Sino-Japanese relations in North China, while in regard to South China reports indicated diminished prospects of an adjustment without resort to hostilities of the differences between the Nanking Government and Kwangtung, Kwangsi authorities.

RECEIVED
DEPARTMENT OF STATE
JUL 3 1936
DIVISION OF
COMMUNICATIONS
ADMINISTRATION
JUL 3 1936
In regard to North China, the press has reported strong Japanese resentment and possible demands as a result of (1) the wounding of several Japanese when a Chinese customs patrol boat fired upon a Japanese vessel engaged in smuggling, (2) the wounding of four Japanese sailors when a Chinese cruiser fired upon a Japanese steamship, and (3) the death of an alleged Japanese drug dealer at Tsinan, Shantung, at the hands of Chinese. It is not improbable that the Japanese authorities will make use of these incidents to further their objective of a Japanese-controlled North China.

In regard to South China, reports indicate that minor clashes have occurred in South Hunan Province between forces of the Nanking Government and of Kwangsi Province.

Although

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JUL 9 1936

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

- 2 -

Although there seem still to be possibilities that general hostilities may be avoided, recent reports are not encouraging.

Of interest in connection with the South China situation are the press reports (1) that the Nanking Government has officially charged Japan with supplying arms and ammunition to the rebellious Kwangsi Army and (2) that a large number of Japanese military advisers attached to the Kwangsi Army have departed for Japan.

Of interest in connection with events in North China is the report from our Embassy at Peiping that during a parade of several thousand Japanese troops through the "Legation Quarter" at Peiping two American citizens suffered indignities at the hands of Japanese soldiers and that premises of the Embassy were entered by Japanese soldiers. Our Embassy has handed the Japanese Embassy three narrative memoranda calling attention to these incidents. (NOTE: The sensational reports which appeared in the American press of June 26 in regard to the Embassy's action and the Department's attitude toward these incidents are utterly unwarranted, and the Embassies at Peiping and Tokyo and the Japanese Ambassador at Washington have been so informed.) The French Embassy at Peiping has made representations to the Japanese Embassy in regard to similar incidents involving French nationals.

JCV. m.m.H. *[Signature]*
FE:JCV/REK:VDM

[Signature]

0125
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

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DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

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JUL 6 1936

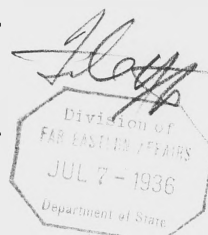
July 3, 1936.

CONFIDENTIAL

DIVISION OF
COMMUNICATIONS
AND RECORDS

Subject: The Situation in China.

793.94
S:
Mr. Secretary.



Continued tension and uncertainty characterized the situations in north and south China during the week in review. Definitive developments were lacking in both areas.

In regard to north China, the Japanese attitude toward the firing on alleged Japanese smuggling vessels by Chinese revenue cruisers caused apprehension (angry demonstrations by Japanese residents of Tsingtao were controlled by the Japanese police) but it now appears that the incidents may be settled without untoward difficulty.

The Embassy at Peiping reports that the Japanese military in north China, faced with continued Chinese procrastination in meeting their demands, "seem to be in somewhat of a quandary, especially as they maintain that they do not wish to use military force". Whether or not the Chairman of the Hopei-Chahar Council, the Embassy continues, will yield further to Japanese desires depends on the outcome

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JUL 9 1936

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

- 2 -

of the difficulties between the Nanking Government and the south China authorities, as a failure to settle these difficulties soon will greatly weaken the Chairman of the Council vis-à-vis the Japanese.

In regard to south China, the situation remained obscure. The press reported extensive mobilization of Nanking Government and south China troops and minor clashes between these troops but general hostilities have so far been avoided and efforts to arrange for an adjustment of the difficulties without resort to hostilities were continued. A press despatch carried a statement by a representative in Shanghai of the south China military leaders to the effect that the Japanese, desirous of forestalling unification in China, would if necessary endeavor to prevent Chiang Kai-shek from obtaining a decisive victory over the south China armies.

M. M. H.

JZV.
FE:JCV/VDM

Autm

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

TELEGRAM RECEIVED

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GRAY

1-1336

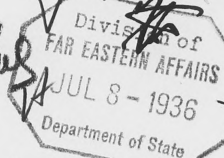
Peiping via N. R.

FROM

Dated July 7, 1936

Rec'd 2:40 p. m.

Secretary of State,
Washington.



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

342, July 7, 5 p. m.

The following telegram has been received from the
Consul General at Shanghai:

"July 6, 3 p. m. Reference Canton's July 4, 4 p. m. 18029
Shanghai head office of Dollar Steamship Line instructed
their Hong Kong office to cancel passage of the 300
steerage passengers from Hong Kong to Shanghai because
of representations made by the Chinese municipal (repeat
municipal authorities) at Shanghai that these passengers
would not be permitted to land at Shanghai, reports hav-
ing been received that they were proceeding here for
the purpose of political agitation. The representations
were made directly to the Dollar Line and later confirmed
to me orally by the Secretary General of the Chinese
Municipal Government of Shanghai. Dollar Line was re-
luctant to cancel passage but in view of warning that
the passengers would not be permitted to land at Shanghai
they could take no other action. The passengers had
been booked without any knowledge of the purpose of
their

793.94/8034

JUL 8 1936

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

LMS 2-No. 342, July 7, 5 p. m. from Peiping.

their visit to Shanghai.

Repeated to Peiping, and Canton, by mail to Nanking."

JOHNSON

CSB

0125
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

79394

DOCUMENT FILE

NOTE

SEE 893.00 P.R./115 FOR #174

FROM China (Nanking) (Peck) DATED May 29, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese discussions at Nanking: (1) the increase in Japanese garrisons in North China; (2) the smuggling of Japanese goods into the demilitarized zone of the Luangtung area.

FRG.

793.94/8035

8035

793.94
2. Japan:

(See Peking's monthly review for May)

Diplomatic discussions at Hanking:

Sino-Japanese discussions at Hanking which received publicity related to (1) the increase in the Japanese garrison in North China and (2) the smuggling of Japanese goods into the demilitarized zone of the Luantung area.

Supplementing oral representations made to the Japanese Embassy at Hanking April 7 the Foreign Office instructed the Chinese Embassy at Tokyo on May 15 to make further representations concerning the assignment of additional Japanese

troops

1. Kuo Min Hwa Agency, May 20 and 21.

- 3 -

troops in Tientsin and Peiping². The earlier representations were to the effect that there was no necessity for increase in the Japanese garrisons and an increase would be contrary to usual practice; the later representations contended that increases in number of troops would tend to intensify the feelings of the Chinese people and would be contradictory to the "non-aggression and non-threatening policy" of the Premier, former Foreign Minister Hirota. On May 15 or 16 the Foreign Office handed the Japanese Embassy a note recapitulating smuggling activities in North China and previous representations and asking that the Japanese Government (1) take immediate steps to restrain the Japanese military authorities from further interference with the preventive functions of the Chinese Customs and (2) withdraw the protection hitherto enjoyed by Japanese and Korean smugglers.³

It was not expected in Chinese official circles in Nanking that these representations would have any concretely beneficial result and it appeared subsequently from press reports that the Japanese rejected the Chinese representations. Dorel⁴ reported from Nanking, May 25, that the Japanese Charge d'Affaires (Mr. Yasuno Wakasugi) had come to Nanking from Shanghai and on that date had called on the Foreign Minister and "drawn the attention of the Chinese Government to the unfavorable effect of the Chinese allegations regarding Japan's responsibility for the smuggling situation in North China upon Sino-Japanese relations". Mr. Wakasugi was also reported to have

2. Nanking's telegram Nos. 140, May 16, 10 a.m. and 145, May 18, 3 p.m.

3. Nanking's telegram Nos. 143, May 16, 12 noon; Department's telegram to Embassy, Nanking, No. 84, May 20, 3 p.m.; and Nanking's telegram No. 149, May 22, 10 a.m.

4. Semi-official Japanese news agency.

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

- 4 -

have said that Japan was without responsibility in the matter.

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

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DOCUMENT FILE

NOTE

SEE 893.00 P.R. Tientsin/96 FOR #-

FROM Tientsin (Berger) DATED May 29, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese relations: Expansion of Japanese army in North
China; Sino-Japanese negotiations; Affairs of the Hopei-
Chahar Political Council; Inner-Mongolian affairs; East
Hopei Regime; Assassination in Tientsin.

FRG.

793.94/8036

8036

B. Relations with Other Countries.

Japan.

a. Expansion of Japanese Army in North China.

793.94
(1) Garrison increase. (1) The long heralded increase in the number of Japanese troops garrisoned in North China began on May 14, when Japanese army transports landed the first contingent of the new troops - reported to number 1,700 men - at Ch'inwangtao. Detachments of these troops arrived in Tientsin on the nights of May 14-15 and 15-16, supplemented by small groups arriving subsequently. A part of their number continued to Peiping and T'ungchou.

At this writing no reliable report of the total number of these troops brought into

(1) See also this Consulate General's despatch No. 221, dated May 20, 1936, to the Embassy, Peiping.

-3-

into North China during the month is available. The Japanese military authorities are attempting to maintain the strictest secrecy concerning the movement, and even an accurate approximation of the extent of the increase is rendered difficult by the facts that a part of the new troops are replacements; that some of them may be simply being shuffled back and forth within the Great Wall; and that any number might be, and some probably are being, infiltrated into North China in groups small enough to be inconspicuous in themselves. It is widely believed, however, that there will be between 8,000 and 10,000 Japanese troops in North China before the end of June, and some observers suspect that the final total may go even higher.

It was reported⁽²⁾ that the Japanese military authorities had requested General Sung Che-yuan to permit them to use the Nanyuan Barracks outside of Peiping to quarter a part of the contingent of these new troops which is being sent to Peiping. General Sung was expected to accede to the request.

Informed Chinese with whom the matter was discussed were impressed neither by the Nanking Government's protest to Tokyo nor by the official explanation of the Japanese War Office that the increase was necessitated by the activities of Communists and anti-Japanese organization in

⁽²⁾ North
PEKING & TIENTSIN TIMES, May 26, 1936.

-4-

North China.

(2) Tashiro replaces Tada (3) Lieutenant-General Kenichiro Tashiro, formerly Commander of the 11th Division of the Japanese Army, arrived in Tientsin on May 19 to take over command of the Japanese Garrison in North China, replacing Lieutenant-General Hayao Tada, recently promoted, who left on May 22 for Japan to assume his successor's old command.

The new commander of the North China Garrison is the first to be appointed to that post by the Emperor, and it is generally believed here that with the enhanced prestige of his higher status General Tashiro also possesses a much greater freedom of action than was enjoyed by his predecessor.

(3) Brigade Commander to Peiping. On May 14 Major General Shozo Kawabe arrived in Tientsin en route to Peiping, where he has just been assigned as the commander of a skeleton infantry brigade.

With General Kawabe's assignment to Peiping, the Japanese Army now has a Lieutenant General, two Major Generals, and an imposing list of relatively high ranking subordinate officers stationed in the Province of Hopei. It is obvious that the presence in North China of so many officers of rank and experience would permit the very rapid creation of an even larger war machine here than would appear from the present troop increases to be immediately contemplated.

b.

(3) See also this Consulate General's despatch No. 225, dated May 21, 1936, to the Embassy, Peiping.

-5-

b. Sino-Japanese Negotiations.

(1) Japanese seek pact. (4)

Conferences between various Japanese military officials in Peiping and Tientsin and the local Chinese authorities continued throughout May. The Japanese were said to be pressing for an anti-communist agreement and North China fiscal autonomy, in return for which they were reported to be offering the abolition of the "Anti-Communist Autonomous Government of East Hopei" and assistance in suppressing smuggling.

(2) Rumors of Chinese unwillingness.

The Japanese military are reported to have felt considerable dissatisfaction with the slowness with which these negotiations were moving. The resulting tension gave rise to a rumor in which General Sung Che-yuan's short illness around the 21st of the month was said to be the fore-runner of his imminent resignation, which was to be followed by that of Hsiao Chen-ying, the Mayor of Tientsin. Unconfirmed reports are also current that General Sung Che-yuan was given an ultimatum by the Japanese military on May 15, but rejected it.

c. Affairs of the Hopei-Chahar Political Council.

(1) Special Commissionership absorbed. (5)

By decreeing that the Nanking-appointed Special Commissioner for Foreign Affairs for Hopei and Chahar was

henceforth

(4) See also this Consulate General's despatches No. 203 and No. 211 of May 5 and May 9, 1936, respectively, to the Embassy, Peiping.

(5) TA KUNG PAO, May 5, 7, and 9, 1936.

-6-

henceforth to be subject to the control of the Foreign Relations Committee, the Hopei-Chahar Political Council effected the absorption of that post, which had been under the Ministry of Foreign Affairs of the Central Government. The Peiping archives of that Ministry, in the custody of the Special Commissioner, were also taken over by the Committee. The recently appointed incumbent, who has been selected for the post at the Council's request, resigned to accept another position under it.

(2) More Committees. The Communications and Codification Committees of the Council, presided over by Ch'en Chueh-sheng (陳覺生), the Managing-Director of the Peiping Railway, and Teng Che-hsi (鄧哲熙), the President of the Hopei Higher Court, respectively, entered upon their functions in the latter part of May. (6)

(3) Military training. Renewing an earlier order which had apparently been disregarded, the Hopei-Chahar Council issued a circular instruction early in May to all Government universities, colleges, and middle schools forbidding further military training and ordering all military instructors to leave at once.

(4) Shih Ching-ting resigns. Although he is reported to be still a member of the Hopei-Chahar Political Council, General Shih Ching-ting's (石敬亭) resignation from the post of

Chief

(6) I SHIH PAO, May 11 and 19, 1936.

-7-

Chief Councillor of the Headquarters of the Pacification Commissioner for Hopei and Chahar was accepted early in May. (7)

d. Inner-Mongolian Affairs.

(1) Council ordered to move. (8)

893.01 Inner Mongolia
The Executive Yuan of the Nanking Government is reported to have ordered the Inner Mongolian Autonomous Political Council at Peilingmiao to remove its headquarters to Kuate Hsien (化德縣) in Chahar. It is understood that the Mongol Council voted against compliance with the order.

(2) Plenary Session. (9)

This action was taken in the Fourth Plenary Session of the Council, which also voted to ask the Central Government for further subsidies and for arms for its Pao An Tui. Other reports allege that the main business of the session was the establishment of an administration acceptable to the Japanese.

e. East Hopei Regime.

(1) Return call. The East Hopei "Autonomous" Government's good will mission to "Manchukuo" was returned by a similar mission from "Manchukuo" during May.

(2) Pact to be concluded. On May 19, the day on which the "Manchukuo" mission reached T'ungchou, statements were released both there and in

Hsinking

(7) NORTH CHINA STAR, May 8, 1936. See also the Consulate General's Political Review for April, p. 6.

(8) PEKING & TIENTSIN TIMES, May 7, 1936.

(9) I SHIN PAO, May 5, 1936, and TA KUNG PAO, May 7, 1936.

-8-

Hsinking to the effect that both "East Hopei" and "Manchukuo" were desirous of concluding a mutual assistance agreement, and that a tentative draft was being prepared in Hsinking.

f. Assassination in Tientsin. (10)

Wang Hsiang Ch'en, (王相臣) who at one time acted as General Shih Yu-san's (石友三) Japanese secretary and interpreter, was shot dead at 8:30 in the evening of May 22 at the corner of Tachibana and Naniwa Roads in the Japanese Concession. Recent reports of General Shih's renewed activities in the interests of the Japanese in Tientsin have given rise to a widespread impression that the murder may have had a political motive. It was feared that the Japanese would use it as an "incident" but they have so far shown no disposition to do so.

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

793.94

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Foochow/100 FOR #698

FROM Foochow (Burke) DATED June 3, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese relations: Visit of Japanese Vice Admiral to
Foochow; Visit of Japanese Consul at Amoy to Foochow, offi-
cially; Taiwan Pressmen's Mission .

FRG.

793.94/3037

8037

2. Japan:

a. Japanese Vice Admiral visits Foochow:

793.94 The Japanese Vice Admiral who is the Commander of the Forts at Mako, arrived in Foochow on May 9, 1936,

where

where he remained for three days. He was entertained by the Provincial Government and the Chinese naval authorities.

b. Japanese Consul at Amoy visits Foochow officially:

The Japanese Consul at Amoy came to Foochow by airplane on May 21, 1936. He called on General CHEN Yi. The Provincial Government gave a reception in his honor on May 22, 1936, at the famous monastery on Kushan Mountain (鼓山). The Consul returned to Amoy on May 25, 1936.

c. Taiwan pressmen visit Foochow:

The Taiwan Pressmen's Mission arrived in Foochow on May 17, 1936. A tea party was given in their honor at the Fukien Provincial Library by the Foochow Pressmen's Association. The object of the Mission was said to be to study Chinese culture in the southern ports. Having been conducted on a tour of inspection of the various public institutions, they left for Amoy on May 19, 1936.

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 893.00 P.R.Amoy/105 FOR Desp.95

FROM Amoy (Dick) DATED June 4, 1936.
//// NAME 1-1127 ***

REGARDING: Sino-Japanese relations: Reports incidents affecting --
Efforts of Japanese priests to seize land; Japanese
spies.

fpg

793.94/8038

8038

1. Japan

713.14
a. Several Japanese priests have lately tried to obtain a large area of ground near the Ta Kuan Yuan (達觀園) but the owners of many graves thereon stoutly resist efforts of the priests to seize the property. Tension developed to such a point that the Mayor of Anoy interviewed the Japanese Consul and reputedly promised to order the graves owners to remove them providing the priests would comply with the required legal procedure to obtain perpetual leases.

The

- 4 -

The Japanese Consul at first insisted upon the right of his religious missions to freely acquire property but finally agreed to submit the question to Tokyo while the Mayor reported the case personally to the Provincial Government at Foochow for instructions.

In the meanwhile excavation on the premise has been stopped. The Mayor proceeded to Foochow and it is learned will continue to banking. Persons unknown.

c. Japanese spies.

Several arrests have been made of persons making maps of the country around Amoi and their persons delivered to General in command at Chuanshow. Others taking pictures of the Asiatic Petroleum Company and the Standard-Vacuum Oil Company's oil installations at Amoi -u escaped arrest by fleeing in a motor sampan to a nearby Japanese destroyer.

The so-called spy scare caused the for-profit owned Fukien Daily News of May 9th to comment that the rumors regarding an autonomous movement in Fukien have roused suspicion of the Chinese authorities against Japanese and in consequence arrests are only manifestations of nervousness.

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

793.94

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Tsingtao/99 FOR #126 to Embassy

FROM Tsingtao (Sokobin) DATED June 5, 1936
TO NAME 1-1127 ...

REGARDING: Sino-Japanese relations: Serious incident in Tsingtao over
the assault of a Japanese school girl by Chinese students;
Japanese merchants and Chinese tariff, smuggling in North
China.

FRG.

793.94/ 8039

8039

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

B. Relations with Japan.

79394
The first serious incident in Tsingtao over a considerable period involving Chinese and Japanese occurred on May 29, when Chinese school boys assaulted a Japanese school girl. The Chinese authorities do not regard the incident in itself as serious, but the Japanese do so regard it, asserting that the assault was but a manifestation or result of the "anti-Japanese education" which Chinese children receive in local schools. Accordingly the usual demands for apology, punishment and guarantees for non-recurrence were stipulated by the Japanese community for presentation by the Japanese Consul General. Even more far reaching was the coupling of a recommendation that the eradication of "anti-Japanese education" be also demanded. The recommendation...

- 5 -

recommendation probably envisaged the submission of text books and curricula to Japanese for approval.

Japanese Merchants and Chinese Tariff.

Reports of the disastrous effect of the smuggling in North China on the trade of Tsingtao were given prominence by the Japanese press in Tsingtao in May. While exact figures are unobtainable there is little doubt that customs revenue at Tsingtao has suffered severely. The trend is such that the figures when revealed will show a greater loss in revenue than is generally realized by the public at this time.

The local Japanese merchants, as reported in this consulate's despatch no. 120 of May 22, 1936, subject: Japanese Merchants Seek Adjustment of Chinese Tariff. indicate that a reputable, orderly diplomatic negotiation of the tariff problem would be welcome rather than a wanton attack by smugglers whose actions will certainly not result in the strengthening of a peaceful, prosperous China. In conversations with Japanese during May this consulate was impressed by the emphatic disavowal of and the displeasure shown toward the smuggling operations in North China.

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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 711.94/1113 FOR Letter

FROM Davis, Norman H. () DATED June 17, 1936
TO NAME 1-1127 ...

REGARDING: Desire of Japanese Army to cultivate the friendship of
Nanking; the wiser element getting more and more in power
in the Japanese Army. This according to Mr. Yoshida in
conversation with Mr. Norman H. Davis, June 16.

FRG.

793.94/8040

8040

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

DOCUMENT FILE

NOTE

SEE 121.5493/152 FOR Tel. 330, 4pm.

FROM China (Merrell) DATED June 30, 1936

TO _____ NAME _____ 1-1127 ***

REGARDING:

Attack on Jernigan and Mrs. Yaecker by Japanese military:
Result of investigation reported; Japanese Embassy has been
requested by Japanese Embassy guard to convey to American
Embassy an expression of their regret.

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793.94/3041

8041

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

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U
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FS

GRAY & SPECIAL GRAY

Peiping via N. R.

Dated June 30, 1936

Rec'd 7 a. m.

Secretary of State,
Washington.

330, June 30, 4 p. m.

Embassy's 322, June 25, 2 p. m.

One. Hanawa, First Secretary of the Japanese Embassy,
called shortly after noon today and delivered the follow-
ing memorandum:

"Having been informed by the American Embassy on
June 25, 1936, of the incidents in which some Japanese
soldiers were said to have been involved on the 21st and
23rd June, the Japanese Embassy referred the matter to
the military authorities.

The result of their investigations revealed that, to
their regret, the similar incidents as stated in the
memorandum of the American Embassy and the statement of
Captain H. S. Jernigan had occurred on June 21st and 23rd
respectively, although Mrs. Yaecker's case could not be
ascertained as any officer or noncommissioned officer
could not remember that any such incident had occurred on
June 23rd in front of the Wagonslits Hotel.

Apart

notes
793.94
393.512
393.11
144.93
1249318

1215493/152

FS 2-No. 330, June 30, 4 p. m. from Peiping

Apart from the case of Sankwanmiao, which occurred on June 21st, the incidents of June 23rd occurred on the occasion of the presentation of a regimental flag, when, in view of the solemnity of the ceremonies, an unusually strict guard was put in force and it is presumed that the presence of armed soldiers and language difficulty furthered misunderstanding and irritation between them and the passers-by.

The Japanese Embassy has been requested by the Japanese Embassy guard to convey to the American Embassy an expression of their regret upon the occurrences and that necessary caution will be taken for the future.

Two. Hanawa stated that the Japanese Embassy was not (repeat not) giving the note to the press and that Wagglo, senior, requested that the substance of the note not (repeat not) be given to the press as "it would hurt the feelings of the Japanese military".

Three. In answer to inquiries from press representatives I have said that the reply has been received, that it has been forwarded to the Department, that the Embassy felt it could not give out the content thereof without the Department's authorization but that in my personal opinion which was not (repeat not) for publication it appeared to be satisfactory.

Repeated to Nanking and Shanghai.

HPD

MERRELL

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

793.94

DOCUMENT FILE

NOTE

SEE 893.00/13588 FOR Tel#217, 10am

FROM China (Nanking) (Peck) DATED July 4, 10am
TO NAME 1-1127

REGARDING: Han Fu Chu recent submission of resignation "due to illness".
Explanation of-, by reliable Chinese official, who attributes this action to pressure from Japanese and the present circumstances making it unlikely of his receiving assistance within North China or from the Central Government.

FRG.

793.94/8042

8042

CA

Gray and Spl Gray

HANKING VIA H. R.

Dated July 4, 1936.

Rec'd 7:30 a.m.

Secretary of State,
Washington.

217, July 4, 10 a.m.

NOTE
793.94

One. Following explanation of Pan Pu Chu's recent submission of resignation and illness (which have been reported in the press) has been furnished an officer of the Embassy by a reliable Chinese official who is so informed as to know: Pan's power has become almost untenable because of pressure (1) by Japanese seconded probably by some Chinese officials in the North to participate in the "Pei Chahar Council and to place Shantung under that body's jurisdiction: (2) by the National Government to take strong measures to suppress the traffic in smuggled goods in Shantung. He fears, with reason, that whatever action he takes in support of the government will give the Japanese an excuse to create an incident in Shantung and take punitive measures which will involve him in an "undeclared war." He knows that he cannot (repeat not) count on military assistance from Northern leaders who are now failing to exert themselves to assist the government in its efforts to stop the traffic in smuggled goods. With the government's forces reserved for suppression of the Southwestern revolt he doubts that the government would assist him and he would accordingly be left to bear the brunt of any Japanese military action in his province.

893.00 / 13588

0155
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

CA --2--217 Nanking July 4 10 a.m...

province. His loyalty to the government remains unquestioned and he will probably remain in office.

Three. For Peiping: We have not repeated to the Department Tsinanfu's Oct. 30, 2 p.m.

Four. Repeated to the Department and Peiping, by mail to Tsinanfu, Shanghai and Tokyo.

PECK

WGB

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 893.00/13597 FOR Tel. #343-6pm.

FROM China (Johnson) DATED July 7, 1936.
//H// NAME 1-1127 ***

REGARDING: Chinese resistance to Japanese pressure: Han Fu Chu
sent a representative to Chiang Kai Shek begging
him to avoid armed conflict with the southwest at
all costs, saving his strength for resistance to
Japanese pressure.

fpg

793.94/8043

8043

FS

GRAY

Peiping via N. R.

Dated July 7, 1936

Rec'd 2:25 p. m.

Secretary of State,
Washington.

345, July 7, 6 p. m.

The following telegram has been received from the
Consul at Tsinanfu.

"July 6, 5 p. m. I am confidentially informed by an
unquestionably reliable source that Han Fu Chu is sending
an important representative by tonight's express to inter-
view Chiang Kai Shek in Nanking before July 10th. The
representative will take a letter and most urgent oral
entreaty from Han begging Chiang to refrain from armed
conflict with the southwest at all costs no matter how
great the provocation, and warning Chiang that Han has no
other alternative than to resign if Chiang wastes the national
strength in a civil war at this juncture when every bit of
Chiang's strength and undivided attention is needed to pro-
vide the support requisite for Han to resist Japanese
pressure to force Han to join Sung Che Yuan in the establish-
ment of an independent organ for the preservation of peace
and neutrality, to protect their respective territories and
people. Han will resign rather than submit to the humilia-
tions Sung has experienced."

CSB

JOHNSON

note

793.94

893. 80/135-97

72

TELEGRAM RECEIVED

LMS

1-1336

GRAY and SPECIAL GRAY

FROM

Peiping via N. R.

Dated July 8, 1936

Rec'd 5 p. m.

Secretary of State
Washington.

Division of
FAR EASTERN AFFAIRS
JUL 9 - 1936
Department of State

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

345, July 8, 2 p. m.

Embassy's 329, June 27, 4 p. m. / 8008

One. The Sino-Japanese situation in Hopei appears to be quiet. Both sides seem to be awaiting the outcome of Nanking's difficulties with the Southwest.

Two. There is some evidence that the Japanese military here are now giving some consideration to Chinese feeling. This attitude has become apparent since the meetings of the Japanese military reported in the Embassy's 313, June 20, 3 p. m. (With regard to the elimination of the Kwantung army's participation in affairs south of the Great Wall, a secretary of the Japanese Embassy states that any important development affecting the status of the demilitarized area under Yin Ju Narrosg will require approval of the Kwantung army). The Japanese may feel that Sung Che Yuan will respond to friendly treatment more readily now in view of his probable feeling of isolation engendered by the preoccupation of Nanking with the Southwest and in

view

793.94/8044

FILED

JUL 10 1936

F/FG

0158
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

LMS 2-No. 345, July 8, 2 p. m., from Peiping.

view of alleged Japanese pressure on Han Fu Chu to merge with Sung's regime. (Smith at Tsinan reports an increasingly uneasy feeling there with regard to Japanese intentions). The Japanese attitude may also be due to the need of awaiting developments in the south, to the desirability of awaiting the results of the new Japanese Ambassador's discussions with the National Government on economic cooperation, and to the intention of the Japanese military to achieve their ends by peaceful means if possible. The Japanese military are aware of the difficulties in consideration of supplanting Sung's regime with some other regime. (Matsumuro, chief Japanese negotiator, is reported to have said in private conversation that, although the North China garrison has only been tripled in numerical strength, actually it is fifteen times stronger as a result of such factors as equipment and positions).

Three. Evidences of possible alteration of Japanese attitude toward (though not (repeat not) of objective), are: (A) acquiescence to appointment of Chang Tsu Chung as Mayor of Tientsin, who assumed office June 18; (B) recent series of long conversations of Matsumuro with leading intelligent Chinese civilians during which he requested advice; and ~~(C)~~ ^(C) the seeming moderation of

Lieutenant

0151
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

LMS 3-No. 345, July 8, 2 p. m., from Peiping.

Lieutenant General Tashiro in press interview of July 5. Although Matsumuro still expresses doubt of the ability of Sung's regime to carry on satisfactorily, he claims that he wants Sung's most capable and honest subordinates to run the regime.

By mail to Tokyo.

JOHNSON

SMS:ECC

TELEGRAM RECEIVED

RR

1-1330

GRAY

FROM

Peiping via N. R.

Dated July 10, 1936.

Received 7:30 a. m.

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS
JUL 10 1936
Department of State

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

793.94

note

393.1123

Fisher 7 M

350, July 10, noon.

121.5493/152

Embassy's 330, June 30, 4 p. m.

One. F. M. Fisher, United Press correspondent, informed the Embassy that he was grappled with yesterday afternoon by two Japanese soldiers when he attempted to photograph Japanese tanks standing in Hatamen Street. Fisher finally opened his camera and one of the soldiers removed the film and took it away.

Two. A member of the Embassy staff handed a memorandum of the incident as described by Fisher to the Japanese Embassy yesterday without comment.

Three. The tanks in question with trucks, motor cars, et cetera, came to Peiping from Fengtai on July 8 and 9 to parade.

Four. An officer of the Japanese Embassy called this morning to state that the matter had been referred to the Japanese military and that the Japanese military had replied that if Fisher would call at the gendarmarie he would be given a new film.

Five

793.94/8045

FED

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

350, July 10, noon from Peiping

-2-

Five. However, at about the same time, Fisher informed the Embassy that two gendarmes who had called on him this morning had apologized satisfactorily, and had given him a new film.

Fix. The explanation of the Embassy official and of the gendarmes was that the soldier concerned had been in Peiping only short time and had not (repeat not) realized that they were not in their own country.

By mail to Tokyo.

HPD

JOHNSON

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

McL

TELEGRAM RECEIVED

Peiping. Via N. R.

FROM Dated July 10, 1936.

Received 10.50 a.m.

Secretary of State,
Washington.

353, July 10, 4 p.m.

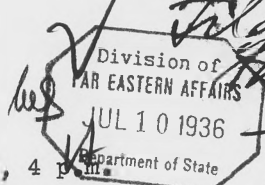
Embassy's 345, July 8, 2 p.m.

One. Wang Keh Min arrived at Peiping July 9.

He was formerly associated with Anfu clique, was acting chairman of the Peiping Political Affairs Readjustment Committee in 1935 after Huang Fu's departure, and was appointed a member of the Hopei Chahar Political Council at the time of its inauguration, although he has never entered into his duties in this position. He is to be appointed an economic and financial expert.

Two. According to the Chinese press, he will be made Chairman of the Economic Committee of the Council in succession to Hsiao Chen Ying who still holds the post although he has been in retirement allegedly in the summer palace since early June.

Three. An officer of the Japanese Embassy stated in conversation this morning that the National Government has been opposed to Wang's coming to Peiping but that General Sung and Major General Matsumuro have been urging him to come; that it is anticipated that Wang may become the



793.94/8046

FILED

JUL 14 1936

FE

LMS 2-No. 353, July 10, 4 p. m., from Peiping.

the head of civil affairs in Hopei with Sung in charge only of military affairs; that the attitude of Sung's military subordinates with regard to this possibility is not (repeat not) yet clear; that it is hoped Wang's presence will accelerate Sino-Japanese economic cooperation in North China with regard to which the Japanese military are now most interested and the Japanese Ambassador most enthusiastic; and that the Japanese believe that if Wang is given a high post he will accomplish a great deal.

Four. A Tokyo press report of July 9 states that the Foreign Office and the War Ministry have instructed Japanese consular and military authorities in North China to give absolute support to Wang and to request Sung Che Yuan and other leaders of Sung's army to give Wang absolute support.

Five. The above-mentioned informant and another officer of the Japanese Embassy do not believe the report that Wang has come with a program approved by the National Government for Sino-Japanese cooperation in North China.

Three. The same informant states that he cannot foretell whether Han Fu Che will join Sung's regime but that he is confident Yen Hsi Shan will not (repeat not) become chairman "the vague political and military influ-

172-2
ence

3165
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

LMS 3-No. 353, July 10, 4 p. m., from Peiping.

ence which Chiang Kai Shek wishes in Shansi."

By mail to Tokyo.

JOHNSON

WWC

172-3

TELEGRAM RECEIVED

JS

Gray

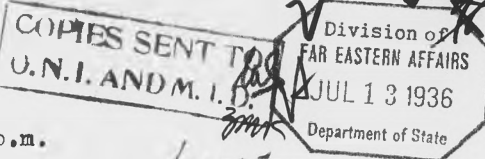
1-1236

FROM PEIPING Via N.R.

Dated July 11, 1936

Rec'd 12th 6:55 a.m.

Secretary of State,
Washington, D.C.



355, July 11, 1 p.m.

Embassy's 350 July 10, noon.

According to local papers Major General Metmuro stated yesterday in an interview with foreign pressmen that the Japanese military law which protects armament secrets applies here; that it is harmless to look at Japanese tanks but that it is not allowed to take pictures of them; that the tanks belong to the Japanese army which has the right to protect its own laws; that, although Peiping is a Chinese city, those wanting to take pictures should ask permission; otherwise, "it is against our will and against our good offices;" and that Japanese ideas on the subject differ from the ideas of foreigners. When correspondents stated that Japanese had no rights over foreigners here, Metmuro replied "my experience and feeling is that foreigners in Japan and China emphasize their own rights and ignore Japanese rights. This is based on the superiority complex of the white people and unless this is rectified the maintenance of world peace will be very difficult."

By mail to Tokyo.

JOHNSON

RR

793.94/8047

FILED
JUL 14 1936

F8

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

FS

1-1336

FROM

GRAY & SPECIAL GRAY

Peiping via N. R.

Dated July 13, 1936

Rec'd 7 a. m.

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

Secretary of State,
Washington.

356, July 13, 3 p. m.

Reference Embassy's 353, July 10, 4 p. m.

One. Wang Keh Min told the local United Press

correspondent July 11 (not repeat not for publication) that he came to Peiping at the behest of Chiang Kai Shek; that Sung Che Yuan had been inviting him for several months to come; that the Japanese had sent several representatives urging him to come; that the purpose of his visit had been (1) to ask the Japanese what they insist on with regard to North China and how far they intend to go in respect to economic development; and (2) to ask Sung what he wants and what he intends to do; that he (Wang) thinks the Japanese sincere and reasonable in regard to their aims with respect to economic development; that in his opinion cooperation on some lines is possible and on some lines is not; that he is also investigating the Hopei Provincial Bank; that, according to a statement of the manager of that bank, it has recently increased its note issue from three million to close to one hundred million dollars with little reserve and without the sanction of the National Government;

that

Division of
EASTERN AFFAIRS
JUL 13 1936
Department of State

Paraphrase of a
portion of this telegram
sent to Treasury
REC

793.94/3048

FILED

JUL 14 1936

note
893.515

173-1

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

FS 2-No. 356, July 13, 3 p. m. from Peiping

that he will return to Nanking and report to Chiang Kai Shek; and that, if Nanking sees its way clear to fall in with the Japanese suggestions which he will take back, then he will return to Peiping to administer economic cooperation.

Two. Wang left yesterday for Tientsin and is expected to leave Tientsin for Nanking today.

By mail to Tokyo.

HPD

JOHNSON

173-2

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

July 15, 1936.

~~MSM:~~
~~WPT:~~
MMH:

Reference Peiping's despatch No. 509, June 8, 1936, transmitting a despatch from Tsinan in regard to the Japanese Consul General at Tsinan.

After nine years in Tsinan, the Japanese Consul General has been ordered to Tokyo and will be transferred to another post. During a conversation with Consul Smith he stated (1) that a unified policy had been adopted by the Foreign Office and the Japanese General Staff, (2) that his five years association with Han Fu-chu had been most satisfactory, and (3) that general conditions in China were not good due to the lack of patriotic leadership.

The Consul states that it is generally recognized by the foreign community in Tsinan that Mr. Nishida (the Japanese Consul General) has been largely "responsible for the quietness and friendliness of local Sino-Japanese relations during the past few years and it is strongly felt that any change will be for the worse."

JCV
JCV/VDM



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 509

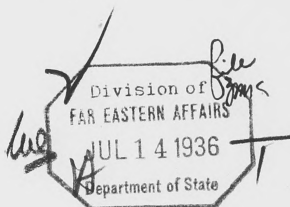
Peiping, June 8, 1936.

Subject: Japanese Consul General at Tsinan
ordered to Tokyo.

CONFIDENTIAL

For Distribution Check		Yes	No
Grade	<i>V. G</i>		<input checked="" type="checkbox"/>
For	<i>H.H. Smith O.N.I. - M.I.D.</i>	<input checked="" type="checkbox"/>	

in confidence
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O.N.I. AND M.I.D.
gmm



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note
702.9493

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DEPARTMENT OF STATE

1936 JUL 13 PM 12 53

DIVISION OF
COMMUNICATIONS
AND RECORDS

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

1/ I have the honor to forward a copy of despatch
No. 37 of June 2, 1936, addressed to the Embassy by
the Consulate at Tsinan, reporting the ordering of
Consul General K. Nishida, stationed at Tsinan, to
Tokyo, stating that Mr. Nishida regards the policy
of the Foreign Office and of the General Staff at
Tokyo as unified, giving Mr. Nishida's views with
regard to certain Chinese leaders, and describing

Mr. Nishida

793.94/8049

JUL 17 1936

FILED

F/EG

- 2 -

Mr. Nishida as an able man who gets along well with Chinese and foreigners and who might be of value at a time when Japan may decide to attempt to conciliate China.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson

✓
Enclosure:

1. Tsinan's despatch No.
37, June 2, 1936.

710

Original and four copies to Department.
Copy to Embassy Tokyo.
Copy to Embassy Nanking.

LES-SC

4 Carbon Copies
Filed EP

No. 37

509

AMERICAN CONSULATE,
Tsinan, China, June 2, 1936.

Subject: Consul General Nishida Ordered
to Tokyo.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to report that this office has just learned that on Saturday, May 30th., Consul General K. Nishida received telegraphic orders to proceed with his family to Tokyo as soon as conveniently possible. He replied that he would sail on June 15th from Tsingtao, but was at once ordered to take an earlier boat and now expects to leave Tsinan on June 10th.

In the course of a call at this office today to arrange the transfer of the archives of the Consular Body of Tsinan to this consulate, Mr. Nishida explained that the recent changes of officers in charge of the Japanese Consular Posts in Tientsin, Shanghai, Canton, and Hankow had each been a step in the unification of Japanese policy in China. His own transfer from Tsinan and appointment to a special post either in Japan or in China will be a further step in this policy.

He

- 2 -

He explained that in view of his present rank (the same as that of Mr. Kawai who was recently transferred from Canton to Shanghai) it was now probable that he would either be appointed as counsellor of Embassy in Peiping or to a post in the Foreign Office. It also seemed possible that he might be asked to take Mr. Suma's place in Nanking either now or a year from now (more probably the latter). Mr. Nishida remarked that since there has also recently been favorable discussion of the desirability of appointing a travelling inspector for China similar to our own Foreign Service Inspectors in order to decrease the number of potentially dangerous absences of principal officers to attend national or regional consular conferences it was not impossible that he might find such an appointment awaiting him.

Mr. Nishida explained that there had been considerable disagreement over policy in China between Japanese Foreign Office Representatives and Military Officials both in Tokyo and at various posts in China and indicated that he himself had at times disagreed with the military representative here. He further stated that a unified policy has now been adopted by both the Foreign Office and the General Staff in Tokyo and he expects a unification here after his own transfer. He pointed out that most of the major military representatives in China have also been changed about. He volunteered nothing about the present Japanese military representative here.

He said, however, that while there might be some

minor

Strictly Confidential

- 3 -

minor disturbances in Shantung within the coming year over the "so-called smuggling problem" he did not expect that his own policy of conciliation would be greatly altered or that cooperation on an equal basis with Han Fu-chu in the maintenance of peace and order in Shantung would suddenly cease. He stated with obvious satisfaction that during Han Fu-chu's five and a half years in power in Shantung he had never permitted pressure from his own Japanese authorities to interfere with his cordial personal relations with Han and that the latter had never permitted himself to be unduly influenced by anti-Japanese pressure from his own authorities or people. Equal justice for all could be obtained whenever reasonable proof of a righteous claim was brought to the attention of General Han.

Mr. Nishida expressed pessimism over general conditions in China and said that despite an agreement with the Southwest some three months ago and the promise of the Vice Presidency of China to a Southwestern man Chiang Kai-shek had reverted to his policy of unification by force immediately after the death of Hu Han-min. What was needed to unify China was someone with the unselfish patriotism, the decisiveness, and the breadth of view of an Abraham Lincoln. When asked who in China today might have the personal qualifications required, Mr. Nishida said that the present nominal head of the country, Mr. Lin Sen, had the unselfishness and a broad point of view, but lacked decisiveness and that General Sung Che-yuan meant well and showed breadth of vision,
but

- 4 -

but he also lacked decisiveness and that, while General Han Fu-chu had all of the qualifications - unselfish patriotism, breadth of view, and decisiveness, at the present time he still lacked the necessary power and political influence to do anything worth while toward the unification of China and the establishment of a satisfactory state of peace and order.

Before he left Mr. Nishida mentioned briefly the difficulties of the Harbor Commission at Chefoo and said that he had been informed that Consul Dexton, who was now Senior Consul, was fairminded and much more even-tempered than Mr. Ogden, his predecessor as Senior Consul, and that he believed that the Chefoo Harbor Problem might soon be settled satisfactorily.

From what he has said to the writer from time to time it would appear that Mr. Nishida has spent most of the last thirty years in China including about thirteen years in Peiping. He is said by members of his staff to be a millionaire in Yen and to have unusual prestige in powerful Japanese political quarters through the influence of his wife's family which is reputedly even wealthier than his own.

Mr. Nishida has five daughters, one son, and a son-in-law. He and all his family associate freely with the foreign community in Tsinan. Mr. Nishida speaks comparatively good English and excellent Chinese. His wife speaks English when necessary but prefers to speak Chinese. She is an accomplished hostess.

Mr. Nishida belongs to the International Club of

Tsinan

- 5 -

Tsinan and to the Rotary Club of Tsinan. He has the reputation among his recent American consular colleagues as being unusually communicative and helpful and he seems to be as friendly toward American interests as the instructions of his superiors and the demands of his position permit him to be.

It seems to be generally recognized by the foreign community in Tsinan that the sincere friendliness, the tact, and the determination of Mr. Nishida have been largely responsible for the exceptional quietness and friendliness of local Sino-Japanese relations during the past few years and it is strongly felt that any change will be for the worse. Two leading foreign business men have expressed the fear that Mr. Nishida's transfer at this time is probably mainly on account of the fact that he gets on too well with the Chinese and Foreign communities and is too sympathetic with their problems to continue to be a satisfactory representative of Japanese policy in Shantung during the coming months.

A realization that he possesses this handicap (that he is regarded by many influential persons as getting on too well with Chinese and foreigners) may well be the reason behind his statement that if he is scheduled to replace Mr. Suma at Nanking, it will probably not be for another year. By that time it would not seem impossible that the Sino-Japanese situation may take such a turn that Mr. Nishida's unusual ability in conciliation would obviously be of distinct utility to the Japanese Government in dealing with Nanking.

Consul

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

- 6 -

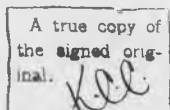
Consul General Nishida is a thoroughly patriotic Japanese and has told the writer that he is a close friend not only of the present Premier, but also of Mr. Arita, the Foreign Minister, and Mr. Kawagoe, the new Ambassador to China. It seems that they all lived together in Peiping and Tientsin in their early days in China. It would thus appear likely to the writer that Consul General Nishida's recall to Tokyo may be mainly a move by his friends to give him a soft job in Tokyo as a reward for nine years of dust and isolation in Tsinan. A year in Tokyo may change his point of view somewhat, but it is believed that wherever he goes his American consular or diplomatic colleague will find in him an exceptionally sympathetic and friendly associate.

Respectfully yours,

Horace H. Smith,
American Consul.

Original and 5 copies to
Embassy, Peiping.
Single copy to Embassy, Nanking.
Single copy for information of
consulates, Tsingtao and
Chefoo.

800
HHS:KCC



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

Peiping, June 10, 1936.

No. 510

Subject: Soviet Counselor's Views on
the North China Situation.

793.94

For Distribution Check		Yes	No
Grade	For		
	X		
		in U S A	
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DEPARTMENT OF STATE

1936 JUL 13 PM 12 54

DIVISION OF
COMMUNICATIONS
AND RECORDS



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



The Honorable

The Secretary of State,
Washington, D.C.

Sir:

I have the honor to enclose a copy of a memo-
1/ randum of a conversation which I had on June 8 with
the Counselor of the Soviet Embassy, Mr. Anatole
Bitner, during which he expressed the opinion that
the local situation is more dangerous than it was a
year ago because of the preparations of the Japanese
for the occupation of the five northern provinces,
that the process of eliminating the army of General
Sung Che-yuan is being carried on quietly, that the

Japanese

174-1

11

793.94/8050

FILED

JUL 18 1936

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

- 2 -

Japanese will accomplish their purpose without war,
and that Japan is not likely to attack Russia, being
too absorbed in preparing the ground in Manchuria and
North China.

Respectfully yours,

Nelson Trusler Johnson
Nelson Trusler Johnson,

✓
Enclosure:

1/ Copy of memorandum of conversation
dated June 8, 1936.

710
LES/js.

Original and four copies to Department.
Copy to American Embassy, Nanking.
" " " " Tokyo.

174-2.

Memorandum of Conversation.

Peiping, June 8, 1936.

Mr. Anatole Bitner and Mr. Johnson.

Subject: Sino-Japanese situation.

Mr. Bitner, Counselor of the Soviet Embassy, explained in the course of conversation to-day his belief that the local situation is more dangerous than it was last year, because of the fact that the ground has been prepared by the Japanese. He expressed his conviction that the Japanese would carry out their plan to occupy the five northern provinces.

He stated that the process of eliminating the 29th Army of General Sung Che-yuan would in his opinion be carried quietly on. He does not believe that the Japanese want any war. He believes that they will organize their advance in such a way as to accomplish their purpose without war; that they will paralyze their victim before putting him out of the way.

He said that of course the question which remained was as to when they would attack Soviet Russia. He answered this question by asserting his own belief that Japan was not likely to attack Russia, being too absorbed in preparing the ground in Manchuria and North China. He stated that Russia's safety lay in the fact that it would take Japan many years to prepare North China and Manchu-

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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

- 2 -

ria for a conflict at arms with Russia; it would take her many years to calm the population to a point where it would cooperate with Japan.

Mr. Bitner wanted to know whether I had any late information from Canton. I told him that we had no information that made the situation any clearer than it appeared in the press. Mr. Bitner stated that he thought perhaps General Pai Chung-hsi hoped to eliminate Chiang Kai-shek from the picture by using an anti-Japanese slogan which would make him popular. The only question was how much support was Kwangsi receiving from the Japanese.

Nelson Trusler Johnson,
American Ambassador.

NTJ.EA

174-4

TELEGRAM RECEIVED

LMS

1-1336

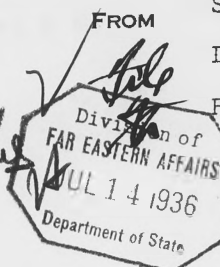
GRAY and SPECIAL GRAY

Shanghai via N. R.

Dated July 13, 1936

Rec'd 2:50 p. m.

Secretary of State,
Washington.



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

391, July 13, 4 p. m.

A Japanese civilian named Kayau was shot and killed on the eve of July 10th by an unknown assailant presumably a Chinese in Chinese territory just off Dixwell Road in the northern district of Shanghai. Chinese police are investigating with the cooperation of Shanghai municipal police but so far their efforts have been without result and it is feared that the case may remain unsolved for some time.

Contrary to expectations the incident has not resulted in the usual stampede of Chinese into settlements from the areas adjoining the northern district.

The Japanese community, however, is thoroughly aroused over the killing and there have been a number of indignation meetings in which the lack of protection for Japanese has been emphasized.

Japanese consular and other authorities have made the usual representations and demands for protection of Japanese nationals. Japanese admiral has postponed his departure

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JUL 14 1936

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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

LMS 2-No. 391, July 13, 4 p. m., from Shanghai.

departure from Shanghai to await outcome of the case.

I am informed that more conservative Japanese are much concerned that the Japanese naval authorities may override Japanese consular authorities and determine upon measures to take over the policing and perhaps the administration of the principal areas where Japanese reside, on the ground that the Chinese authorities and the foreign municipal authorities have proved themselves unable to afford adequate protection to Japanese residents. It is pointed out that the trial of three Chinese accused of the killing of Nakayama the Japanese navy petty officer who was shot here in November last is now approaching a close and that it is expected that the Chinese court will probably find the accused not guilty. Japanese Consul General Ishii has left Shanghai on transfer to Siam. The acting consul general is a man without much force and without influence over Japanese naval authorities.

Department and Embassy will be informed of any important developments. Repeated to Embassy Peiping, to Nanking by mail.

GAUSS

CSB

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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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS
July 16, 1936.

~~MSM:~~
MMH:

Tientsin's despatch of June 17, 1936, describes the circumstances which led to the resignation of Hsiao Chen-ying as Mayor of Tientsin (apparently due to internal dissension among Hopei-Chahar officials and to Japanese pressure) and to the selection of Chang Tzu-chung, formerly Chairman of the Chahar Provincial Government, to succeed Hsiao. Tientsin states that the Japanese are less pleased with Chang than with Hsiao and would have preferred Shih Yu-san or Ch'i Hsieh-yuan, both notoriously willing instruments of the Japanese military.

JCV
JCV/VDM

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

No. ---

in confidence
COPIES SENT TO
U.N.I. AND M.I.D.

AMERICAN CONSULATE GENERAL

Tientsin, China, June 17, 1936.

CONFIDENTIAL

SUBJECT: Political Situation in North China.

For Distribution-Check		Yes	No
Grade	To field		
For	In U.S.A.	<input checked="" type="checkbox"/>	

Ward ONI-MID

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.

Division of
FAR EASTERN AFFAIRS

JUL 15 1936

Department of State

I have the honor to enclose a copy of my despatch
1/- No. 243 to the Embassy, Peiping, dated June 17, 1936,
entitled "Political Situation in North China."

Respectfully yours,

J. K. Caldwell,
American Consul General.

Enclosure:

1/- Copy of despatch No. 243
to the Embassy, Peiping.

In quintuplicate to the Department.

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RSW:mhp

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Received FP

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JUL 22 1936

FILED

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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

NO. 243.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN CONSULATE GENERAL

Tientsin, China, June 17, 1936.

CONFIDENTIAL

SUBJECT: Political Situation in North China.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to this Consulate General's despatch No. 220, ⁷⁹⁶⁰dated May 20, 1936, and further in connection with the political situation in North China, to report that according to information given Consul Ward in confidence in the course of the last three days by several well-informed Chinese in Tientsin, one of whom is an official of the Municipal Government, the appointment of General Chang Tzu-chung (張自忠), the present Chairman of the Provincial Government of Chahar, to the Mayoralty of Tientsin, the first of the important personnel changes in the Hopei-Chahar regime, was finally determined upon last night as a result of several conferences in the Council and after very marked vacillation on the part of the leaders involved.

It will be recalled that a few days prior to May 19, the day on which Lieutenant General Tashiro was

due

- 2 -

due to arrive in Tientsin to take over the command of the Japanese Garrison in North China, General Sung Che-yuan (宋哲元) became indisposed, and shortly thereafter in fact withdrew from the direction of the affairs of the Hopei-Chahar Political Council. It was widely and fairly reliably reported that a meeting was held at General Sung Che-yuan's residence in Peiping on the evening of May 21. At that time, certain well-informed Chinese in Tientsin allege, General Sung expressed sharp dissatisfaction with the course of affairs in North China and announced his intention to resign formally from his various posts, the duties of which he had already temporarily ceased to discharge. General Chang Tzu-chung, Hsiao Chen-ying, the Mayor of Tientsin, and General Liu Ju-ming (劉汝明), Divisional Commander of the 29th Army, were among those present at the conference, and they became involved in a discussion as to the attitude which the members of the Hopei-Chahar Council should adopt in the present critical situation. At the height of the argument it is reported that either General Chang or General Liu struck Hsiao in the face. Hsiao promptly submitted his resignation from the Tientsin Mayoralty. Negotiations to dispel the feelings of bitterness left by this incident continued for ten days, and as a result of them General Sung and the Mayor journeyed to Tientsin together on May 31, and Hsiao issued a denial that either he or General Sung intended to resign. By general report among politically aware Chinese in Tientsin, the visit to Peiping of Kao Tsung-wu (高宗武),

Chief

- 3 -

Chief of the Asiatic Department of the Ministry of Foreign Affairs at Nanking, on May 30, was with the object of bringing the influence of the Nanking Government to bear in these negotiations, presumably toward the continuance of Sung and Hsiao in office.

On June 4 Mayor Hsiao once more withdrew to Peiping and publicly reaffirmed his determination to resign his post. General Chang Tzu-chung was reported, both in the vernacular press of June 13 and subsequent issues, and by well-informed local Chinese, to have been appointed in Hsiao's stead. It was said that General Chang was to hold the Mayoralty for a brief period, after which he would assume the Chairmanship of the Hopei Provincial Government, being succeeded in his Tientsin post by Yin Ju-keng (殷汝耕), the self-styled Governor of the "East Hopei Anti-Communist Autonomous Government".

On June 15, according to the official referred to in the first paragraph above, another meeting of North China leaders was called in Peiping, and it was decided that Hsiao should return to his post in Tientsin, that Sung Che-yuan should continue as the Chairman of the Hopei-Chahar Political Council and of the Provincial Government of Hopei, and General Chang Tzu-chung should, temporarily at least, continue as the Chairman of the Provincial Government of Chahar.

The informant referred to stated that Hsiao has become definitely persona non grata to the Japanese military in North China, and that their demand for his removal precipitated the situation described

above.

- 4 -

above. General Chang is represented as having shown scant sympathy with Hsiao's desire to retire before Japanese displeasure, and as a fitting requital Hsiao is supposed to have urged the transfer of the General from Kalgan, where one may be brave with comparative safety, to Tientsin, the present "no-man's land" of Sino-Japanese conflict.

According to the official quoted, the Japanese military were less pleased with the prospect of dealing with General Chang than with Hsiao himself. They are said to be opposed to the assumption of the post by a military official, especially when that official is determined, as Chang is said to be, to move his troops to within striking distance of the city. In his stead they urged the appointment, it is said, of either Shih Yu-san (石友三) or Ch'i Hsieh-yuan (齊燮元), both of whom are notoriously willing instruments of the Japanese in Tientsin.

It has also been reliably reported that in the discussions between the members of the Hopei-Chahar Political Council, which took place yesterday, the name of General Liu Yu-shu (劉玉書), the former Commissioner of Public Safety and present Commissioner of Public Works in Tientsin, was seriously considered in connection with the post of Mayor of Tientsin, which he is known to be desirous of holding. His very close connections with the Japanese military in Tientsin, with Shih Yu-san and with Ch'i Hsieh-yuan; and his reputed former leadership of a section of plain clothes men in Tientsin

would

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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

- 5 -

would all operate in the present political situation in this city to make him an ideal candidate for the post. However, General Sung Che-yuan is said to be opposed to the appointment of General Liu to such an important post, fearing that the resulting power might be used by General Liu against the interests of General Sung. General Liu's removal from the Commissionership of Public Safety in Tientsin is reported to have been caused by this same fear.

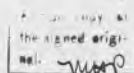
The various informants quoted above all appear to believe that if the post of Mayor of Tientsin remains vacant for much longer, or if General Chang accepts the appointment as Mayor but does not take over the duties of the office at once, there will be considerable danger of a "popular" uprising of armed rowdies in the Japanese Concession and Chinese controlled areas of Tientsin.

Respectfully yours,

J. K. Caldwell,
American Consul General.

Copy to Embassy, Nanking.
Five copies sent to Department by despatch No. ---
dated June 17, 1936.

800
RSW:mhp



0191
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

July 24, 1936.

~~RCM:~~
~~CHIT~~

Tsingtao's No. 129, June 11, 1936,
to Embassy, Peiping, entitled "Japanese
Groups in Tsingtao Organize to Promote
Japanese Interests."

The despatch reports that some ten important Japanese societies have organized a new group to be known as the "Federation for the Achievement of Development (of Tsingtao)". Although the objects of this new organization have not been announced, it is understood that the federation is the outgrowth of an increasing dissatisfaction among all classes of Japanese with the present situation, particularly with regard to (1) the Chinese customs tariff, (2) the alleged anti-Japanese spirit in Shantung, (3) diversion of considerable local revenue to the Nanking Government, and (4) grievances against the Mayor at Tsingtao.

The despatch also reports that the Tsingtao Importers Association, another new group, was formed with a view to obtaining a downward revision of the Chinese import tariff and that Japanese importers at Tsingtao are suffering severely from the customs situation in North China.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 2 -

The despatch concludes with the statement, "in short the Japanese are dissatisfied with trade conditions in Tsingtao and with the municipal administration which they allege is responsible for the 'anti-Japanese spirit'."


MSM/VDM

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

Copy for Department of State.

No. 129

COPIES SENT TO
O.N.I. AND A.I.D.
AMERICAN CONSULATE

Tsingtao, China, June 11, 1936.
1936 JUN 14 AM 10 47

SUBJECT: Japanese Groups in Tsingtao Organize
to Promote Japanese Interests.

For Distribution-Check		Yes	No
Grade	To field		<input checked="" type="checkbox"/>
For	In U.S.A.	<input checked="" type="checkbox"/>	

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The Honorable

Nelson Trusler Johnson,
American Ambassador,
Tseiping, China.

Sir:

Division of
FAR EASTERN AFFAIRS
JUL 15 1936
Department of State

I have the honor to report that since the Sino-Japanese incident reported in this consulate's despatches nos. 126 and 127 of June 2 and 6, 1936, respectively, file no. 800, some ten Japanese societies in Tsingtao have met under the sponsorship of the Japanese "Situation Investigation Committee" (a powerful, influential group representing Japanese in all Shantung) and have organized a new group to be known as the "Federation for the Achievement of Development (of Tsingtao)", the Chinese characters therefor being:

青島振興期成同盟會

The new organization will be composed of representatives from the following Japanese societies:

1. The Situation Investigation Committee.
2. The 25th Day Association.
3. Black Iron (Ex Navy men) Association.
4. Federation of Businessmen's Association.

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- 2 -

5. The Tsingtao Development Association.
6. The North China Association.
7. The Young Men's Association.
8. Reservists' Association.
9. The Custodians' Association of the First Primary School.
10. Veterans' Association.

All of these are important Japanese groups. The objects of the new organization have not been publicly announced but it is understood that the idea of a federation has grown out of an increasing dissatisfaction among all classes of Japanese with the present situation in respect to:

- (1) the Chinese customs tariff.
- (2) the alleged anti-Japanese spirit in Shantung.
- (3) the diversion of considerable local revenue to the Nanking Government with a resultant deficiency of funds for local improvement (commonly referred to among Japanese as Nanking's "extraction system").
- (4) Admiral Chen Hung-lich, Mayor of Tsingtao, accused of remitting large amounts monthly to his patron General Chang Hsueh-liang, while on the other hand he has failed to obtain the 20% of customs import duty collections at Tsingtao.

While, as stated, the object of the new federation has not been announced, it is believed that a spirited campaign for which a fund of 5,000 yen is available will be carried on. What success can be obtained is problematical. Such grievances as are indicated can hardly be said to be the concern of the Japanese only; the tariff question is an international one; the alleged diversion of funds to Nanking and the Mayor's position concern the entire population of Tsingtao.

THE TARIFF QUESTION.

Aside from the federation, another new Japanese

group...

- 8 -

group, the Tsingtao Importers Association, has become active since the middle of May. This association was formed to secure a downward revision of the Chinese import tariff. The association is now drafting a memorial or petition on the subject for presentation, according to the Japanese daily TSINGTAO SHIMPO of June 9, to the following (in the order given in the newspaper):

1. The Japanese Ministry of the Navy, the Admiralty and the Japanese Third Fleet (in Chinese waters).
2. The Japanese War Department, the General Staff, the Kwantung Army, the North China Garrison, to General Matsumura at Peiping and to Major Ishino, the intelligence officer at Tsinan.
3. Japanese Ministry of Foreign Affairs, Japanese Embassy and to the consulates general at Tsingtao and Tsinan.
4. The Ministry of Commerce and Industry.
5. The Japanese Diet and to the President of the South Manchuria Railway.

The Japanese importers at Tsingtao are suffering severely from the customs situation in North China. While they would welcome a revision of the tariff and appear inclined to use legitimate methods to persuade the Chinese Government to adjust the tariff to Japanese desires, it is not impossible that the importers have in mind the establishment in this area of a regime analogous to East Hebei which would insure a tariff no greater than that instituted in that region. Perhaps that will explain why the Tsingtao Importers Association ranks the Japanese Ministries of Navy and War before the Ministry of Foreign Affairs for the forwarding of the

memorial...

- 4 -

memorial on the tariff.

The Japanese and the Mayor of Tsingtao.

Up until recently, in spite of the usual difficulties, the relations between the Japanese in Tsingtao and Admiral Chen Hung-lieh, the Mayor, have been fairly satisfactory. For some months, however, there has been an increasing dissatisfaction shown by the Japanese and at present this feeling is more intense than at any time in the past 18 months. He is charged by the Japanese with the present unsatisfactory status of the municipal finances; he is charged by them with inactivity in the extension of the Tsingtao-Tainan Railway, which now appears soon to be realized in any case; he is accused of inaction in the matter of diversion of large funds to Nanking without benefit to Tsingtao. Thus the Japanese feel that part of the revenue from the consolidated taxes on wine and tobacco, on yarn, and on matches should be retained here. Also they resent the establishment in Tsingtao of a Commercial Inspection Bureau by the Nanking Government which derives a considerable revenue from the "inspection fees".

Another grievance now is the recently altered purchasing system of the Tsingtao Telephone Administration. Purchases of materials of more than \$2,000 in value must be made through the Ministry of Communications in Nanking, and accordingly a considerable business has been lost to Japanese firms here. These point out that until a short time ago at least 50% of the telephone revenue came from the Japanese community, which
still...

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

- 5 -

still contributed a very considerable share of this revenue, although the Chinese subscribers have grown rapidly in numbers. The Japanese associate their grievances with an "anti-Japanese spirit". The latter naturally is intangible, but the Japanese feel that their every complaint is due to the "anti-Japanese spirit" here. Certainly this spirit does not prevail openly, but in short the Japanese are dissatisfied with trade conditions in Tsingtao and with the municipal administration which they allege is responsible for the "anti-Japanese spirit".

Respectfully yours,

Samuel Sokobin,
American Consul.

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33/CML

Original to Embassy, Weiping.
Copy to Embassy, Nanking.
Five copies to Department of State.
Copy to Tsinan-Chefoo.

A true copy of
the signed original
CML

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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. Hunt NARS, Date 12-18-75



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS
CONFIDENTIAL July 11, 1936.

936 JUL 13 AM 11 09
Subject: The Situation in China.



TO: Mr. Secretary, DIVISION OF
COMMUNICATIONS
AND RECORDS

During the week in review the situation in north China was quiet while developments in the south China situation seemed to await the decisions of the Central Executive Committee of the Kuomintang (National Party) meeting at Nanking July 10.

In regard to north China the Embassy reported that the Japanese (1) appeared desirous and hopeful of working out a "friendly arrangement" with the Chairman of the Hopei-Chahar Council and (2) expected the appointment of a friendly Chairman of the Economic Committee to accelerate Sino-Japanese economic cooperation. The Consul at Tsinan reported that Governor Han Fu-chu of Shantung, who is under pressure from the Japanese to join in a north China independence movement, had urged Chiang Kai-shek not to weaken China's position vis-à-vis Japan through engaging in hostilities with south China.

Of interest in connection with the north China situation were reports that an American correspondent was roughly treated by Japanese soldiers during a Japanese military parade in Peiping. The incident was the subject of a memorandum from our Embassy to the Japanese Embassy. The Japanese gendarmerie apologized to the correspondent

and

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- 2 -

and the Japanese Embassy explained to the American Embassy that the soldiers concerned "had not realized that they were not in their own country". Outspoken Japanese criticism of the British court in Peiping in dismissing charges that British soldiers had killed a Japanese subject caused the British Embassy in Tokyo, according to the press, to make representations to the Japanese Foreign Office.

In regard to the dispute between the Nanking Government and the south China authorities, interest was focused on the meeting at Nanking on July 10 of the Central Executive Committee of the Kuomintang. Reports indicate that at this meeting decision will be made whether or not the Nanking Government will embark upon a punitive expedition against the south China military leaders. Evidence that a settlement may be reached without resort to hostilities may be found in (1) the dispatch of south China delegates to the Committee meeting at Nanking, (2) growing popular disapproval in south China of the movement against the Nanking Government, and (3) disaffection among officers and forces in the south China armies. Should open hostilities occur it appears likely that they will be confined to Kwangsi Province. All but two American missionaries in Kwangsi have withdrawn to points of safety and the Consulate General at Canton reports that
these

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

- 3 -

these two have been advised to evacuate.

The killing of a Japanese by a Chinese in Shanghai on July 10 has been made the occasion for landing Japanese naval patrols in a section of Shanghai and for Japanese demands upon the Chinese authorities in Shanghai.

M. D. H.

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FE:JCV/VDM

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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

DOCUMENT FILE

NOTE

SEE 893.00 P.R.Shanghai/92 FOR Desp.#251

FROM Shanghai (Gauss) DATED June 6, 1936.
NAME 1-1127

TA//

REGARDING: Sino-Japanese relations; Nakayama Murder Trial; local
Japanese reaction to charges of connivance in smug-
gling activities; Reported preparations of the National
Government for War.

fpg

793.94/8055

8055

b. Relations with Other Countries. Japan.

793.94
5: p. 14

The Nakayama Murder Trial. The trial of the suspects being held in connection with the murder of Japanese Warrant Officer Nakayama continued during May. The authorities abandoned the policy of secrecy which characterized the first two hearings and permitted daily press reports of the proceedings at the four sessions held during the month. The sessions were a confusion of confessions and denials. So contradictory were the statements made by the accused that the public became noticeably skeptical of their alleged implication in the commission of the crime. There was also much speculation as to the reason why the Japanese continued to refuse to permit the Korean suspect in their custody to appear in court. It was rumored on the one hand that he had been so harshly dealt with that his appearance would prove embarrassing to the Japanese, and on the other that his testimony if freely given in open court would result in the quashing of the charges against the accused. Further hearings are anticipated, inasmuch as the Shanghai Municipal Police are anxious to clear up the incident due to Japanese pressure. However, there appears to be considerable doubt whether

the
Despatches Nos. 166, May 5, 1936, 174 May 11,
192 of May 18, 199 of May 22, 1936.

-10-

the true facts of the case can be ascertained from the suspects now in custody, since their testimony has thus far proved to be anything but reliable.

Local Japanese Reaction to Charges of Connivance in Smuggling Activities. Charges that Japan was conniving with the smugglers in North China and obstructing the Chinese Customs Preventive Service in the performance of its duties resulted in the issuance by local Japanese officials of several statements regarding the smuggling situation. This question was also the subject of editorial comment by the local Japanese papers. Mr. Takasugi, Japanese Charge d'Affaires, in a statement made to local Japanese newspaper men, ascribed the increase of smuggling to the generally depressed state of business and placed the responsibility for the development of the situation upon the Chinese Government and the alleged laxness of the Customs authorities. The local Japanese press at first endeavored to explain the alarming decline in Customs revenue by reference to various economic factors, such as the decline in the purchasing power of the people caused by recurring natural calamities, the instability of the currency and the imposition of high tariffs. Subsequently it became openly resentful of the world-wide publicity given to the charges of Japanese connivance in smuggling activities and took the British press severely to task for giving publicity to the smuggling situation and the effect which the decline in Customs revenue might have upon foreign loans and obligations.

*Despatch No. 206 of May 27, 1936.

-11-

As was to be expected, the Japanese did not permit these charges to pass without protest and according to the Japanese Consul General at Nanking strong protests were lodged with the Minister of Foreign Affairs concerning the charge of connivance, and in particular regarding the strict regulations recently issued by the National Government with reference to smuggling. These protests were repeated verbally in Shanghai to the Minister of Finance and to his representatives on May 25 and 26, and it was stressed that Japan believes the anti-smuggling regulations of the National Government constitute unfair discrimination against Japanese goods and are the beginning of an anti-Japanese boycott. It also appears that at these conferences it was made clear that the Japanese would make no effort to stop the smuggling until the situation in North China had been entirely settled and Japan's minimum demands, namely, amalgamation of the East Hopei regime with the Hopei-Chahar Council; recognition of "Manchukuo"; the carrying out of Hirota's three point policy; and the readjustment of the tariff and the currency, had been complied with.

The reaction of Major General Kita, Japanese Military Attache, was also of interest. He expressed the opinion that the Japanese army was being erroneously held responsible for smuggling in North China and that the Chinese are the ones deriving profit from the smuggling of goods, inasmuch as ninety percent of those engaged in smuggling activities and in the marketing of smuggled goods are Chinese.*

*Despatches Nos. 198 of May 22 and 212 of May 29, 1936.

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 894.00 P.R./102 FOR Desp.#1882

FROM Japan (Grew) DATED June 10, 1936.
/16/// NAME 1-1187 ***

REGARDING: Relations between China and Japan became tense during the month of May, principally due to the smuggling operations of Japan in East Hopei region; increase in Japanese North China Garrison; statements by Japanese officials.

fpg

793.94/ 8056

8056

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(a). China.

After the comparative lull that followed the February 26 incident, Sino-Japanese relations again became tense during the month of May, principally due to Japan's part in the large scale smuggling operations in the East Hopei region and to the decision of the Japanese War Office on May 15 to increase the Japanese North China garrison. China protested ineffectually against Japanese hampering of the Chinese customs enforcement and it was reported at the end of the month that the Chinese Government was going to protest against the increase in Japan's garrison in Tientsin.

(1). Smuggling in East Hopei.

At a press conference on May 15 the spokesman of
the

* Embassy's Monthly Report for April.

** Embassy's despatch No. 1845 of May 15, 1936.

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the Japanese Foreign Office asserted that the Japanese Government was doing everything possible to prevent smuggling in North China, emphatically denied that the smuggling was due in any way to the Tangku Truce or the Ho Ying-chin-Umezu agreement, and also denied any knowledge on the part of the Foreign Office of pressure being exerted by the Japanese military authorities against Chinese customs officials. Newspaper correspondents who were present at the conference stated that Mr. Amau had been ill at east throughout the interview and had displayed both hesitation and irritation when questioned.*

According to the press, on May 15 the Nanking Government filed with the Japanese Government a second representation regarding the smuggling in North China, charging that the Japanese authorities in that region had made it impossible for the Chinese customs authorities to take effective measures to check the smuggling, asserting that the Japanese were conniving at smuggling operations by taking advantage of Japan's extraterritorial rights in China, and requesting the Tokyo Government to put a stop to intervention by Japanese and to take effective measures to check Japanese and Korean smugglers. The protest also reportedly expressed dissatisfaction at Japan's failure to send any reply to the Chinese Government's first representation against smuggling. Apparently the Japanese Foreign Office remained indifferent to the Chinese representations, to all practical intents and purposes.

(2). Increase in the Japanese North China Garrison.

On May 15 the War Office formally announced that the
Japanese

* Embassy's despatch No. 1850 of May 15, 1936.

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Japanese North China garrison would be increased. According to the estimate of the Military Attaché's office, the garrison is to be increased from about 2,000 to about 4,300 officers and men.* Although officials of the War Office stated that the strengthening of the garrison had been decided upon in connection with the terms of the Boxer Protocol to enable the garrison to fulfill its duties completely and that the step did not mean any violation of Chinese sovereignty, the more than double increase would lend credence to the rumor circulated during May to the effect that Japan contemplated renewed military action in China in the near future.*

(3). Statements by Japanese Officials.

Upon landing at Moji on May 7, Mr. Kawagoe, Japanese Consul General at Tientsin and Ambassador-designate to China, was credited with the following statement by the OSAKA MIANICHI of May 8: "The logical conclusion of the current Chinese situation, political and economic, is that China's only way out of her present difficulties lies in marching arm in arm with Japan." Mr. Kawagoe's formal appointment as Ambassador to China took place on May 15.

Answering an interpellation in the House of Peers on May 17, Premier Hirota stated that encouraging results had not attended "Japan's amicable and discreet policy toward the Soviet Union and China" but that in time China might come to appreciate Japan's attitude. A far more emphatic and significant statement was said to have been

made

* Embassy's despatch No. 1865 of May 28, 1936.

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made by Mr. Suma, the Japanese Consul General at Nanking, in an interview with newspaper correspondents at Kobe on May 29. Domei (news agency) reported on May 30 that Mr. Suma had stated that he had told Chiang Kai-shek that "China must now choose between mutual interdependence with Japan or war with Japan".* Mr. Suma was also credited with the statement that for Japan to retreat one step would mean a general retreat and that Japan must advance straight ahead in accordance with its immutable convictions. It may be remarked that such statements and the decision of the Army to increase its garrison in North China form a part of the evidence in support of the rumor that Japan is planning fresh military action in China.

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DOCUMENT FILE

NOTE

SEE 893.00/13606 FOR Desp.#526

FROM China (Johnson) DATED June 17, 1936.

779///

NAME

1-1127 070

REGARDING: Sino-Japanese relations: Statement by Soviet Ambassador to China that Japanese might take the National Government to task for the anti-Japanese agitation in the Southwest, or if they considered circumstances favored such a move, they would have a good excuse to occupy Canton.

fpg

793.94/3057

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DOCUMENT FILE

NOTE

SEE 893 00/13604 FOR Tel. #222-9am.

FROM China(Nanking) (Peck) DATED July 11, 1936.
//119// NAME 1-127 ***

REGARDING: Fear of the National Government of China that
Han Fu Chu may join with Sung in forming a
"neutral" state in North China.

fpg

793.94/8058

8058

FS

GRAY & SPECIAL GRAY

Nanking via N. R.

Dated July 11, 1936

Rec'd 6:55 a. m. 12th

Secretary of State,
Washington.

222, July 11, 9 a. m.

One. The second plenary session Fifth Central Executive and supervisory committees held an opening and preparatory session yesterday morning. The first regular session is scheduled for this morning. Among the officials now here or en route to Nanking for the session are: Yu Han Mou, Commander of Chen Chi Tang's first army; Chang Hsueh Liang; T. V. Soong; Shanghai Mayor W. T. Teh Chen; Wang Chung Hui; the five Southwestern delegates named in Canton's July 7, 4 p. m. who arrived yesterday; the Provincial Chairman of Chekiang, Fukien, Anhwei, Kiangsi, Hunan, Hupei, Honan and 190 out of 255 regular and reserve members are expected to be in attendance. Tang Shao Yi is also here, reportedly having left Canton to escape being unwillingly involved in the Southwestern revolt.

Two. Yu Han Mou arrived by plane July 8 and is reported by Central News Agency as having informed press correspondents that hereafter Kwangtung would "adhere to the policy of the Central Government in all matters affecting the

NOTE
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893.00 / 13604

FS 2-No. 222, July 11, 9 a. m. from Nanking

the state". We are reliably informed that Yu's alignment with Nanking was arranged by General Tang Sheng Chih, Inspector General of military training, who made a secret visit to Hong Kong where he accomplished his mission (which may have included the deferring of the Cantonese) by a financial (*) involving needed diversions of several millions of dollars.

Three. The situation in the Southwest seems to be changing so rapidly that it is difficult to forecast what may develop in the session. Unless the Southwestern rebels capitulate it is considered likely that the session will formulate some mildly worded resolution concerning the necessity of maintaining discipline in order to give Chiang, if need therefor should arise, a mandate under which to subdue them. The Government is frankly worried about Han Fu Chu and the possibility that Chang would cause him to join with Sung in forming a "neutral" regime in North China including Shantung. Feng Yu Hsiang is understood to have whole-heartedly aligned himself with Han and it is reliably reported that government agents discourage visits to Feng and intercept his correspondence. A Japanese inspired report that Chang Hsueh Liang and his commanders are thinking of setting up a Northwestern regime are discredited by reliable sources here and are believed to have arisen from a recent conference

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FS 3-No. 222, July 11, 9 a. m. from Nanking

conference with Chiang Kai Shek. and Feng Yu Hsiang during which Chang Hsueh Liang and Feng are reliably stated to have very strongly advised Chiang not to embark upon a Punitive expedition against the Southwest because they considered that general public sentiment opposed such a course.

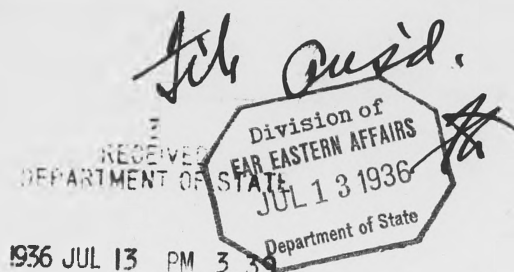
To the Department and Peiping; repeated to Canton, Hankow, by mail to Shanghai, Tsinanfu.

HPD

PECK

(*) omission

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



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DIVISION OF
COMMUNICATIONS
AND RECORDS

Ottawa, Canada.

July 3, 1936.

STRICTLY CONFIDENTIAL.

Dear Stanley:

I am enclosing herewith a memorandum, prepared by LaVerne Baldwin just before he left Ottawa, of a conversation with Major General E. C. Ashton, Chief of Staff of the Canadian Army.

The Memorial referred to by General Ashton is very probably known to you, if it ever actually existed. If, as he states, it was actually published by a Chinese Society in Toronto in 1926, ^{N 1717} it presumably found its way into our American papers. In any case, I am writing to the Consulate General at Toronto to find out if they reported on it at the time. As Baldwin states, the Legation in Ottawa was not in existence in 1926.

I was particularly interested in what General Ashton had to say in view of a talk which Mr. MacVeagh had with General Tanaka about that time, i.e. 1926-1927. As I

remember

Stanley K. Hornbeck, Esquire,
Chief, Division of Far Eastern Affairs,
Department of State,
Washington, D. C.

U.S.A.

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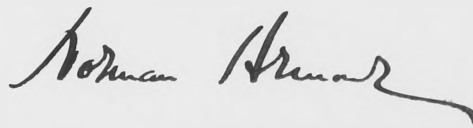
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remember the conversation, Tanaka made what were regarded at the time as some very sensational statements regarding Japan's foreign policy, particularly vis-a-vis China. As I remember the talk, young Kaneko, the son of Viscount Kaneko, who was then acting as Private Secretary to General Tanaka, then Foreign Minister, was the interpreter. Debyechi, at that time Vice Minister of Foreign Affairs, later attempted to explain away a lot of what General Tanaka had said. But, as General Ashton says, in view of recent developments in the Far East, it would look as though Tanaka's statements at that time represented more than his own personal opinion and were of more than ephemeral interest. Perhaps you will wish to look up the despatches at that time and see what we reported from Tokyo.

In the meantime I shall not fail to let you know if the Consulate General at Toronto is able to lay its hands on the publication mentioned.

Sincerely yours,



Enclosure.

MEMORANDUM.

June 20, 1926.

STRICTLY CONFIDENTIAL.

Japan's 20-year plan.

In conversation with Major General E. C. Ashton, now Chief of Staff of the Canadian Army, he inquired whether I had seen what is known as the Tanaka Memorial, a document which he stated was prepared by the then Premier of Japan, General Tanaka, and was published by a Chinese society in Toronto in 1926 or 1927, when he was officer in charge of that area. He said his office had two copies, one of which he was requesting to freshen his memory on certain fine details.

The memorial had been stolen from the Japanese Foreign Office by a young citizen of China, of Japanese extraction. The lad was born in China, according to his story, carefully educated in Japanese, went to Japan and obtained a minor position in the Foreign Office. The Japanese official denied the existence of such a document upon its publication, but General Ashton felt that the plan was so complete that there is no doubt as to its authenticity.

The plan maps Japan's foreign advance for the twenty years following 1926 or 1927, and General Ashton has meticulously followed this plan. After penetrating Manchuria the Japanese were to enter inner Mongolia, then outer Mongolia, China itself, India, and then on, including Asia Minor. Tanaka had declared that the loss of investments and trade in China would undoubtedly

cause

- 2 -

cause protests by the United States which he would overcome by laying mines at the north and at the south of the present Japanese Empire; the attack would necessarily be brought to Asia three thousand miles from their own base.

Since the Legation at Ottawa was not opened until July 1, 1927, it is extremely improbable that Toronto reported the existence of such a pamphlet to this office. No need to request a search in the matter would arise if a copy of the pamphlet is now in the Department's files.

General Ashton added that of course the whole plan was premised on the use of Chinese soldiers, that the Japanese were not capable of agriculture to compete with Chinese, that in his opinion the Army had twice failed to obtain complete control of the Japanese government and would certainly attempt to do so again, to the ultimate peril of the country. He seemed to believe that the Japanese Navy did not have the same tendency.

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ZCR

July 10, 1936.

Dear Norman:

I have your letter of July 3 in regard to the so-called Tanaka Memorial.

The Tanaka Memorial is a document which has been of concern to us for a number of years. We have had sent us various translations of the alleged document; there has been a great deal of discussion in regard to it in the press and magazine articles; and from time to time -- more frequently in the past than now -- various interested persons have addressed inquiries to the Department in regard to the document. To these inquiries, the Department has usually replied that inasmuch as the document was published in a foreign country under foreign auspices and had become a subject of controversy the Department did not desire to comment with regard to its authenticity. I may add that to me the important question is not so much whether General Tanaka actually prepared such a document but whether the document

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The Honorable

Norman Armour,

American Minister,

Ottawa, Canada.

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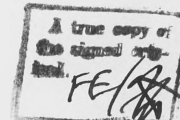
- 2 -

document is a reasonably accurate presentation of Japanese objectives in the field of major policy. To the latter question I personally am of the opinion that the answer is in the affirmative.

I appreciate your cooperative attitude in bringing the matter to our attention. It is pleasant -- as always -- to have a message from you.

With all best wishes, I am,

Yours cordially and sincerely,



MMH/REK

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COMMUNICATIONS AND RECORDS
PUBLICATIONS SECTION
JUL 20 1936

DIVISION OF
COMMUNICATIONS
AND RECORDS

Ottawa, Canada.

July 11, 1936.

793.94
STRICTLY CONFIDENTIAL.

Dear Stanley:

With further reference to my letter of July 7, 1936, with regard to the "Tanaka Memorial", I have just received two copies of the publication from the Consulate General at Toronto.

I have not yet had an opportunity to read it but am sending on one copy to you, keeping the other for myself.

I shall be interested in learning whether it is new to you and of any particular interest.

I see from the papers that you are having even more of a heat wave than we are, although yesterday Ottawa did pretty well with 96° and corresponding humidity.

Always sincerely yours,

Stanley K. Hornbeck

Enclosure.

Stanley K. Hornbeck, Esquire,
Chief, Division of Far Eastern Affairs,
Department of State,
Washington, D. C.

U.S.A.

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

MANCHURIA and the next WORLD WAR

日本併吞滿蒙之奏摺

駐加拿大都朗度埠安省華僑拒日救國會印發

Published by

Chinese Patriotic League of Ontario
124 University Ave. Toronto, Canada

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

Tanaka Memorial
Concerning Manchuria, Mongolia,
China, U.S.A. and the World

Submitted by
GENERAL TANAKA
(The then Premier of Japan)

to

The Japanese Emperor in 1927

PREFACE

This booklet, reproduced from the *China Critic*, presents the "Tanaka Memorial", an outline presented to the Japanese Emperor on July 25, 1927, by the late Premier Tanaka for the Japanese conquest of China and other nations. It outlines "the positive policy" in Manchuria—meaning the policy of direct force. Tanaka was an outstanding military leader in Japan. His plans are the plans of the present military group of Japan who dream of creating a greater Japanese empire on the mainland of Asia.

When Japan invaded Manchuria in September 18, 1931, under the pretence of ridding the Chinese territory of "bandits", the military occupation was intended only to be the first step in the Japanese programme for the conquest of China and other Asiatic nations. The recent ruthless Japanese attack on Shanghai and other Chinese territory, accompanied by all the horrors of a furious bombardment of its cities by the land, air and sea forces, in defiance of all existing treaties and pacts of non-aggression, indicates beyond any doubt Japan's fixed intention of seizing Manchuria in the light of this memorial document.

Through her powerful propaganda and by the formal pledges of her diplomats, Japan had been assuring the world and particularly the United States that Mukden was a local incident, that Japan would not attack Chinchow, that she would not occupy Harbin and that she would never attack any portion of China south of the Great Wall. Events that speak louder than words have belied these protestations and it is now abundantly clear to the world that the settled Japanese policy embraces not only the seizure of Manchuria but the conquest of the whole of China and eventual domination of the Pacific.

According to the memorial it is a matter of life and death for Japan to expand on continental Asia, particularly China. The statements in the memorial are startling. But the whole world must know the territorial and political ambitions of the Japanese.

Japan's selfish ambitions must be curbed. Otherwise, there will be no peace in the Orient. China is now defending herself and doing her utmost to check this Japanese menace to world peace. Let all workers for lasting peace read this Tanaka Memorial and help to maintain world peace and civilization.

TORONTO, CANADA, FEB. 20, 1932.

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HIGH LIGHTS OF THE MEMORIAL

1. For settling difficulties in Eastern Asia, Japan must adopt a policy of "Blood and Iron."

2. In order to conquer the world, Japan must conquer Europe and Asia; in order to conquer Europe and Asia Japan must conquer China, and in order to conquer China, Japan must first conquer Manchuria and Mongolia, Japan expects to fulfil the above programme in ten years.

3. Japan regrets that she has signed the Nine-Power Treaty which was intended by England and America to crush her interests in Manchuria, for thereby she agrees that Manchuria and Mongolia are Chinese territory. This has greatly hampered the freedom of Japanese policy in Manchuria.

4. Japan believes wars in near future with U.S.A. and with Russia are inevitable, so in order to get militarily prepared, Japan must build the Kirin-Hweining and Changchun-Talai railways in Manchuria.

5. The South Manchuria Railway Co., act in Manchuria as the Governor-General in Korea. In order to blind the eyes of the world and forestall the disclosure of secrets at present, the Colonial office nominally controls affairs of Formosa, Korea, and Saghalian islands, only, while really it manages affairs of Manchuria.

6. Japan must take strong steps, on basis of Twenty-one demands, to secure priority for building railroads, right of timbering and exploiting 19 iron and coal mines in Fengtien.

7. Japan should spend Yen 1,000,000 from "Secret funds" of Army department in order to send 400 retired officers disguised as teachers and traders, scientists, and Chinese citizens to Mongolia to influence the Mongolian princes to revolt against China.

8. Koreans should be utilized by Japan as vanguard for colonization of and as spearhead for penetration into Manchuria and Mongolia.

9. Taking advantage of the local disorder in Fengtien, Japan should manipulate the situation so that the Fengtien Bank notes will depreciate to zero, and the Yen will take to its place.

10. Japan must enjoy monopoly of supplies of beans, bean cakes, timber, coal, iron, fur, wool, and all other products of Manchuria and Mongolia and perfect control of transportation so that Chinese influence would be wiped out,

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and Europe and America, when in need of these supplies, would be at the mercy of Japan.

11. After studying the present conditions and possibilities of our country, our best policy lies in the direction of taking positive steps to secure rights and privileges in Manchuria and Mongolia. These will enable us to develop our trade. This will not only forestall China's own industrial development but also prevent the penetration of European powers. This is the best policy possible!

12. If we wish to develop the natural resources and strengthen our national defense, we must build railroads in Northern Manchuria. With their opening, we shall be able to send more people (Japanese) into Northern Manchuria. From this vantage ground we can manipulate political and economic development in South Manchuria, as well as strengthen our national defense in the interest of peace and order of the Far East.

13. Henceforth, we must change our practice in order to proceed adroitly. The centre of control must be in Tokyo. That will (1) insure secrecy, (2) stop China from knowing beforehand our plans, (3) avoid the suspicion of the powers before a thing is done, (4) unify the multiple control in Manchuria and (5) bring the government agencies in Manchuria and Mongolia in close touch with the central government so as to deal with China with undivided power.

14. Since the effect of the Lansing-Ishii Agreement is lost after the Washington Conference, we can only recover our interests through the favorable development arising out of the presence of several millions of Koreans in Manchuria.

15. Manchuria and Mongolia are the undeveloped countries in the Far East. Over this territory we shall have to go to war with Soviet Russia sooner or later. The battleground will be Kirin.

16. Manchuria and Mongolia are the Belgium of the Far East. In the Great War, Belgium was the battlefield. In our wars with Russia and the United States we must also make Manchuria and Mongolia suffer the ravages. As it is evident we have to violate the neutrality of these territories, we cannot help building the Kirin-Hueining and the Changchun-Talai Railways in order that we may be militarily prepared.

17. Our exploitation of Manchuria takes a variety of forms. Often those in authority take such different views that even the most profitable undertaking for our country cannot be carried out. Because of the lack of speed, our secrets are often exposed and are made propaganda materials by the Mukden government much to the detriment of our country in international relations.

TANAKA MEMORIAL

Memorial Presented to the Emperor of Japan on July 25, 1927, by Premier Tanaka, Outlining the positive policy in Manchuria.

(Reprinted from THE CHINA CRITIC, Vol. IV, No. 39, Sept. 24, 1931.)

Since the European War, Japan's political as well as economic interests have been in an unsettled condition. This is due to the fact that we have failed to take advantage of our special privileges in Manchuria and Mongolia and fully to realize our acquired rights. But upon my appointment as premier, I was instructed specially to guard our interests in this region and watch for opportunities for further expansion. Such injunctions one cannot take lightly. Ever since I advocated a positive policy towards Manchuria and Mongolia as a common citizen, I have longed for its realization. So in order that we may lay plans for the colonization of the Far East and the development of our new continental empire, a special conference was held from June 27th to July 7th lasting in all eleven days. It was attended by all the civil and military officers connected with Manchuria and Mongolia, whose discussions resulted in the following resolutions. These we respectfully submit to Your Majesty for consideration.

GENERAL CONSIDERATIONS

The term Manchuria and Mongolia includes the provinces Fengtien, Kirin, Heilungkiang and Outer and Inner Mongolia. It extends an area of 74,000 square miles, having a population of 28,000,000 people. The territory is more than three times as large as our own empire not counting Korea and Formosa, but it is inhabited by only one-third as many people. The attractiveness of the land does not arise from the scarcity of population alone: its wealth of forestry, minerals and agricultural products is also unrivalled elsewhere in the world. In order to exploit these resources for the perpetuation of our national glory, we created especially the South Manchuria Railway Company. The total invest-

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ment involved in our undertakings in railway, shipping, mining, forestry, steel manufacture, agriculture, and cattle raising as schemes pretending to be mutually beneficial to China and Japan amounts to no less than Yen 440,000,000. It is veritably the largest single investment and the strongest organization of our country. Although nominally the enterprise is under the joint ownership of the government and the people, in reality the government has complete power and authority over it. In so far as the South Manchuria Railway Company is empowered to undertake diplomatic, police, and ordinary administrative functions so that it may carry out our imperialistic policies, the Company forms a peculiar organization which has exactly the same powers as the Governor-General of Korea. This fact alone is sufficient to indicate the immense interests we have in Manchuria and Mongolia. Consequently the policies of the successive administrations since Meiji towards this country are all based on his injunction, elaborating and continuously completing the development of the new continental empire in order to further the advance of our natural glory and prosperity for countless generations to come.

Unfortunately, since the European War there have been constant changes in diplomatic as well as domestic affairs. The authorities of the Three Eastern Provinces are also awakened and gradually work toward reconstruction and industrial development following our example. Their progress is astonishing. It has affected the spread of our influence in a most serious way, and has put us to so many disadvantages that the dealings with Manchuria and Mongolia of successive governments have resulted in failure. Furthermore, the restriction of the Nine-Power Treaty signed at the Washington Conference have reduced our special rights and privileges in Manchuria and Mongolia to such an extent that there is no freedom left for us. The very existence of our country is endangered. Unless these obstacles are removed, our national existence will be insecure and our national strength will not increase. Moreover, the resources of wealth are congregated in North Manchuria. If we do not have the right of way there, it is obvious that we shall not be able to tap the riches of this country. Even the resources of South Manchuria which we won by the Russo-Japanese War will also be greatly restricted by the Nine Power Treaty. The result is that while our people cannot migrate into Manchuria as they please, the Chinese are flowing in as a flood. Hordes of them move into the Three Eastern Provinces every year, numbering in the neighbour-

hood of several millions. They have jeopardized our acquired rights in Manchuria and Mongolia to such an extent that our annual surplus population of eight hundred thousand have no place to seek outlet. In view of this we have to admit our failure in trying to effect a balance between our population and food supply. If we do not devise plans to check the influx of Chinese immigrants immediately, in five years' time the number of Chinese will exceed 6,000,000. Then we shall be confronted with greater difficulties in Manchuria and Mongolia.

It will be recalled that when the Nine Power Treaty which restricted our movements in Manchuria and Mongolia was signed, public opinion was greatly aroused. The late Emperor Taisho called a conference of Yamagata and other high officers of the army and the navy to find a way to counteract this new engagement. I was sent to Europe and America to ascertain secretly the attitude of the important statesmen toward it. They were all agreed that the Nine Power Treaty was initiated by the United States. The other Powers which signed it were willing to see our influence increase in Manchuria and Mongolia in order that we may protect the interests of international trade and investment. This attitude I found out personally from the political leaders of England, France and Italy. The sincerity of these expressions could be depended upon. Unfortunately just as we were ready to carry out our policy and declare void the Nine Power Treaty with the approval of those whom I met on my trip, the Seiyukai cabinet suddenly fell and our policy failed of fruition. It was indeed a great pity. After I had secretly exchanged views with the Powers regarding the development of Manchuria and Mongolia, I returned by way of Shanghai. At the wharf there a Chinese attempted to take my life. An American woman was hurt, but I escaped by the divine protection of my emperors of the past. It seems that it was by divine will that I should assist Your Majesty to open a new era in the Far East and to develop the new continental empire.

The Three Eastern Provinces are politically the imperfect spot in the Far East. For the sake of self-protection, as well as the protection of others, Japan cannot remove the difficulties in Eastern Asia unless she adopts a policy of "Blood and Iron." But in carrying out this policy we have to face the United States which has been turned against us by China's policy of fighting poison with poison. In the future, if we want to control China, we must first crush the United States just as in the past we had to fight in the

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Russo-Japanese War. But in order to conquer China we must first conquer Manchuria and Mongolia. In order to conquer the world, we must first conquer China. If we succeed in conquering China, the rest of the Asiatic countries and the South Sea countries will fear us and surrender to us. Then the world will realize that Eastern Asia is ours and will not dare to violate our rights. This is the plan left to us by Emperor Meiji, the success of which is essential to our national existence.

The Nine Power Treaty is entirely an expression of the spirit of commercial rivalry. It was the intention of England and America to crush our influence in China with their power of wealth. The proposed reduction of armaments is nothing but a means to limit our military strength, making it impossible for us to conquer the vast territory of China. On the other hand, China's resources of wealth will be entirely at their disposal. It is merely a scheme by which England and America may defeat our plans. And yet the Minseito made the Nine Power Treaty the important thing and emphasized our *trade* rather than our *rights* in China. This is a mistaken policy—a policy of national suicide. England can afford to talk about trade relations only because she has India and Australia to supply her with foodstuff and other materials. So can America because South America and Canada are there to supply her her needs. Their spare energy could be entirely devoted to developing trade in China to enrich themselves. But in Japan her food supply and raw materials decrease in proportion to her population. If we merely hope to develop trade, we shall eventually be defeated by England and America, who possess unsurpassable capitalistic power. In the end, we shall get nothing. A more dangerous factor is the fact that the people of China might some day wake up. Even during these years of internal strife, they can still toil patiently, and try to imitate and displace our goods so as to impair the development of our trade. When we remember that the Chinese are our sole customers, we must beware, lest one day when China becomes unified and her industries become prosperous. Americans and Europeans will compete with us: our trade in China will be ruined. Minseito's proposal to uphold the Nine Power Treaty and to adopt the policy of trade towards Manchuria is nothing less than a suicidal policy.

After studying the present conditions and possibilities of our country, our best policy lies in the direction of taking positive steps to secure rights and privileges in Manchuria

and Mongolia. These will enable us to develop our trade. This will not only forestall China's own industrial development, but also prevent the penetration of European Powers. This is the best policy possible!

The way to gain actual rights in Manchuria and Mongolia is to use this region as a base and under the pretence of trade and commerce penetrate the rest of China. Armed by the rights already secured we shall seize the resources all over the country. Having China's entire resources at our disposal we shall proceed to conquer India, the Archipelago Asia Minor, Central Asia, and even Europe. But to get control of Manchuria and Mongolia is the first step if the Yamato race wishes to distinguish themselves on Continental Asia. Final success belongs to the country having food supply; industrial prosperity belongs to the country having food-supply; industrial prosperity belongs to the country having raw materials; the full growth of national strength belongs to the country having extensive territory. If we pursue a positive policy to enlarge our rights in Manchuria and China, all these prerequisites of a powerful nation will constitute no problem. Furthermore, our surplus population of 700,000 each year will also be taken care of. If we want to inaugurate a new policy and secure the permanent prosperity of our empire, a positive policy towards Manchuria and Mongolia is the only way.

MANCHURIA AND MONGOLIA—NOT CHINESE TERRITORY

Historically considered, Manchuria and Mongolia are neither China's territory nor her special possessions. Dr. Yano has made an extensive study of Chinese history and has come to the positive conclusion that Manchuria and Mongolia never were Chinese territory. This fact was announced to the world on the authority of the Imperial University. The accuracy of Dr. Yano's investigations is such that no scholars in China have contested his statement. However, the most unfortunate thing is that in our declaration of war with Russia, our government openly recognized China's sovereignty over these regions and later again at the Washington conference when we signed the Nine Power Treaty. Because of these two miscalculations (on our part) China's sovereignty in Manchuria and Mongolia is established in diplomatic relations, but our interests are seriously injured. In the past, although China speaks of the Republic of five races, yet Tibet, Sinkiang, Mongolia and Manchuria have always remained special areas and the

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princes are permitted to discharge their customary functions. Therefore in reality the sovereign power over these regions resides with the princes. When any opportunity presents itself, we should make known to the world the actual situation there. We should also wedge our way into Outer and Inner Mongolia in order that we may reform the mainland. So long as the princes there maintain their former administrations, the sovereign rights are clearly in their hands. If we want to enter these territories, we may regard them as the ruling power and negotiate with them for rights and privileges. We shall be afforded excellent opportunities and our national influence will increase rapidly.

POSITIVE POLICY IN MANCHURIA

As to the rights in Manchuria, we should take forceful steps on the basis of the Twenty-One Demands and secure the following in order to safe-guard the enjoyment of the rights which we have acquired so far:—

1. After the thirty-year commercial lease terminates, we should be able to extend the term at our wish. Also the rights of leasing for commercial, industrial and agricultural purpose should be recognized.
2. Japanese subjects shall have the right to travel and reside in the eastern part of Mongolia, and engage in commercial and industrial activities. As to their movements, China shall allow them freedom from Chinese law. Furthermore, they must not be subject to illegal taxation and unlawful examination.
3. We must have the right of exploiting the nineteen iron and coal mines in Fengtien and Kirin, as well as the right of timbering.
4. We should have priority for building railroads and option for loans for such purposes in South Manchuria and Eastern Mongolia.
5. The number of Japanese political, financial and military advisers should be increased. Furthermore, we must have priority in furnishing new advisers.
6. The right of stationing our Police over the Koreans (in China).

7. The administration and development of the Kirin-Changchun Railway must be extended to 99 years.
8. Exclusive right of sale of special products—priority of shipping business to Europe and America.
9. Exclusive rights of mining in Heilungkiang.
10. Right to construct Kirin-Hueining and the Changchun-Talai Railways.
11. In case money is needed for the redemption of the Chinese Eastern Railway, the Japanese Government must have the first option for making loans to China.
12. Harbour rights at Antung and Yingkow and the right of through transportation.
13. The right of partnership in establishing a Central Bank of the Three Eastern Provinces.
14. Right of Pasturage.

POSITIVE POLICY TOWARDS INNER AND OUTER MONGOLIA

Since Manchuria and Mongolia are still in the hands of the former princes, in the future we must recognize them as the ruling power and give them support. For this reason, the daughter of General Fukushima, Governor of Kwantung, risked her life among the barbarous Mongolian people of Tushiyeh to become adviser to their Prince in order that she might serve the Imperial Government. As the wife of the Prince Ruler is the niece of Manchu Prince Su, the relationship between our Government and the Mongolian Prince became very intimate. The princes of Outer and Inner Mongolia have all shown sincere respect for us, especially after we allured them with special benefits and protection. Now there are 19 Japanese retired military officers in the house of the Tushiyeh. We have acquired already monopoly rights for the purchase of wool, for real estate and for mines. Hereafter we shall send secretly more retired officers to live among them. They should wear Chinese clothes in order to escape the attention of the Mukden Government. Scattered in the territory of the Prince, they may engage themselves in farming, herding or dealing in wool. As to the other principalities, we can employ the same method as in Tushiyeh. Everywhere we should station our retired military officers to dominate in the Princes' affairs. After a large number of our people have moved into Outer and Inner

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Mongolia, we shall then buy lands at one-tenth of their worth and begin to cultivate rice where feasible in order to relieve our shortage of food-supply. Where the land is not suitable for rice cultivation, we should develop it for cattle raising and horse breeding in order to replenish our military needs. The rest of the land could be devoted to the manufacture of canned goods which we may export to Europe and America. The fur and leather will also meet our needs. Once the opportunity comes, Outer and Inner Mongolia will be ours outright. While the sovereign rights are not clearly defined and while the Chinese and the Soviet Government are engaging their attention elsewhere, it is our opportunity quietly to build our influence. Once we have purchased most of the land there, there will be no room for dispute as to whether Mongolia belongs to the Japanese or the Mongolians. Aided by our military prowess, we shall realize our positive policy. In order to carry out this plan, we should appropriate Yen 1,000,000 from the "secret funds" of the Army Department's budget so that four hundred retired officers disguised as teacher and Chinese citizens may be sent into Outer and Inner Mongolia to mix with the people, to gain the confidence of the Mongolian princes, to acquire from them rights for pasturage and mining and to lay the foundation of our national interests for the next hundred years.

ENCOURAGEMENT AND PROTECTION OF KOREAN IMMIGRATION

Since the annexation of Korea, we have had very little trouble. But President Wilson's declaration of the self-determination of races after the European War has been like a divine revelation to the suppressed peoples. The Koreans are no exception. The spirit of unrest has permeated the whole country. Both because of the freedom they enjoy in Manchuria due to incompetent police system and because of the richness of the country, there are now in the Three Eastern Provinces no less than 1,000,000 Koreans. The unlooked-for development is fortunate for our country indeed. From a military and economic standpoint, it has greatly strengthened our influence. From another standpoint, it gives new hope for the administration of Koreans. They will both be the vanguard for the colonization of virgin fields and furnish a link of contact with the Chinese people. On the one hand, we could utilize the naturalized Koreans to purchase land for rice cultivation, on the other, we could extend to them financial aid through the Co-operative Society, the South Manchuria Railway, etc., so that they may serve as the spear-head of our economic penetration.

This will give relief to our problem of food supply, as well as open a new field of opportunity for colonization. The Koreans who have become naturalized Chinese are Chinese only in name: they will return to our fold eventually. They are different from those naturalized Japanese in California and South America. They are naturalized as Chinese only for temporary convenience. When their numbers reach two million and a half or more, they can be instigated to military activities whenever there is the necessity, and under the pretence of suppressing the Koreans we could bear them aid. As not all the Koreans are naturalized Chinese, the world will not be able to tell whether it is the Chinese Koreans or the Japanese Koreans who create the trouble. We can always sell dog's meat with a sheep's head as sign-board.

Of course while we could use the Koreans for such purposes, we must beware of the fact that the Chinese could also use them against us. But Manchuria is as much under our jurisdiction as under Chinese jurisdiction. If the Chinese should use Koreans to hamper us, then our opportunity of war against China is at hand. In that event, the most formidable factor is Soviet Russia. If the Chinese should use the "Reds" to influence the Koreans, the thought of our people will change and great peril will befall us. Therefore, the present Cabinet is taking every precaution against this eventuality. If we want to make use of the Koreans to develop our new continental empire, our protection and regulations for them must be more carefully worked out. We should increase our police force in North Manchuria under the terms of the Mitsuya Treaty so that we may protect the Koreans and give them help in their rapid advance. Furthermore, the Eastern Development Company (Totoku Kaisha) and the South Manchuria Railway Company should follow then to give them financial aid. They should be given especially favourable terms so that through them we may develop Manchuria and Mongolia and monopolize the commercial rights. The influx of Koreans into these territories is of such obvious importance both for economic and military considerations that the Imperial Government cannot afford not to give it encouragement. It will mean new opportunities for our empire. Since the effect of the Langsing-Ishii Agreement is lost after the Washington Conference, we can only recover our interests through the favourable development arising out of the presence of several millions of Koreans in Manchuria. There is no ground in international relations for raising any objection to this procedure.

RAILROADS AND DEVELOPMENT OF OUR NEW CONTINENT

Transportation is the mother of national defence, the assurance of victory and the citadel of economic development. China has only 7,200 to 7,300 miles of railroads, of which three thousand miles are in Manchuria and Mongolia constituting two-fifths of the whole. Considering the size of Manchuria and Mongolia and the abundance of natural products, there should be at least five or six thousand miles more. It is a pity that our railroads are mostly in South Manchuria, which cannot reach the sources of wealth in the northern parts. Moreover, there are too many Chinese inhabitants in South Manchuria to be wholesome for our military and economic plans. If we wish to develop the natural resources and strengthen our national defence, we must build railroads in Northern Manchuria. With the opening of these railroads, we shall be able to send more people (Japanese) into Northern Manchuria. From this vantage ground we can manipulate political and economic developments in South Manchuria, as well as strengthen our national defence in the interest of peace and order of the Far East. Furthermore, the South Manchuria Railway was built mainly for economic purposes. It lacks encircling lines necessary for military mobilization and transportation. From now on we must take military purposes as our object and build circuit lines to circle the heart of Manchuria and Mongolia in order that we may hamper China's military, political and economic developments there on the one hand, and prevent the penetration of Russian influence on the other. This is the key to our continental policy.

There are two trunk lines in Manchuria and Mongolia. These are the Chinese Eastern Railway and the South Manchurian Railway. As regards the railroad built by Chinese, it will doubtless become very powerful in time, backed by the financial resources of the Kirin Provincial Government. With the combined resources of Fengtien and Heilungkiang Provinces, the Chinese railroads will develop to an extent far superior to our South Manchuria Railway. Strong competition will inevitably result. Fortunately for us, the financial conditions in Fengtien Province are in great disorder, which the authorities cannot improve unless we come to their succor. This is our chance. We should take positive steps until we have reached our goal in railroad development. Moreover, if we manipulate the situation, the Fengtien bank-notes will depreciate to an inconceivable degree. In

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that event, the bankruptcy of Fengtien will be a matter of time. The development of Manchuria and Mongolia will be out of the question for them. But we still have to reckon with the Chinese Eastern Railway. It forms a T with the South Manchuria Railway. Although this system is in a convenient shape, it is by no means suitable for military purposes. When the Chinese build railroads as feeders of the Chinese Eastern Railway, it is best that they run parallel to it, west and east. But with the South Manchuria Railway as main line, we must have these lines run north and south. For the benefit of the Chinese themselves, there are also advantages for these lines to run in this direction. Consequently our interest does not necessarily conflict with the Chinese. Now that Russia is losing influence and is powerless to advance in Manchuria and Mongolia, it is certain that the Chinese must act according to our beckoning in the development of railways in the future. Much to our surprise the Fengtien Government recently built two railroads, one from Tahushan to Tungliao and the other from Kirin to Haining both for military purposes. Those two railroads affect most seriously our military plans in Manchuria and Mongolia as well as the interest of the South Manchuria Railway. We therefore protested strongly against it.

That these railways were built was due to the fact that our official on the spot as well as the South Manchuria Railway authorities miscalculated the ability of the Fengtien Government and paid no attention to it. Later when we did intervene the railways were already completed. Besides, the Americans have been anxious to make an investment in developing the port of Hulutao through British capitalists. Taking advantage of this situation, the Fengtien Government introduced American and British capital in these railways in order to hold our interest at bay. For the time being we have to wink at it and wait for the opportune moment to deal with China about these two railroads.

Recently, it is rumoured that the Fengtien Government is planning to build a railroad from Tahushan to Harbin via Tung Liao and Fu Yu, so that there may be a direct line between Peking and Harbin without touching either the South Manchuria Railway or the Chinese Eastern Railway. What is more astonishing is that another railway beginning at Mukden passing through Hailung, Kirin, Wuchang terminating at Harbin is also under way. If this plan be realized, then these two lines would encircle the South Manchuria Railway and limit its sphere of activity to a small area. The result is that our economic and political

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development of Manchuria and Mongolia will be checked and the plan for curtailing our power provided by the Nine Power Treaty will be carried out. Moreover, the completion of these two railroads will render the South Manchurian Railway completely useless. The latter Company will be confronted with a real crisis. But in view of China's financial conditions to-day, she cannot undertake these two railroads unless she resorts to foreign loans. And on these two railways the transportation charges will have to be higher than on the South Manchuria Railway. These considerations give us some comfort. But in the event of these two railroads becoming an accomplished fact and the Chinese Government making especially low freight charges in order to compete with the South Manchuria Railway, not only we but the Chinese Eastern Railway will also sustain great losses. Japan and Russia certainly would not allow China to carry out such obstructive measures, especially as the Chinese Eastern Railway depends upon Tsitsihar and Harbin for the bulk for its business. The consequence would be even more serious to both Japanese and Russian interests when the new railways are completed.

Let us now consider more in detail the competitive railways projected in Manchuria and Mongolia.

China contemplates:

1. Suolun-Taonan Railway.
2. Kirin-Harbin Railway.

Soviet Russia proposes:

1. Anta-Potung Railway.
2. Mienpo-Wuchang-Potuna Railway.
3. Kirin-Hailin Railway.
4. Mishan-Muling Railway.

The Russian plans are designed to strengthen the Chinese Eastern Railway and thereby to extend its imperialistic schemes. For this reason the railways projected mostly run east and west. For although the power of Soviet Russia is declining, her ambition in Manchuria and Mongolia has not diminished for a minute. Every step she takes is intended to obstruct our progress and to injure the South Manchuria Railway. We must do our utmost to guard against her influence. We should use the Fengtien Government as a wedge to check her southern advance. By pretending to check the southern advance of Soviet Russia as a first step,

we could gradually force our way into North Manchuria and exploit the natural resources there. We shall then be able to prevent the spread of Chinese influence on the south and arrest the advance of Soviet Russia on the north. In our struggle against the political and economic influence of Soviet Russia, we should drive China before us and direct the events from behind. Meanwhile, we should still secretly befriend Russia in order to hamper the growth of Chinese influence. It was largely with this purpose in view, that Baron Goto of Kato's cabinet invited Joffe to our country and advocated the resumption of diplomatic relations with Russia.

Although we have an agreement with the Chinese Eastern Railway concerning transportation rates, according to which 45% go to the Chinese Eastern Railway and 55% to us, yet the Chinese Eastern Railway still grants preferential rates detrimental to the interest of the South Manchuria Railway. Moreover, according to a secret declaration of Soviet Russia, although they have no territorial ambition they cannot help keeping a hand in the Chinese Eastern Railway on account of the fact that north of the Chinese and Russian boundary the severe cold makes a railway useless. Furthermore, as Vladivostok is their only sea-port in the Far East, they cannot give up the Chinese Eastern Railway without losing also their foothold on the Pacific. This makes us feel the more uneasy.

On the other hand, the South Manchuria Railway is not adequate for our purpose. Considering our present needs and future activities, we must control railways in both North and South Manchuria, especially in view of the fact that the resources of North Manchuria and Eastern Mongolia will furnish room for expansion and material gains. In South Manchuria the Chinese is increasing at such a rate that it will surely damage our interests politically and economically. Under such circumstances, we are compelled to take aggressive steps in North Manchuria in order to assure our future prosperity. But if Soviet Russia's Chinese Eastern Railway should spread across this field our new continental policy is bound to receive a set-back which will result in an inevitable conflict with Soviet Russia in the near future. In that event we shall enact once more our part in the Russo-Japanese War. The Chinese Eastern Railway will become ours as the South Manchuria Railway did last time, and we shall seize Kirin as we once did Dairen. That we should draw swords with Russia again in the fields of Mongolia in order to gain the wealth of North Manchuria seems a

necessary step in our program of national aggrandisement. Until this hidden rock is blown up our ship can have no smooth sailing. We should now demand from China the right of building all the important military railroads. When these railroads are completed, we shall pour our forces into North Manchuria as far as we can. When Soviet Russia intervenes, as they must, that is our opportunity for open conflict.

WE SHOULD BUILD THE FOLLOWING RAILWAYS

1. Tungliao-Jehol Railway. This line is 447 miles long and will cost Yen 50,000,000. When it is completed it will be of great value to our development of Inner Mongolia. As a matter of fact, this is the most important of all the railways in the whole undertaking. According to the careful surveys of the War Department, there are in Inner Mongolia large tracts of land suitable for rice cultivation. After proper development there will be room for at least 20 millions of our people. Besides there, is the possibility of turning out 2,000,000 head of cattle which may be transported by railways for food supply and for purposes of exporting to Europe and America. Wool also is a special product. While the sheep in Japan yield only two catties of wool per head per year, the sheep in Mongolia can yield six catties. The South Manchuria Railway has made many experiments, all of which confirm this fact. Besides, the wool is many times better than that of Australia. Its low cost and high quality combined with its abundance in quantity make Mongolia a potential source of great wealth. When this industry is enhanced by the facilities of railway development, the total production will increase at least ten-fold. We have withheld this knowledge from the rest of the world, lest England and America compete with us for it. Therefore, we must first of all control the transportation and then develop the wool industry. By the time the other countries know about it, it would be already too late to do anything. With this railroad in our hands, we can develop the wool industry not only for our own use, but also for exporting to Europe and America. Furthermore, we can realize our desire of joining hands with Mongolia. This railway is a matter of life and death to our policy in Mongolia. Without it, Japan can have no part in Mongolia's development.

2. Suolun-Taonan Railway. This line is 136 miles long and will cost Yen 10,000,000. Looking into the future of Japan, a war with Russia over the plains of North Man-

churia is inevitable. From a military standpoint, this line will not only enable us to threaten Russia's rear but also to curtail its re-enforcements for North Manchuria. From an economic standpoint, this road will place the wealth of the Tao Er Ho Valley within our reach, thereby strengthening the South Manchuria Railway. The princes nearby who are friendly to us can also use this road to extend our influence in order to open up their respective territories. Our hope of working hand in hand with the Mongolian princes, of acquiring land, mines and pasturage, and of developing trade with the natives as preliminary steps for later penetration, all depends upon this railway. Together with Tungliao-Jehol Railway, they will form two supplementary routes into Mongolia. When the industries are fully developed, we shall extend our interests into Outer Mongolia. But the danger of this line is that it might provide facilities for Chinese migration into a new region and spoil our own policy. Look at our experience with the South Manchuria Railway. Hasn't that served the interest of China? The redeeming feature, however, is the fact that the land and mines along this railway are in the possession of Mongolian princes. If we can gain possession of them first, we need have no worries about Chinese migration. Moreover, we can make the princes pass laws discriminating against Chinese immigrants. When life there is made miserable for the Chinese, they naturally will leave for places afar. There are other methods to bar the Chinese. Only if we try hard enough, no Chinese foot-prints will be found on Mongolian territory.

3. A Section of Changchun-Taonan Railway. As this line runs from Changchun to Fuyu and Talai, the section between Changchun and Taonan is about 131 miles and costs approximately Yen 11,000,000. This line is immensely important from an economic standpoint, for the wealth of Manchuria and an easy access to North Manchuria on the one hand, and prejudice the Chinese Eastern Railway to the benefit of the South Manchuria Railway on the other. It runs through the upper valley of the Sungari River where the soil is fertile and agriculture products abound. Further, in the vicinity of Talai there is the Yuehling Falls which could be harnessed for electric power. That this section of the railway will be a prosperous center for industry and agriculture, is beyond doubt. After the completion of this line, we shall be able to make Talai a base and advance on Siberia through three directions; namely, by ways of Taonan, Anshan and Tsitsihar. The wealth of North Manchuria

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will then come to our hands. This will also be the first line of advance to Heilungkiang. It will further form a circuit with the railway between Changchun and Taonan, which will serve well for military purposes when we penetrate into Mongolia. Along this whole line the population is sparse and the land is rich and extensive. No fertiliser will be required on the farms for fifty years. A possession of this railway will ensure the possession of all the wealth of North Manchuria and Mongolia. In this region there is room for at least 30 million people more. When the Tunhua Railway is complete and joins up with the line running to Hueining in Korea, the products will be brought to the door of Osaka and Tokyo by a direct route. In time of war our troops could be despatched to North Manchuria and Mongolia via the Japan Sea without a stop, forestalling all possibilities of Chinese forces entering North Manchuria. Nor could American or Russian submarines enter the Korean Strait. The moment the railways between Kirin and Hueining and between Changchun and Talai are completed, we shall become self-sufficient in food-stuff and raw materials. We shall have no worries in the event of war with any country. Then, in our negotiations about Manchuria and Mongolia, China will be cowed to submission and yield to our wishes. If we want to end the political existence of Manchuria and Mongolia according to the third step of Meiji's plan, the completion of these two railways is the only way. The Changchun-Talai Railway will greatly enhance the value of the South Manchuria Railway, besides developing into a profitable line itself. It is an undertaking of supreme importance in our penetration into this territory.

4. Kirin-Hueining Line. While the Kirin-Tunhua Line is already completed, the Tunhua-Hueining Line is yet to be built. The narrow gauge of 2 ft. 6 inches of the tracks from Hueining to Laotoukow is inadequate for the economic development of the New Continent. Allowing Yen 8,000,000 for widening the tracks in this section and Yen 10,000,000 for completing the section between Laotoukow and Tunhua, the whole undertaking will cost approximately Yen 20,000,000. When this is done, our continental policy will have succeeded. Hitherto, people going to Europe have to pass through either Dairen or Vladivostok. Now they can go on the trunk line directly from Chingchinkang via the Siberian Railway. When we are in control of this great system of transportation, we need make no secret of our designs on Manchuria and Mongolia according to the third step of Meiji's plans. The Yamato Race is then embarked on the

journey of world conquest! According to the last will of Meiji, our first step was to conquer Formosa and the second step to annex Korea. Having completed both of these, the third step is yet to be taken and that is the conquest of Manchuria, Mongolia and China. When this is done, the rest of Asia including the South Sea Islands will be at our feet. That these injunctions have not been carried out even now, is a crime of your humble servants.

In history the people living in Kirin, Fengtien and part of Heilungkiang, are called Sushan. They are now scattered along the sea coast and in the basins of the Amur and Tumen Rivers. They were known as Kulai, Sushan, Hueibei, Palou, Wotsu, Fuyu, Kitan Pohai and Nuchen at different stages of history. They were of a mixed race. The forefathers of the Manchurian dynasty also began in this vicinity. They gained control of Kirin, first, and then firmly established themselves in China for 300 years. If we want to put into effect our Continental Policy, we have to note this historical fact and proceed to establish ourselves in this region first also. Hence the necessity of the Kirin-Hueining Railway.

Whether the terminus of Kirin-Hueining Line be at Chinchin Lochin or even Hsiungchi, we are free to decide according to circumstances. From the standpoint of national defence at present, Lochin seems the ideal harbour and terminus. Eventually it will be the best harbour in the world. On the one hand it will ruin Vladivostok, and on the other it will be the center of the wealth of Manchuria and Mongolia. Moreover, Dairen is as yet not our own territory while Manchuria is yet not a part of our empire, it is difficult to develop Dairen. That being the case, we shall be in a precarious situation in time of war. The enemy could blockade the Tsushima and Senchima Straits, and we shall be cut off from the supplies at Manchuria and Mongolia. Not having the resources there at our command we shall be vanquished, especially as England and the United States have worked hand in hand to limit our action in every possible direction. For the sake of self-preservation and of giving warning to China and the rest of the world, we must fight America some time. The American Asiatic Squadron stationed in the Philippines is but within a stone's throw from Tsushima and Senchima. If they send submarines to these quarters, our supply of food-stuff and raw materials from Manchuria and Mongolia will be cut off entirely. But if the Kirin-Hueining Railway is completed, we shall have a large circuit line through all Manchuria and

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Korea, and a small circuit line through North Manchuria. We shall have access in all direction gaining freedom for the transportation of soldiers and supplies alike. When our supplies are transported through this line to our ports at Tsuruga and Niigata, enemy submarines will have no way of getting in the Japanese and Korean Straits. We are then entirely free from interference. This is what is meant by making the Japanese Sea the center of our national defence. Having secured the free transportation of food and raw materials, we shall have nothing to fear either from the American navy because of its size, or the Chinese or Russian army because of their number. Incidentally, we shall be in a position to suppress the Koreans. Let me reiterate the fact that if we want to carry out the New Continental Policy, we must build this line. Manchuria and Mongolia are the undeveloped countries in the East. Over this territory we shall have to go to war with Soviet Russia sooner or later. The battle ground will be Kirin.

When we carry out the third step of Meiji's plans with regard to China, we shall have to do the following things:—

1. Mobilize the army divisions in Fukuoka and Hiroshima, and send them to South Manchuria via Korea. This will prevent the northern advance of Chinese soldiers.
2. Send the army divisions in Nagoya and Kwansai by sea to Chingchin, and thence to North Manchuria via the Kirin Hueining Line.
3. Send the army in Kwantung through Niigata to Chingchin or Lochin, and thence by Kirin-Hueining Line to North Manchuria.
4. Send the army divisions in Hokkaido and Sendai to embark the ship at Aomori and Hakodate, and sail for Vladivostok and thence, via the Siberian Railway, to Harbin. Then they can descend on Fengtien, seize Mongolia and prevent Russian forces from coming south.
5. Finally these divisions in all directions will meet and form themselves in two large armies. On the south, they will keep Shanhaikuan and close it against the Northern advance of Chinese forces: on the north, they will defend Tsitsihar against the southern advance of the Russians. In this way we shall have all the resources of Manchuria and Mongolia at our command. Even if the war should be prolonged for ten years, we need have no fear for the lack of supplies.

Let us now analyze once more the Kirin-Hueining Railway from the standpoint of its access from our ports.

First, with Chingchin as starting point:

1. To Vladivostok.....130 miles
2. To Tsuruga.....475 miles
3. To Moji.....500 miles
4. To Nagasaki.....650 miles
5. To Fusan.....500 miles

Second, take Tsuruga as the port of entry and compare it with Dairen. In this case we should consider it from the point of view of Osaka an industrial center.

1. From Changchun to Osaka via Lochin, the distance is 406 miles by land and 475 miles by sea. In point of time the route will take 51 hours.
2. From Changchun to Osaka via Dairen and Kobe, the distance is 535 miles by land and 870 miles by sea. In point of time it takes 92 hours.

If Tsuruga instead of Dairen is made the connecting link, there is a saving of 41 hours. Calculated at the rate of 30 miles an hour on land and 12 miles an hour by sea, we can use fast boats and trains and cut the time in half.

Manchuria and Mongolia are the Belgium of the Far East. In the Great War, Belgium was the battlefield. In our wars with Russia and the United States, we must also make Manchuria and Mongolia suffer the ravages. As it is evident that we have to violate the neutrality of these territories, we cannot help building the Kirin-Hueining and Changchun-Talai Railways in order that we may be militarily prepared. In time of war we can easily increase our forces and in time of peace we can migrate thousands upon thousands of people into this region and work on the rice fields. This line offers the key to economic development as well as to military conquests.

In undertaking the Kirin-Hueining Railway, it is necessary to take advantage of the dry season and finish it at one stretch. The mountains it must go through are all granite. The tunneling would need modern and up-to-date machines. As to the sleepers and ballast required, there is an abundance all along the line. Limestone and clay for making tiles and brick are also to be had for the taking. Only rails, cars and locomotives have to be brought in. The cost of construction could therefore be reduced at least thirty per cent and the time required forty per cent.

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Now, let us look into the economic interests along this line. According to the careful investigations of our General Staff and the South Manchuria Railway, the total reserve of timber is 200,000,000 tons. If one million tons is fallen and imported to our country each year, it will last two hundred years. This will stop the import of American timber which has been costing us Yen 80,000,000 to Yen 100,000,000 a year. Although our information is reliable we cannot make it known to the world, for if China or Russia learns that we get so much timber from America, they would try to interfere with the construction of this line. Or else, the United States may buy from the Fengtien Government all the timber rights on the one hand to protect their own trade with us; on the other, to control the monopoly and incidentally kill our paper industry.

Kirin was known as the "ocean of trees" even in the days of Emperor Chien-Lung. Added to the original forests are the growths in the intervening years since that time. Imagine the vastness of the resources! To transport this timber from Kirin to Osaka via Changchun and Dairen, there is a distance of 1,385 miles. For every cubic foot, we have to spend 34 cents. Because of this high cost of transportation, we cannot compete with the United States. If the Kirin-Hueining Line is completed, the distance is reduced to about 700 miles. We can then ship timber to Osaka at the low rate of 13 cents per cubic foot. We can certainly defeat the timber importation from the United States then. Supposing we calculate the profit at Yen 5.00 per ton timber and supposing there are two billion tons of timber, the construction of the railway will bring to us the easy profit of 10 billion yen. We will bar the import of American timber into our country. Furthermore, the industry of paper manufacture, furniture making and wooden wares which the cheap timber makes possible will add 20 million yen more to our country's annual income.

There is also the Hsinchin coal mine, which has a reserve of 600,000,000 tons of coal. The quality of this coal is superior to that of Fushun coal, easy to excavate and suitable for the extraction of petroleum, agricultural fertilizers and other chemical by-products which we may both use at home and sell in China. There are numerous other advantages which will come to us from the building of the Kirin-Hueining Railway. It is all gain without labour. The coal will supplement the Fushun collieries. With both coal mines in our control, we hold the key to the industries of all China. Speaking of the Hsinchin coal, we shall reap a

profit of Yen 5.00 on each ton when it is shipped to Japan. With additional chemical by-products, we shall reap a profit of Yen 16.00 from each ton of coal. Taking an average profit of Yen 15.00 a ton, the total profit will amount to 200 billion yen. All this comes as a by-product from the operation of the Kirin-Hueining Railway. There are, besides, the gold mines along the Mutan River. The acquired rights of the South Manchuria Railway in the gold mines of Chiapikou in the province of Kirin and the timber in its neighbourhood will all be within reach of exploitation once the Kirin-Hueining Line is in operation.

In the vicinity of Tunhua the agricultural products, such as oats, wheat, millet and kaoliang, yield an annual output of over a million catties. There are twenty distilleries of wines, thirty oil mills yielding an annual output of about 600,000 catties of oil and 600,000 of bean cake, besides many places for making vermicelli. All these will depend upon the new railway. The trade along this road may be estimated at 4 million yen a year. The transportation charges of farm products alone will not only defray the running expenses, but also yield a net profit of Yen 200,000 a year. Including the profit from timber, coal and its by-products transported by the railway, we can safely count on a profit of Yen 8,000,000 a year. Besides, there are indirect benefits such as the strengthening of the South Manchuria Railway, the acquisition of rights over forests, mines and trade as well as the migration of large numbers of our people into North Manchuria. Above all, is the shortening of distance between Japan and the resources of wealth in North Manchuria. It only takes three hours from Chingchin to Hueining, three hours from Hueining to Sanfeng and three hours more from Tumen River to Lungchingtsun. In 60 hours we can reach the wealth of North Manchuria. Hence the Kirin-Hueining Railroad alone can enable us to tap the immense wealth of North Manchuria.

4. *Hunchun-Hailin Railway.* This is 173 miles long and costs Yen 24,000,000. All along this line are thick forests. In order to strengthen the Kirin-Hueining Railway and to exploit the forests and mines in North Manchuria, this line is needed. In order to transfer the prosperity of Vladivostok to Hueining, this line is also urgently needed. The greatest hope for prosperity, however, is the fact that south of Naining and north of Tunhua there is Lake Chungpo which can be used to generate electric power. With this electric power, we shall have control over the agricultural and industrial undertakings of the whole of Manchuria and

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Mongolia. No amount of China's agitation can matter in the least to our industrial developments. According to the investigations of the South Manchuria Railway, the water power in the lake can generate at least 800,000 horsepower. With such an enormous quantity of electric power, the industrial conquest of Manchuria and Mongolia can be easily accomplished. In the neighbourhood of this immense power plant, there will be phenomenal growth of wealth. We must build this railway quickly, in order to provide facilities for transportation. Lake Hsinghai, which is owned jointly by China and Russia, can also be developed for the generation of electricity. In order that these two countries may not combine to frustrate our plans, we should introduce a resolution in the International Conference of Electrical Engineering to be held in Tokyo this year, to the effect that in the same area of electricity supply there should not be two power plants. Besides, in the vicinity of Niigata and Hailin, the Oju Paper Mill has acquired extensive rights of lumbering. They need the immediate establishment of the power plant at Lake Chingpo and the early completion of the Hunchun-Hailin Railway in order to bring to the factory at home the raw materials growing wild in Mongolia.

Moreover, the reason that the Fengtien-Kirin-Wuchang Railway and the Kirin and Fengtien authorities intend to build the Wuchang Railway and the Kirin-Mukden Railway, with Hulutao or Tientsin as sea-port, is that they want to recover to themselves the wealth of North Manchuria. By building the Hunchun-Hailin Railway we shall not only strengthen the Kirin-Hueining Railway, but also defeat the Chinese scheme and draw the wealth of Manchuria to Chingchin harbour. The transportation charges will be two-thirds less compared with the Chinese line and one-third less compared with the Siberian line. They cannot compete with us. Our victory is a foregone conclusion.

The total trade in Manchuria is seven or eight billion yen a year, all of which is in our hands. The business we do in wool, cotton, soybeans, bean cakes, and iron, forms one-twentieth of the total volume of world trade. And it is steadily increasing. But the Namihaya Machi at Dairen (the wealthiest street in the city) is still in Chinese possession. The sad story goes further. Oil is a basic industry in Manchuria. We control only 6 per cent. of it. Of the 38 oil mills in Yingkow, there is not one Japanese; of the 20 oil mills in Antung there is only one Japanese and of the 82 or 83 oil mills in Dairen there are only seven owned by Japanese. This is by no means an optimistic outlook for us. In order to

recover the lost ground, we must first of all develop transportation. Then, by securing a monopoly on both finished products and raw materials, we shall be able to gain the upperhand eventually. Furthermore, we ought to assist our people in oil business by extending to them financial credit, so that the oil industry of the Chinese will be forced out of the market. There are many Chinese on Kawaguchi Machi in Osaka who are dealers of our manufactured goods in Mongolia and Manchuria. They are strong competitors of our own business men in China. Our people are greatly handicapped because of their high standard of living which compels them to figure at a higher percentage of profit. On the other hand, the Chinese also have their disadvantages. The goods that they get are of an inferior quality, but the price that they pay is at least 10 per cent. higher than what our own people pay. Besides, they are also obliged to pay Yen 2.70 more than our people for every ton of goods transported, and yet they can undersell our merchants in Manchuria. It clearly shows the inability of our own people. When one thinks of it, it is really pathetic. The Chinese is single-handed, receiving no assistance from the government. But the Japanese in Manchuria has every protection from the government and long term credit at a low rate of interest. Still there are innumerable cases of failures. Hereafter, we should organize a co-operative exporting house to China. The steamship lines and the South Manchuria Railway should give it special discounts, and the government in Kwangtung should extend to it financial credit at a very low rate of interest. Then we can hope to beat the Chinese merchants and recover our trade rights, so that we may develop the special products of Manchuria and send them to all parts of the world.

The first step in gaining financial and commercial control of Manchuria and Mongolia lies in the monopoly sale of their products. We must have the rights of monopoly for the sale of Manchurian and Mongolian products before we can carry out our continental policy and prevent the invasion of American capital as well as the influence of the Chinese traders.

Although the products of Manchuria and Mongolia may go through any of the three ports, Dairen, Yingkow and Antung, nevertheless Dairen holds the key to the situation. Every year 7,200 ships pass through this port with a total tonnage of 11,565,000 tons. This represents 70 per cent. of the total trade of Manchuria and Mongolia. Fifteen navigation routes radiate out from it with definite sailing schedule.

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Most of it is coastal sailing. We have in our grasp the entire transportation system of Manchuria and Mongolia. The monopoly sale of Manchuria's special products will eventually come into our hands. When that comes true, we can develop our oceanic transportation in order to defeat both Yingkow and Antung. Then the large quantities of beans which the central and southern parts of China consume, will depend upon us entirely. Moreover, the Chinese are an oil eating people. In time of war, we can cut off their oil-supply and the life of the whole country will become miserable. Bean-cakes are important as fertilizers for the cultivation of rice. If we have control of the source of supply as well as the means of transportation, we shall be able to increase our production of rice by means of a cheap supply of bean-cakes and the fertilizers manufactured as a by-product at the Fushun coal mines. In this way, we shall have the agricultural work of all China dependent upon us. In case of war, we can put an embargo on bean-cakes as well as the mineral fertilizers and forbid their exportation to Central and South China. Then China's production of food-stuff will be greatly reduced. This is one way of building up our continental empire which we must not overlook. We should remember that Europe and America also need large quantities of beans and bean-cakes. When we have monopoly of the supplies and full control of transportation, both on land and sea, the countries which have need of the special products of Manchuria and Mongolia, will have to seek our good-will. In order to gain trade monopoly in Manchuria and Mongolia, we must have control of the complete transportation system. Only then can we have the Chinese merchants under our thumb.

However, the Chinese are adepts in learning our tricks and beating us at our own game. We have yet found no way by which we can compete successfully with them in oil-making and sail-boat transportation. After building up the new system of transportation, our policy should be two-fold. On the one hand, wreck the sail-boat trade by means of heavy investment in our own system. On the other hand, encourage our men to learn all they can from the Chinese about sail-boat business. Another thing we should be careful about is teaching the Chinese our industrial methods. In the past we have established factories in Manchuria and Mongolia, and carried on industries near the source of raw materials. This gave to the Chinese the opportunity of learning our secrets and establishing competitive factories of their own. Hereafter, we should ship the raw materials back home and

do the manufacturing there, and then ship the finished products for sale in China and other countries. In this way we shall gain in three ways: (1) provide work for our unemployed at home, (2) prevent the influx of Chinese into Manchuria and Mongolia, and (3) make it impossible for the Chinese to imitate our new industrial methods. Then iron of Penhsihu and Anshan and the coal of Fushun should also be sent home to be turned into finished products.

For all these considerations, the development of ocean transportation becomes the more necessary. The Dairen Kisen Kaisha Company should be enlarged, and our government should extend to it loans at low interest through the South Manchuria Railway Company. By next year, we should complete 50,000 tons of new ships for oceanic transportation. That will be sufficient to dominate over the traffic of the East. For on the one hand, we have the South Manchuria Railway for land transportation; on the other hand, we control the large quantities of products in Manchuria and Mongolia waiting to be transported. The success of this enlarged activities in oceanic transportation with Dairen as centre is assured by the iron laws of economics.

GOLD STANDARD CURRENCY NECESSARY

Although Manchuria and Mongolia are within our field of activities, yet the legal tender there is still silver. It often conflicts with our gold basis and works to our disadvantage. That our people have failed to prosper as they should in these places, is due to the existence of silver monetary system there. The Chinese have persistently upheld the silver basis, and therefore have made it impossible for us firmly to establish our colonization plans on a firm economic foundation. We have suffered from it the following disadvantages:

1. The money that we bring into Manchuria is of gold standard. When we use it either for daily livelihood or for industry and trade, it has to be exchanged into Chinese silver dollars. The fluctuation of exchange is not infrequently as much as 20 per cent., resulting in serious loss to our people. Speculation becomes a regular business and investing money becomes a matter of gambling. When one plans an investment of two hundred thousand yen, one may suddenly find that his capital has been reduced to one hundred and fifty or one hundred and sixty thousand dollars due to the drop in exchange. The creditor would then have to call in the loan and business failures have often resulted.

2. The Chinese businessmen use silver money throughout and are free from the effects of exchange fluctuations. Therefore their "junk" trade is prosperous. Although they have no scientific knowledge of exchange value of gold and silver, they always gain in the transaction. They have a natural gift for it, we suffer the more. And we lose in spite of our control of transaction and special backing of banking houses. Because of the handicap and monetary system, people in Central and South China always buy beans and bean-cakes from their own people. We have no chance against them. In consequence, we cannot conquer the whole of China.

3. With the silver standard in existence, the Chinese Government can increase their notes to counteract our gold notes. Consequently, our banks will fail to carry out the mission of extending our country's influence.

4. If the gold standard is adopted, we can issue gold notes freely. With the credit of the gold notes, we can acquire rights in real property and natural resources and defeat the credit of the Chinese silver notes. The Chinese will be unable to compete with us; and the currency of the whole of Manchuria and Mongolia will be in our control.

5. The Government Bank of the Three Eastern Provinces, the Bank of Communications, the Frontier Development Bank and the General Credit & Finance Corporation have in circulation silver notes amounting to 38,000,000 dollars. Their reserve funds in the form of buildings and goods are estimated at 1,350,000 dollars. It is natural that the Chinese notes should depreciate. It is only by acts of the Government that these notes are still in circulation. Until we have entirely discredited the Chinese silver notes, we will never place our gold notes in their proper places in Manchuria and Mongolia, much less obtain the monopoly in currency and finance of these two countries. With the depreciated and inconvertible silver notes, the government of the Three Eastern Provinces buys all kinds of products, thus threatening our vested interests. When they sell these products, they demand gold from us which they keep for the purpose of wrecking our financial interests including our trade rights in special products. For these reasons, our gold notes are having a harder time and a gold standard for currency becomes the more urgently necessary.

In view of the above-mentioned considerations, we must overthrow Manchuria's inconvertible silver notes and divest the government of its purchasing power. Then we can

extend the use of our gold notes in the hope of dominating the economic and financial activities of Manchuria and Mongolia. Furthermore, we can compel the authorities of the Three Eastern Provinces to employ Japanese financial advisers to help us gain supremacy in financial matters. When the Chinese notes are overthrown, our gold notes will take their place.

THE NECESSITY OF CHANGING THE ORGANIZATION OF THE SOUTH MANCHURIA RAILWAY

The South Manchuria Railway Company functions in Manchuria as the Governor-General of Korea did there before the annexation. In order to build up our new Continental Empire, we must change the organization of that Company so as to break away from the present difficulties. The functions of this Company are varied and important. Every change of Cabinet involves a change of the administration of the South Manchuria Railway, and conversely every activity of the South Manchuria Railway also has important consequences on the Cabinet. This is because the South Manchuria Railway is semi-governmental, with final authority resting in the Cabinet. For this reason, the Powers invariably look upon this railway as a purely political organ rather than a business enterprise. Whenever a new move is made for the development of Manchuria and Mongolia, the Powers would invoke the Nine Power Treaty to thwart the plans of the South Manchuria Railway. This has greatly damaged the interests of our empire.

Considered from the point of view of domestic administration, the South Manchuria Railway is subject to a quadruple control. There are the Governor of Kwantung, the Chief Executive of Dairen, the Consul-General at Mukden, besides the President of the South Manchuria Railway itself. These four officers must meet and exchange views at Dairen before anything is undertaken. What is discussed in the meeting held in camera often leaks out to the Chinese authorities of the Three Eastern Provinces. They in turn would try to obstruct any forward movements of the South authorization, it again has to run the gauntlet at the Departments of Foreign Affairs, of Railways, of Finance and of Army. If these ministers do not agree, the matter is dropped. Therefore, although the present prime minister realizes his own incompetence, he has nevertheless taken concurrently the portfolio of foreign affairs, so that our movements in Manchuria may be kept confidential and the

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execution of our plans may be swift and decisive. On account of these reasons, the South Manchuria Railway should be radically re-organized. All appurtenant enterprises which are profit-making should be made independent companies under the wings of the South Manchuria Railway, so that we may take determined steps on the conquest of Manchuria and Mongolia. On the other hand, Chinese, Europeans and Americans should be invited to invest money in the South Manchuria Railway on the condition that we have a plurality of its stocks. In that event the control of the Company is in our hands, and our mission from the empire can be discharged more vigorously. In short, by inviting international participation in the South Manchuria Railway, we can blind the eyes of the world. Having achieved that, we can push our advance in Manchuria and Mongolia at our will, free ourselves from the restraint of the Nine Power Treaty and strengthen our activities in that country with foreign capital.

The important appurtenant enterprises of the South Manchuria Railway are:—

1. Iron and Steel

Iron and steel are closely connected with national development. Every county to-day attaches great importance to it. But because of the lack of ores, we have found no solution to this problem. Hitherto we have had to import steel from the Yangtze Valley and the Malay Peninsula. But according to a secret survey of our General Staff, a wealth of iron mines are found in many places in Manchuria and Mongolia. A conservative estimate of the reserve is 10 billion tons. At first when there was a lack of technique, the Anshan Iron and Steel Works was involved in an annual loss of Yen 3,000,000. Later, new methods were discovered, and the technique developed so that during 1926 the loss was only Yen 150,000 and a year later there was a profit of Yen 800,000. If the furnace is improved, we ought to earn at least Yen 4,000,000 a year. The quality of the ore at Penhsiuh is excellent. By amalgamating it with the Anshan Iron Works, we shall have the comfort of being self-sufficient in iron and steel.

The iron deposits in Manchuria and Mongolia are estimated at 1,200,000,000 tons; and coal deposits, 2,500,000,000 tons. This coal ought to be sufficient for smelting the iron ores. With such large amounts of iron and coal at our disposal, we ought to be self-sufficient for at least seventy years. At the rate of \$100.00 profit on each ton of steel,

for 350,000,000 tons of steel we shall have a profit of Yen 35,000,000,000. This is a tremendous asset to our economic resources. We shall save the expense of Yen 120,000,000 which we pay for the importation of steel every year. When we can have sufficient iron and steel for our own industries, we shall have acquired the secret for becoming the leading nation in the world. Thus strengthened, we can conquer both the East and the West. In order to attain this goal, the iron works must be separated from the South Manchuria Railway. Such unified control will keep China from preventing us to become self-sufficient in iron and steel.

2. Petroleum

Another important commodity which we lack is petroleum. It is also essential to the existence of a nation. Fortunately, there lie in the Fushun Coal mine 5,200,000,000 tons of shale oil, from every hundred cattles of which six cattles of crude oil may be extracted. By means of American Machinery, every hundred cattles will yield nine cattles of refined oil good for motor cars and battleships. At present, Japan imports from foreign countries 700,000 tons of mineral oils every year valued at Yen 60,000,000. These figures are on the increase. As there are 50 billion tons of shale in the Fushun Mines, the yield calculated at five per cent. would be 250,000,000 tons; at nine per cent., 450,000,000 tons of oil. Taking an average of the two, the yield would be 350,000,000 tons, and assuming the value of the oil to be fifteen yen a ton, the oil shale contained in the Fushun Mine would bring us Yen 2,250,000,000. This will be a great industrial revolution for us. From the standpoint of national defence and national wealth, petroleum is a great factor. Having the iron and petroleum of Manchuria, our army and navy will become impregnable walls of defence. That Manchuria and Mongolia are the heart and liver of our empire, is a truthful saying. For the sake of our empire, we should be congratulated.

AGRICULTURAL FERTILIZER—AMMONIA SULPHATE AND OTHER PRODUCTS

Agricultural fertilizer is a great necessity for the production of foodstuff. Chemical fertilizers depend upon the ammonia sulphate extracted from coal. The Fushun coal yields especially good results. At present, our total consumption of ammonia sulphate is 500,000 tons. Of this, only half is manufactured at home, using the coal from the Kailan or the Fushun Mining Companies. The remaining half is

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imported from abroad at the cost of Yen 35,000,000 a year. With our agricultural work daily increasing and in view of the development of our new empire in Manchuria and Mongolia, we shall easily need 1,000,000 tons of ammonia sulphate every year during the next ten years. From the soot gathered from the burning of Fushun coal connected with the manufacture of steel, we could produce large quantities of ammonia sulphate. If the yield is put at 300,000 tons a year, we shall add an annual income of more than Yen 40,000,000. In fifty years, this will mount up to Yen 2,000,000,000. This money could be used for the improvement of our agriculture. If there is any surplus, we can buy bean-cakes with it and then invade the farms all over China and in the South Sea Islands. In order to accomplish this, we must separate this enterprise from the South Manchuria Railway. We shall then be able to control the fertilizers of the Far East.

SODA AND SODA ASH

We import 100,000 tons of Soda Ash at the cost of more than Yen 10,000,000 a year. Both soda and soda ash are valuable materials for military and industrial purposes. Soda is derived from nothing more than salt and coal, both of which are cheap and abundant in Manchuria and Mongolia. If we go into this manufacture, we can supply not only ourselves but can also sell it to China with a view to controlling its industrial products. We ought to gain from it a profit of at least Yen 15,000,000 a year. We can also supply our own military and chemical needs. Again this industry must be separated from the South Manchuria Railway.

MAGNESIUM AND ALUMINIUM

According to the independent surveys of the South Manchuria Railway Company and Dr. Honta of Tohoku University, magnesite and aluminium is a very promising business (in Manchuria). Magnesite is found in the surroundings of Tashichiao, and aluminium in the vicinity of Yentai. The deposit is one of the largest in the world. A ton of magnesite is worth Yen 2,000 and a ton of aluminium is worth about Yen 1,700. An estimate of the deposits of both minerals in Manchuria is Yen 750,000,000. These substances are especially useful for making aeroplanes, mess kits in the army, hospital apparatus and vessels, and other important industries. The United States alone has extensive deposits

of these substances. The output of our country is one ton a year! Such materials are becoming more useful every day, but the supply is insufficient. Its price is growing high, as if never reaching a limit. The deposits in our territory of Manchuria and Mongolia, are nothing less than a God-given gift. The metal is really precious, being indispensable to both our industry and national defence. It also should be made an independent business, separate from the South Manchuria Railway. Its manufacture should be in Japan, so as to keep the Fengtien Government from imitating it on the one hand and to avoid the watchful eyes of the British and American capitalists on the other. After we have gained control of it in the Three Eastern Provinces, we may harness the water power of the Yalu River to work on these metal ores. In view of the development of aircraft, in the future all the world will come to us for the materials necessary for aeronautics.

If all the enterprises mentioned above are made independent undertakings, they would make rapid progress and bring us at least a profit of 60 billion yen a year. The industrial development in South Manchuria means much to our national defence and economical progress. It will help us to build the foundation of an industrial empire. As to the cultural undertakings such as hospitals, schools and philanthropic institutions, they are our signal towers in the advance into Manchuria and Mongolia. They are the institutions for spreading our national prestige and power. More specifically, they are the baits for rights and privileges. Let us separate all these from the South Manchuria Railway in order that we may redouble our efforts and advance into North Manchuria to reclaim the sources of great wealth there.

When these important undertakings become independent and are free to develop without the interference of our officials, they will naturally become channels of national prosperity. On the wings of economic development, we could make rapid advance without either arousing the suspicion of the Powers or the anti-Japanese activities of the people of the Three Eastern Provinces. Such hidden methods would enable us to build the New Continental Empire with ease and efficiency.

The foreign loans for the South Manchuria Railway must be confined to those railroads already completed. Other railways built by us but nominally under Chinese control, can either be amalgamated with the completed lines or made

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independent according to the desire of the investing nations. The slogan of "Equal Opportunity" helps us to get foreign loans as well as to dispel suspicion of our designs in North Manchuria. At any rate, we shall need foreign capital to develop our continental empire. When the South Manchuria Railway is open to foreign investments, the powers will be glad to lend more to us and China can do nothing to block it. This is an excellent way to further our plans in Manchuria. We should lose no time in doing it. As to the wealth concentrated in the northern part of Manchuria and Mongolia, we should be likewise. The two new railways from Kirin to Hueining and from Changchun to Talai, as well as the lumber and mining interests, should also be managed as separate institutions.

The South Manchuria Railway will also be greatly enriched by our exploits in North Manchuria. Already Chinese immigrants are pouring into South Manchuria in large numbers. Their position will become stronger every day. As the right of renting land in the interior is not yet secured, our immigrants are gradually losing ground. Even if our government's backing will maintain our people there, they cannot compete with the Chinese due to the latter's low standard of living. Our only chance now is to defeat the Chinese by heavy capitalization. This again necessitates the use of foreign loans. This is so, especially because the riches of North Manchuria are even not accessible to the Chinese immigrants. We must seize the present opportunity, and hasten the progress of immigration by our own people and take possession of all rights there so as to shut out the Chinese. But in order to encourage immigration, rapid transportation is essential. This will both afford facilities to our people and bring the natural resources there to the would be market. Moreover, both Russia and ourselves have been increasing armaments. On account of geographical positions, we have conflicting interests. If we want to obtain the wealth of North Manchuria and to build up the New Continent according to the will of Emperor Meiji, we must rush our people into North Manchuria first and seek to break the friendship between Russia and China. In this way, we can enjoy the wealth of North Manchuria and hold at bay both Russia and China. In case of war, our immigrants in North Manchuria will combine with our forces in South Manchuria, and at one stroke settle the problem forever. In case this is not possible, they can still maintain their own in North Manchuria and supply the rest of us with food-stuff and raw materials. As the interests of North

Manchuria and our country are so wrapped up, we should march directly into North Manchuria and pursue our settled policy.

THE NECESSITY OF ESTABLISHING A COLONIAL DEPARTMENT

Our exploitation of Manchuria takes a variety of forms. Often those in authority take such different views that even the most profitable undertaking for our country cannot be carried out. Because of the lack of speed, our secrets are often exposed and are made propaganda materials by the Mukden government much to the detriment of our country in international relations. Whenever a new undertaking is projected in Manchuria and Mongolia, it will become the subject of discussion of tens of meetings and conferences in Dairen. Not only the approval of the four-headed government there is necessary, but also the sanction of the cabinet at home has to be secured before anything can be carried out. Because of all these obstacles, any undertaking will take months and months before any definite results are seen. In the process it is possible for the Chinese to employ Japanese adventurers to steal our secrets so that before a project is launched it is often reported to the Chinese and in turn it becomes common property of the world. We are suddenly brought under the check of world opinion, and more than once we have incurred hardship in putting into practice our policy toward Manchuria and Mongolia. Furthermore, the opposition party has also made capital out of what they find in these regions in order to attack the government. All these have many serious obstacles with our diplomatic relations. Henceforth, we must change our practice in order to proceed adroitly. The centre of control must be in Tokyo. That will (1) insure secrecy, (2) stop China from knowing beforehand our plans, (3) avoid the suspicion of the powers before a thing is done, (4) unify the multiple control in Manchuria and (5) bring the government agencies in Manchuria and Mongolia in close touch with the central government so as to deal with China with undivided power. For these reasons we should follow the original plan for absorbing Korea laid down by Ito and Katsura and establish a Colonial Department, the special function of which is to look after the expansion in Manchuria and Mongolia. The administration of Formosa, Korea and Saghalien Island may be in its nominal function, but our expansion in Manchuria and Mongolia is its real purpose. This will blind the eyes of the world on the one hand and forestall the disclosure of secrets on the other.

DECLASSIFIED: E.O. 11652, Sec.
Department of State letter, Aug
By Milton D. Huatzen NA

It is my personal conviction that the fact that the absorption of Korea could not be effected during the administration of Ito, is due to the lack of a special office for control. Therefore, there were always differences of opinion and secret policies were impossible. Such a state of affairs played into the hand of international obstruction and Korean opposition. Then a number of propagandists went to Europe and America as well as Korea itself, declaring that we firmly respected the independence of Korea and had no designs on an inch of Korean territory. The result of their work was the recovery of international confidence. After that, a colonial department was established under the pretence of Formosa. Then we seized the opportunity and the object was gained! It goes to prove that in order to undertake colonization and immigration, a special office for it is absolutely necessary. Moreover, the creation of a new empire in Mongolia and Manchuria is of utmost importance to the existence of Japan. It is necessary to have a special colonial office in order that the politics in that vast territory may be controlled from Tokyo. The officers in the field should only take orders: they should not interfere with the execution of policies where they please. This will insure secrecy; and the opposition nation has no chance of getting into the secrets of our colonial activities. Then our movements regarding Mongolia and Manchuria will be beyond the reach of international public opinion, and we shall be free from interferences.

As to the subsidiary enterprises of the South Manchuria Railway such as the Development Company, the Land Company, and the Trust Company, the power of supervision and planning should also be in the colonial office. They should all be under united control, in order that they may all help in the general policy of expansion in Mongolia and Manchuria of the Imperial Government and complete the creation of the new empire.

TALING RIVER VALLEY OF PEKING-MUKDEN RAILWAY

The Taling River Valley is a wide area sparsely populated but infested with bandits. Many Koreans have made investments here, especially in rice field. Judging from its resources, this region is bound to be prosperous. It will also be an advantageous foothold for us if we want to expand into the Jehol region. We should give full protection to our Korean subjects here and wait for an opportunity to secure from China the right of colonization so that our immigrants

248
3(E) and 5(D) or (E)
August 10, 1972
S, Date 12-18-75

may live here and act as our vanguards to Jehol and Mongolia. In case of warfare, this valley will be a strategic point to quarter large armies of soldiers. We shall then not only check the Chinese soldiers from advancing north but also hold the key to the immense wealth of South Manchuria. When Koreans come into this region we should finance them through our Trust and other financial organs with a view to gaining for these organs the actual ownership while the Koreans may satisfy themselves with the wealth of herds at the disposal of our country. This same must reside with the Koreans. It is a convenient way of securing rights from the Chinese government. Henceforth the trust companies and financial organs should give them full backing when our own and Korean subjects wish to gain land ownership. If they need money to buy farms from the Chinese, the right of farming only. Ostensibly the ownership of land ably we shall gain control of the better rice fields which we may give to our own emigrants. They shall displace the Koreans who in turn may go on opening new fields, to deliver to the convenient use of our own people. This is the policy with respect to the colonization of rice field and bean farms. As to the policy for herd farming, the Development Company should be especially entrusted gradually to expand, eventually placing all the financial organs should also come to their aid. Unnotice-company may also take care of horse breeding and select the best out of Mongolia for the use of our national defence.

PRECAUTION AGAINST CHINESE MIGRATION

Recently the internal disturbances in China have driven large hordes of immigrants into Mongolia and Manchuria, thereby threatening the advance of our migration. For the sake of our activities in this field we should not fail to take precautions. The fact that the Chinese government welcomes this migration and does nothing to hold back the tide oppresses our policy even the more seriously. A noted American sinologue has made the statement that the Mukden authorities are carrying out such effective government that all people are moving into their territory. Therefore, the influx of immigrants is looked upon as a mark of effective government of Mukden authorities. We, of course, are concerned. Unless we put a stop to it, in less than ten years our own policy of emigration will prove an instrument for China to crush us with. Politically we must use police force to check this tendency as much as possible and economically our financiers should drive the Chinese out with low wages.

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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

Furthermore, we must develop and expand electric power to displace human labour. This will keep out Chinese immigrants as well as monopolize the control of motor force as a first step toward controlling the industrial development of this vast region.

HOSPITALS AND SCHOOLS

Hospitals and Schools in Manchuria must be independent of the South Manchuria Railway. For the people have often considered these as institutions of imperialism and refuse to have anything to do with them. When these are separated and made independent institutions we shall be able to make the people realize our goodness so that they will feel thankful to us. . . . But in establishing schools emphasis should be laid on normal schools for men and women. Through these in educational work we may build up a substantial good-will among the people towards Japan. This is our first principle of cultural structure.

Printed in Canada.

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 893.00 P.R.Hankow/109 FOR Desp.#162

FROM Hankow (Josselyn) DATED June 12, 1936
//+6// NAME 1 -1127 ***

REGARDING: Relations with Japan: Uneasiness with respect to
Japan has increased and bred some remarkable
rumors, the most fantastic being the "poisoned needle"
scare. Falsity of these reports was exposed by
police.

793.94/3061

8061

0245

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

8. Relations with other countries

1. Japan

793.94

Uneasiness with respect to Japan has increased and bred some remarkable rumours, the most fantastic being the "poisoned needle" scare which manifested itself first at Luohow, Chungking and other cities in Szechuan and later at Hankow. Reports that persons, described as "agents of a certain power", were brushing against people in streets and public places and pricking them with poisoned needles spread rapidly,

0248

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

Political report
May 1936
Hankow, China

- 3 -

rapidly, with a wealth of circumstantial detail, through the city, causing particular anxiety to parents and educational authorities, as the victims were usually said to be children. Prompt action by the police, exposed the falsity of the reports, which died out in a few days. Other rumours concerned alleged preparations for the fomentation of disturbances in Hankow and Hupeh. Japanese "smuggled" goods, especially sugar and textiles, are reported to be entering Honan and Central China in large quantities and to be found as far afield as Chengtu, Szechuan, and Lanchow, Kansu. Chambers of commerce have protested to the Government and have appealed to their communities not to buy "smuggled" goods. In this connection the recent action of the United States in increasing the import duty on certain cotton textiles imported from Japan, while pleasing to Chinese susceptibilities, is considered as likely to intensify the Japanese effort to introduce these goods into China and to aggravate "smuggling".

The statement on Sino-Japanese relations made by General Chang Chun, the Foreign Minister, on May 25 was received with general approval but there are few Chinese who believe that his appeal for a better understanding will bring about any improvement in the position.

Mr. Y. Miura, the Japanese Consul General in Hankow, was absent for over a fortnight on a visit to Szechuan.

2. Abyssinia

3247

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

793.94

DOCUMENT FILE

NOTE

SEE 893.00/13608 FOR #184

FROM China (Nanking) (Peck) DATED June 12, 1936
TO NAME 1-1137 ***

REGARDING: The Southwest "Anti-Japanese Expedition": Comments of a Cabinet Minister.

Demands of the Southwest for joint resistance: Substance of conversation between Dr. H.H. Kung and General Kita, Japanese Military Attache, made known to Counselor Peck upon occasion of conversation with Dr. Kung, June 11.

FRG.

793.94/ 8062

8062

0248

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

1-1336

FROM

FS

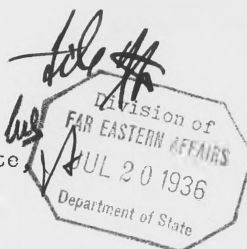
GRAY

Shanghai via N. R.

Dated July 18, 1936

Rec'd 1 a. m. 19th

Secretary of State
Washington.



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O.N.I. AND M.I.D.

400, July 18, 11 a. m.

My telegram No. *391* July 13, 4 p. m. / *8051*

793.44

sfv

Nakayama case was unexpectedly reopened yesterday morning and remanded sine die although judgment was originally scheduled to be rendered yesterday afternoon. According to press reports this action was taken under orders from the Chinese Government. Local Japanese have thus far taken the action calmly. Shanghai EVENING POST last night reported "it was rumored that the Intelligence Bureau of the Central Government had dug up the information the Japanese in ~~Shanghai~~ *Shanghai* were ready to take over the city civic center if a verdict of 'not guilty' were returned against Yih Hai Sen, alias Hsiao Kwan, Yang Wen ~~Tao~~ and Chow Hsia Yung and that this was the real reason why instructions were given to reopen the case".

Repeated to Peiping, copy by mail to Nanking.

WWC

GAUSS

(*) ~~Apparent omission~~

793.94/8063

FILED
JUL 20 1936

0245

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 893.79694/12 FOR Tel. #228-10am.

FROM China (Nanking) (Peck) DATED July 18, 1936.

1170/ NAME 1-1127 ***

REGARDING: Relations between China and Japan: Japanese Minister for Foreign Affairs stated to Chinese Ambassador that no individual agreement would bring such reassurance to the Japanese public as would the granting of permission for Japanese commercial planes to ply between Fukuoka and Shanghai. Request was refused.

fpg

793.94/8064

8064

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

FE

FS

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (A)

Nanking

Dated July 18, 1936

Rec'd 3:56 a. m.

Secretary of State,

Washington.

228, July 18, 10 a. m.

My despatch to the Department June 15 reporting
that the British Government had invited the Chinese
Government to send China National Aviation Corporation
planes to Hong Kong.

I have been reliably informed that about July 15
the Japanese Minister for Foreign Affairs summoned the
Chinese Ambassador and recalled that the Chinese Govern-
ment was insisting on an integral settlement of Sino-
Japanese differences. Arita observed that this would be
difficult to achieve but that agreement might possibly
be reached in regard to individual questions. He said no
individual agreement would bring such reassurance to the
Japanese public as would China's permission for Japanese
commercial planes to ply between Fukuoka and Shanghai. The
Chinese Government returned a refusal of this request in
line with its consistent policy to establish contact with
points outside China by means of Chinese planes only.

By mail to Tokyo.

WWC:GW

PECK

793.94
893.796

893.79694/12

TELEGRAM RECEIVED

LMS

1-1336

GRAY

FROM

Peiping via N. R.

Dated July 21, 1936

Rec'd 3:20 p. m.

Secretary of State,
Washington.

File
DIVISION OF
FAR EASTERN AFFAIRS
JUL 21 1936
Department of State
Key

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O.N.I. AND M.I.D.
Jmk

372, July 21, 5 p. m. *8046*

Embassy's telegrams 353, July 10, 4 p. m., and 356,
July 13, 3 p. m.

One. Developments for Sino-Japanese relations in
North China seem still to await the outcome of the situa-
tion in the south and the return or non-return of Wang
Keh Min to Peiping to take charge of civil affairs in
Hopei Province, leaving military affairs to Sung Che
Yuan.

Two. Chinese and Japanese observers express the
opinion that Japanese efforts have failed for the time
being to persuade Han Fu Chu to participate in the
Hopei-Chahar Political Council. Han may be influenced
by Chiang's present success with Kwangtung or by dissat-
isfaction with possibility of new officials becoming
important in Hopei, as mentioned below.

Three. It is understood that if Wang Keh Min re-
turns to Peiping he will be assisted by certain men whom
he regards as competent in finance and economics and who

are

793.94/8065

FILED

JUL 22 1936

FIG

LMS 2-No. 372, July 21, 5 p. m., from Peiping.

are acceptable to the Japanese. These men are reported to be Wang Yi Tang, old Anfu clique member, now a member of Hopei-Chahar Political Council; Tsao Ju Lin, who served in Anfu Ministry with Wang Keh Min and who does not hold office at present; Tang Erh Ho, who was not (repeat not) associated with the Anfu clique but who held cabinet positions in 1922, 23, and 27 and who speaks Japanese and holds not (repeat not) office at present; and Liu Che, of the old Mukden party, at present a member of the Hopei-Chahar Political Council. According to report these men, with Wang Keh Min as chairman, will form some sort of an economic committee and its formation may be accompanied by some change in the present form of Sung's regime.

Four. The Council recently rescinded the order for the arrest of Shih Yu San for subversive activity favorable to Japanese intrigue in 1933 and he has now come to Peiping and become a member of that Council.

Five. Sung Che Yuan is allegedly apprehensive that if Wang Keh Min returns to Tientsin, Wang will reduce Sung's revenues because Wang will need part of Hopei's revenue for use in carrying out Sino-Japanese economic cooperation in this area.

175-2 Six.

025
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

LMS 3-No. 372, July 21, 5 p. m., from Peiping.

Six. Wang Keh Min's position will be difficult as he will have to attempt to please the Japanese military, Sung Che Yuan, and Chiang Kai Shek. By mail to Tokyo.

JOHNSON

CSB

175-3

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

LMS

GRAY

1-1336

FROM

Peiping via N. R.

Dated July 22, 1936

Rec'd 11 a. m.

Secretary of State,
Washington.

375, July 22, 6 p. m.

Reference paragraph three of Embassy's 372, July
21, 5 p. m.

One. The semi-official Central News Agency reports July 21 from Nanking that the Executive Yuan appointed on that day Tsao Ju Lin and Tang Erh Ho as members of the Hopei-Chahar Political Council. This has been done presumably in preparation for Wang Keh Min's return to Peiping and indicates approval of Wang's activities in case he does return. The same agency reports the Executive Yuan also appointed as members of Political Council General Liu Jui Min, the new Chahar chairman, and Ko Ting Yuan, director of the Changlu salt inspectorate.

Two. Pan Yu Kuei, heretofore reputedly most influential civilian next to Hsiao Chen Ying in Sung's regime, resigned his post as chief of the Department of Political Affairs of the Hopei-Chahar Political Council and was put in charge July 14 of "preparation for construction of Shihkiachwang-Tzingchow Railway". His resignation from the Political Affairs Department was allegedly due to dislike

176-1

793.94
note
893.00

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JUL 22 1936
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793.94/8065

793.94/8036

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JUL 24 1936

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0255
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

LMS 2-No. 375, July 22, 6 p. m., from Peiping.

dislike of him on the part of Sung Che Yuan's military subordinates because of Pan's allegedly pro-Japanese activities. His future importance seems to depend upon the degree of resisting of Sino-Japanese economic cooperation.

By mail to Tokyo.

JOHNSON

CSB

176-2

0258
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

LMS

GRAY

Tientsin via N. R.

Dated July 22, 1936

Rec'd 2:05 p. m.

Secretary of State,
Washington.

1-1236
FROM
JUL 22 1936
Division of
FAR EASTERN AFFAIRS
Department of State

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

793.94
July 22, 6 p. m.

Chinese detective in employ Japanese concession police killed at 1 o'clock this afternoon near Tientsin municipal government headquarters by four soldiers members of municipal government bodyguard. Reports of incident conflict, but facts would appear to be that Japanese police had arrested chief of municipal bodyguard and were returning him for identification to municipal headquarters in custody of three Chinese detectives in Japanese employ. Arrested man called for help, and in fighting which followed effort to rescue him, one Chinese was killed and one wounded. Captive escaped into municipal headquarters. Soldiers involved have been turned over to Bureau of Public Safety. No Japanese demands have yet been made. Tension which followed incident relaxing.

Repeated to Embassy at Peiping and Nanking.

CALDWELL

KLP

793.94/3067

FILED

JUL 23 1936

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

LMS

SPECIAL GRAY

1-1336

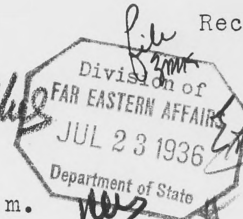
FROM

Tientsin via N. R.

Dated July 22, 1936

Rec'd 2:20 p. m.

Secretary of State,
Washington.



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

July 22, 7 p. m.

CONFIDENTIAL. According to an intelligent well-connected junior officer of municipal government Chiang Kai Shek has reached an understanding with Japanese covering all phases of North China situation the main stipulations of which are: (1) General Ho Ying Chin to return to Peiping as the Pacification Commissioner of Hopei-Chahar; (2) General Sung Che Yuan and the 29th army to be transferred from Hopei, probably westward; (3) Yin Ju Keng, now Governor of East Hopei, to become chairman of the Provincial Government of the Hopei; (4) East Hopei regime to be amalgamated with Hopei Provincial Government; (5) Wang Ke Min to be placed in charge large scale economic reconstruction program in which Japanese assistance to be accepted; (6) China to accept technical cooperation of Japan in North China.

Informant asserts that effect probably will be given to the above provisions of agreement within two weeks; that outline of negotiated regime will be made public within

793.94/8068

FILED

JUL 24 1936

0258
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

LMS 2- . July 22, 7 p. m., from Tientsin.

within three days; that new regime will be more friendly to Japan than present one; and that Chiang feels that since he cannot hope to fight victorious war within next few years, acceptance of cooperation affords best way out.

Informant alleges Chiang being pressed to recognize Manchukuo and Han, chairman of Shantung, being subjected to sharp Japanese pressure.

Repeated to Peiping and Nanking.

CALDWELL

CSB

TELEGRAM RECEIVED

MJP

1-1336

GRAY AND SPECIAL GRAY

FROM

Nanking via N R

Dated July 25, 1936

Rec'd 5:40 p. m.

Secretary of State

Washington.

232, July 25, 9 a. m.

Tientsin's July 22, 7 p. m.

Division of
FAR EASTERN AFFAIRS
JUL 27 1936
Department of State

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

One. We have found no (repeat no) indication that this report is true.

Two. An officer of the Embassy was informed last evening by a responsible party official who has been a reliable source and who with Ho and other high officials Thursday night before attended a conference on North China, that while Japanese pressure to effect changes in the situation was shortly expected no recent developments had occurred other than the appointment of Wang Ke Min and others to the Hopei Chahar Council, and no new arrangements had been discussed or proposed. A Vice Minister of War who is also a reliable source told the officer that the story was entirely untrue; he stated that the collapse of the Southwestern rebellion and the consequent progress made in the unification of the country was expected to impell the Japanese to take some new action in the north but no new international arrangements had been made.

Another

793.94/3069

FILED

F/FG

MJP -2- No. 232, July 25, 9 a. m. from Nanking.

Another highly placed and reliable source stated that the report is without foundation and maybe one of several stories having the character of Japanese propaganda which have been circularized in the North by junior member of the Tientsin municipality who is the son of former Premier Pan Fu and who is said to be mentally perverted. An official of the Foreign Office close to Ho who has been a ready source of confidential information states there has been no suggestion that latter return to North China.

Three. Neither the return of Ho to the North nor the appointment of Yin as Hopei chairman would appear to be developments that might logically be expected. It is generally believed here that the Japanese military do not want Ho in North China and Ho would decline the assignment. Appointment of Yin as Hopei chairman would cause the National Government such loss of face, that it could conceivably be accomplished only if the North should openly declare independence of Nanking. Furthermore the absence of Chiang Kai Shek and other leaders in Kuling and the establishment there of what is tantamount to a summer capital is indication that the government is pursuing its old policy of avoiding or postponing discussion with the Japanese Ambassador and that no important discussion between Chiang Kai Shek (or the government) and Japanese officials have been or are in progress.

Four.

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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

MJP -3- No. 232, July 25, 9 a.m. from Nanking.

Four, Repeated to Department, Peiping, Tientsin.

PECK

WSB

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 546

Peiping, June 25, 1936.

Subject: Colonel Stilwell's report on the
"Lung-hai line".

793.94

For Distribution-Check		Yes	No
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For	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
To File in U.S.A.		<input checked="" type="checkbox"/>	<input type="checkbox"/>

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1936 JUL 28 PM 1 56

DIVISION OF
COMMUNICATIONS
AND RECORDS



The Honorable

The Secretary of State,
Washington, D. C.

Sir:

1/

I have the honor to enclose a copy of a report written by the Military Attaché, Colonel Joseph W. Stilwell, with regard to Chinese military preparations along the so-called Lung-hai line.

Colonel Stilwell, who recently traveled along this line from Chengchow, the intersection of the Lung-hai Railway and the Ping-han Railway, to the coast, states that there is no evidence of military activity of any kind, that conditions seem to indicate either that the Chinese have made elaborate

preparations

793.94/3070

F/FG

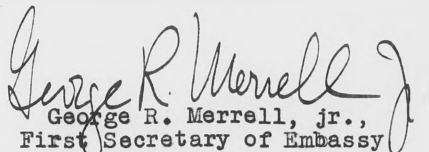
177-1

- 2 -

preparations and concealed them more skilfully than any other military power has yet learned to do or that they have made none at all, that, if no preparation has been made, General Chiang Kai-shek either has no intention of waging war against the Japanese or believes he can wage war without preparations, and that the office of the Military Attaché believes that General Chiang has no intention whatever at present of opposing the Japanese along the so-called Lung-hai line.

Respectfully yours,

For the Ambassador:


George R. Merrell, jr.,
First Secretary of Embassy

✓
Enclosure:

Copy of Military Attaché's
Report No. 9410, June 18, 1936.

710

Original and four copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

LES-SC

177-2

CORRECT COPY
SC

G-2 Report

3850

CHINA (Political)

Subject: Foreign Relations
Sino-Japanese Relations

Repeated rumors of the intention of Chiang Kai-shek to resist Japanese aggression on the "Lung Hai line" have created the impression that rather elaborate military preparations have been made to defend a line covering Loyang, Chengchow, K'ai-feng, Kweichow, Hsuehchow and Haichow against any attack from the north. To determine, if possible, the truth of these rumors, the undersigned has just completed a reconnaissance of this line from Chengchow to the coast, and believes, as a result of it, that these rumors are entirely without foundation.

There is no evidence of military activity of any kind. The garrisons are all small, and there is no indication that they are to be increased. The troops are performing the usual goose-step and close order drills, and singing songs. Not one large formed unit was observed on the trip.

There is no evidence of new construction for storage of supplies or for shelter. There are no dumps of any kind of materials or supplies that would be needed in a serious action.

There is no evidence of additional sidings on the railroad, or increase of repair facilities or rolling stock.

There is no evidence of any improvement in roads that could serve as feeders to the railroad or form the indispensable net back of the front.

There is no evidence of the existence of any "fortified line" or system of trenches, with concrete emplacements of various kinds. The construction of such a line could not be kept secret from the natives, and its importance would be exaggerated many times. Not even a rumor about it was current. But for the barrier formed by the Yellow River along a small part of the front and the existence of the Lung Hai Railway, which could serve a front established north of it, there are no dominating terrain features which distinguish the "Lung Hai line" as something of great natural strength. The terrain along the front is entirely flat except in the neighborhood of Hsuehchow, where medium sized hills afford good observation and could be linked into a very strong defensive position. Elsewhere there is nothing to distinguish the line as any stronger than others either to the north or south.

These conditions would seem to indicate either that the Chinese have made elaborate preparations and concealed them more skilfully than any other military power has yet learned to do, or that they have made none at all. In the

From M/A, China

Report No. 9410

June 18, 1936
177-3

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

- 2 -

In the latter case the assumption is warranted that Chiang Kai-shek does not intend to fight a serious action along the Lung Hai line against Japan. He has had competent German military advisers; they must have explained to him what it means in preparation to make a stand on a given line against a first-class power. His failure to make any kind of preparation must then mean either that he pooch-poochs the Germans and thinks he can throw in all the troops he needs on short notice and wage war against the Japanese as he would against the Chinese, or that he has at this time no intention whatever of opposing the Japanese on that line. The latter is believed by this office to be the real state of affairs.

Joseph W. Stilwell
Colonel, Infantry
Military Attache

Distribution:
6 MID
1 Embassy
1 File

177-4

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 550

Peiping, June 29, 1936.

Subject: Murder of Japanese Resident of Tsinan.

RECEIVED
DEPARTMENT OF STATE

1936 JUL 23 PM 2 24

DIVISION OF
COMMUNICATIONS
AND RECORDS

For Distribution Check		Yes	No
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For	HH Smith		<input checked="" type="checkbox"/>
		To field	<input checked="" type="checkbox"/>
		In U.S.A.	<input checked="" type="checkbox"/>

Division of
FAR EASTERN AFFAIRS
JUL 29 1936
Department of State

The Honorable

The Secretary of State,

Washington, D. C.

DEPARTMENT OF STATE
ASSISTANT SECRETARY
1/

Sir:

I have the honor to refer to the Embassy's tele-
gram No. 321/8002 of June 25, 11 a.m., with regard to the
murder of a Japanese subject in Tsinan on June 23, and
to enclose a copy of despatch No. 42 of June 25, 1936,
addressed to the Embassy by the Consulate at Tsinan,
in which it is stated that there is as yet no indica-
tion that the affair is likely to be seized upon as a
basis for unreasonable demands upon the Chinese au-
thorities and with which is enclosed a copy of a
translation of a press report on the affair which

appeared

793.94/3071
FILED

AUG 10 1936

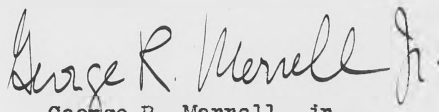
F/FG

- 2 -

appeared in a Japanese newspaper, the Tsinan Jih Pao.

Respectfully yours,

For the Ambassador:


George R. Merrell, jr.,
First Secretary of Embassy.

✓
Enclosure:

Tsinan's despatch No. 42,
June 25, 1936.

Original and four copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

710

LES-SC

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

No. 42

1550

AMERICAN CONSULATE,
Tainan, China, June 25, 1936.

Subject: Murder of Japanese Resident
of Tainan.

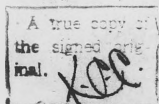
The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

1/
I have the honor to refer to this office's telegram of June 24, 1936 - 9 P.M. with regard to the murder of a Japanese subject in Tainan and to enclose a copy of a translation prepared by this office of a news report appearing in the local Japanese paper "Tainan Jih Pao." It is noted that no reference has been made to the case by any newspaper under Chinese control and there is as yet no indication that the matter is likely to be seized upon as a basis for unreasonable demands upon the Chinese authorities.

Respectfully yours,



Horace H. Smith,
American Consul.

Enclosure:

1/Translation of news report.

Original and 5 copies to Embassy, Peiping.
Single copy to Embassy, Nanking.
Single copy for information of consulates,
Tsingtao and Chefoo.

800
HHS:KGC

- 1 -

(Published)

Enclosure no. 1 to despatch no. 42 dated June 25, 1936, from
Horace H. Smith, American Consul at Tsinan, China,
on subject of "Murder of Japanese Resident of Tsinan."

Source: TSINAN JIH PAO (濟南日報), Second
page, Tsinan, June 25, 1936.

Japanese Resident Meets Tragic Death

At the 9th Cross Street of the 4th Main Road lived a Japanese resident dealing in groceries. At 10:30 p.m. on the 23rd when the street was quiet, there suddenly appeared 5 Chinese knocking at the door and saying that they would buy goods. The Japanese resident was pleased to entertain the customers. At first the conversation went on nicely, but a quarrel soon arose, during which one of the Chinese customers pulled out an axe and hit in the head the Japanese proprietor, who succumbed. His wife and a Chinese assistant intervened but were severely wounded.

A Japanese employee of the deceased left for the 3rd Cross Street before the accident happened, and returned at 11 o'clock. When he first knocked at the door no one answered, but as he continued to knock violently, the injured Japanese lady became conscious and crawled to the gate and opened the door. The Chinese robbers had already fled after ransacking the trunks.

The Japanese employee immediately reported the case to the Japanese police who at once left for the scene and removed the wounded to the Japanese hospital.

While two of the Chinese robbers were running westward, a Chinese policeman by the name of Chang Chi-hsuan stood on guard at the 11th Cross Street of the 5th Main Road. Chang tried to stop the runners, who then fired at him. When Chang continued to interfere, he was shot and wounded.

On the afternoon of the 24th the Acting Japanese Consul General called on General Han, requesting that steps be taken at once for the apprehension of the culprits.

Besides apologizing personally, General Han, following the departure of the Acting Japanese Consul General, sent a representative to the Japanese Hospital to inquire after the wounded Japanese lady and also express condolence upon the tragic death of her husband. In the meantime instructions were issued to the Bureau of Public Safety and the Chief of the Detective Force limiting them to 10 days for the apprehension of those guilty of the crime.

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

No. 250.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

July 3-36

66 JUL 28 PM 2 08

DIVISION OF
COMMUNICATIONS
AND RECORDS

DIVISION OF
TRADE AGREEMENTS
TA

AUG 11 1936

AMERICAN CONSULATE GENERAL

Tientsin, China, June 29, 1936.

DEPARTMENT OF STATE

SUBJECT:

Reported Japanese Activities in and near
Ch'i K'ou in Hopei.

The Department of State		Yes	No
Location	AA		<input checked="" type="checkbox"/>
File	Ward		<input checked="" type="checkbox"/>

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping.

Division of
FAR EASTERN AFFAIRS

JUL 29 1936

Department of State

RECEIVED
AUG 10 1936
DEPARTMENT OF STATE

DEPARTMENT OF STATE
ASSISTANT SECRETARY
OF STATE

I have the honor to refer to this Consulate General's despatch No. 232, dated May 29, 1936, enclosing the political review for the Tientsin Consular District for May, 1936, on page 16 of which a reference was made to the withdrawal of an inspectorate office which had been opened at Ch'i K'ou by the Hopei-Chahar Political Council in an apparent effort to compete with the East Hopei regime in taking a "rake-off" on the value of smuggled goods, and further in that general connection to report that for several weeks fairly wide-spread but apparently erroneous reports to the effect that intensive developments in communications and harbor facilities were being undertaken by the Japanese in and around Ch'i K'ou were in circulation.

ment the reports just mentioned there are

quoted

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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

- 2 -

quoted below, as of possible interest to the Embassy,
certain remarks contained in a personal letter from
a well-informed foreign newspaper correspondent in
North China to Consul General of this office.

"Regarding Ch'i K'ou, I think a trip
would be quite useless. I went as far as
T'sangchow, and talked with a British mission-
ary there - A. G. Bryson, I think his name is.
He said that he thought the new road was not
completed to Ch'i K'ou, but only as far as
Yenshan. All the Japanese and Koreans were
cleared out of T'sangchow more than six weeks
ago by a new district magistrate, and since
they have not come back, it would seem that
the Japanese are not responsible for the
development of Ch'i K'ou for military purposes
as I suspected.

"This same missionary was of the belief,
from personal observation, that Ch'i K'ou was
not at all suited for heavy transportation,
since it is only a sandy delta of a river, with
muddy shallows extending far out into the Gulf.
If it were used for military purposes, it would be
only in emergency, by means of small boats from
the larger steamers anchored far out; in that
case, there would be no purpose in developing
docks and go-downs at present.

"It seems to me that the newspaper reports
regarding Ch'i K'ou must have been exaggerated."

Respectfully yours,

J. E. Caldwell,
American Consul General.

Original and two copies to the Embassy, Peking.
Copy to the Embassy, Nanking.

800
RSE:mhp

A true copy of
the signed origi-
nal. M.D.G.

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

~~SKH~~

~~MSM~~

~~REN~~

July 29, 1936.

Tokyo's 1932 of July 7, 1936,
transmits a clipping of an article,
by the Japanese Foreign Minister, re
Japan's relations with China.

The article is adequately
summarized in the dispatch.

I did not find the article
particularly interesting

END

Serviced

Note page 3

REV

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 FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

RECEIVED
DEPARTMENT OF STATE

No. 1932.

1936 JUL 29 PM 1 58

AMERICAN EMBASSY
Tokyo, July 29, 1936.
COMMUNICATIONS
AND RECORDS

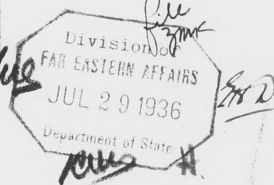
SUBJECT: THE JAPANESE FOREIGN MINISTER DISCUSSES THE
CHINESE PROBLEM.

793.94

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MID

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



The Honorable

The Secretary of State,
Washington.

Sir:

1/

I have the honor to enclose a clipping from the
JAPAN TIMES of June 28, of a special article by Mr.
Hachiro Arita, the Japanese Foreign Minister, setting
forth his views on relations between Japan and China.
A brief resumé of that article is given below.

The Foreign Minister, according to the article,
spoke of his previous visits to China and brief inter-
views both in Japan and China with General Chiang Kai-
shek

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AUG 3 - 1936

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- 2 -

shek, and observed that in his opinion the General really desired to maintain friendly relations with Japan, but that he was not always firm and resolute in carrying out his desire. In discussing phases of Sino-Japanese relations, Mr. Arita observed that, while boycotting Japanese goods was no longer generally practised, anti-Japanism itself had become more widespread. He believed, however, that most of the agitation against Japan was carried on by political self-seekers in order to exploit public sentiment and use it against the Chiang Kai-shek regime. He was not of the opinion that strong anti-Japanese feeling was prevalent among the masses.

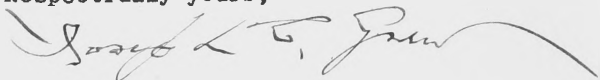
In his article Mr. Arita also stated his belief that General Chiang Kai-shek was not the real instigator of anti-Japanese campaigns, but that they were attributed to him by his political enemies. The Foreign Minister cited the communist movement in China as the greatest menace to good relations with Japan and pointed out that the various secret societies in the large cities, against which Chiang Kai-shek has not yet moved effectively, were the greatest sources of danger. The students, he mentioned, were joining the communist movement as the result of anti-Japanese propaganda and, as they represent the leading classes, an effort should be made, he believed, to enlighten them regarding the harm they will do their own country through adopting communism and fostering anti-Japanese sentiments.

The

- 3 -

✓
The Foreign Minister touched on the visit of Sir Frederick Leith-Ross to China and Japan, and gave his opinion that because China's economic rehabilitation is of great importance to both Great Britain and Japan, Japan should not treat coldly the British offer to cooperate in dealing with the economic problems of China. Mr. Arita apparently does not believe that Great Britain should be suspected of having a political axe to grind in its dealings with China. He stated that while Sir Frederick Leith-Ross did not mention Great Britain's desire for Japanese cooperation with its China policy, he was fully conscious of the fact that Great Britain would be unable to make any progress in China without Japanese cooperation.

Respectfully yours,



Joseph C. Grew

✓
Enclosure: Clipping from the JAPAN TIMES of June 28.

710.

MNH:r

Copy to Embassy Peiping.

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
THE JAPAN TIMES, No. 1932 of July 21/1936 from the
JUNE 28, 1936. Embassy at Tokyo

The Chinese Problem

By HACHIRO ARITA
Foreign Minister

When I visited China recently, I was very busy, so busy, indeed, that I had practically no time to seek experience in anything beyond political matters, though it was my second visit to that country.

At the time of my first visit to China, General Chiang Kai-shek was acting head of the Government and Mr. Chang Chun, the present Foreign Secretary, was serving as something like Private Secretary of a higher order to General Chiang Kai-shek. I was Director of the Asia Bureau of the Foreign Office under General Gihchi Tanaka as Premier. Having a mission to talk with General Chiang Kai-shek over the Manchuria question, I went to Nanking and had an interview with General Chiang for about two hours with Mr. Chang Chun acting as the interpreter.

At that time, I failed, however, to carry out my mission satisfactorily. I at once returned home and thereafter never visited China until I went there the last time. My last visit to China was only of short duration, in fact only 16 days, and I have nothing special to say about it.

Exchanged Formal Greeting

During my 1st visit, I interviewed General Chiang Kai-shek twice, first on my arrival and next previous to my departure for home, it is true, but I then did nothing more than exchange mere formal greetings, as I had little time to do otherwise. This is because I had then to present my credentials to the Chinese Government, which entailed much ceremony.

On the occasion of my last visit to China, I went to Nanking by a Japanese warship from Shanghai. Then I had an opportunity of interviewing Mr. Chang Chun, the Foreign Secretary, four times during the course of four days. With several other leading members of the Nanking Government I exchanged courtesies, they having given parties for me and myself having returned their courtesies by inviting them to parties.

It was in Tokyo and in the very year of the Enthronement of H.M. the Emperor that I had an interview with General Chiang Kai-shek for the first time. He had come to Tokyo with Mr. Chang Chun as a political refugee, perhaps several months before the Enthronement

ceremony. My first impression of General Chiang Kai-shek was that he was intrepid and dauntless, this spirit of his being stamped on his brows.

At present, however, he has mellowed in life and experience and has gained in affability. Yet his intrepid spirit is present somewhere about him all the same. At my first interview with him, it can hardly be said that I broke the ice with him.

When I interviewed him later, I remember he quoted a passage from the literary works of Confucius or Mencius to the effect that one who regards a big thing is one who takes dispensation of Heaven with enjoyment, while one who takes a little thing as a great thing is one who fears Heaven and that one who rejoices in the dispensation of Heaven is able to preserve the world and one who fears Heaven can maintain the country. His reference to this quotation, I think, was made by him by way of commenting on the relations between Japan and China.

Chance Not Ripe

Knowing Japan as well as he does, I believe General Chiang Kai-shek has both desire to maintain friendly relations with Japan and has sincerity actually to do so. The desire he has, not doubt, but in resolution to do so, it seems, he is not quite firm by any means. Japan, for her part, is very anxious to readjust her relations with China. Notwithstanding the two countries are thus entertaining desires to get on the right track in their relations, they are still unable to carry out their desires. This state of things, I should say, can perhaps be likened to a case of the game being not yet up owing to immaturity of chance.

Mr. Chang Chun, is a man of gentle disposition. Though he is a soldier, being a graduate of the Military Academy in Japan, he does not look like one. He is quite at home with the Japanese language. He is one of the most trusted men of General Chiang Kai-shek. As General Chiang is a very influential man, few persons ever dare to say or do anything of such a nature as to tread on his corns. Mr. Chang, however, is able to do such; in fact he is one of the very few persons who can rub General Chiang Kai-shek the wrong way if need be.

Mr. Chang had experience in administrative service, having served as Mayor of Shanghai and head of the Hopei Government before. Essentially, however, he is an intimate friend of General Chiang and has been working throughout as his right-hand man. Mr. Chang stayed in Japan for a comparatively long time and he is proficient in the Japanese language. He thus understands Japan, therefore, I believe, he entertains a friendly feeling towards Japan.

Of the leading members of the staff of the Nanking Government, there are many persons, including various secretaries of state affairs, who studied at schools in Japan. Notwithstanding this, anything but satisfactory results have been ob-

tained so far in readjustment of the relations between Japan and China, at any rate not in such a degree as may have been wished by General Chiang Kai-shek. For this there may have been many and sundry reasons, but at any rate it is desirable that more determined measures should be taken from a higher and broader standpoint in order to bring the relations between the two countries to a more satisfactory level of co-operation and amity.

Readjustment Necessary

Truthfully speaking, readjustment of the diplomatic relations between Japan and China is important not only for Japan but for China herself. The last time I visited China I found that boycott of Japanese goods was carried on no longer, but various other anti-Japanese practices, such as distribution of hand-bills and putting up posters against Japan. Also did I find that anti-Japanese secret societies were still in existence.

To sum up in a word, the boycott of Japanese merchandise is no longer practised in China but anti-Japanism itself is still present. The anti-Japanese Chinese agitator professes that it is because Japan has been doing wrong in China that an anti-Japanese feeling and movement have hardly been quiescent in China. This may be a cause. But another cause, at least, is that Chinese political agitators have been exploiting the feeling of the Chinese people against Japan for furtherance of their ulterior motives in the internal politics in China.

For instance, the southwestern section, Canton and Kwangsi factions are carrying on activities to start anti-Chiang Kai-shek hostilities but this they are doing under the pretext of meting out punishment to Japan. At the bottom of their hearts, however, they are doing nothing but trying to drive Chiang into a tight corner. In a nutshell, these anti-Chiang factions are only grinding a political mill of their own under the tantalizing camouflage of anti-Japanese campaign.

To thus exploit anti-Japanese parties in the internal political strife has long been the wont of the Chinese political factions and other groups in general. This certainly is a woe to Japan.

Some persons seem to be laboring under the impression that Chiang Kai-shek has been pulling the wires of the anti-Japanese campaigns from behind the scenes. I for one do not think that such is really the case. In short, it is not wide of the mark to think that the anti-Japanese activity in China, though it may be due to the Chinese feeling toward Japan, is attributed to the fact that Japan is used as a tool of political strife.

What demands the greatest measure of precaution at present in China is the communist party. I fear that the communist party which at present exists under cover of secrecy will develop into a cancer of the future political structure of China. General Chiang has been carrying on punitive campaigns against the communists. This is at best a mere outward show.

What are more dread and danger-

-2-

ous than the communists who are carrying on activities on the surface are various secret communist societies which are in existence in Shanghai, Tientsin and other cities as well as on the farm villages. Against these secret communist elements Chiang has not yet actually started punitive campaigns. This fact presents a serious question for the future.

This question of communists is first and foremost a worry of China as a whole. The Nanking Government for itself has another suffering. This is that the question of communists is not necessarily the most serious suffering of the Nanking Government. The fact remains, however, that the question of communists in China constitutes a serious problem to Japan too.

In the communist movements in China, the fact is most noticeable that students are moving on the first line of activity. The student movement in China has a deep-rooted influence. This state of things was also present in Japan, notably during the period from the Imperial Restoration up to the Meiji Era. At that time in Japan too the students enjoyed considerable influence.

In China at present too, the student is more advanced in ideas than the general public and thus exercises considerable influence. Therefore, it is obvious whether to lead the student along the right path or not has a great bearing upon the future of China. Actually, however, students in that country, in many cases, are instigated into imprudent action, if so it can be said. This state of things is certainly embarrassing to Japan. It is therefore most important that Chinese students should be guided along the right path of conduct.

What has made Mr. Leith-Ross, the British economic envoy to China, visit Japan is, I believe, a recognition by Britain that China's economic rehabilitation is eventually of benefit to Britain, Japan and China. To be more specific, it is a common benefit to all the countries in the world for the purchasing power of the Chinese people to increase and for the Chinese exchange to get stabilized. This can only be considered to be welcome to General Chiang Kai-shek of all persons, and in this all in China agree, I should think.

In dealing with China, however, Japan has many and sundry things to consider politically. Japan cannot act in the matter so simply as Britain. Be that as it may, China's economic rehabilitation is of great beneficial import and the British offer for co-operation with Japan vis-a-vis China should not only not be treated coldly but should be entertained as far as possible. This is but a natural thing to do.

It is mistaken to assume such a mental attitude to suspect Britain with having some political axe to grind in what she intends to do or is actually doing in China, though it is but natural that every country should first think of its interest in any international deal. At any rate, it is no good for any country to carry its suspicion of others too far.

Mr. Leith-Ross has never said that he desired Japan's co-operation in Britain's policy toward China. It is certain, however, that he was fully conscious of the fact that Britain would be unable to do anything without Japan's co-operation.

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

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

No. 150

RECEIVED
AMERICAN CONSULATE

Tsingtao, China, June 22, 1936.

SUBJECT: Japanese Delegation from Tsingtao
Meets Rebuff from Japanese Military
in Tientsin.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peking, China.

For Distribution-Check		Yes	No
Radio	For	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
In U.S.A.		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Whelan ONI-MID

Division of
FAR EASTERN AFFAIRS
JUL 30 1936
Department of State

Sir:

ASSISTANT SECRETARY
OF STATE

I have the honor to refer to this consulate's
dispatch no. 129 of June 11, 1936, file no. 800,
subject Japanese Groups in Tsingtao Organize to
Promote Japanese Interests, and to report that a
delegation of three Japanese, sent to Tientsin by the
Federation for the achievement of the development of
Tsingtao for the purpose of enlisting the support of
the Japanese military in North China, returned to this
city on Friday, June 19. The three delegates returned
by airplane and upon arrival in Tsingtao they were met
by some forty important Japanese business men and es-
corted to the Shinto Shrine, where a short service was
held. The solemn manner in which the Federation re-
gards itself and its aims may be deduced from the fact
that religious services were held at the shrine immedi-
ately upon the return to Tsingtao of the delegation.

While the Japanese press has devoted considerable
space to the subject since Friday, when the delegation
returned, no official announcement of the results of
the

793.94/8074

AUG 10 1936

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F/FG

- 2 -

the trip to Tientsin has been made. However, it is generally believed that the delegation met with a rebuff. One newspaper states that the Japanese Consul General in Tientsin, Mr. S. Tajiri, who was recently stationed in Tsingtao, openly referred to the delegates as "roughnecks" (猛者揃) while the same newspaper, the TSINGTAO CHINAO, also states that the Japanese military in Tientsin informed the delegates to return to Tsingtao and inform the Federation that it should continue a ceaseless study of the situation here in a careful and earnest way, with an intimation that the Japanese must act at all times properly and with due caution; the military would decide for themselves when the time for action came.

What the purposes of the mission to Tientsin were have also not been announced, but it is reported that the delegation went north with a petition that the Japanese military convert Tsingtao into a free trade area or permit a status similar to that of East Hobei. So long as smuggled merchandise from Tientsin is flooding Shantung perhaps the military believe that no action is needed at this time; when there has been a complete breakdown of Chinese authority and when the consequences which must inevitably arise from the present Japanese policy do arise, perhaps then will there be time for the Japanese to take action in Shantung to consolidate the political gains which will flow from these present efforts "to respect the territorial and administrative integrity of China."

Respectfully

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

- 3 -

Respectfully yours,

Samuel Kokobin,
American Consul.

File no. 800
SS/AD

Original to Embassy, Peiping,
✓ Five copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tientsin,
Copy to Tsinan-Chefoo.

A true copy of
the signed original.
FD

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

August 7, 1936.

~~MEM:~~

~~RCM:~~

~~SKH:~~

Tsingtao's despatch No. 131, June 24, 1936, reports on the visit to Tsingtao of Mr. Kuwajima, Director of the Bureau of Far Eastern Affairs of the Japanese Foreign Office. Replying to the complaints of Japanese residents of Tsingtao against the influx into north China of "low tariff merchandise" (smuggled Japanese goods), Mr. Kuwajima made no concrete suggestions in regard to relief from that situation. He spoke of the bright economic prospects of Tsingtao, of the large Japanese investments in the area, and expressed the hope that the Japanese in the city would overcome the present temporary difficulties and "pull through to an era of prosperity."

flut
JCV/VDM

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

No. 131

RECEIVED
DEPARTMENT OF STATE
AMERICAN CONSULATE

Tsingtao, China, June 24, 1936.

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

SUBJECT: Visit to Tsingtao of Mr. Kuwajima,
Japanese Foreign Office Official.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to report that Mr. Kuwajima,
Director of the Bureau of Far Eastern Affairs of the
Japanese Foreign Office, who has been on a tour of
North China recently, arrived in Tsingtao on June
20. On the same day a dinner was given in his honor
by the local Japanese Resident's Association and the
Japanese Chamber of Commerce and Industry.

In an address of welcome the president of the
Chamber of Commerce expressed the hope that as a con-
sequence of Mr. Kuwajima's visit to Tsingtao action
would be taken for the relief of Japanese merchants
now suffering from a flood of "low tariff merchandise"
from North China, a situation which was rendered all
the more intolerable because the Chinese dealers were
threatened with capital punishment if discovered
handling such "low tariff merchandise" that is i.e.,
smuggled merchandise. Mr. Kuwajima in replying disa-
vowed that he was in Tsingtao on an important mission,
as the

ASSISTANT SECRETARY
OF STATE

793.94/8075

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- 2 -

as the president of the Chamber had suggested; he was merely here for a few days rest en route from North China to Shanghai; his position here was like that of a diver - he might bring up something of value from the bottom.

A reporter of the TSINGTAO SHIPPO interviewed Mr. Kuwajima on June 23. In the newspaper report of the interview Mr. Kuwajima expressed great surprise and pleasure at the appearance of Tsingtao, in some respects the leading city of China. The fact that there was a Japanese investment of Yen 150 to 160 million in Tsingtao, ranking next after Shanghai in point of Japanese interests, augured well for this city.

With reference to the "low tariff merchandise" reaching Tsingtao, Mr. Kuwajima is reported to have stated that he appreciated the possible effects on the trade of this port which had played such a large part in the commerce of North China. He recognized that the Japanese merchants of Tsingtao were sandwiched between the Chinese high tariff and the inroads into their normal trade area of the "low tariff merchandise". However, he felt that with the extension of railways the economic prospects of both Chinese and Japanese in Tsingtao were brilliant and that Tsingtao would be prosperous. He sympathized with the present temporary distress in which Japanese and Chinese now found themselves (as a result of the smuggling?),

but

- 3 -

but he felt they would overcome such obstacles of a temporary nature and that they would pull through to an era of prosperity. He was to visit the Japanese cotton mills in Tsingtao particularly on the 23rd, and then proceed to Nanking by airplane on the same date.

The Japanese newspaper interview reveals Mr. Kuwajima as quite complimentary of the Chinese administration of Tsingtao. Considering that the Mayor, Vice Admiral Shen Hung-Lieh, has been the object of heavy attacks by certain groups of local Japanese in the past few months, it would appear that Mr. Kuwajima's remarks may have been purposely intended as a further rebuff to these groups, who as reported in this consulate's despatch No. 130 of June 22, 1936, file no. 800, subject, Japanese Delegation from Tsingtao Meets Rebuff from Japanese Military in Tientsin, had apparently been unsuccessful in their mission to North China.

Respectfully yours,

Samuel Sokobin,
American Consul.

File no. 800
SS/AD

✓ Original and Embassy, Peiping,
Five copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tientsin,
Copy to Tsinan-Chefoo

A true copy of
the signed original.
inal. RD

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

No. 132

RECEIVED
AMERICAN CONSULATE

Tsingtao, China, June 25, 1936.

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

SUBJECT: Flag Incident: Japanese Controversy
with Chinese Maritime Customs in Tsing-
tao.

Comd	To	To field	To
For	MA	In C.S.A.	✓
Schubert		GNI-MID	

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to refer to the Reuter item
dated Shanghai, June 24, reading as follows:

"FIRING ON OF JAPANESE VESSEL BY
CUSTOMS CRUISER OFF TSINGTAO.

Japanese Allegations

Shanghai, Wednesday - A Japanese re-
port from Tientsin states that a small Jap-
anese vessel was fired upon by a Customs
preventive cruiser on June 21 off Tsingtao.

The firing is alleged to have taken
place while the vessel was adrift in a
dense fog.

Four members of the crew were stated
to have been injured.

The Japanese consular authorities,
the report continues, allege that the cus-
toms officers tore the vessel's flag to
shreds and threw it into the sea.

They further allege, the report adds,
that the Customs cruiser used dum-dum
bullets."

The incident occurred not on June 21 as indicated in
the news item but prior to June 19 when the Commis-
sioner of Customs in Tsingtao informed me that the
Japanese

ASSISTANT SECRETARY
OF STATE
DEPARTMENT OF STATE
JUL 30 1936

Division of
FAR EASTERN AFFAIRS
JUL 30 1936
Department of State

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AUG 11 1936

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- 2 -

Japanese Consulate General was negotiating with him in regard to an alleged insult to the Japanese flag of the vessel. This office gathered the impression that the Japanese Consulate General was not so much concerned with the firing on or the apprehension of the Japanese vessel as with the alleged insult to the flag. The Commissioner stated that the Japanese Consulate General had adopted an attitude that can only be described as "bulldozing"; the Commissioner had been informed that if prompt settlement of the case was not made the Japanese Consulate General would not be responsible for any action which the aroused Japanese community would take independently. Nevertheless it must be said that the Commissioner of Customs has not yielded in any respect, as far as this consulate is aware, and the Japanese vessel which was apprehended with a cargo on which the duty would have amounted to \$50,000 local currency, is still being detained by the Customs.

As far as the alleged insult to the flag is concerned, the Commissioner informed me that his information was that in a scuffle a pole from which the flag was flown, fell; the allegation that the flag was torn to shreds and thrown into the sea is ridiculous.

The Chinese Government and indeed the Chinese nation may well be thankful that in this critical period the Chinese Government has as public servants a well trained staff of Americans and Europeans who are displaying qualities as fine as those possessed by any

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

- 3 -

by any civil service elsewhere.

Respectfully yours,

Samuel Sokobin,
American Consul.

File no. 801.5/620
SS/AD

✓ Original to Embassy, Peiping,
Five copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tsinan-Chefoo.

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the signed original.
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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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
August 6, 1936.

~~MSM:~~
~~RCM:~~

Reference Tsingtao's Nos. 132, 133 and 134, June 25, 26 and 30, 1936, in regard to incidents arising out of the firing on a Japanese vessel by a Chinese customs cruiser at Tsingtao.

Despatch No. 132 states that the incident occurred some time prior to June 19, that the Japanese community was greatly aroused over the incident and the alleged destruction of a Japanese flag on the vessel, and that the Japanese vessel was still being detained by the customs on the grounds of smuggling.

Despatch No. 133 describes the actions of Japanese residents of Tsingtao in protest over the incident, the most serious of which was a demonstration in front of the customs house.

Despatch No. 134 states that a Japanese Naval Intelligence officer called on the Commissioner of Customs to deliver a note stating that a Japanese merchant vessel had been fired upon, that the Japanese Navy would take appropriate measures to prevent such "illegal acts" and that the Japanese recognized Chinese

Jurisdiction

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

- 2 -

jurisdiction only within the three
mile limit.

Of interest is the Consul's statement that the chief officer of the customs cruiser which fired upon the Japanese (smuggling) vessel is an American named Theodore M. Joyce of the United States Naval Reserve. The Consul comments that the Japanese community at Tsingtao seems determined to seize upon or create incidents which may have the effect of causing Japanese military interference at Tsingtao.

lbw.
/JCV/VDM

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

No. 133

RECEIVED
DEPARTMENT OF STATE

AMERICAN CONSULATE

Tsingtao, China, June 26, 1936.

COMMUNICATIONS
AND RECORDS

SUBJECT: Flag Incident; Japanese Controversy
with Chinese Maritime Customs in
Tsingtao.

For Distribution Check		Yes	No
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For	44 F/E		
	To field		
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ASSISTANT SECRETARY
OF STATE

The Honorable
Walter Trusler Johnson,
American Ambassador,
Beiping, China.

44 F/E
Division of
FAR EASTERN AFFAIRS
JUL 30 1936
Department of State

Sir:
I have the honor to refer to this consulate's
despatch no. 133 of June 26, 1936, file no. 801.5/620,
on the above subject, and also to this consulate's
telegram of June 26, 3 P.M., reporting that a mass
meeting had been called by the Federation for the A-
chievement of Development of Tsingtao, a newly formed
Japanese organization, to protest against an alleged
insult to the Japanese flag flown on the vessel which
had been seized by a Chinese Maritime Customs Prevent-
ive cruiser.

The wild statements being made in the Japanese
press in regard to the seizure and the flag are perfect-
ly amazing. Even more amazing, however, is the state-
ment of the master of the Japanese vessel that his
ship was bound from Beiren for East Hopei with a cargo
of sugar and rayon (articles in which there is a small
(?) traffic in North China), and that only engine
trouble

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AUG 11 1936

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- 2 -

trouble and the dense fog had brought the ship off the
Shantung promontory. The consulate is unable to lo-
cate on a map the island San Shan Tao (三 山 島)
but it understands that this island is due east of
Tsingtao.

In the resolution or notice calling the mass meet-
ing the Federation stated:

"The Customs search cruiser of the Tsing-
tao Customs attacked off the coast of San Shan
Tao the legitimate merchant vessel "Moeki Maru"
without warning and suddenly fired on it, in-
juring members of the crew. Not only that, but
it seized the vessel outside the (Chinese) ter-
ritorial waters and insulted the national flag,
which we Japanese as a nation revere. We can-
not remain silent. A mass meeting of the resi-
dents is therefore called so that we may listen
to an expression of the will of our compatriot
residents in anticipation of a resolution of
censure (against the Chinese)."

The opportunity to call such a meeting is indeed
one that the Federation welcomes, especially as there
is little doubt that its three representatives who
went to Tientsin to interview the Japanese military
there were rebuffed and that the mission to Tientsin
was a complete failure. This Federation, judging
from the manner in which it has promoted the meeting
for this afternoon and from the appearance of the
leading local Japanese newspaper which is a supporter
of the Federation, is apparently anxious that a situa-
tion arise in which armed Japanese intervention (for
the protection of the Japanese community) would be
likely; the Federation is so antagonistic to the
Chinese administration and to Chinese governmental
institutions

- 3 -

institutions of whatever nature that it will permit no opportunity to embarrass, humiliate, and weaken Chinese opinion and China as represented here, to pass. This Federation may yet provoke an incident which will achieve the development of Tsingtao through the assimilation of Tsingtao to Japanese official administration.

The following notes have been made today, Saturday, June 27, in order to present in a single despatch the occurrences that followed the preparation of the above on Friday afternoon.

Demonstration at Customs House

The mass meeting at the Japanese Resident's Association was being held when the consulate closed at 5 P.M. A report reached the consulate from the United States Naval Patrol Headquarters that it was rumored an attack would be made on the Chinese Maritime Customs following the meeting. Vice Consul Hawthorne proceeded to the vicinity of the Customs House while I proceeded to the vicinity of the scene of the mass meeting. In view of the presence of several thousand American sailors in the city, the Patrol Officer reported to Admiral Murfin the news of the day and he subsequently received the Admiral's instructions to keep the sailors away from the scene of the trouble should any trouble occur. At about 6:15 P.M. I witnessed the dispersal of the mass meeting; the Japanese left the building in a very orderly manner without any

- 4 -

out any excitement and in unorganized groups of two and three, i.e. in no formation. At the time it did not appear that the Japanese who had attended the meeting would take any further action. At the meeting resolutions embodying the following demands were passed:

1. Apologies by Inspector General of Customs and the local Superintendent of Customs.
2. Dismissal of the local Commissioner of Customs (Mr. W. H. Campbell)
3. Dismissal of the Commanding Officer of the Customs Cruiser (Ian Gow)
4. Cessation of operations of Customs cruisers.
5. Indemnification of injured Japanese crew.
6. Guarantees for non-recurrence of similar incident.

It appears that following the mass meeting in the center of the city not far from the American Consulate, the Japanese proceeded to the Tsingtao Shrine where another meeting was held at which the character of the speeches was not as restrained as that of the addresses at the more formal meeting. The Japanese police in full force were present at the shrine and exerted themselves in keeping order and with some difficulty caused the several hundred Japanese to leave this place. No disorder occurred and in the same manner as they dispersed from the formal mass meeting downtown, they left in small groups of two and three.

However,

- 5 -

However, within a few blocks of the Chinese Maritime Customs two large groups of Japanese had gathered; one group of at least 300 marched toward the Customs House from one direction and converged with another large group which had come from another direction. The United States Naval Patrol was alert and immediately withdrew liberty from the sailors. Vice Consul Hawthorne was informed of the demonstration being held by these seven or eight hundred Japanese in front of the Customs House and immediately proceeded to the scene at about 9:30 P.M. He reports that all of them were armed with cudgels but as far as he knows no one was injured, and while there was a considerable milling about, no concerted attack seems to have been made. However, a Japanese extra at 11 o'clock last reported that several tens of window panes in the Customs House were broken by the mob.

At this moment, Saturday morning, 9:00 A.M., all is quiet. No one appears to have been injured; the American sailors in port were not involved thanks to the alertness of the United States Naval Patrol officer and his superiors, and perhaps the only outcome was the simple revelation that there exists in Tsingtao a large determined group of Japanese determined to take matters in their own hands, a la the Jameson raiders of South African fame with the possibly similar results of an international conflict.

There are enclosed several sheets of the TSINGTAO CHIAO, to indicate the manner in which the incident

has

129

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

- 6 -

has been treated in the local Japanese press.

Respectfully yours,

Samuel Bokobin,
American Consul.

Enclosures:

1. Japanese newspaper clippings.

File no. 801.5/020

SB/AB

- ✓ Original to Embassy, Beijing.
- 3 copies to Department of State.
- Copy to Embassy, Hanking.
- Copy to Taiwan-Chefoo.
- Copy to Commander in Chief.

A true copy of
the signed original.
inal. RD

0298
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

No. 134

AMERICAN CONSULATE

Tsingtao, China, June 30, 1936.

1936 JUN 29 PM 1 28

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

793.94
200
9941 015393
SUBJECT: Flag Incident: Japanese Controversy with
Chinese Maritime Customs in Tsingtao.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

In continuation of this Consulate's despatches
Nos. 132 and 133 of June 25 and June 26 respectively
on the above subject, I have the honor to report
that the controversy has not ceased with the demonstra-
tion before the Customs House on Friday night. Those
elements of the Japanese community which promoted the
mass meeting and the demonstration are by no means
satisfied with the status quo. Considerable resent-
ment is now being shown against the Japanese Consulate
General and the Japanese consular police for the mea-
sures of restraint taken at the mass meeting, at the
shrine and at the Custom House. Some persons have
been arrested and a considerable censorship imposed
on the local Japanese newspapers. The tense situation
existing has been further emphasized by the call yes-
terday on the Commissioner of Customs by the local
Japanese Naval Intelligence Officer, Lieutenant Com-
mander

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Division of
FAR EASTERN AFFAIRS
JUL 30 1936
Department of State

793.94/0078

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AUG 11 1936

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- 2 -

mander Tajiri (田 尻) in full uniform, when the latter delivered a note to the Commissioner under instructions from the Commander in Chief of the Third Japanese Fleet. In that note the Japanese Naval Intelligence Officer (1) emphasized the serious nature of a case in which the Japanese flag had been insulted and in which a Japanese merchant vessel had been fired on with dum dum bullets by a Chinese Customs cruiser; (2) included a statement that the Japanese Navy would take such measures as were deemed appropriate against any Chinese Customs cruiser committing "illegal acts" in the future, and (3) recognized Chinese territorial jurisdiction only within the three mile limit off the coast and admitted no Chinese jurisdiction whatever outside this limit.

A Japanese newspaper today published a photograph of the Japanese marines marching in formation, fully equipped, to the Shinto shrine for "religious services"; since Chinese permission for armed foreign landing parties is ordinarily not obtainable, the Japanese are wont to circumvent Chinese objections by holding services at the shrine for armed parties from the Japanese ship, the men parading in full force for a considerable distance from the pier to the shrine (see Tsingtao Consulate's despatch no. 60, file no. 833, subject, Tsingtao Municipal Administration Refuses Permission to Submarine Squadron Five, United States Asiatic Fleet, to Land Forces for Drill Purposes.

Two Japanese destroyers arrived in Tsingtao on Saturday, and while the Chinese population of the city shows

- 3 -

shows no anxiety or alarm, the higher officials concerned in the Tsingtao Municipal Administration, in the Customs, and perhaps even some of the officials in the Japanese Consulate General are somewhat more anxious. The feelings of the Commissioner of Customs may be appreciated upon reading such headlines in the Japanese press as the following: "British Influence and their Running Dogs Must Go".

The Customs cruiser which apprehended the Moeki Maru put to sea yesterday. The consulate neglected to report that the Chief Officer of this Customs cruiser, the Hai Sui, is an American, Mr. Theodore M. Joyce, who incidentally is a member of the United States Naval Reserve.

Respectfully yours,

Samuel Sokobin,
American Consul.

File no. 801.5/620
SS/AD

✓ Original to Embassy, Peiping,
5 copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tsinan-Chefoo,
Copy to Commander in Chief, Asiatic Fleet.

A true copy of
original
RA

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

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

No. ---.

RECEIVED
DEPARTMENT OF STATE
AMERICAN CONSULATE GENERAL

793.96
note
893.0146
Tientsin, China, July 1, 1936.

OF
SUBJECT: Increase in Japanese Garrison in North China.
AND RECORDS

For Distribution-Check		Yes	No
Grade	To field		<input checked="" type="checkbox"/>
For	In U.S.A.	<input checked="" type="checkbox"/>	
Ward		ONI-MID	

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON.

SIR:

Division of
FAR EASTERN AFFAIRS
JUL 30 1936
Department of State

I have the honor to enclose a copy of my despatch
No. 255 to the Embassy, Peiping, dated July 1, 1936,
entitled "Increase in Japanese Garrison in North China."

Respectfully yours,

J. K. Caldwell
J. K. Caldwell,
American Consul General.

✓ Enclosure:

1/- Copy of despatch No. 255,
to the Embassy, Peiping.

Original and four copies to Department.

800
RSW:mhp

793.94/0079

F/FG

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

No. 255.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN CONSULATE GENERAL

Tientsin, China, July 1, 1936.

SUBJECT: Increase in Japanese Garrison in North China.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to this Consulate General's confidential despatch No. 221, ⁷⁷⁵²dated May 20, 1936, concerning the increase in the Japanese garrison in North China and to report that information given this Consulate General from several sources would appear to indicate that several contingents of Japanese troops have been brought into Tientsin within the last fortnight, although no notice of that fact seems to have been taken by either the Chinese or English-language press, and no particular comment on it has been excited among usually well-informed local Chinese.

According to a report from a hitherto untried and possibly unreliable source, but one in a position to know the facts, about June 20th a contingent of Japanese troops arrived in Tientsin from the direction of Shanhaikuan and proceeded to the new Japanese Barracks

- 2 -

Barracks near the International Race Club. They came, the informant asserted, in compliance with an agreement between the authorities of the Hopei-Chahar Political Council and the Japanese military for joint defense against Communism.

Another of these unobtrusive entries of Japanese troops into Tientsin occurred the day before yesterday, according to an account received from a fairly reliable eyewitness and corroborated by statements of two employees at the East Station in this city, at which the troops detrained from a special Japanese troop train at about 3:45 p.m. that day. One informant estimated their number to be 280, and another asserted that that figure represented only a half of those who were on the train.

In view of the fact that it has not been possible to obtain further corroboration of these reports and especially in view of the lack of any comment or protest in connection with these alleged arrivals of troops, the Consulate General has felt some hesitancy in reporting them to the Embassy, but considered that they should not be entirely ignored.

In this connection reference is made to this Consulate General's despatch No. 226, dated May 21, 1936, on the subject of the new barracks constructed by the Japanese military near the International Race Course in Tientsin. It has been ascertained that those barracks were apparently completed several weeks ago and are now being used as a regular Japanese Army headquarters and barracks.

Respectfully

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

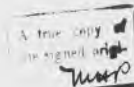
- 3 -

Respectfully yours,

J. K. Caldwell,
American Consul General.

One copy to Embassy, Nanking.
Five copies sent to Department by despatch No. ---,
dated July 1, 1936.

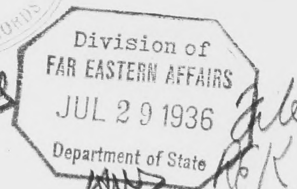
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F A R E A S T

July 24, 1936



China:

Recent Developments in North China -

The concluding sentence in the Far Eastern article in the Intelligence Summary of February 7, 1936, read: "How long Nanking can maintain a conciliatory balance between continued Japanese aggression and the smouldering resentment of the more articulate portion of the Chinese populace is at least uncertain." That statement is as true to-day as it was at the time it was written. During the intervening months the students have fulminated and Japanese pressure on North China has at least doubled; yet Nanking has managed to "maintain a conciliatory balance" and, what is more, means to try to continue along that course even if it involves civil war with the Southwest -- a possibility now looming ominously on China's domestic horizon.

Nanking's more important aid in countering Japanese moves in North China as well as criticism of its passive policy has been the Hopei--Chahar Political Council, the semiautonomous organization set up at Peiping by the Central Government last December following the attempt of the Japanese Army to establish an autonomous regime composed of the five northern provinces of Hopei, Chahar, Suiyuan, Shansi, and Shantung. After it was inaugurated a prominent Japanese spokesman gave the Council just three months to live, which prediction might have proved true had General Sung Che-yuan, the Council's chairman, himself been less successful in maintaining a conciliatory balance between acceding to demands of the Japanese military and deferring to Nanking's authority whereby he has staved off drastic action by the former and preserved a thread of connection with the latter. General Sung's method has been to grant such of Japan's demands as did not, on the surface, imply too great an infringement upon Nanking's sovereignty, and in other instances to make agreement subject to Nanking's approval. Nevertheless, as a result of Japanese pressure, those parts of Hopei and Chahar Provinces that are still nominally under Nanking's rule -- and hence under the Council's -- have attained an increasing degree of autonomy during the past six months.

During April General Sung conferred almost continuously with officials of the Japanese garrison forces in Tientsin, and at considerable length later on. The exact nature of the agreement which the latter were reported to be urging upon Sung is unknown, but it is believed to include provision for Sino-Japanese cooperation in suppression of the communists; the stationing of Japanese troops along the three main railways in Hopei and Chahar; the appointment of Japanese advisers to all political organs in North China; an independent financial administration in North China; an educational commission to examine and revise textbooks in primary and middle schools in North China; and abolition of the East Hopei Anti-Communist Autonomous Government (Japanese-sponsored) but retention of its self-appointed chairman, Yin Ju-keng. The first-named item is also part of the so-called Hirota three-point program which Nanking has so far refused to accept, this one item being particularly objectionable because it would permit the Japanese to dispatch troops to any part of China on slight pretext. The sole concession made by the Japanese apparently is the abolition of the East Hopei regime which has

made possible the smuggling scandal discussed later in this article. The other items in the proposed agreement would create an independent North China in almost every respect.

As far as is known the agreement has not been concluded as a whole, although General Sung may have accepted minor parts of it. It is reliably reported that he was on the verge of yielding to the Japanese demands late in May, but strong opposition from his military subordinates obliged him to halt. Since then he has shown a stiffer attitude.

Even while the negotiations were proceeding various Japanese military spokesmen expressed disapproval of Sung and voiced the necessity of securing someone in his place who would be more cooperative. One Japanese faction is said to want Shih Yu-san, one of the so-called "grey" generals who rebelled against Nanking in 1930 and has since conspired with the Japanese. Another group prefers Yin Ju-keng. Either of these men could be depended upon to do the Japanese bidding, but, unfortunately for Japan they lack the ability to govern. The Japanese doubtless realize that even a puppet governor in North China must have the qualifications to inspire at least a measure of Chinese confidence; otherwise revolt, sabotage and civil disobedience will defeat the projected state. Failing to find such an administrator, the regime would have to be made almost wholly Japanese, as it is in Manchuria. Many factors, however, discourage such an eventuality.

The exact status of the proposed agreement and the Japanese attitude toward General Sung are obscure at present, and, in fact, a lull in political activity in North China has occurred during the past two or three weeks, probably pending the outcome of Nanking's current struggle with the recalcitrant Southwest. Japanese appreciation of the difficulties involved in introducing a new regime into North China, and their known reluctance to use force to accomplish their ends, are other delaying factors. It may be, too, that the Japanese military are awaiting the outcome of negotiations at Nanking by their new Ambassador, Kawagoe, former Consul General at Tientsin, whom they especially selected for this new post. Indeed, there are indications already of further yielding by the Central Government in economic matters in order to preserve the semblance of its sovereignty in North China.

In considering any possible Japanese move in North China, however, Shantung, which adjoins Hopei on the south, must not be overlooked. Japan has long had extensive interests in this province aside from its lien on the German-built Shantung Railway, and a large number of Japanese reside in its principal cities. It is well known that General Han Fu-chu, the Governor of the province, refused to join the autonomous regime proposed by the Japanese last November, and has since successfully evaded commitment where the Japanese are concerned, although considerable pressure has been brought to bear upon him. He has rigorously suppressed all anti-Japanese agitation within his domain, thus leaving no grounds for complaint by the Japanese; nevertheless, several circumstances give cause for uneasiness. For example, there was the recent Tsingtao fracas between a little Japanese girl and two Chinese school boys, hardly more than a children's quarrel, which was settled only by Chinese acceptance of humiliating terms far more severe than the gravity of the case required. The mass meeting of Japanese residents of Tsingtao demanding better protection was one of several similar

gatherings in North China and Shanghai in recent weeks, at which exaggerated claims for settlement of incidents involving Japanese were advanced. Such meetings carry disquieting portent for China's future and indicate clearly the future points and methods of attack.

The changes in the Japanese Army which were put into effect as a result of the Tokyo military uprising last February have extended to Japanese military forces in North China. Early in April Major General Matsumuro arrived to replace the more famous Major General Doihara who, as chief of the Special Service Section of the Kwantung Army, is credited with having instigated most of the subversive activities in North China during the past five years. General Matsumuro stated he would have no connection with the Kwantung Army but would be head of the Special Affairs Section of the Japanese headquarters in Tientsin, with his office in Peiping. He also said that the Kwantung Army would no longer have control over North China negotiations, which would be handled by the Japanese garrison with himself as representative. This significant announcement was followed by the arrival of Lieutenant General Tashiro, directly appointed by the Emperor to command the North China garrison of Japanese troops. Thus North China affairs will henceforth be controlled from Tokyo instead of Hsinking, except where there is an important development affecting the status of the demilitarized area set up by the Tangku Truce, a settlement negotiated by the Kwantung Army.

During April came reports that the construction at Tientsin of a large aerodrome and of military barracks to house 10,000 men was being rushed to completion by the Japanese, which substantiated rumors of an increase in the Japanese forces in North China. On May 13 Lieutenant General Tada, the retiring Japanese commander at Tientsin, addressed a communication to the Commander of the American Embassy guard at Peiping, informing him that it had been decided to increase the Japanese Army forces in China "about more than double in number," and that Major General Shozo Kawabe would command the infantry brigade guarding the Japanese Embassy at Peiping. Similar letters were sent to other legation guard commandants at the old capital. The Japanese Embassy guard formerly numbered 303 officers and men under the command of a lieutenant colonel, and the total of Japanese troops in North China was about 2,200 on March 1, 1936. The senior guard commandant in Peiping, moreover, for some years had been an American, perhaps because of a "gentlemen's agreement" dating back many years.

The new Japanese contingents began to arrive on May 14, and the influx continued into June. A reliable estimate places the total number of the forces now in North China at between 7,000 and 8,000, comprising a skeleton division. The presence of a lieutenant general, two major generals and other high-ranking officers bears out this conclusion. Calculation is rendered difficult by the fact that some of the troops were replacements and by the discovery that a considerable number of them have filtered into the area in small detachments that attracted little attention. It is apparent that the latter procedure was adopted for concealment purposes. In addition, as indicative of future moves, the Japanese occupied property at Fengtai, a communications plexus just south of Peiping, where additional buildings were rushed to completion, giving an estimated barrack accommodation to 800 men. At Changsintien, also south of Peiping on the Peiping--Hankow Railway, they have started the construction of other barracks (capacity not yet reported).

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While this augmentation of Japan's military might was taking place, the smuggling scandal in North China reached new heights. On May 15 the Chinese Government sent its sixth formal protest to Japan, again without eliciting a satisfactory reply. The note stated that the loss of revenue from August, 1935, to April was over \$25,000,000 (silver) -- for April alone no less than \$8,000,000. (The Chinese National Tariff Commission has estimated that if the losses continue at the present rate, Nanking will lose one-third of the annual customs revenue.) The note also requested that the Japanese Government restrain its military authorities from further interference with the preventive functions of the Chinese Customs patrol.

This military interference dates back at least to September, 1935, when the Kwantung Army authorities demanded the removal of all machine guns on the Customs patrol vessels in waters off the demilitarized zone, because such armament constituted a breach of the Tangku Truce, and that these ships keep beyond the three-mile limit from shore. The Chinese were unable to secure a waiver of this ruling. In 1933 lightly armed police units replaced the Chinese troops formerly stationed in the demilitarized zone which is now under the control of the pro-Japanese Yin Ju-keng. Consequently, no obstruction to the smuggling can be expected from that quarter.

The smuggling situation is not, of course, wholly the result of a sinister Japanese plot. It grew out of China's financial difficulties and the Japanese military were quick to see in it a means of pressure on Nanking to achieve their aims. During most of 1935 Japanese and Korean nationals, as well as Chinese, were active in transporting Chinese silver currency out of China proper to Manchuria and Japan, whence it was shipped mostly to London and sold at the prevailing world market price which was considerably above its value as currency. When in December the United States abandoned the practice of purchasing silver in the London market, its price dropped sharply and silver smuggling was no longer profitable. Meanwhile the smuggling of commodities was developing. At first, the goods were shipped on the railway to Tientsin after having been brought in through the Great Wall by routes that avoided the customs stations. During the past severe winter ships were held in the ice off shore in the Shanhaikwan--Chinwangtao--Peitaiho area and the shippers found they could bring their cargoes to land over the ice by means of sleds and carts and thus evade the customs. When the ice melted the smugglers commenced landing their goods in small boats along the shore of the demilitarized zone. By paying a fee to the military forces of Yin Ju-keng -- one-fourth of the regular customs impost -- the smugglers gain a degree of legality for their operations, for, say the Japanese, the East Hopei Anti-Communist Autonomous Government headed by Yin is an independent entity and free to adopt the customs schedules it desires.

The efforts of the Chinese Customs preventive service to apprehend shipments of smuggled goods down the railway from Shanhaikwan to Tientsin and south out of the latter city have met with slight success. When appeals have been made to the Japanese military to arrest the violators of China's law, the protests have been referred to the Japanese consular police, who have refused to act, saying that smuggling into China is not punishable under any Japanese law. Extraterritoriality makes this attitude possible, of course. Nor have the Chinese Customs been much more successful in enlisting the cooperation of the railway

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authorities (supposedly under the control of the Railway Ministry at Nanking) in refusing to book shipments lacking proper customs papers. Either through fear of the Japanese or because of conflict of authority, and in a few cases because of actual Japanese warnings, the railway officials have been of little assistance in the preventive campaign. When they did try to enforce the drastic regulations issued by Nanking, the Japanese and Koreans adopted the plan of carrying the smuggled goods as personal baggage. The comparatively light, compact nature of such commodities as artificial rayon yarn and cigarette paper has rendered this method highly successful, and it is now commonly employed.

The principal smuggled Japanese goods are rayon and woolen yarns, cigarette paper, piece goods, sugar, sundries, and, of late, great quantities of kerosene. The trade of foreign oil companies in East Hopei is at a standstill. As a matter of fact, the trade of all legitimate merchants has been harmed by the flood of smuggled goods, and even the association of Japanese merchants at Tsingtao has protested to Tokyo. The cheap goods have penetrated as far south as Shanghai with injurious effects on merchants there, besides diverting to the north many of the shipments that formerly entered China through that port.

The Japanese officials and press are remarkably united in attempting to justify the smuggling situation by saying the drop in customs revenue is due in large part to the economic depression, political unrest, currency instability, and to hindrances to trade designed to aid native industry. Chinese tariffs are too high, they further claim, and the smuggling is merely a protest against that situation. If tariffs were lowered as the Japanese urge, the door would be opened still wider to a flood of Japanese imports. This would result in even greater reduction in the customs revenues upon which so many of China's foreign loans are predicated. The protests on the smuggling situation which the British and American Ambassadors lodged with the Japanese Government aroused further ire, particularly toward Great Britain, who was reminded of the long-standing smuggling practices in the vicinity of Hongkong.

The smuggling situation obviously is too powerful a weapon to be lightly surrendered and this fact is thoroughly appreciated by the Japanese military. There have been several conferences of important Japanese Army officers in North China of recent months with an occasional civilian representative of the Japanese Government participating. While there is no official record of the decisions reached, certain "leaks" or surmises give an outline of Japanese aims which at least fits in credibly with what has already transpired. (It is to be noted at this point that a spokesman of the Foreign Office allegedly informed the Chinese press at Peiping on June 14 that the Japanese War Ministry is handling all problems in North China because it knows the situation there better than the Foreign Office.) The probable program of the Japanese military may therefore be summed up as follows: (1) expand the Japanese forces in North China (to 10,000 or more if required); (2) gain control of the communications of Hopei and Chahar Provinces; (3) gain control of and develop the economic and industrial resources of North China; and (4) create an independent sovereignty in North China. Japanese cooperation in the suppression of smuggling may well be a quid pro quo for any of these aims.

According to the best information available the first item in

the foregoing outline is well on the road to accomplishment. Achievement of the second item would mean separation of North China railways from Nanking's control, which plan was furthered when pro-Japanese general managers were appointed some time ago for the Peiping--Suiyuan Railway and the Peiping--Shanhaikwan section of the Peiping--Liaoning Railway. Definite plans have also been drawn for the rapid construction of several new railways in North China for which Japanese material will be supplied if Japanese loans are not possible, which now seems to be the situation. Numerous steps have been taken during the past six months or year with the third aim in view, the latest being, according to the press, an effort to establish a central bank in which North China currency will be tied to the yen. Doubtless under Japanese prompting, the Hopei Provincial Bank has recently increased its note issue from \$3,000,000 (silver) to close to \$100,000,000, with little reserve and without Nanking's sanction. Without funds to pour into North China, as they formerly did in Manchuria, the Japanese military apparently are determined to make the area finance itself as far as possible. Japanese capitalists, nevertheless, have acquired control of almost all the cotton mills in Tientsin and are reported to be building others. The difficulties in the way of achieving the fourth aim, an independent North China, have already been discussed. The presence of seven Japanese advisers on the Foreign Affairs, Economic, Construction, and Communication Committees of the Hopei--Chahar Political Council, while not welcomed by the Chinese, is bound to further these aims of the Japanese military in the course of time.

The motives behind the Japanese penetration of North China are several: strategic -- with a view to securing important communications and terrain in a war with Soviet Russia; economic -- to provide for the teeming millions in Japan; imperial -- for the glory of the Emperor; and, as is becoming more evident, racial -- to make the Japanese equal or superior to men of the West.

Admiral Takahashi of the Japanese Navy in addressing a gathering of Japanese residents in Tsingtao is reported in the Japanese press to have said in part:

"For the past half century and until quite recently Japan has been overawed by and consequently submitted to the dictates of foreign countries, but now we are awakened to the greatness of the Oriental civilization and are aware of the true power of the Yamato Minzoku (the Japanese nation). We can no longer recognize the superiority of foreign countries (literally, European and American countries) over Japan. It is this awakening of ours that caused Japan to withdraw from both the League of Nations and the Disarmament Conference. All our people, whether they are at home or abroad, are now striving in one group for the reinforcement of national power and the extension of national influence."

It is this feeling of racial pride, pushed to the point of arrogance, that caused Japanese soldiers to treat American and French citizens roughly during the recent presentation of regimental colors from the Japanese Emperor on the public parade ground of the Peiping Legation Quarter, and, a few days later, to bring about the seizure of the films of an American news photographer who had taken pictures of a parade of

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Japanese military equipment which included tanks. In a press interview Major General Matsumuro stated it would be necessary to obtain permission before taking such pictures on account of the Japanese law which protects military secrets. When reminded that Japan had no rights over foreigners in China, General Matsumuro replied: "My experience and feeling is that foreigners in Japan and China emphasize their own rights and ignore Japanese rights. This is based on the superiority complex of the white people and unless this is rectified the maintenance of world peace will be very difficult."

As incident follows incident, mostly involving clashes between Chinese and Japanese, and too numerous for narration here, the wonder grows that an open break has not occurred before now. Remembering that Japanese determination is linked with immense industry and patience, it is possible that the military may be content for some time with an occasional show of force, meanwhile utilizing the incidents as a means of counteracting Chinese resistance -- "here a little and there a little," to use a Scriptural phrase -- until their program is achieved. This policy may be dictated by the limited financial resources of the Japanese, attention to which fact was invited by Finance Minister Takahashi more than a year ago when the South Manchurian Railway proposed to take over and develop North China.

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DOCUMENT FILE

NOTE

SEE 893.101-Tientsin/29 FOR Despatch #-

FROM Tientsin (Caldwell) DATED June 18, 1936
//TA// NAME 1-1127 ***

REGARDING: Attitude of Chinese at Tientsin to Japanese
encroachments in North China: Assumption
of Mayoralty of Tientsin by General Chang
Tzu-chung and appointment of Liu Ju-ming
to succeed him as Chairman of Provincial
Government of Chahar, will stiffen --

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793.94/ 8081

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DOCUMENT FILE

NOTE

SEE 893.00 P.R./116 FOR Disp.#524

FROM China (Johnson) DATED June 19, 1936.

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NAME

1-1127

REGARDING: Sino-Japanese relations: Tension increased during
the month of May, 1936. Cites causes. Reports
other developments.

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II. Foreign Relations:

A. Relations with the United States:

Sino-American silver agreement:

(See Section I of this report.)

B. Japan:

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(pp. 1-14)

The tension in Sino-Japanese relations, which was renewed during April, increased during May as a result of such developments as the strengthening of the Japanese North China Garrison, the bombing of a Japanese troop train, internal dissension among the subordinates of General Suno-ue-yasu, un restrained smuggling into China of Japanese goods, fresh unrest among students, and military activities in the Northwest.

a. The North China Garrison:

Numerical strength:

Comments for the Japanese North China Garrison arrived in Seoul Province during the middle of May and again at the close of the month. No authoritative, definite statement with regard to the number was obtainable from Japanese officials. Major General Hayao Yada, retiring Commander of the Garrison, informed his foreign colleagues that the increase would be "about more than double"¹, which would mean slightly less than a total strength of 4,000. Two non-official and unrelated Japanese sources stated that the total number would be slightly more than 8,000. An estimate made by observers at Tokyo² put the total strength at between

1. Embassy's dispatch No. 469, May 21.

2. Tokyo's telegram to Department No. 111, May 23, 11 a.m.

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between 4,300 and 4,700. One competent American military observer was of the opinion that the number would not exceed 5,000 after the completion of replacements and reinforcements early in 1938, while another thought the number might reach 5,500. The value of such estimates was lessened by reports that, in addition to the increase of the strength of the North China Garrison, the numerical strength of units of the Mantung Army stationed within the Great Wall was growing.

Reasons for the Increase:

As the reason for the increase appeared to observers to be the furtherance of Japanese plans for the aggressive occupation of North China from the National Government, the actual number involved seemed not to be of vital significance. Japanese official reasons for the increase, however, were (1) the threat of communism in North China, (2) the increase of the number of Japanese residents in eastern Hopei Province and along the railway between Peking and Shantung, and (3) underground anti-Japanese activities.³ The fact was noted with interest that, whereas formerly Japanese apologists attempted to allay apprehension with respect to the situation in North China by alleging that the Mantung Army could not cross the Great Wall without Imperial sanction, the new status of the North China Garrison appears to carry with it no regulative restriction as to limitation of its numerical strength.

Enlarged establishment of the Garrison⁴

Concurrently with the influx of Japanese troops, the construction of barracks (and of roads necessary in connection therewith)

3. Embassy's Telegram B41, May 14, 1938.

4. Embassy's Telegram B41, May 20, 1938, and B42, May 28, 1938.

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therewith; by the Japanese military near the International
Race Course at Tientsin, which was begun in April, con-
tinued during May; and it was estimated that these bar-
racks, together with other space already available in
Tientsin, could house, in case of necessity, ten thousand
men. Meanwhile, construction of buildings was begun by
Japanese at Fengtai, the strategically important junc-
tion of the three principal railways of North China, not-
withstanding the fact that Fengtai is not mentioned in
Article 12 of the Bowring Protocol as one of the places
along the railway from Peking to the sea at which forces
of the Protocol Powers may be stationed. Construction
work was also begun by Japanese military at Tanggu, which is the first station south of Fengtai on the Peking-
Hankow railway, and the strength of the Japanese military
establishment at Tanggu, Lin Jia-sheng's "capital" four-
teen miles west of Beijing, was also enlarged, although
neither activity came within the scope of any known treaty
or agreement.

Arrival of the New Japanese Commander:

Lieutenant General Katsuhiko Tashiro, the first com-
mander of the Japanese North China Garrison to be appointed
directly by the Emperor, arrived at Tientsin May 18. He
conferred with other leading Japanese military after his
arrival, including Major General Takuyoshi Ito, Chief
of the Special Mission at Beijing under the North
China Garrison, who had just made a hurried visit to
Beijing where he allegedly discussed the possibility of

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2. Paragraph 2, Embassy's telegram 250, May 25, 12 noon.

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the Heungtung Army's relinquishing to the North China Garrison supervision of the demilitarized area of northern Hebei Province. Lieutenant General Tashiro's predecessor, Major General Hayao Ise, left Tientsin on May 12 for Japan. (The significance of the elevation of the status of the Commander of the North China Garrison was described on pages 5 and 6 of the Monthly Report for April.)

New Commandant of the Japanese Embassy Guard:

Major General Masakazu Sawabe arrived at Peking during May, taking command of an infantry brigade (not of full strength) and of the Japanese Embassy Guard, which consists of one regiment of the infantry brigade. Colonel Kenya Matsuguchi, who had arrived at Peking as recently as April 21 as commandant of the Embassy Guard, thereby became commander of the regiment which forms the Guard. (Major General Sawabe is also senior commandant of the Embassy Guard.)

Relations of the North China Garrison and the Heungtung Army:

Although the elevation of the status of the North China Garrison was allegedly in part due to the desire of the Japanese authorities at Tokyo to eliminate the interference in North China affairs of the Heungtung Army and to eliminate friction between the two organizations resulting from dual direction of North China affairs, it was interesting to note certain factors which indicated that elimination of the influence of the Heungtung Army in North China affairs may not have been complete. For example, Lieutenant General Tashiro, the new Commander of the North China Garrison, was Chief of Staff

C. Paragraph 2 of Embassy's telegram 802, May 20, 5 p.m.

staff of the Expeditionary Force at Shanghai in 1938 when General Iwaki Tada was in command. General Tada is now Commander of the Kwangtung Army; and it would be surprising if ties of friendship or sympathy did not exist between these two officers. Lieutenant General Iwano also served for some time following the Shanghai fighting as commander of the Headquarters of the Kwangtung Army. Major General Takayoshi Motomura, Chief of the Special Mission at Tientsin and allegedly the principal Japanese figure in Sino-Japanese negotiations in North China, served with the Kwangtung Army both at Jehol City and at Holon (Jehol) after the seizure of Jehol province. Major General Kamebe, another of the three highest-ranking Japanese officers in North China, is the brother of the able Colonel Kamebe who until this spring served with the Kwangtung Army. Although the significance of these associations may be easily overemphasized, it is felt that they do help in creating a sympathy between the two organizations which may be of some importance.

b. Approach of a crisis: resignation of Hsiao Chen-ying?

Conversations between Japanese military officers and Chinese of General Sung Cho-pan's regime continued during May; and near the close of the month a crisis of major proportions appeared to have been narrowly averted.

The visible sign of the approach of a crisis was Hsiao Chen-ying's submission of his resignation as Mayor of Tientsin. According to the most reliable information obtainable in Tientsin, the Japanese had been pressing for a definite stand on

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7. Embassy's telegrams 275, June 2, 4 p.m., and 282, June 4, 3 p.m.

- 2 -

the part of General Song for independence and had persuaded him, finally, with the aid of some of his pro-Japanese civilian subordinates, to decide to take this step. Chiao Kuei-ying, however, although pro-Japanese, was opposing independence, for which reason the Japanese pressed for his resignation as Mayor of Tientsin. This development resulted in a series of important conferences at Tsiping near Tientsin of General Song and the last part of his. Those among them opposed to independence - primarily military men - insisted that there should be no further yielding to the Japanese and that Chiao should withdraw his resignation. As a result of this insistence, Chiao returned on July 31 from Tsiping to Tientsin, although it was doubtful that he would actually resume his duties as Mayor or that he would retain his office long in the face of Japanese displeasure.

The internal conflict between General Song's military subordinates opposed to independence and those civilian subordinates working for independence under Japanese direction caused reports to circulate that an armed clash between General Song's men and the Japanese might take place. It seems more probable to foreign observers, however, that the result would be a hastening of that time when General Song and his army would be forced to withdraw from Hopei and Chahar provinces. (There was evidence that the Japanese Military and the National Government were conferring with regard to the question of a possible successor to General Song.)⁶

Concurrently there were rumors of impending fresh communist movements, one of them being that Tientsin would

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6. Hsueh's telegram 100, June 4, 12 noon.

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be included in Yin Ju-chang's autonomous area. There were also rumors of impending changes in the personnel holding posts in Hebei and Shabur provinces. The situation was, however, too indefinite for a forecast to be made with any certainty; and developments appeared at the end of May to point (1) action by the Japanese, as General Wang had reversed his decision and was again opposed to independence, and (2) a clarification of the relations of the Kanti and Government and the Northwest which had been precipitated into a crisis as an outcome of the death of Mr. Yu Han-sin.

c. Discussion within Wang's Forces: General Shih Shih-ching's Resignation

The conflict between the pro-Japanese and the anti-Japanese groups within General Wang's regime, which was increasingly evident during the latter part of May, was in part the result of ill-feeling engendered among the anti-Japanese group by the resignation on April 30 of General Shih Shih-ching from the post of Chief Counselor of the Hebei-Shabur Pacification Headquarters through machinations of the pro-Japanese civilian group. The resignation of General Shih, an important Kuomintang officer who had the confidence of General Wang's military subordinates, had allegedly been effected by the pro-Japanese civilian group for the purpose of weakening opposition to their plans. It is understood that this group attempted three times to undermine General Wang's confidence in General Shih on various charges in order to cause the elimination of the latter and that, failing in these attempts, it appealed

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9. Paragraph 2 of Kobasa's telegram #59, May 25, 12 noon.

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finally to the Japanese for aid. When the Japanese let it be known that they were opposed to General Sun's statements in office, he resigned, and the anti-Japanese group in General Sun's regime, being aware of the circumstances, became further embittered toward the pro-Japanese group.

d. Possible agreement between Sun and Japanese:

Reports increased during May to the effect that an agreement for joint action against Communism had been signed by General Yang Cho-yuan and Japanese military. The Japanese source claimed that it had been signed in early April, and substantiated this. Official news say it as the date of signing. These statements could not be verified, and higher officials of both organizations continued to deny that any deal had been signed. There is little concrete evidence that such an agreement had been reached.

e. Relations of Sun's regime with the South:

There were indications that some subordinates in General Yang Cho-yuan's regime in favor of independence were conspiring or attempting to conspire with persons of the Southwest for simultaneous action which would effect the downfall of General Chiang Kai-shek. Among these indications was the fact that the three civilians of General Sun's regime who are regarded as leaders of those in favor of independence are from the South; namely, Mr. Sh'en Chun-fu, of Kwangsi, Chairman of the Foreign Affairs Committee of the Heping-Chahar Political Council; Mr. P'an Yu-kuei, of Anhwei, Chief of the Political Affairs Department of the Heping-Chahar Political Council; and Mr. Sh'en Chun-sheng, of Szechwan, Managing Director of the Peiping-Chukien Railway. Another indication was the quiet departure on May 27 from Peiping

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for Censor of the above-mentioned Mr. Ch'en Chung-fu,¹⁰ together with General Chang Yun-jung, Chief of the Peace Preservation Department of Hopei Province, allegedly in connection with the death of Mr. Hu Han-min but possibly as representatives of those in General Sung's regime in favor of simultaneous action with the Southwest inimical to General Chiang Kai-shek's interests. Similar suspicions with regard to the relations of the North and the Southwest also existed in the past, but none could be substantiated. It was presumed that, in case there were such a relationship, some sort of an understanding between these plotters and interested Japanese was involved.

f. Progress of the Hopei-Chahar Political Council¹¹
toward autonomy:

There were again during May developments which indicated the trend toward autonomy of General Sung's regime.

Military training in schools:

Supposedly as the outcome of Japanese representations, General Sung Cho-yuan effected early in May the suspension of all military training in government and private universities and higher schools in Peiping and the dismissal of their military instructors. This training had reputedly been instituted as a result of the Japanese seizure of Manchuria, and the instructors were mostly military men of the National Government.

The Communications Committee:

The Communications Committee of the Hopei-Chahar Political Council was inaugurated May 14 with Mr. Ch'en Chusheng, Managing Director of the Peiping-Kowloon Railway, as Chairman. As the Committee deals with affairs relating to

roads

10. Paragraph 6 of Embassy's 275, June 2, 4 p.m.
11. Embassy's 243, May 15, 3 p.m.

- 16 -

roads, railways, airways, navigation, posts, and telegraphs, it was presumed that it would gradually take over functions previously belonged to the appropriate Ministries of Peking.

The Codification Committee:

The Codification Committee of the Hopedai-Chahar Political Council began its function May 16, without formal inauguration, with General Fong Cho-hai as Chairman. General Fong was formerly senior to General Song in the Manchukuo. The Council issued instructions that the Hopedai and Chahar Provincial Governments and the Municipal Government of Peking and Tientsin should in future forward to this Committee drafts of all laws and regulations for the approval of the Council. As such drafts had previously been forwarded to the National Government for approval, a further curtailment of the influence of the National Government was evident.

President of the Hopedai High Court:

General Fong Cho-hai was appointed on May 12 by General Song the President of the Hopedai High Court, a post previously held by a Peking official.

The National Government's Foreign Affairs Inspectors:

The National Government post of Inspector of Foreign Affairs for Hopedai and Chahar was abolished during May, its duties being taken over by the Foreign Affairs Committee of the Hopedai-Chahar Political Council.

The Hopedai Provincial Bank as a Bank of Issue:¹²

The Hopedai-Chahar Political Council submitted on May 23 to the Economic Committee of the Council for consideration an order, which if put into effect, would designate the Hopedai Provincial Bank as the sole bank of issue in Hopedai

and

12. Embassy's 263, May 27, 1 p.m.

- 11 -

and Chahar, a course which could run contrary to the monetary policy of the National Government. It was understood that the Economic Committee postponed action with respect to the order indefinitely. The Hepei Provincial Bank, however, is allegedly issuing large quantities of notes - some local bankers assert that as much as one hundred million dollars' worth has been issued - but as the bank is without silver reserves the notes are regarded with mistrust. The Hepei-Chahar Military Council attempted to strengthen the bank by ordering all local banks under its control to deposit their revenues with the bank and by ordering that salaries of officials be paid in notes of that bank.

13
D. Explosion at the Tai-Hing railway

Sino-Japanese relations in North China were rendered more confused by an explosion at 8 p.m. on May 29 under a Japanese troop train entering Tientsin from the port of Tangku. The train was neither damaged nor delayed, and uneasiness was created by the fear that use might be made of the incident by the Japanese military detrimental to Chinese interests.

14
E. Unusual among students

A renewal of patriotic activities among students began during the last days of May. 2,000 students demonstrated on May 29 in Tientsin and declared a strike of three days. Students of three universities and five middle schools in Kaiping began on May 30 a strike of five days. These activities were regarded with apprehension as they might result in an incident or be made use of by unscrupulous persons for the purpose of precipitating a crisis inimical to Chinese sovereignty in Hepei Province.

1.

13. Tientsin's telegram May 29, 8 p.m.

14. Subdivision 2, Embassy's 257, May 29, 6 p.m., and 271, June 11, 11 a.m.

- 12 -

1. Smuggling of Japanese goods:¹⁵

Smuggling of Japanese goods into North China continued without effective hindrance during May and whatever decline may have taken place in certain kinds of goods was the result primarily of a glutting of the market and not of measures decided on or contemplated by the Chinese authorities.

According to the most reliable statistics available, smuggled goods entering between August 1, 1935, and May 31, 1936, the post station at Tientsin (the point through which the greatest amount of smuggled goods passes) amounted to 105,000 bags of artificial silk (of which 55,000 bags arrived during March, April and May, there being a marked decline in May as a result of a flooding of the market); 7,500 boxes of cigarette papers; 35,000 packages of piece goods; and 75,000 packages of sundries, of which 50,000 arrived during May, a large proportion being cases of kerosene oil.¹⁶

Smuggling was not confined to the coast of Yin Fung-shan's area. It was reported, for example, that the customs revenue of Peiangles was only 60 per cent during the first five months of 1936 of what it had been during the corresponding period of 1935, although smuggling was not entirely responsible for the decrease.

The Japanese authorities rendered no aid to Chinese authorities to check the smuggling; and measures designed by the Chinese authorities to do so were not put into effect during the month under review. These measures were understood to be (1) the inflicting of severe penalties,

(2)

15. Weekly telegram.

16. Embassy's telegram 290, June 6, 1936.

- 13 -

(2), control through cooperation of the Government with such organs as Chambers of Commerce, and (3) control of transportation through permits.¹⁷ Statements of Japanese officials showed that they regarded smuggling as a political weapon by which to obtain from the Chinese desired agreements.

The decision of the National Government to station customs officials at certain stations along the Tientsin-Peking Railway to prevent smuggled goods from being shipped south from Tientsin as freight resulted in Japanese nationalists' carrying large amounts of goods with them as passengers.

J. Attitude of the National Government toward the increase of trade and smuggling:

A protest of the National Government against the increase of the strength of the Japanese North China Garrison and a protest against the smuggling in North China by Japanese nationals had no other effect than to create Japanese resentment against the Chinese for the consequent increase of unfavorable publicity given to Japanese activities with respect to China.¹⁸ This resentment was probably enhanced by the distribution on May 12 to pressmen by a spokesman of the Chinese Foreign Office of the alleged text of the Tientsin Trade of May 11, 1933, for the purpose of refuting Japanese allegations that there was anything in the Tientsin Trade which would justify Japanese interference with the Chinese Customs Preventive Service (ships and launches) in eastern Hopei.¹⁹

HOE

17. Nanking's telegram 180, May 22, 11 a.m.
18. Nanking's monthly report for May.
19. Embassy's despatch 497, June 3.

- 14 -

Not was the tempo of the Japanese improved by an address delivered on May 25 by the Chinese Minister for Foreign Affairs in which, denouncing the disastrous effects of smuggling and the powerlessness of the Customs Revenue Service resulting from serious obstacles placed in its way, he stated that he and could be put in smuggling by a similar pact on Japan's part if Japan really desired to cooperate with China. He further wanted Japanese alignment of the Communist regime in China and of China's policies and foreign relations.

2. Yin Fu-kang's regime: good-will mission from Manchukuo

Yin Fu-kang's regime having despatched a good-will mission to Manchukuo during April, a return visit was made by a Manchukuo good-will mission which visited Yin's capital, Chungking, on May 12 and 13, passing through Taipei on its way. The head of the mission was Mr. Wu Chung-lin, Director of the Secretariat of the Manchukuo Ministry for Foreign Affairs, and he carried messages from the Manchukuo Prime Minister and Foreign Minister to Yin. The pro-Japanese press referred to them as "the national guards" of the East Mongol Anti-Communist Autonomous Government.

It was inferred from press reports that the two regimes were considering entering into a pact of some sort with regard to "preventing the spread of communism" and with regard to some tariff arrangement which would be mutually advantageous. Presumably, however, no pact was entered into as the ultimate status of Yin's regime is too uncertain for the Japanese in control to take so definite a step at this time.

1.

20. Hankin's telegram 187, May 22, 5 p.m.

21. Hankin's despatch to Embassy 275 of June 8.

0326
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 893.00/13629 FOR Memorandum

FROM State Dept. Far (Hamilton) DATED July 17, 1936
//10// Eastern Division NAME 1-1127 ***

REGARDING: Tension which developed in Shanghai, due to apprehension that Japanese authorities might take coercive measures in connection with alleged murder of a Japanese by a Chinese.

fpg

793.94/8083

8083

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 894.00 P.R./103 FOR #1242

FROM Japan (Grew) DATED July 13, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese relations: General developments. The tenseness, which characterized Sino-Japanese relations in May continued throughout the Month of June; new developments aggravated the situation .

FRG.

793.94/ 8084

8084

- 4 -

II. RELATIONS WITH OTHER COUNTRIES.

(a). China.

79394
The tenseness which characterized Sino-Japanese relations in May continued throughout the month of June. New developments aggravated the situation created by Japan's alleged aiding and abetting of the smuggling operations in the East Hopei region and by the decision of the Japanese War Ministry on May 15 to increase the Japanese North China Garrison. On June 1 the Chinese Ambassador in Tokyo was reported by the press to have filed a protest from his Government with the Minister for Foreign Affairs and Mr. Arita was said to have rejected this protest. Upon his arrival in Tokyo on June 1, Lieutenant-General Tada, former Commander of the North China Garrison who had recently been transferred to the command of the 11th Division in Japan, was quoted by the JAPAN TIMES to have asserted that the increase in Japan's North China Garrison had to be taken for the protection of Japanese residents in the district and that the hint of collusion by Japanese troops in the North China smuggling was an insult to the Japanese Garrison. In a conversation at the War Department on June 24, the Embassy's Military Attaché was informed that the movement of troops for the reinforcement of the North China Garrison had been completed and that the Garrison had a strength of slightly under 5,000 men.*

Mr. Suma, Japanese Consul General at Nanking until recently on leave in Japan, continued to make statements to the press, none of which were so blunt, however, as the one made on May 30 to the effect that he had told

Chiang

* Embassy's telegram No. 139 of June 24, 1936.

- 5 -

Chiang Kai-shek that "China must now choose between mutual interdependence with Japan or war with Japan".* Mr. Suma sailed for his post from Kobe on June 16, reportedly remarking to a correspondent of the OSAKA MAINICHI that if General Chiang Kai-shek wants to avoid the collapse of China "the quicker he shakes hands with Japan and works side by side with her the better it will be for China." Mr. Shigeru Kawagoe, recently appointed Ambassador to China who had been having conversations with Mr. Suma on Sino-Japanese relations, left Tokyo for his new post on June 16 and, according to the JAPAN ADVERTISER of June 17, stated immediately prior to his departure that political stability was needed in China before economic assistance could properly be extended to that country.

With regard to the incipient civil war between the Nanking Government and the Southwest factions, the JAPAN TIMES of June 3 attributed to the Foreign Office spokesman the statement that Japan is accustomed to such anti-Japanese declarations as those made by the Southwest authorities, which are apparently issued for "home consumption". The general attitude of the Japanese press toward the controversy between the Nanking Government and Southwest China was one of derision rather than concern, particularly in view of the contestants' alleged predilection for the use of telegrams instead of weapons.

Further developments during the month were the following: the anti-Japanese student movement in Peiping and the alleged anti-Japanese agitation in the Southwest, followed by Japanese protests in both instances; a Japanese protest against the bombing of a Japanese military train at Tientsin in the latter part of May; and the firing upon
Japanese

* Embassy's telegram No. 117 of May 30, 1936.

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

- 6 -

Japanese vessels reportedly engaged in smuggling by Chinese patrol boats off Tientsin and Tsingtao, against which the Japanese Embassy in Peiping is understood to have filed a vigorous protest on the ground that the Japanese vessels had not been engaged in smuggling.

Sensational reports appeared in the TOKYO NICHU NICHU and the HOCHI of June 7 to the effect that Great Britain, the Soviet Union, the Nanking Government, and the Southwest factions were cooperating to diminish Japanese influence in China and that the apparent "revolution" of the Cantonese faction was merely an elaborate Britain-Nanking-Canton plot to mobilize strength in North China.

0331
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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.Tsinan/98 FOR Resp.#19

FROM Tsinan (Smith) DATED July 2, 1936.

///TP///

NAME

1-1197 ***

REGARDING: Sino-Japanese relations: Reports developments in -
during the month of June, 1936. Local Japanese
attitude stiffens. Major Ishino, local repre-
sentative of the Japanese Army is now the dominant
Japanese in Tsinan and the Mayor of Tsinan thinks he
is the chief agitator of the "School Child Incident",
in Tsingtao. Visit of Mr. Kuwajima of Japanese Foreign
Office to Tsinan.

fpg

793.94/8085

8085

B. Relations with Other Countries

1. Japan

(a) Local Japanese Attitude Shifts

793.94

Following the departure of Consul General Koichi Nishida there has been a noticeable disruption of the former comparatively smooth course of local Sino-Japanese relations. The Mayor of Tsingtao believes that Major Ishino (石野), the local representative of the Japanese army is now the dominant Japanese in Tsingtao and that he is likely to create an embarrassing incident in Tsingtao in the near future if he can find or make an opportunity.

The Mayor stated that Major Ishino is regarded as the chief agitator of the anti-Chinese "Menschukuo Incident" in Tsingtao reported by Consul Kokobin in despatches numbered 125 and 127 of June 2, 1936, and June 5, 1936, respectively. The Mayor has consistently refused to see or recognize Major Ishino and last week, when there was a fight in Tsingtao between a Japanese school boy and two Chinese school boys in the street and the former chased his Chinese opponents into their school building and tore down maps showing Manchuria as other than "Menschukuo" and otherwise made a nuisance of himself, Mayor Wen immediately called on Acting Consul General Hashimoto and requested an informal personal

apology

- 2 -

apology from Hashimoto and an assurance that no attempt would be made to twist the matter into an incident. Hashimoto was apologetic and the Mayor left somewhat mollified. Both Japanese and Chinese newspapers were forbidden to report the matter. The murder of a Japanese heroin dealer and the founding of his wife by four Chinese "bandits" was quietly handled by the Japanese criminal police allegedly as a result of General Sun's prompt action and a discreet warning that if necessary he would be called "draughtsman" and "mercenary" would be attributed to his own character as a result of action by the Chinese authorities. (See this office's dispatch no. 40 of June 3, 1968.) The overbearing and apparently officially supported Japanese attitude toward smuggling (see section 7 of this report) has also aroused considerable native resentment among local Chinese civil and military officials. Along with this resentment, however, there seems to be considerable speculation as to whether or not the time has not arrived when it is going to be necessary for General Sun to take a definite stand with relation to Japanese pressure on him to enter into a closer relationship with the Kwei-Chow Political Council.

(b) Visit of Mr. Kawajima to Tainan

An article appeared in the local official paper on June 19th purporting to be a verbatim report of the answers made by Mr. Kawajima of the Japanese Foreign Office to questions put by the Tainan pressmen during his visit here on June 18th. reading as follows:

2.

- 3 -

Q. "In the existing state of Sino-Japanese relations what are your impressions of the various places you have visited and your emotional reactions toward them?"

A. "I visited Beijing 8 years ago, but on my present trip noticed signs of improvement. Conditions in Tientsin are as of yore. Signs of improvement are also to be seen in Tsinan. In general Beijing, Tientsin, and Tsinan all have good means of communication and conditions therein are quite satisfactory."

Q. "Were there any concrete measures proposed in Japan with regard to the often mentioned matter of the promotion of Sino-Japanese cooperation?"

A. "The handling of projects depends upon their successive order. Which should be handled first or last is now being investigated. My personal opinion is that Hobei unquestionably has special relations with Japan. The relation of Shanghai with Japan has also been close because of the port of Yangtze. Reconstruction work in Shanghai has in recent years been successful, and so collaboration should first be started in Shanghai and gradually extended to Hobei."

Q. "What is your impression of General Ban?"

A. "General Ban is very frank. Although this is the first time I have met him our intimacy is the same as if we were friends of ten years' standing."

Q. "Consul General Ishida has returned to Japan. Who is going to succeed him?"

A. "The place at Tsinan is very important. The question as to who is going to be his successor was not yet settled when I left Japan. I sincerely hope that some one qualified

for

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

- 4 -

for the post will be designated. The designation has perhaps been made by this time."

Q. "What are your plans for the remainder of your trip?"

A. "I am leaving for Tsingtao tonight and from there will sail for Shanghai and Hanking before going back to Japan by steamer."

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

DOCUMENT FILE

NOTE

SEE 893.00/13648 FOR #126 to Embassy

FROM Canton (Spiker) DATED July 6, 1936
TO _____ NAME _____ 1-1127 ...

REGARDING: Inner aspects of the Southwestern Anti-Japanese Movement.

FRG.

793.94/ 8086

75675
8086

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

KLP

1-1336

GRAY

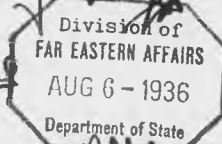
FROM

Peiping via N. R.

Dated August 5, 1936.

Rec'd. 2:20 p.m.

793.94
Secretary of State,
Washington.



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

392, August 5, 5 p.m.

Embassy's 372, July 21, 5 p.m. / 8065

One. It is still uncertain whether Wang Keh Min will return to Peiping. Various reasons are advanced for his possibly not returning, such as (a) difficulties which Sung Che Yuan or his anti-Japanese military subordinates may place in his way, (b) inability to obtain from Chiang Kai Shek the degree of authority which Wang wants, and (c) Wang's doubt that his mission in North China could succeed. In case Wang returns, Tsao Ju Lin will probably reconsider his recent refusal to join the Hopei-Chahar Political Council.

Two. The pro-Japanese Chi Hsieh Yuan was appointed August 4 by the Hopei-Chahar Political Council a member of that Council (reference paragraph nine of Embassy's 301, June 12, 3 p.m., and paragraph three of Embassy's 313,

June 30,

793.94/8087

FILED

AUG 6 - 1936

F/FG

178-1

- 2 -

392 from Peiping

June 30, 3 p.m.). Consul General Nishida arrived at Peiping, August 3, to become adviser to the Council (reference Tsinanfu's despatch 37, June 2). The confused situation in North China is indicated by the fact, notwithstanding these two developments pleasing to the Japanese, Sung Che Yuan informed Chinese pressmen August 4 that he had told the Japanese authorities that all diplomatic affairs in North China should be dealt with directly by the National Government. This appearance of reliance on the National Government may be a result of the latter's successes in dealings with the Southwest. Speculation has been aroused because such a statement should be displeasing to the Japanese and because there are persistent reports that an important part of Sung's military subordinates are dissatisfied with him. Chinese and Japanese observers express the opinion, however, that both Sung and his army will remain in Hopei for some time to come.

Three. There are reports that Chiang Kai Shek is contemplating or beginning to maneuver for the removal of Han Fu Chu from the Chairmanship of Shantung. The reason for Chiang's attitude is alleged to be certain disloyal remarks made by Han when he thought that the Southwest rebellion might succeed. Han's public reaffirmation on July 25 of loyalty to Chiang is said not (repeat not) to have affected Chiang's attitude. It would seem, however, that an attempt

178-2

- 3 -

392 from Peiping

attempt to remove Han would be dangerous, notwithstanding reports that Han no longer has the loyalty of his divisional commanders. Such an attempt might drive Han to the Japanese side and/or bring about a political union between him and Sung. Matsumuro was in Tsinanfu the past two or three days, allegedly at Han's invitation.

Four. Various dissatisfied leaders appear to be occupied at present in trying to stabilize or improve their position. Han, Sung, Chiang and ^EYang Yu Hsiang willing to send representatives to one another. It is not (repeat not) known how directly these maneuvers may concern Sino-Japanese affairs and the Southwestern situation which has been only partially liquidated.

Five. Sino-Japanese negotiations apparently continue to await the return of Wang Keh Min and clarification of the Southwestern situation, as well as maneuvers among Chinese as indicated above. Although every one concerned would be willing to cooperate economically in North China, a serious obstacle is the lack of money for Sino-Japanese projects. According to a Japanese source, the revenues of Hopei have not yet been regularized to Japanese satisfaction. According to the same source, no (repeat no) final agreement has yet been reached with regard to construction of a railway from Shihkiachwang to Tsangchow. This statement ^{is supported} ~~has~~ by various press reports. ~~constituted (x)~~

Six.

178-3

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 -

Six. The incident of the killing of a Chinese detective employed by Japanese concession police which was reported in Tientsin's telegram July 22, 6 p.m., was settled July 31 with the payment of solatiums, an apology by the Mayor of Tientsin, the turning over to the appropriate Chinese authorities of the company commander of the Chinese Peace Preservation Corps involved for punishment.

By mail to Tokyo.

JOHNSON

HPD

(*) Apparent omission

178-4

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

FS

1-1336

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (C)

FROM Peiping

Dated August 7, 1936

Rec'd 7:34 p. m.

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS

AUG 8 - 1936

Department of State

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

394, August 7, 4 p. m.

Reference Embassy's telegram 392, August 5, 5 p. m.,

according to a Chinese official well known to the Embassy
he has been informed by an official of the Ministry of the
Interior now visiting Peiping that

(Section Two Follows).

RR:HPD

JOHNSON

793.94/8083

AUG. 11 1936

F/FG

179-1

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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

LMS

GRAY and SPECIAL GRAY
TELEGRAM RECEIVED

Peiping via N. R.

Dated August 7, 1936

FROM

Rec'd 2:30 p. m.

Secretary of State,
Washington.

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

394, August 7, 4 p. m. (SECTION TWO)

Chiang Kai Sheik is displeased with the attitude which Sung Che Yuan and Han Fu Chu displayed towards the National government in its difficulties with the Southwest; has effectively alienated Sung's and Han's military subordinates from them; and has succeeded in this and in preventing a union between Sung and Han through enlisting the aid of Feng ^{Yu Hsiang, the latter having employed such former subordinates} as Shih Shing Ting (who is again in North China: reference page 7 of Embassy's monthly report for May) to gain these ends. *GV*

Three. It is a question whether Chiang Kai Sheik's success in the Southwest has not misled him into moving too fast with respect to North China. It would seem that the contemplated changes, taken together with lack of progress in general in Japanese efforts with respect to China, might well be unsatisfactory to the Japanese. However, the contrary is possible as, for example, the informant stated that Chiang intends to replace Sung with Feng Yi, the Chairman of Fukien, who is regarded as persona grata to the Japanese.

Four. Some observers are doubtful that Feng is

as

179-2

034

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

LMS 2-No. 394, August 7, 4 p. m., Sec. 2, from Peiping.

as unsympathetic toward his former subordinates Sung and Han as the foregoing information would indicate.

Five. Sung, who is now in Paoting, has been joined by Hsiao Chen Ying. Chin Teh Chun, Mayor of Peiping, has left for Tientsin and possibly for Paotou. There is speculation as to whether these officials may not be related to the foregoing information.

By mail to Tokyo.

JOHNSON

HPD

179-3

0342

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)

P A R A P H R A S E

Section one of a telegram (No. 394) of August 7, 1936, from the American Embassy at Peiping, reads substantially as follows:

Information received from a Chinese official well known to the American Embassy is to the effect that, according to an official of the Ministry of the Interior who is visiting in Peiping at the present time,

(see Section two)

793.94/8088

FE:EGC

VIII-8-36

179-4

TELEGRAM RECEIVED

RB

1-1236

FROM

SPECIAL GRAY

Nanking via N. R.

Dated August 8, 1936

Rec'd 11 a. m.

Secretary of State
Washington.

Division of
FAR EASTERN AFFAIRS
AUG 8 - 1936
Department of State

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

242, August 8, Noon.

One. According to a generally reliable foreign informant ~~Susa~~ has recently stated that he is making no attempt to promote settlement of Sino-Japanese controversies. Informant stated that the Minister for Foreign Affairs has now decided that the Japanese Ambassador has no intention of coming to Nanking soon to take up negotiations and has therefore gone on vacation. Informant added that the Chinese authorities appear somewhat anxious over this lack of desire on the part of the Japanese to negotiate and fear it may indicate Japanese intend to resort to other means of bringing about settlement.

Two. To the Department and Peiping.

PECK

GTW

OSB

793.94/8089

AUG 11 1936

FILED

FG

0346

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

August 21, 1936.

~~RCM:~~
~~SKH:~~

Reference Nanking's despatch No. 196,
July 17, 1936, reporting remarks made by
H. H. Kung to Counselor Peck.

Mr. Kung stated (1) that a Japanese informed him (Kung) that the Japanese military had advised the Southwest to rebel against Nanking six months ago but that the Japanese did not now favor the rebellion, (2) that the same Japanese stated to him (Kung) that the Japanese Government felt that China should not be requested to recognize "Manchukuo" for about six years, (3) that the Sino-German barter agreement had been concluded to foster ordinary commercial interchange of goods, (4) that the smuggling situation was less acute, (5) that Japanese diplomatic representatives had actually informed the Chinese Government that if a reduction of import duties on certain commodities were effected the Japanese would "put a brake on smuggling", (6) that it did not appear that the Japanese planned to take a decisive forward step in North China in the near future, and (7) that the Japanese Ambassador favored turning attention toward the settlement of economic problems.

Jcv.
JCV/VDM

180-1

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

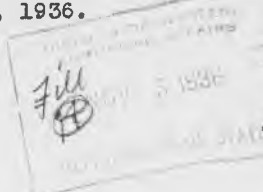


EMBASSY OF THE
UNITED STATES OF AMERICA
Nanking, July 17, 1936.

No. 196.

Subject: Sino-Japanese Relations.

Confidential.



793.94

For Distribution Check		Yes	No
Grade	To field	<input checked="" type="checkbox"/>	<input type="checkbox"/>
File	In U.S.A.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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AUG 10 1936
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DIVISION OF
TRADE AGREEMENTS
AUG 28 1936
DEPARTMENT OF STATE

STATE
Division of
FAR EASTERN AFFAIRS
AUG 11 1936
Department of State

793.94/3090

The Honorable
The Secretary of State,
Washington, D. C.

I have the honor to report that on the afternoon of July 15, 1936, I paid a social call on Dr. H. H. Kung, Minister of Finance, and while the conversation did not develop any information of great importance, a short resume may prove of interest.

In regard to the present friction with the provinces of Kwangtung and Kwangsi Dr. Kung said that ten days before he had had a conversation with a prominent Japanese banker in Shanghai, a man who hitherto had shown himself frank and honest. The Japanese informant said to Dr. Kung that since the political demarche of the Southwestern

provinces

F/FG

180-1

- 2 -

provinces had actually taken place, he saw no objection to stating that such a movement was recommended to these provinces six months ago by the Japanese military officer connected with the Japanese Embassy stationed in Canton, but that since then, owing to the February 26 incident and other causes, the Japanese military authorities no longer were in favor of it, particularly since it had taken on so anti-Japanese a complexion. The informant said that the position taken by the Japanese Government now is that China should not be asked to recognize "Manchukuo", but that this question should be shelved for half a dozen years. The informant approved this attitude and told Dr. Kung it seemed to him very fair, because if after six years China were strong enough to take back Manchuria by armed force, it ^{could} do so, and if it were not strong enough, then it would be only reasonable for China to recognize the "Manchukuo Government".

In regard to the Sino-German barter arrangement Dr. Kung said that it had been fully concluded, but he politely refused to divulge any details of its working, other than to insist that its object was to foster ordinary commercial interchange between the citizens of the two countries. For this purpose the German Government would set up a permanent credit in the shape of a revolving fund of one hundred million Chinese dollars for the purpose of financing China's purchases of German goods, receipts from German purchases of Chinese goods to be credited to the fund. I tried to induce Dr. Kung to explain the actual working of the arrangement, the nature of goods principally to be dealt in, etc., but he rather stubbornly refused to say anything except that it was in effect an arrangement under

which

0348
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

- 3 -

which barter would take place.

I inquired whether the smuggling difficulty had been lessened and he said it was a little less acute than it had been. I asked whether it was true, as had been reported, that the Japanese had openly used the smuggling of Japanese goods as a lever with which to force China to reduce the import duties on Japanese merchandise and he said that Japanese diplomatic representatives had actually told the Chinese Government that if the import duties on certain lines of imports, such as rayon, sea-food, etc., which derive mainly, if not exclusively, from Japan, were to be reduced, the Japanese Government would be willing and able to put a brake on the smuggling.

In reply to my questions Dr. Kung stated that he did not think the Japanese Government intended to take any decisive forward step in North China in the near future, but there still existed the uncertainty concerning what the Kwantung Army and the Japanese Garrison in North China might do, without prior authorization from the higher Japanese authorities. He said that the attitude of the new Japanese Ambassador was that the two Governments should turn their attention at the moment to the settlement of economic questions. I inquired what sort of economic questions the Ambassador had in mind and Dr. Kung replied that the Ambassador had mentioned special favors in connection with economic developments in North China, and the tariff reductions already described.

Respectfully yours,

For the Ambassador:

Willys H. Peck
Willys H. Peck,
Counselor of Embassy.

4 Carbon Copies
Received *287*
✓ Five copies to Department
Copy to Peiping.
800
WRP/MCL
183-3

0350
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

No. 196.

Peking, July 17, 1936.

Subject: Sino-Japanese Relations

Confidential.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to report that on the afternoon of July 15, 1936, I paid a social call on Dr. H. H. Kung, Minister of Finance, and while the conversation did not develop any information of great importance, a short resume may prove of interest.

In regard to the present friction with the provinces of Kwangtung and Kwangsi Dr. Kung said that ten days before he had had a conversation with a prominent Japanese banker in Shanghai, a man who hitherto had shown himself frank and honest. The Japanese informant said to Dr. Kung that since the political demarcation of the Southwestern

provinces

180-4

- 2 -

provinces had actually taken place, he saw no objection to stating that such a movement was recommended to these provinces six months ago by the Japanese military officer connected with the Japanese Embassy stationed in Canton, but that since then, owing to the February 26 incident and other causes, the Japanese military authorities no longer were in favor of it, particularly since it had taken on so anti-Japanese a complexion. The informant said that the position taken by the Japanese Government now is that China should not be asked to recognize "Manchukuo", but that this question should be shelved for half a dozen years. The informant approved this attitude and told Mr. Tung it seemed to him very fair, because if after six years China were strong enough to take back Manchuria by armed force, it ^{could} do so, and if it were not strong enough, then it would be only reasonable for China to recognize the "Manchukuo Government".

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18 5
which

- 2 -

which barter would take place.

I inquired whether the smuggling difficulty had been lessened and he said it was a little less acute than it had been. I asked whether it was true, as had been reported, that the Japanese had openly used the smuggling of Japanese goods as a lever with which to force China to reduce the import duties on Japanese merchandise and he said that Japanese diplomatic representatives had actually told the Chinese Government that if the import duties on certain lines of imports, such as rayon, sea-food, etc., which derive mainly, if not exclusively, from Japan, were to be reduced, the Japanese Government would be willing and able to put a brake on the smuggling.

In reply to my question Mr. Fung stated that he did not think the Japanese Government intended to take any decisive forward step in North China in the near future, but there still existed the uncertainty concerning what the Warung Army and the Japanese Garrison in North China might do, without prior authorization from the higher Japanese authorities. He said that the attitude of the new Japanese Ambassador was that the two Governments should turn their attention at the moment to the settlement of economic questions. I inquired what sort of economic questions the Ambassador had in mind and Mr. Fung replied that the Ambassador had mentioned special favors in connection with economic developments in North China, and the tariff reductions already described.

Respectfully yours,

For the Ambassador:

Willis A. Peck,
Counselor of Embassy.

Five copies to Department
Copy to Peiping.

800
WAP/ACL

1353
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

August 19, 1936.

~~SRH~~
~~ROM:~~

Reference Tientsin's despatch of July 3, 1936, in regard to an agreement between Sung Che-yuan and Han Fu-chu in regard to the north China situation.

Tientsin states that although a complete agreement between the two generals has not been reached, the authorities of the Hopei-Chahar Council have complied with some of General Han's conditions, one of which provided for the appointment of Han's nominee as Commissioner of Public Safety (at Tientsin). The report states that Han and Sung have conferred several times in regard to the southwestern situation and that they had agreed that should their appeal for peace fail they would pool their forces and establish a "peace preservation council" through which to govern north China.

JCV
JCV/VDM

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. ---

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		e N1-MID	

AMERICAN CONSULATE GENERAL

Tientsin, China, July 3, 1936.

SUBJECT: Reported Sung-Han Agreement and
North China Political Situation.

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

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON.



I have the honor to transmit herewith a copy
of my despatch No. 258 of today's date, addressed
to the Embassy, Peiping, on the subject of, "Re-
ported Sung-Han Agreement and North China Political
Situation".

Respectfully yours,

J. K. Caldwell
J. K. Caldwell,
American Consul General.

Enclosure:

1. Copy to despatch No. 258, dated
July 3, 1936, to Embassy, Peiping.

800
RSW:HK

In quintuplicate to Department.

793.94/3091

FILED
AUG 27 1936

F/FG

0355
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

NO. 258

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN CONSULATE GENERAL
Tientsin, China, July 3, 1936.

CONFIDENTIAL

SUBJECT: Reported Sung-Han Agreement and
North China Political Situation.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to this Consulate General's despatch No. 243, ⁷⁰⁵²dated June 16, 1936, concerning the political situation in North China, and to report that according to information given Consul Ward yesterday in private conversations with two well-informed local Chinese, one of whom is an official of the Tientsin Municipal Government, representatives of General Sung Che-yuan and General Han Fu-chu have been deliberating in Tientsin for two weeks in an effort to arrive at a common basis for action in the event of civil war. Representatives of General Yen Hsi-shen are also said to be participating in some of these discussions, but not to such an extent as to make his influence an important one in them.

The informants state that they feel that a punitive expedition of Central Government troops
against

-2-

against the Southwest is almost inevitable, and that in their consultations with each other the representatives both of General Sung and General Han are proceeding on the assumption that internal warfare is imminent.

Although, according to this account, a complete agreement between the two Generals has not been reached, the authorities of the Hopai-Shahar Council have complied with some of the terms which General Han Fu-chu laid down as conditions precedent to his cooperation with General Sung. One of these was that the Commissioners of Public Safety, Finance, and Public Welfare of the Municipal Government of Tientsin be Han's nominees. After some dickering it was agreed that, pending some more definite arrangement between the two Generals, Han should be permitted to select the Commissioner of the Bureau of Public Safety. He did so, and his nominee, General Ch'eng Hsi-hsien, took over the duties of the office on June 22, 1936.

The informants assert that General Sung and General Han have met several times recently. Presumably one of the meetings to which they referred was that which took place at Po Chen, a small town in southern Hopai, on June 20. General Sung was accompanied on that occasion by General Ch'eng Hsi-hsien, whose selection for the post of Commissioner of Public Safety of Tientsin had then already been agreed

-3-

agreed upon. As the Embassy will recall, that meeting was followed on June 21st by the issuance of a circular telegram signed by both Generals and addressed to the authorities of the Nanking Government and of the Southwest Political Council, urging the maintenance of internal peace. Reports became current several days thereafter that Sung and Han had agreed that should this appeal fail they would pool their forces and establish a "Peace Preservation Council" through which to govern North China during the period of confusion which they are represented as expecting should civil war break out. The informants referred to above do not believe that the plans for joint action have proceeded as far as this report would indicate. In the opinion of one of them, however, the circulation of the Sung-Han telegram considerably weakened the position of the Nanking Government, since it made clear the fact that the authorities of North China do not view the action of the southwest in the light of rebellion against a recognized Government of all China, but rather as a dispute not essentially dissimilar from the innumerable civil wars which have disrupted China for twenty years. One of the informants, an intellectual of national standing, said that he personally had been subjected to considerable criticism in Nanking because he had, in commenting on the Sung-Han telegram, pointed out that civil war was still civil war even when one of the parties

to

-4-

to it (the Nanking Government) chose to describe it as a "punitive expedition" for the suppression of rebellion.

The informants here quoted both state that while the Japanese military helped to incite and lent aid to the Southwest in the promotion of their "Anti-Japanese Expedition", and while also they have urged Nanking to act promptly in the suppression of a movement so openly "anti-Japanese", they have been intriguing in North China to force Generals Sung, Han, and Yen to make a definite declaration of neutrality in case of conflict, and to establish among themselves an autonomous Government for the preservation of peace such as will more nearly meet the still undissipated dream of an independent North China state than has the Hopei-Chahar Political Council.

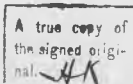
Meanwhile in Tientsin the representatives of General Sung are said to be continuing their successive and more or less secret conferences with the representatives of the Central Government, of General Han, of the Southwest Political Council, and of the Japanese military.

Respectfully yours,

J. R. Caldwell,
American Consul General.

800
RSW:HK

Copy to Embassy, Nanking.
Five copies to Department under cover of
unnumbered despatch dated July 3, 1936.



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

August 22, 1936.

~~SECRET~~
Tientsin despatch of July 6, 1936,
reports in regard to relations between
General Sung Che-yuan and General Han
Fu-chu.

The despatch states that the
recently appointed Mayor of Tientsin,
General Chang Tzu-chung, has offered
his resignation and that the most
likely candidate for the post is a
certain Wang (given name not given),
father-in-law of General Han Fu-chu.
Although General Sung Che-yuan is
doing everything in his power to
remain on good terms with the Japanese,
he apparently anticipates his eventual
forced withdrawal from Hopei Province
and with that in view he is moving into
much closer relations with General Han
in order that he may have a line of
retreat open for his 29th army.

JCV
JCV/VDM

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

No. ---. RECEIVED
DEPARTMENT OF STATE

For Distribution-Check		Yes	No
Grade	G		
For	ward		
		In U.S.A.	<input checked="" type="checkbox"/>

AMERICAN CONSULATE GENERAL

1936 AUG 10 PM 3 43

Tientsin, China, July 6, 1936.

DIVISION OF COMMUNICATIONS
SUBJECT: The Tientsin Mayoralty and the Present Political Situation in North China.

THE HONORABLE

THE SECRETARY OF STATE

SIR:

WASHINGTON
COPIES SENT TO
U.N.I. AND M.I.D.

Division of
FAR EASTERN AFFAIRS

AUG 11 1936

Department of State

I have the honor to enclose a copy of my despatch No. 259 to the Embassy, Peiping, dated July 6, 1936, entitled "The Tientsin Mayoralty and the Present Political Situation in North China."

Respectfully yours,

J. K. Caldwell,
American Consul General.

DEPARTMENT OF STATE
ASSISTANT SECRETARY OF STATE
AUG 10 1936

Enclosure:

1/- Copy of despatch No. 259
to the Embassy, Peiping.

800/810.1
RSW:mhp

In quintuplicate to the Department.

793.94/8092

FILED
AUG 28 1936

F/FG

No. 259.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN CONSULATE GENERAL

Tientsin, China, July 6, 1936.

SUBJECT: The Tientsin Mayoralty and the Present
Political Situation in North China.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to this Consulate
General's despatches Nos. 247 and 258, dated June 18
and July 3, 1936, respectively, and further in con-
nection with the Tientsin mayoralty and the general
political situation in North China, to report that
according to information given to Consul Ward by a
subordinate but well-connected and usually well-
informed official of the Tientsin Municipal Govern-
ment yesterday, it is already being accepted as a
fact in official circles in this city that the newly
appointed Mayor of Tientsin, General Chang Tzu-chung,
has offered his resignation from that post, and will
shortly be relieved from it.

The informant referred to stated that the press
accounts in which Wang K'e-min had been suggested as
General Chang's successor were in all probability
wrong; that the most likely candidate for the post

at

- 2 -

at present is a certain Wang (the informant did not know the rest of his name) whose principal qualification for the post is the fact that he is General Han Fu-chu's father-in-law.

The rapid increase in General Han's influence in North China during the last six weeks the official quoted ascribes to the fact that the General controls General Sung Che-yuan's only possible line of retreat from North China should it become necessary for him to move his 29th Army out of Hopei. General Sung is said to have felt his dependence on General Han's goodwill especially keenly during the negotiations over the so-called "Fengtai Incident" which the informant described as having been occasioned by the inopportune passing of a freight train when a Chinese soldier of General Feng Chih-an's 37th Division was leading horses past the Japanese Barracks at Fengtai. The horses shied from the train and ran into the Barracks inclosure. The soldier attempted to retrieve them, and was beaten off by Japanese soldiers, who in turn were attacked by other Chinese soldiers. Although this incident was subsequently settled amicably, the Japanese military at first demanded the withdrawal from the Province of the 37th Division, and hinted that the attitude displayed by the Chinese in it was typical of the 29th Army, and that in due time the whole Army would have to withdraw.

As a result of this incident, the informant states, General Sung is doing everything within his power to

avoid

0368
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

- 3 -

avoid any incident which will serve the Japanese as a pretext for further demands. He has ordered his subordinates to avoid any show of resistance, and to give way wherever possible to Japanese wishes.

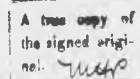
In spite of this policy, General Sung apparently anticipates his eventual forced withdrawal from Hopei, and with that in view he is moving into much closer relations with General Han. It is probable, the informant asserts, that General Han will be permitted to appoint the administrative officers controlling the southernmost districts of the Province of Hopei, although he will not quarter troops within the Province; and he is to be given an increased degree of control over Tientsin, one of the manifestations of which is to be, the informant believes, a voice in the selection of the next Mayor of Tientsin.

Respectfully yours,

J. K. Caldwell,
American Consul General.

One copy to Embassy, Nanking.
Five copies sent to Department by despatch No. ---,
dated July 6, 1936.

800/810.1
RSW:uhp



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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

No. 575

Peiping, July 13, 1936.

Subject: Mr. Y. Suma's Views on Sino-
Japanese Relations.

793.94

For Distribution Check		Yes	No
Grade	To field		
For	In U.S.A.		
X	6N1-171D		

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DEPARTMENT OF STATE

1936 AUG 10 PM 3 35

Copy in file.
Division of
FAR EASTERN AFFAIRS
AUG 11 1936
Department of State

793.94/8095

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

1/ I have the honor to enclose a copy of a memorandum of a conversation which I had on June 29, 1936, at Nanking with Mr. Yakichiro Suma, Japanese Consul General and First Secretary, during which he stated that the situation in North China was serious from the Japanese viewpoint, as indicated by the seizure of two Japanese vessels by the Chinese Customs authorities at Tsingtao and Tientsin; that the situation at Nanking had not improved, as indicated by the Chinese continuing

to

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0365
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

- 2 -

to talk platitudes and by the arming of Nanking
against Japan; and that the reply of the authorities
at Canton with regard to anti-Japanese demonstrations,
to the effect that they could not control the honest
feelings of the people, could only portend difficul-
ties in the future.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson

✓
Enclosure:

Memorandum of conversa-
tion June 29, 1936.

Original and four copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

710

LES-SC

181-2

036F

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

575

Conditions in North China.

Memorandum of Conversation.

Nanking, June 29, 1936.

Conversation with: Mr. Y. Suma, First Secretary, Japanese Embassy and Japanese Consul General in Nanking.

Mr. Johnson.

In the course of conversation today Mr. Suma stated that the situation in North China was very serious from the point of view of the Japanese. He felt that the political situation there was particularly uncertain. He referred to the seizure of two Japanese vessels by the Chinese Customs authorities at Tsingtao and Tientsin. Mr. Suma stated that the Japanese Consul General at Tientsin was due here in Nanking today or tomorrow to discuss these questions. He said that acting under instructions from his own Government he had protested to the Nanking authorities in this matter but that it was very difficult to handle such matters here in Nanking and he was therefore going to urge the Japanese Consul General at Tientsin to effect a settlement of these matters locally, but he expressed himself as convinced that conditions in North China were not at all promising.

Mr. Suma

187-3

- 2 -

Mr. Suma went on to state that upon his return to Nanking, after his recent visit in Japan, he regretted to find that conditions here were not changed for the better. He said that his own Government was determined to find some agreement of a basic character which would permit Japan and China to carry on peacefully but that the Chinese were still talking platitudes, giving them kind words and doing nothing of a concrete nature to help to improve the situation. Mr. Suma said that the promises of the Chinese meant nothing. He referred to the fact that the Chinese were making an 'armed camp' of Nanking against Japan; that it was now impossible to walk on the hills around Nanking as they were putting up anti-aircraft guns here, there and everywhere, against Japan; all of which made the situation very difficult and very alarming.

He referred to the situation in Southwestern China and said that the Japanese Consul General at Canton had made two protests to the authorities at Canton against the anti-Japanese demonstrations and activities there, only to be told by General Chen Chi-tang that they could not control the honest feelings of the people. Mr. Suma expressed the feeling that such reactions could only portend difficulties in the future.

I

81-4

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

- 3 -

I gathered generally that Mr. Suma felt very pessimistic as to the future of Sino-Japanese relations.

Nelson Trusler Johnson,
American Ambassador.

NTJ:MM

181-5

0368
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

August 15, 1936.

~~NOV~~
~~ROM~~
~~SKH~~

Tokyo's despatch No. 1959 of July 23, 1936, on Sino-Japanese relations is for the most part a narrative of events affecting Sino-Japanese relations during the past few weeks.

Smuggling in North China.

I suggest that you ^{first} read the second paragraph on page 3, in which there is given a Japanese press account of the report said to have been submitted to the Foreign Office by Kuwashima upon his return from his tour of inspection in North China.

Nanking-Canton controversy.

The Japanese press as a whole is said to be concerned lest the success of Chiang Kai-shek in suppressing the rebellion in southwest China may make it possible for him to take a stronger position against the Japanese in North China.

The Japanese press did not take seriously the anti-Japanese war cry of the southwest faction, and it believes that the war cry was put forward merely as a cover for an attack on Chiang Kai-shek.

^{as indicated}
The despatch need not be read.

793.94/8089

EHD/DLY

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



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

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

AMERICAN EMBASSY
Tokyo, July 23, 1936.

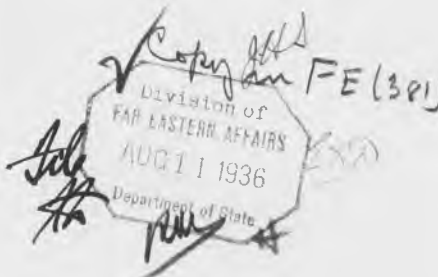
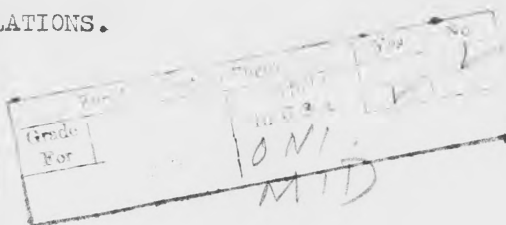
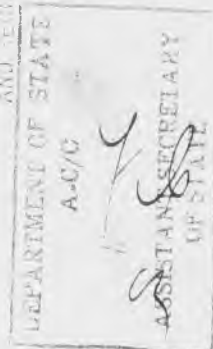
No. 1959.

SUBJECT: SINO-JAPANESE RELATIONS.

RECEIVED
DEPARTMENT OF STATE

1936 AUG 10 PM 3 34

COMMUNICATIONS
AND RECORDS



793.94/8094

The Honorable

The Secretary of State,
Washington.

Sir:

No change for the better was discernible in Sino-Japanese relations during the past several weeks. The mutual recriminations caused by the smuggling in North China, principally as a result of Japan's part in these activities, and China's protests thereon, remained the main issue between the two countries for the moment.

In

F/FG

-2-

In addition, the Japanese reaction to the Central Government's success in putting down the rebellion in the Southwest was for the most part unfavorable and several incidents occurred which tended to keep alive the feeling of acrimony on both sides.

Smuggling Problem.

Japan has apparently realized that something must be done to solve the smuggling problem in view of the obstruction caused thereby to the "adjustment" of Sino-Japanese relations, the interference with legitimate Japanese trade, and the unfavorable attention attracted to Japan by the American and British protests. However, the solution under consideration is almost entirely a solution based on Japanese terms. According to a DOMEI news despatch from Nanking dated July 2, Mr. Kawagoe, the newly appointed Japanese Ambassador to China, stated in a newspaper interview that the settlement of the smuggling problem was entirely up to the Chinese, that the Japanese authorities could only render cooperative assistance if approached on the issue, and that one of the principal prerequisites for the solution of the matter was a reduction of China's "excessively high tariff rates". On July 8 the Foreign Office spokesman told foreign press correspondents that Mr. Kawagoe might possibly request the Nanking authorities to lower their customs duties to bring about Sino-Japanese economic collaboration in North China. In keeping with Japan's consistent contention, Mr. Amau explained that one of the reasons why goods were imported into North China, "which has been characterized in some circles as smuggling",
was

-3-

was the excessively high tariff rates of the Nanking Government.

Mr. Kuwashima, Director of the East Asia Bureau of the Foreign Office, who had been sent to China by the Foreign Office primarily to investigate the smuggling situation*, returned to Japan on July 3. Partly as a result of the report submitted by Kuwashima to the Foreign Office, Mr. Arita was said by the YOMIURI of July 18 to have come to the following conclusions: that the persons who reap profits from the low customs tariff of the East Hopei régime are Chinese capitalists and habitual Chinese smugglers; that those who suffer most from these operations are Japanese merchants engaged in legitimate trade; that the Chinese Government is using the situation as an excuse for avoiding settlement of other Sino-Japanese issues; that the Nanking Government should not only revise its present high tariffs as a fundamental solution of the issue but should also allot a portion of its customs revenues to the East Hopei Administration; and that while the smuggling is only a domestic affair of China it cannot be neglected by Japan because of its deleterious effect on Sino-Japanese relations and on Japan's international diplomatic position. Thus, the Japanese Government has not admitted Japanese complicity in the smuggling operations but on the contrary is reported to be desirous of settling the issue on the basis of Chinese responsibility.

Mr. Arita is also reported to have under consideration a plan for the amalgamation of the Eastern Hopei Autonomous Government

* Embassy's despatch No. 1868, May 29, 1936.

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

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Government and the Hopei-Chahar Political Council. It is understood, however, that the Japanese military are opposed to this plan on the ground that such an amalgamation would be premature.

Japanese Reaction to the Nanking-Canton Controversy.

In general, Japanese newspaper editorials on General Chiang Kai-shek's success in quelling the rebellion in Southwest China have expressed apprehension lest the resultant consolidation of his position will permit Chiang Kai-shek to turn his attention to North China and to attempt to restrict "autonomy" in that region, which would have harmful effects on Japan's interests.

For example, the HOCHI of July 21 asserted that as a result of its success in meeting the threat of the Southwest, the Nanking Government would attempt to establish control over North China which would lead to complications in the relations between Japan and the Hopei-Chahar Political Council. The MIYAKO of July 21 made similar remarks concerning the possibility of the Nanking Government's trying in the future to restrict autonomy in North China because of elation over its success in the subjugation of the Southwest, and added that if General Chiang Kai-shek should abuse his power and take movements counter to the stabilization of East Asia it might lead China eventually to confusion. After congratulating the Nanking Government on its success toward the unification of China, the NICHI NICHI of July 22 expressed doubt as to whether Japan should encourage such a unification because of this newspaper's belief that China was preparing to oppose Japan after the establishment of a closer relationship with Europe and America. The only dissenting note in
this

-5-

this atmosphere of skepticism over General Chiang Kai-shek's success in the Southwest was that voiced by the liberal newspaper, the ASAHI, which on July 21 stated that it was fortunate that the anti-Japanese slogan adopted by the Southwesterners had been removed and that the situation in North China must be worked out by the Nanking Government in a fashion more satisfactory than ever before.

Both Japanese officials and the press refused to take the Southwest factions' anti-Japanese cry seriously. It will be recalled that on June 31 the Foreign Office spokesman stated that Japan was accustomed to such anti-Japanese declarations, since they were apparently issued for "home consumption".* Mr. Kuwashima said upon his return from China that the anti-Japanese slogan raised by the Kwangsi faction was really only an expedient and was not particularly directed against Japan. The OSAKA MAINICHI of July 1 observed that the whole affair was ridiculous because many of the Southwestern politicians made anti-Japanism a cover for their primary objective, namely, attacking General Chiang Kai-shek.

Minor Incidents

Further incidents took place that aggravated the tenseness between Japan and China. Chinese troops were reported to have detained a Japanese officer at Fengtai toward the end of June and the Japanese military authorities in Peiping made strong demands to which the Chinese gave ready compliance. According to a DOMEI news despatch from Shanghai dated July 11, the Shanghai authorities accepted all the "requests" made by the Japanese authorities regarding the murder of Mr. Kosaku

Kayao

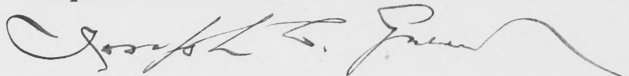
* See Monthly Report for June, 1936, Section II (a).

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

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Kayao on the night before by a Chinese in civilian clothes. It was further reported by DOMEI that on July 11 Cantonese authorities had disclosed a plot of members of the Blue Shirt Society for wholesale assassination of Japanese residents in Canton with a view to causing Japan to make the Southwest the sole objective of its attack.

Respectfully yours,



Joseph C. Grew.

710
GDA:C

Copy to Embassy, Peiping.

4

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

No. 136

AMERICAN CONSULATE

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

Tsingtao, China, July 10, 1936.

XA

10 N1-MID

SUBJECT: Flag Incident; Japanese Controversy with
Chinese Maritime Customs in Tsingtao.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to refer to this consulate's
telegram of July 2, 1936, 5 P.M. in regard to the
despatch of the Japanese cruiser IDZUMO to Tsingtao
in connection with the "MOEKI MARU" affair:

Admiral Oikawa arrived on board the IDZUMO,
his flagship, on July 3. The TSINGTAO SHIMPO of
July 4, published a statement which he is said to
have made through his chief of staff on July 3, at
11:30 A.M. In translation the statement is as fol-
lows:

"Inasmuch as the IDZUMO is going to
Formosa for training and would not be in
Tsingtao until the end of August, we thought
we owed Tsingtao a visit since we were last
here in March.

We very much regret the outbreak of the
Dai Ei Maru and Moeki Maru incidents in which
Chinese Customs cruisers illegally fired at
them, injured some Japanese nationals and
insulted our national flag. The Navy has no
intention of protecting smuggling ships but
at the same time we could not overlook any
illegal action on the part of the Chinese in
the future. The present cases are now being

handled

Division of
FAR EASTERN AFFAIRS
AUG 11 1936
Department of State

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

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handled through proper channels and the Japanese should quietly await a just settlement with the Navy always remaining as one of the important supporters thereof. A country and her nationals must always abide with righteousness, and the Third Fleet is also doing its best day and night to protect national rights and the Japanese residents. We, therefore, could not remain silent for any action contrary to righteousness and beyond laws and regulations. The Navy which has had special relations with Tsingtao for a long time, fully appreciates the hardships confronting you residents here who have to contend with the influences caused by the changing situation in China, for the improvement of which the Navy is doing its part. 'Proper endeavor is always rewarded' and it is hoped that you Japanese residents here will fight the battle of life calmly and quietly along the righteous path to be followed by any and all countries and nations."

The consulate understands that Admiral Oikawa, in addition to issuing the statement which was intended for all of the Japanese in Tsingtao, repeated the substance thereof to members of the Federation for the Achievement of the Development of Tsingtao. As a result of his visit there has certainly been a lessening in the tension which prevailed following the demonstration at the Custom House. Mr. Campbell, the Commissioner of Customs, has been ill in bed during the entire period and it is difficult to ascertain just what demands the Japanese Consul General finally presented.

It may be added that Admiral Oikawa called on Admiral Murfin, the Commander in Chief of the United States Asiatic Fleet, on board the Flagship, U.S.S. AUGUSTA, and payed his respects in a pleasantly

cordial

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

- 3 -

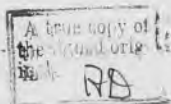
cordial manner. Later in the day the Admiral and several members of his staff again called on board the flagship on the occasion of a 4th of July reception to which the American community in Tsingtao had been invited.

Respectfully yours,

Samuel Sokobin,
American Consul.

File nos. 801.5/620
SS/AD

Original to Embassy, Peiping,
Five copies to Department of State,
Copy to Embassy, Nanking,
Copy to Tsinan-Chefoo,
Copy to Commander-in-Chief, U.S. Asiatic Fleet.



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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

Division of
FAR EASTERN AFFAIRS

AUG 12 1936

August 8, 1936.

CONFIDENTIAL

1936 AUG 11 AM 10 49

Subject: The Situation in China.

S: Mr. Secretary
DIVISION OF
COMMUNICATIONS
RECORDS



During the week in review the situation in north China was unchanged -- that is, quiet. Reports indicated that a stiffening of the Chinese Government's attitude toward Japan might result from the settlement, now in prospect, of Nanking's difficulties with the south China military leaders. Significant in this connection is the statement of the Chairman of the Hopei-Chahar Council that he had informed the Japanese that all diplomatic affairs in north China should be dealt with directly by the Chinese (Nanking) Government. The appointment of Mr. Nishida, former Japanese Consul General in Shantung, as adviser to the Hopei-Chahar Council is of interest because Nishida is a moderate who in the past has dealt successfully with the Chinese on a friendly, cooperative basis. His connection with the Council may presage a moderation of the Japanese Army's attitude toward north China affairs.

Developments indicated that a peaceful settlement of the difficulties with the south China military leaders would be arranged on terms favorable to the Nanking authorities, although the leaders of Kwangsi Province continued to maintain a recalcitrant attitude toward Nanking.

Net change: substantial gains for Nanking.

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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.Shanghai/93 FOR Desp.#291

FROM Shanghai (Gauss) DATED July 3, 1936.
// NAME 1-1137

REGARDING: Recrudescence of Anti-Japanese Spirit in Shanghai: Cites
instances during the past month showing -.

fpg

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8097

b. Relations with Other Countries.

Japan.

Reemergence of Anti-Japanese Spirit in Shanghai.

273.94
There was a noticeable reemergence of anti-Japanese feeling in Shanghai which manifested itself in part by greater activity in connection with the National Salvation Movement and in part by student demonstrations. The so-called National Salvation Movement formed a convenient cloak for numerous anti-Japanese demonstrations. On June seventh, under the auspices of a choral society, about seven hundred persons, including students and workers, gathered in the Chinese city and sang anti-Japanese songs and shouted anti-Japanese slogans with much gusto. On June ninth some fifteen hundred students

of

*Despatch No. 265 of June 25, 1936.

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of Fudan University declared a strike as an indication of their determination to support the National Salvation Government. On the same day handbills purporting to emanate from the Shanghai Students' Union of National Salvation were distributed by students in Santao and the Chinese city. The handbills urged opposition to the Japanese and the extermination of traitors. Strikes called by the students of various local universities and middle schools occurred almost daily and were accompanied by the distribution of handbills and posters of a distinctly anti-Japanese nature.

These activities culminated on June twenty-first by some five hundred persons gathering at the Shanghai North Railway Station with the object of demanding free transportation to Nanking for the purpose of urging the National Government to immediately declare war on Japan. Rail traffic was held up for about six hours and during the occupation of the station the demonstrators sang songs and shouted anti-Japanese slogans. At about two o'clock in the afternoon the demonstrators were informed that in the absence of an order from the Ministry of Communications the railway authorities were not in a position to permit free transportation but that the local Chinese authorities had promised to convey the demands of the people to the Government. The crowd thereupon formed into a procession and marched away from the station. One or two unsuccessful attempts were made to enter the Settlement but the demonstrators were eventually dispersed by the Chinese police who were following them.

Other manifestations of a growing anti-Japanese spirit are to be found in the denunciatory articles

appearing

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appearing in the local Chinese press. These articles make constant reference to Japanese aggression in North China, the part played by Japanese in smuggling activities, and also urge the National Government to adopt a policy of open opposition to the Japanese. However, due to the strict censorship imposed by the Chinese authorities the local vernacular press never openly refers to "Japan" or "The Japanese". Attempts have also been made by students and other groups to enact plays and dramas of an anti-Japanese character but both the Settlement and the Chinese authorities have in a majority of instances refused permission to those desiring to produce dramas of such an obviously political complexion. The local Japanese authorities are understood to be carefully watching this trend of events.

Arrival of Japanese Ambassador. Mr. Shigeru Kawagoe, the newly appointed Japanese Ambassador to China, arrived in Shanghai on June twenty-second. In a statement made to press representatives upon his arrival in Shanghai the Japanese Ambassador deprecated China's fears in connection with the increase of the Japanese garrison in North China and denied that the increase had been made with a view to exerting pressure upon the Chinese Government to cause the latter to accept the so-called "three Hirota principles." He explained the increase by reference to the communist menace in North China and the increase in the number of Japanese residents in that section of the country. Mr. Kawagoe stressed the point that economic cooperation, particularly in North China,

038

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

-7-

was both desirable and necessary.

The appointment of Mr. Kawagoe, which was nervously anticipated in by the National Government and which is understood to have been bitterly resented by the South-west, was not welcomed by thinking Chinese who see in him an unsympathetic and narrow Japanese official apparently selected for the post because of his close association with and amenability to the Japanese military. The statements issued by Mr. Kawagoe upon his arrival did not dispel Chinese apprehensions and there seems to be a feeling that the new Ambassador will insist on the National Government forthwith carrying out Mr. Hirota's three point policy.

0385

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

-7-

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

FOREIGN POLICY ASSOCIATION

Incorporated

NATIONAL HEADQUARTERS: 8 WEST 40th STREET, NEW YORK

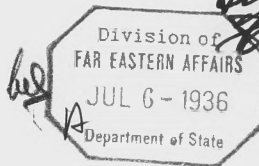
Telephone: CHickering 4-6390

Cable Address: Forpolas



July 3, 1936

Mr. Maxwell M. Hamilton
Far Eastern Division
Department of State
Washington, D. C.



Dear Mr. Hamilton:

I am enclosing herewith the first draft of a Foreign Policy Report dealing with the international struggle in China since 1933. If this manuscript could be read by some one in your department, and criticisms returned to me by the end of next week, I should greatly appreciate it.

Best regards.

Sincerely yours,

T. A. Bisson

T. A. Bisson

TAB:MS

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

July 9, 1936.

STRICTLY CONFIDENTIAL

Dear Mr. Bisson:

Referring to your letter of July 3, 1936, enclosing, with a request for criticism, draft of a Foreign Policy Report in regard to the international struggle in China since 1933, I enclose herewith a memorandum containing a number of suggestions relating to factual data which are offered for what they may be worth to you but without accepting any responsibility therefor. As you will note, we have not offered suggestions in regard to matters of opinion. You realize, of course, the desirability of regarding as strictly confidential this communication and the memorandum of comment.

The copy of the draft Report is returned herewith.

With all best wishes, I am,

Yours sincerely,

M. M. Hamilton

Enclosures:
Memorandum;
Draft Report.

Mr. T. A. Bisson,

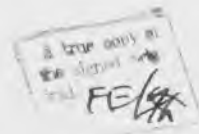
Foreign Policy Association, Incorporated,

8 West 40th Street,

New York, New York.

FE:MSM:MMH/REK

793.94/3098



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

Page 4, line 5: The word "loan" (wheat and cotton loan) should read "credit" (see copy of press release of June 17, 1935, attached).

Page 4, line 20: The statement "Italian aviation experts superseded them" (the American aviation experts) is not strictly correct as the Italians were, it is understood, connected with an aviation school at Nanchang.

Page 20, lines 3-6: "The opposition to this step manifested by Japan was for different reasons shared by the United States, and led in both cases to counter measures which added new complexities to the international struggle over China." This sentence, as far as the United States is concerned, does not appear to accord with the facts as the United States Government has not, so far as is known, manifested any objection to the Chinese Government monetary program of November 3, 1935.

Page 23, lines 13-19: "Opposition to the 'autonomy' project, moreover, developed both in Great Britain and the United States, taking the unpleasant form of evident collaboration by the two Western powers. On November 19 Under-Secretary of State William Phillips conferred at
Washington

- 2 -

Washington with Sir Ronald Lindsay, the British Ambassador, and on December 5 simultaneous declarations were made by Sir Samuel Hoare, British Foreign Minister, and the American Secretary of State, Cordell Hull." The above indicates a collaboration for which there is no basis in fact. That the two declarations were made at the same time was merely a coincidence. The omission of the latter clause of the first sentence beginning with "taking" and the first half of the second sentence (compound) ending with "the British Ambassador" is suggested. There is also suggested the deletion of the word "simultaneous" in the second half of the second sentence quoted above.

Page 24, line 13: The statement "three hundred thousand Chinese youths executed since 1927" which appears to have been abstracted from a petition addressed to the Kuomintang Plenary Session by the Peiping-Tientsin Students Union is, it is believed, a gross exaggeration. Therefore, unless the statement is suitably qualified, its deletion is suggested.

Page 32, lines 5-7: "Repeated British and American protests on the smuggling issue, in which the Nanking Government also joined, were turned aside at Tokyo." It is suggested that the above sentence might appropriately be phrased as follows: British and American representations, made at Tokyo, in regard to the smuggling issue met with no encouraging response. The Nanking Government also made representations on this subject.

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

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Page 32, lines 10-12: The sentence "By early June roughly 10,000 Japanese soldiers, or five times the normal quota, were concentrated in the Peiping-Tientsin area" might be changed to read, "By early June, the Japanese troops in the Peiping-Tientsin area had been increased from 2,000 to approximately 5,000."

MSM/VDM

~~Att~~ AUG 10 1936

Please
see me

① This was not
the same as the
MSG. Buell sent
me.

② To what extent
did Buell use the
suggestions? SKH

Aug 8 '36

~~SKH~~

You may be
interested in the
attached correspondence
with Mr. Buell.

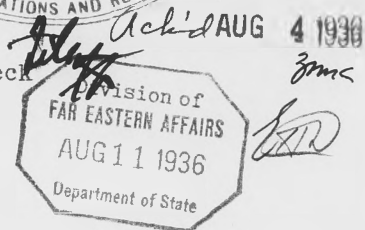
SKH

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

FOREIGN POLICY ASSOCIATION

Incorporated

NATIONAL HEADQUARTERS: 10 WEST 40th STREET, NEW YORK
Telephone: CHickering 4-6390 Cable Address: Forpolas



793.94
Mr. Stanley K. Hornbeck
Far Eastern Division
Department of State
Washington, D. C.

My dear Mr. Hornbeck:

You may be interested in the current Foreign Policy Association report, entitled "Struggle of the Powers in China", which I am sending you under separate cover. Any comments or criticisms that may occur to you will be welcomed.

Sincerely yours,

T. A. Bisson

T. A. Bisson

TAB:G

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

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FOREIGN POLICY REPORTS

August 1, 1936

Struggle of the Powers in China

BY T. A. BISSON

PUBLISHED TWICE A MONTH BY THE

Foreign Policy Association, Incorporated

EIGHT WEST FORTIETH STREET, NEW YORK, N. Y.

VOLUME XII NUMBER 10 25¢ a copy \$5.00 a year

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Struggle of the Powers in China

BY T. A. BISSON

with the aid of the Research Staff of the Foreign Policy Association

RECURRING periods of tension in the Far East, each marking more clearly the clashing interests of at least four great powers, indicate the extent to which post-war stabilization in the Pacific has been shattered. One issue succeeds another with bewildering rapidity—the Japanese-sponsored “autonomy” movement in north China, the Soviet-Japanese conflicts on the borders of “Manchoukuo,” the British and American efforts to defend their trade and investments in China against the effects of Japanese smuggling. A complicated and dangerous game of power politics has succeeded the era of relative stability which followed the Washington Conference of 1921-1922. The Nine-Power Treaty, pledging respect for the “open door” and China’s territorial and administrative integrity, has become a dead letter. Limitation of naval armaments has been jeopardized and naval building has been resumed on a vast scale. Thus the two pillars of the treaty structure set up by the Washington Conference, which checked Pacific rivalries for nearly a decade, have collapsed. Step by step, Japan is methodically enforcing its demand for supremacy in Eastern Asia. The continued extension of Japanese military, political and economic influence over China has created a permanent Far Eastern crisis, which is becoming steadily more ominous.

The first phase of this crisis began on September 18, 1931 with Japan’s seizure of Mukden, and ended on February 24, 1933 with adoption of the League Assembly’s report embodying the recommendations of the Lytton Commission. During these eighteen months an attempt was made to achieve a settlement under collective auspices. The League’s machinery, however, worked with great deliberation. Effective action was weakened by Britain’s cautious attitude and by the fact that the U.S.S.R. and the United States were not members of the League, although the latter cooperated to an unusual extent with League measures. Following adoption of the Assembly’s report, the effort to impose collective restraints on Japan virtually

ceased. One negative result was achieved: the League powers and the United States refused to accord legal recognition to Japan’s *fait accompli* in Manchuria. None of the powers, however, was prepared to back up the League’s proposals with action sufficiently effective to halt Japan’s aggression in China. The Far Eastern Advisory Committee, set up by the Assembly on February 24, 1933, busied itself for a few months with a series of innocuous measures,¹ and then lapsed into inactivity.

Abdication by the League ushered in a new and more serious phase of the Far Eastern crisis. At its center still lay Japan’s persistent drive into China, with the threat to treaty rights of third powers. Since early 1933, no clearly defined collective resistance has been offered to this expansionist program. For the most part, counter-strokes to Japan’s blows have been delivered unilaterally by the United States, Britain or the Soviet Union—the three Western powers mainly affected. Similarly, the brunt of the Japanese attack has shifted rapidly from the Soviet borders and Outer Mongolia to north China. At one time the interests of the U.S.S.R. were primarily endangered, at another those of Britain and the United States. Japan, moreover, succeeded in timing its blows to coincide with successive European political crises, thus limiting further the possibility of effective opposition. As the four-cornered struggle of the powers in China enters its fourth year, Japan’s drive toward unchallenged supremacy still pushes forward on all fronts. This report summarizes the salient features of the struggle as it has developed since 1933.

THE AMAU STATEMENT

On April 17, 1934 Eiji Amau, Foreign Office spokesman at Tokyo, delivered a statement to the press which represented a clear-cut expression of

1. For summary of these measures, cf. T. A. Bisson, “The New Status in the Pacific,” *Foreign Policy Reports*, January 17, 1934, p. 264. The United States is represented in a non-voting capacity on the Far Eastern Advisory Committee.

FOREIGN POLICY REPORTS • AUGUST 1, 1936

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Japan’s claim to exclusive control in China. The significance of the statement lay not only in its broader implications but also in the fact that it called into question specific activities of the Western powers in China during the preceding year.

Following the League Assembly’s condemnation of Japan, the early months of 1933 had witnessed a renewed Japanese drive into China.² In March the province of Jehol was overrun by Japanese troops and incorporated into “Manchoukuo.” This military advance was carried over into north China, ending on May 31, 1933 with the signature of the Tangku truce by Nanking’s representatives. The published terms of this agreement enforced “demilitarization” of the major portion of Hopei province north of the Peiping-Tientsin area. Additional unrevealed terms, apparently designed to regularize the relations of “Manchoukuo” with north China, provided Japan with a charter of aggression in this area which has been continually invoked by Japanese diplomatic and military officials.

At Geneva the Far Eastern Advisory Committee studiously ignored these developments. No protests emanated from Washington or other capitals. During the ensuing year, however, a number of moves were made at Nanking by the Western powers which aroused an increasing measure of suspicion and resentment in Japan. In May 1933 the Chinese Finance Minister, T. V. Soong, visited Washington on his way to the London Economic Conference and arranged for a three-year, 50 million dollar wheat and cotton credit to the Nanking government from the Reconstruction Finance Corporation.³ The fact that some of the proceeds of this loan may have been diverted to military purposes⁴ gave rise to bitter agitation in the Japanese press, although no formal protests were registered at Washington. At this period, moreover, a corps of American aviation experts and technicians, headed by Colonel John H. Jouett, a retired army officer, was training Chinese military pilots at the Hangchow aviation school under a three-year contract.⁵ Toward the end of 1933 the

Curtiss-Wright Corporation announced plans for the construction of a five-million dollar airplane plant in China,⁶ which is now turning out 60 military planes a year for the Nanking government.⁷ The sale of American aircraft and accessories to China, which had amounted to \$207,000 in 1932, rose to \$2,359,000 in 1933.⁸ Nationals of other foreign powers, particularly Germany and Italy, were rendering military assistance to Nanking in advisory capacities, while two naval instructors were lent by the British government.

Two further projects for Western aid to China had also attracted Japanese suspicion during this period. On T. V. Soong’s recommendation, League collaboration in Chinese reconstruction had been strengthened on June 30, 1933 by the formation of a China Committee, which appointed Dr. Rajchman to coordinate the services of League experts in China.⁹ Aside from road-building, the military aspects of which were directed more against the Chinese Communists than Japan, the nature of the League experts’ work was unexceptionable. Dr. Rajchman, however, had been *persona non grata* to Japan since the early phases of the Manchurian dispute. His report to the China Committee, covering the period of his service to April 1, 1934, looked toward a broad expansion of the League’s technical assistance to China.¹⁰ In the second case, rumors circulated early in April 1934 that a Chinese financing corporation was to be formed at Shanghai to attract Western—but not Japanese—capital to China.¹¹ The project was fathered by T. V. Soong and other members of the Nanking government, working in collaboration with Jean Monnet, former Deputy Secretary-General of the League, who had been retained by Nanking as a financial adviser.¹²

Against this background of European and American activity in China, which under different circumstances would scarcely have been regarded as abnormal, the Amau statement was

6. *New York Times*, December 8, 1933.

7. *Christian Science Monitor*, February 25, 1936.

8. *China Monthly Trade Report* (Washington, Bureau of Foreign and Domestic Commerce), February 1, 1934, p. 41.

9. League of Nations, *Report of the Technical Agent of the Council on His Mission in China* (Geneva, April 30, 1934), C.157.M.66.1934, pp. 6-7.

10. On March 26, 1934 the Nanking government appropriated 15 million Chinese dollars—three times the amount spent during the preceding two years—for activities in which League assistance was being rendered. *Ibid.*, p. 71.

11. *New York Times*, April 11, 1934.

12. The China Development Finance Corporation was incorporated in May 1933 with a capital of 10 million Chinese dollars. *China Monthly Trade Report*, June 1, 1934, p. 3.

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handed to the press on April 17, 1934.¹³ The statement first laid down certain broad principles regarding Japan's "special position and mission" in Eastern Asia. It then noted that Japan was compelled to act "single-handedly" on its responsibility for maintaining "peace and order in Eastern Asia," a responsibility shared only by China. Japan would therefore oppose "any attempt on the part of China to avail herself of the influence of any other country in order to resist Japan" and "any action taken by China calculated to play one power against another. Any joint operations undertaken by foreign powers, even in the name of technical and financial assistance," were "bound to acquire political significance" at this time. More specifically, "supplying China with war planes, building air-dromes in China, and detailing military instructors or military advisers to China or contracting a loan to provide funds for political uses would obviously tend to alienate the friendly relations between Japan, China and other countries and to disturb the peace and order of Eastern Asia." Japan would oppose such projects "as a matter of principle, although she will not find it necessary to interfere with any foreign country's negotiating individually with China on questions of finance or trade as long as such negotiations benefit China and are not detrimental to peace in Eastern Asia."

This declaration of a virtual Japanese veto power over China's foreign relations created an immediate furore in Western chancelleries and elicited widespread press comment in all countries. Official reactions, however, were slow, with the United States holding back until Britain had taken the lead, in contrast to the 1931-1932 period. On April 25 the British Ambassador at Tokyo addressed to the Japanese Foreign Minister what was later termed by Sir John Simon a "friendly inquiry," accompanied by a statement that the Nine-Power Treaty guaranteed "the principle of equal rights in China," which Britain "must, of course, continue to enjoy" in common with other signatories.¹⁴ The Ambassador "assumed" that the Amau statement "was not intended to infringe" these rights or "Japan's own treaty obligations." Foreign Minister Hirota's reply, as summarized in Sir John's statement to the House of Commons on April 30, indicated that this assumption was

13. For original text, cf. *New York Times*, April 18, 1934. For an "authentic translation" supplied three days later to Britain by the Japanese Foreign Office, cf. *ibid.*, April 21, 1934, and Toynbee, *Survey of International Affairs*, 1934, cited, pp. 650-51.
 14. The details of this inquiry, as well as the substance of Hirota's reply, were communicated to the House of Commons on April 30 by Sir John Simon. For text, cf. John W. Wheeler-Bennett, *Documents on International Affairs*, 1934 (New York, Oxford University Press, 1935), pp. 475-76.

correct, that Japan "would observe the provisions of the Nine-Power Treaty," and that the policies of the two governments in regard to this treaty "coincided." Sir John Simon concluded by stating that the reply was "reasonably clear," and that the British government was "content to leave this particular question where it is."

On the same day the State Department published the substance of a communication which the American Ambassador to Japan had delivered to the Japanese Foreign Minister on April 29.¹⁵ In this statement, the Ambassador reaffirmed the treaty rights and interests of the United States, and noted that treaties could "lawfully be modified or terminated only by processes" mutually acceptable to the parties concerned. The American government, he declared, was of the opinion that "no nation can, without the assent of the other nations concerned, rightfully endeavor to make conclusive its will in situations where there are involved the rights, the obligations, and the legitimate interests of other sovereign states."

No reply was made to this statement, and there the matter was allowed to rest. Although Japan had been unable to sustain the full terms of Amau's original pronouncement, the claim to paramountcy in Eastern Asia was not explicitly withdrawn. It merely remained to fill in this claim by acquiring sufficient *de facto* control over China to make it effective.

SALE OF THE CHINESE EASTERN RAILWAY

The Amau statement, in its essential aspects, had laid down a challenge to British and American rights and interests in China. Six months later Japan shifted its attack to the Chinese Eastern Railway issue in Manchuria, which mainly affected the Soviet Union. Negotiations for the sale of this Soviet-owned railway to "Manchoukuo" had been marked by recurrent crises.¹⁶ A new period of tension developed in August 1934, when the Manchurian authorities arrested several score of Soviet railway employees on charges of a "plot" to assassinate high Japanese and "Manchoukuo" officials.¹⁷ Soviet apprehension was further aroused by the continued inability of its representatives in the railway management to assure protection of life and property along the road.

Early in August a report to the governing board of the Chinese Eastern Railway by Ivan Rudi, Soviet general manager, summarized conditions

15. U. S. Department of State, *Press Releases*, May 5, 1934, pp. 244-45.
 16. For developments to the end of 1933, cf. Bisson, "The New Status in the Pacific," cited, pp. 267-68.
 17. *New York Herald Tribune*, August 14, 23, 26, 1934.

from January 1 to August 6, 1934 as follows: 16 trains wrecked by planned damage to the tracks; 91 armed raids on railway stations and barracks; 116 railway employees arrested or kidnapped; 9 bridges damaged; 46 murders, including 9 of railway agents; 102 persons injured, including 83 railway agents; 42 robberies suffered by railway employees; 22 cases of arson affecting railway property; 21 locomotives and 207 coaches damaged; total physical losses of 300,000 gold rubles, apart from the loss in revenue. Mr. Rudi's report concluded by stating that, despite appeals to the "Manchoukuo" military authorities, he had received no aid to supplement the forces at his disposal for the protection of life and property.²⁰

On August 22 the Soviet government delivered a sharp protest note to the Japanese Foreign Minister declaring that "similar, and of late often repeated, demonstrations of the Japanese War Ministry, parallel with actions in Manchuria, testify to the aggravation of the aggressive intentions of some official Japanese circles." Holding the Manchurian authorities and the Japanese government responsible for these actions, the note concluded: "The government of the Union of Socialist Soviet Republics expects that the Japanese government will make all necessary inferences."²¹ This firm stand was backed by vigorous statements in the Soviet press, and the effect was soon apparent at Tokyo. Although the arrested railway employees were not released for several months, Soviet-Japanese tension was considerably eased early in September. Foreign Minister Hirota took advantage of this opportunity to press forward with the sale negotiations, and on September 26 agreement on the price of the railway was reported.²² Further negotiations affecting important details, especially a Japanese guarantee of the payments by "Manchoukuo," occupied six months. The final agreement was signed in Tokyo on March 23, 1935.²³

The sale price of the railway and appertaining properties was fixed at 140 million yen;²⁴ an additional sum, estimated at 30 million yen, was allotted to the Soviet employees of the railway in the

20. *Ibid.*, August 12, 1934.
 21. *New York Times*, August 24, 1934.
 22. *Ibid.*, September 26, 1934.
 23. The sale agreement and two protocols were supplemented by an exchange of notes between the U.S.S.R. and Japan, by which the latter guaranteed fulfillment of the sale terms by "Manchoukuo." For texts of these documents, cf. Violet Conolly, *Soviet Trade from the Pacific to the Levant* (New York, Oxford University Press, 1935), Appendix VIII, pp. 200-20.
 24. This figure compares with the original Soviet demand of some 600 million yen and the original Japanese offer of 50 million yen.

form of retirement allowances and other payments. One-third of the sale price of 140 million yen was made payable in cash, of which one half was to be transferred on the signing of the agreement and the rest in four installments within three years. The remaining two-thirds was met in the form of goods ordered by the Soviet Union within six months from Japan or "Manchoukuo," and delivered over a three-year period.

THE HO-UMEZU AGREEMENT

Two months later, a series of far-reaching Japanese demands was presented to the north China authorities. This *démarche* was timed to take advantage of the European complications precipitated by Chancellor Hitler's reintroduction of military conscription in Germany.

Since the Tangku truce of May 31, 1933, Japan's activities in north China had been relatively moderate and unspectacular. Gradual expansion of Japanese influence had taken place in the Inner Mongolian provinces of Chahar and Suiyuan. Relations between north China and "Manchoukuo," in evident fulfillment of secret provisions of the Tangku truce, had been quietly regularized by the restoration of through railway traffic between Peiping and Mukden, the resumption of postal communications and the establishment of customs posts along the Great Wall. Additional evidences of Nanking's policy in the Peiping-Tientsin area were afforded by the jailing of anti-Japanese students and teachers, the suppression of outspokenly nationalist Chinese newspapers and periodicals, and the weeding-out of anti-Japanese officials.²⁵ This excessive caution proved unable to ward off further Japanese aggression; it stifled popular resistance, and in June 1935 led to outright capitulation on the part of the official authorities.

The crisis was manipulated by Japanese officials, including the notorious Major-General Doihara,²⁶ on the alleged grounds of "anti-Japanese provocations."²⁷ For China the main protagonist was General Ho Ying-ching, War Minister in the Nanking government and acting head of the Peiping Military Council. Preliminary Japanese agitation was backed by menacing troop movements, as well as airplane flights over Peiping. On June 9 a memorandum containing nine items accompanied by a "final warning" was transmitted to General Ho

25. *New York Times*, June 9, 1935.
 26. Doihara was chief of the Intelligence Section of the Kwantung Army, and had been active in every forward move in China since September 18, 1931.
 27. For a list of these alleged provocations, some of which went back to 1932, cf. Hugh Byas, *New York Times*, May 31, 1935.

Ying-ching from Lieutenant-General Yoshijiro Umezu, commander of the Japanese forces in north China. This document presented the following demands: removal of Yu Hsueh-chung, governor of Hopei province, and his Fifty-first Army; discharge of certain Peiping and Tientsin officials; withdrawal from Hopei province of the Third Regiment of gendarmes, and the Second and Twenty-fifth divisions of regular government troops; dissolution of the Blue Shirt organization and the political training department of the Peiping Military Council; suppression of Kuomintang party organs in Hopei province; prohibition of anti-Japanese activities; and acceptance of Japanese advice in Hopei provincial and city official appointments.²⁸ These demands were accepted in full by General Ho Ying-ching, and were for the most part carried out within a week.²⁹

The enforcement of these measures, along with similar changes effected in Chahar province during this period,³⁰ markedly reduced Nanking's political and military influence in north China. All central government troops stationed in the north were included in the units forced to withdraw, and Kuomintang party organs ceased to function in Hopei and Chahar provinces. This notable change in the political status of north China was carried through with virtually no opposition from the Western powers.

THE CRISIS AT NANKING

A set of threatening political and economic difficulties, which had slowly gathered force over a long period, confronted the Nanking government with a critical emergency in the autumn of 1935. Ho Ying-ching's surrender in north China had strengthened popular opposition to Nanking's foreign policy, which had been nominally controlled since early 1932 by Premier Wang Ching-wei, with Generalissimo Chiang Kai-shek in the background. Equally pressing economic and financial problems had been created by the long-continued trade decline and the large outflow of silver. The storm broke early in November, when both elements of the situation reached a climax simultaneously. On November 1 Wang Ching-wei was shot by an assassin and seriously wounded at the opening of a Kuomintang plenary session at Nanking; two days later the government suddenly announced a new monetary program, involving substitution of a

managed currency for the traditional silver standard. The first of these events led to the most thoroughgoing shake-up in government and party offices in nearly four years; the second gave rise to a new series of international complications.

Since the reorganization of the Nanking régime in January 1932, which brought Wang Ching-wei's group into the ruling circle,³² Chiang Kai-shek had been continuously occupied with two major political problems: the Communist opposition and Japanese aggression. In November 1934 Nanking's anti-Communist operations finally succeeded in ousting the main Red armies from their Kiangsi and Fukien provincial strongholds, which had been maintained for six years. Despite a vast concentration of nearly half a million government troops, aided by the new airplane bombers purchased abroad, Chiang Kai-shek failed in his main objective of surrounding and annihilating the Communist armies. Under Mao Tse-tung and Chu Te these forces escaped from the net, marched westward across sections of five provinces, and entered Szechuan province in the early spring of 1935. In June they effected a juncture at Tienchwan, in western Szechuan, with the second largest Chinese Communist army. Several months later these combined Red armies began a northward movement designed to clear a path for part of their forces into north China.³³

In dealing with the successive Japanese encroachments, Chiang Kai-shek had consistently sought to achieve compromise settlements on the best terms possible. Nanking's military forces had never been mobilized against Japan, even in the crises which led to the Tangku truce and the Ho-Umezu agreement. This policy was defended on the ground that political unity had to be established under the aegis of the central government before effective resistance could be offered Japan. Eventual military resistance by Nanking, it was claimed, was only a matter of time.³⁴ On the other hand, Chiang Kai-shek had drastically suppressed all anti-

32. Cf. T. A. Bisson, "Ten Years of the Kuomintang: Revolution vs. Reaction," *Foreign Policy Reports*, February 15, 1933, pp. 300-02.

33. For details of the Communist strategy and movements, cf. *Far Eastern Survey* (American Council, Institute of Pacific Relations), August 14, 1935, pp. 123-29; April 22, 1936, pp. 88-89.

34. More recently, increased purchases of arms and aircraft from the United States have been pointed to as signs of military preparation against Japan. For the first five months of 1936, China purchased somewhat over \$5,000,000 worth of such equipment in the United States. (U. S. State Department, *Press Releases*, February 8, 1936, p. 147; March 14, p. 240; April 11, p. 304; May 9, p. 430; June 13, p. 597.) There have also been reports of a secret agreement by which Germany is to supply Nanking with 30 million dollars worth of munitions. *New York Times*, June 28, 1936.

28. For text, cf. *China Today* (New York), May 1936, p. 150.

29. Cf. *New York Times*, *New York Herald Tribune*, June 9-12, 1935.

30. For events in Chahar, cf. T. A. Bisson, "Outer Mongolia: A New Danger Zone in the Far East," *Foreign Policy Reports*, November 20, 1935, pp. 227-29.

Japanese protest movements within China, whether of a military or civilian character. The humiliating terms of the Tangku truce stimulated an anti-Japanese campaign in north China, headed by Feng Yu-hsiang and Fang Chen-wu, which succeeded in capturing Dolonor in the summer of 1933. Faced with opposition from Nanking, as well as from Japanese forces, this movement soon collapsed. Toward the end of 1933 a second revolt, which also represented a protest against Nanking's non-resistance policy, broke out in Fukien province. The Fukien revolt was headed by the Nineteenth Route Army, the Cantonese force which had defended Shanghai against Japan two years earlier. After a swift campaign, however, it was crushed early in 1934.³⁵

Throughout this period, the exigencies of the combined effort to eliminate the Communist threat and suppress the anti-Japanese movement tended to reinforce the authoritarian character of the Nanking régime. From the beginning Chiang Kai-shek had based his military dictatorship on the support of bankers and industrialists of the port cities, especially Shanghai, and landlords in the rural districts. Army supremacy, abrogation of civil liberties, strict control of labor unions and a drastic "white terror" were normal features of the dictatorship. After 1933, however, the Fascist concepts of the German and Italian military advisers at Nanking, as well as the examples set by the countries they represented, were reflected even more clearly in governmental policy.³⁶ Labor conscription, never wholly absent in China, was applied under government auspices on a national scale, especially in road-building and dike-construction projects.³⁷ Chiang Kai-shek's secret terrorist organization, the so-called "Blue Shirts," was set up as a direct agency of the government. It has stifled liberal and left-wing opposition, suppressed labor strikes and unrest, removed dangerous political opponents of the régime and tightened up discipline among subordinate army officers. Although the "Blue Shirts" were driven from north China at Japan's demand, they have at times been used to suppress Chinese elements engaged in the anti-Japanese struggle. Finally, the New Life Movement, inaugurated by Chiang Kai-shek and fostered by nation-wide propaganda, represented a Fascist effort to divert popular attention from miserable economic conditions.

35. Bisson, "The New Status in the Pacific," cited, pp. 262-63.

36. Cf. G. E. Taylor, "The Nanking Government," *New Statesman and Nation* (London), June 6, 1936, pp. 885-86.

37. Article 22 of the new draft constitution, as amended, subjects every citizen to the duty of performing both military and labor service. For text of the draft constitution, cf. *North-China Herald*, May 13, 1936, pp. 262, 297-98.

Attributing the poverty of the people to the loss of the ancient Confucian virtues—propriety, justice, integrity and conscientiousness—the New Life Movement sought to encourage the revival and practice of these old virtues as a substitute for genuine economic reforms.

Although dominated at all points by Chiang Kai-shek, the dictatorship functioned through a number of titular leaders, of whom Wang Ching-wei was the most prominent. As Premier and Foreign Minister, Wang Ching-wei was forced to shoulder responsibility for Nanking's policy of non-resistance to Japanese aggression. The attack on his life, which occurred at Nanking on November 1, 1935, thus sharply raised the whole Japanese issue before the Kuomintang plenary session, especially since Japanese pressure had been renewed in north China.

An unusually representative group of Chinese military and political leaders had assembled at Nanking for the plenary session and the National Kuomintang Congress. In addition to the northern generals, Feng Yu-hsiang and Yen Hsi-shan, a strong delegation attended from the Southwest Political Council at Canton. Both elements exerted pressure on Chiang Kai-shek to broaden the government's authority by establishing unity on the basis of an anti-Japanese platform. Although Feng Yu-hsiang accepted the post of vice-chairman of the Military Affairs Council, no agreement was reached with the Cantonese delegates.³⁸ The reorganization of the government in December actually narrowed its political base. Chiang Kai-shek himself took over the Premiership, from which Wang Ching-wei had resigned. As Chiang already headed the Military Affairs Commission, in addition to the major Kuomintang committees, he had thus assumed virtually single-handed direction of the political and military branches of the government. New cabinet posts were allotted to his closest supporters, including two bankers³⁹ and the military governor of Hupeh.⁴⁰ These three ministers and the new Minister of the Interior, Chiang Tso-pin, were all educated in Japan. Although Chiang Kai-shek weathered the political storm by means of these changes, there was no assurance of greater internal unity or of a firmer stand toward Japan.

Meanwhile, equally important events had taken place in the economic sphere. Since 1931, when a

38. Chow Lu, prominent member of the Southwest Political Council, had been slated as chairman of the Examination Yuan, but failed to assume office. *North-China Herald*, December 11, 1935, p. 426.

39. Chiang Chia-ngau, Minister of Railways; Wu Ting-chang, Minister of Industry.

40. General Chang Chun, Minister of Foreign Affairs.

drastic decline in China's foreign trade set in, the Nanking government had been wrestling with problems incident to the depression. During these years China experienced severe internal deflation, bankruptcies, growing unemployment, a flight of capital and a fall in government revenues. The American silver purchase policy, inaugurated in June 1934, markedly intensified China's economic difficulties.⁴¹ Official Chinese protests to Washington failed to secure relief. Unable to stem the loss of silver, which was being smuggled from the country in vast quantities, the Nanking government finally abandoned the silver standard on November 3, 1935. By official decree, the country's silver was nationalized and a managed paper currency was instituted.⁴²

Announcement of the monetary program was greeted with a chorus of denunciation in Tokyo, centering on the alleged rôle played in this move by Sir Frederick Leith-Ross, British treasury expert.⁴³ The Leith-Ross mission had been the outcome of an appeal to London by the Chinese authorities in March 1935, on the basis of which Britain had attempted to arrange joint consideration of China's finances with the United States, Japan and France.⁴⁴ In September Sir Frederick had visited Tokyo in a final effort to secure Japanese assistance in stabilizing China's financial situation, which had become a source of acute anxiety to British investors and bondholders. Although a loan project to maintain Chinese exchange at a fixed ratio to the pound was apparently broached at these conferences, Leith-Ross left Japan on September 18 without having obtained Japanese cooperation.⁴⁵ He then went on to China, where he had discussed questions related to currency reform with Nanking government officials prior to November 3.⁴⁶ In later declarations, however, he maintained that the monetary program of November 3 was an independent step by Nanking, for which he "had no responsibility."⁴⁷ Certain Japanese circles alleged that a British loan had underwritten the currency reform program, but these statements were categorically denied by Sir Frederick Leith-Ross.⁴⁸ Nanking's action, however, was thoroughly

approved by Sir Frederick and was immediately followed on November 4 by regulations issued by the British Ambassador, which backed up the reform by prohibiting British persons and corporations from making payments in silver on pain of fine or imprisonment.⁴⁹ Japanese opposition to the reform, as well as certain measures which the United States was forced to adopt, added fresh complications to the international struggle over China.

"AUTONOMY" FOR NORTH CHINA

At the end of October 1935, the month which marked the beginning of hostilities in Ethiopia, Japan had already served notice that it was preparing another forward move in north China. Shigeru Kawagoe, Japanese Consul-General at Tientsin, presented a note to the north China authorities on October 29 demanding stricter enforcement of the terms of the Ho-Umezu agreement.⁵⁰ On the same day the Japanese Ambassador, Akira Ariyoshi, issued a statement at Shanghai deploring the "present unsettled conditions" in "the five northern provinces," and calling for the establishment in north China "of a stable and reliable government of genuine permanency."⁵¹ Immediate action along these lines had been temporarily sidetracked by the attack on Wang Ching-wei and the promulgation of Nanking's currency edict. Their determination reinforced by this latter step, interpreted as new evidence of Western "interference" in Chinese affairs, the Japanese renewed their pressure on north China in the middle of November.

As foreshadowed by Ambassador Ariyoshi's statement, the project thus set in motion envisaged the formation of a special political régime for the five northern provinces—Hopei, Shantung, Shansi, Chahar and Suiyuan. Negotiations toward this end were conducted by Major-General Doihara with the Chinese military and political leaders of these provinces. Japanese troops were mobilized in force on north China's borders, and Major-General Doihara threatened to move eleven divisions into Hopei and Shantung provinces.⁵² On November 18 it was confidently predicted that the formation of an "autonomous" régime in north China was imminent, and that the Chinese leaders of the five northern provinces were prepared to sign the "dec-

laration of independence."⁵³ On November 21, however, the five-province movement suddenly collapsed. Three days later an "autonomous" régime, headed by Yin Ju-keng, was set up in the region of northern Hopei, which had been "demilitarized" by the Tangku truce.⁵⁴ The ultimate status of the rest of north China remained in doubt for several weeks. On December 7 a compromise settlement arranged by General Ho Ying-ching, Nanking's War Minister, provided for the establishment at Peiping of the Hopei-Chahar Political Council, headed by General Sung Cheh-yuan.⁵⁵ This Council, composed in large part of old-line Chinese officials favorable to Japan, was formally inaugurated on December 18. Although the Council was subject to strong Japanese influence, its connections with Nanking were not openly severed. Thus the north China crisis had given rise to two new governments: the "autonomous" régime of Yin Ju-keng in northern Hopei, and the "semi-autonomous" Hopei-Chahar Council. This result, however, fell far short of realizing the ambitious five-province "autonomy" scheme launched by Major-General Doihara in November.

A number of factors were responsible for the set-back to Japan's attempt to detach the five northern provinces from the rest of China. No enthusiasm for a Japanese-sponsored "autonomy" was manifested by the key military leaders of north China, especially General Han Fu-chu of Shantung and General Yen Hsi-shan, of Shansi. In the face of this obvious Chinese reluctance, Major-General Doihara—or his superiors—showed no intention of embarking on the formidable task of conquering north China. Troop reinforcements were eventually sent in to the Peiping-Tientsin area, but actual military operations were limited to minor diversions at Tangku and Kalgan. Opposition to the "autonomy" project, moreover, developed both in Britain and the United States. On November 19 Under Secretary of State Phillips conferred with Sir Ronald Lindsay, the British Ambassador,⁵⁶ and on December 5 declarations were made at nearly the same hour by Sir Samuel Hoare, British Foreign Minister, and the American Secretary of State, Cordell Hull. Referring to the effort being made "to bring about a substantial change in the political status and condition of several of China's northern Provinces," Secretary Hull called attention to American treaty rights and interests in that area and besought "respect by all nations for the provisions of treaties solemnly entered into . . ."⁵⁷

More significant than any of these factors was the revival of the Chinese student movement in the Peiping-Tientsin area. Like the earlier student uprising which drove the Japanese-dominated Anfu clique from office in 1919, this movement also confronted a Chinese officialdom that was surrendering the nation's interests to Japan. Its first act, following organization of the Peiping-Tientsin Students' Union in October, was to address an appeal on November 1 to the Kuomintang plenary session at Nanking. Denouncing Kuomintang absolutism, this petition demanded freedom of press, speech, organization and public assembly, as well as guarantees against the arrest of students without due process of law. These demands were supported by an impressive indictment summarizing characteristic actions of the Nanking dictatorship in relation to students: university discussion groups closed down, and their members arrested; student dormitories raided by the police; publications suppressed and burned; thousands of Chinese youths executed since 1927, while the number abducted and imprisoned was "beyond calculation."⁵⁸ The concluding phases of the north China "autonomy" movement were marked by mass student demonstrations protesting against the "autonomy" program and calling for immediate organization of united Chinese military resistance. Hundreds of the students were brutally beaten by the Chinese police, many were seriously injured, and scores arrested.⁵⁹ Before the end of December, the student movement had reached nation-wide proportions, with demonstrations as far south as Canton, and inland at Taiyuanfu, Hankow and Chengtu.

ANGLING FOR CHINA'S SILVER

For several reasons, Nanking's desertion of the silver standard was as unwelcome to the United States as to Japan. It delivered the *coup de grâce* to the argument, assiduously propagated by the Senators of silver-producing states, that the American silver purchase policy would "enhance China's purchasing power." This policy had led in practice to remorseless deflation of Chinese economy, ending in the enforced abandonment of its traditional currency basis. In the second place, demonetization of China's silver permanently removed from the market the last *bona fide* purchaser of the world's silver production. Impelled by legislative mandate, the American Treasury had thus

41. For a detailed analysis, cf. John Parke Young, "The United States Silver Policy," *Foreign Policy Reports*, July 1, 1936, pp. 102-05.

42. For text of the decree, cf. *North-China Herald*, November 6, 1935, p. 242.

43. *New York Times*, *New York Herald Tribune*, November 5, 1935.

44. Britain had communicated Nanking's request for a loan of 20 million pounds to the other interested powers.

45. *New York Times*, September 18, 1935.

46. *North-China Herald*, November 13, 1935, p. 276.

47. Cf. "Statement made by Sir Frederick Leith-Ross at Shanghai on Monday, June 22, 1936," press release.

48. *North-China Herald*, November 13, 1935, p. 276.

49. For text, cf. *ibid.*, November 6, 1935, pp. 222, 243.

50. *New York Herald Tribune*, October 29, 1935.

51. *New York Times*, October 30, 1935. This move had been prepared at a series of conferences of the Japanese diplomatic, naval and military officials in China, which ended at Shanghai on October 21 in full agreement on a "new policy" toward Chinese questions. *China Weekly Review* (Shanghai), October 19, 1935, p. 224; October 26, 1935, p. 262.

52. *New York Herald Tribune*, November 19, 1935.

53. *New York Times*, November 19, 1935.

54. *Ibid.*, November 25, 1935.

55. *Ibid.*, December 8, 1935.

56. *Ibid.*, November 20, 1935.

57. U. S. Department of State, *Press Releases*, December 7, 1935, pp. 487-88.

58. *Christian Science Monitor*, December 24, 1935.

59. For a detailed account of the first stage of the student movement in Peiping, cf. *China Weekly Review*, December 28, 1935, pp. 130-33.

become virtually the sole purchaser of silver in the world market. In the third place, Nanking's new monetary program, under the conditions which prevailed in November 1935, might be expected to result in linking the Chinese currency to sterling, thus affording Britain an advantageous position in the China market. This possibility was pointedly referred to in statements made to the press by some of the leading silver Senators.⁶⁰

These various results of the silver purchase policy each stood on a different footing. The losses sustained by China's economic life could not be made good, and slight hope existed of inducing China to revert to the silver standard. The issue relating to Britain, however—in effect an episode in the Anglo-American currency war—lent itself to summary treatment, and it was so handled. In this respect, Nanking's currency move had given rise to a thoroughly anomalous situation. The Nanking treasury was faced with the necessity of securing funds to maintain the exchange value of its managed currency. Unable to obtain a foreign loan, it was forced to dispose of a portion of the silver stocks acquired through nationalization. Under prevailing conditions these silver sales were made through the London market, thus building up a sterling reserve for the Chinese currency. Since the United States was the principal buyer in this market, it was in effect "financing the establishment of a more intimate tie between the Chinese dollar and the pound sterling."⁶¹

Unwilling to allow this situation to continue, the American Treasury halted its silver purchases in the London market on December 10. Cessation of trading and a temporary chaos in this market resulted. Two days later, the Secretary of the Treasury revealed that the United States was curtailing its purchases in London and transferring part of its purchasing operations to a number of other markets.⁶² As a result of this policy, the world price of silver declined in the following month to approximately 45 cents an ounce, at which price it has subsequently been maintained. At the invitation of the American government, a Chinese financial delegation visited the United States in the spring of 1936. In May Secretary Morgenthau announced that the Treasury had reached an agreement with this delegation to make "substantial purchases" of silver from China. The proceeds of the purchases, it was stated, would be maintained chiefly in New York and used for Chinese currency stabilization purposes.⁶⁴ By June 10, under the terms of this agree-

60. *New York Times*, *New York Herald Tribune*, December 11, 1935.
 61. Young, "The United States Silver Policy," cited, p. 101.
 62. *New York Times*, December 13, 1935.

STRUGGLE OF THE POWERS IN CHINA

ment, Nanking had shipped silver valued at 69 million Chinese dollars to the United States.⁶⁵ Thus, such foreign control over China's currency as may exist will rest in American rather than British hands.

SOVIET-JAPANESE BORDER CONFLICTS

Toward the end of 1935 Japan effected the most spectacular of the many recent shifts in the direction of its continental drive. With the formation of the Hopei-Chahar Council in mid-December, the north China "autonomy" issue was quietly shelved for future reference. Almost immediately a series of incidents began to occur on the Soviet and Outer Mongolian borders of "Manchoukuo." In addition to quieting British and American apprehensions aroused by the "autonomy" movement, these incidents served the purpose of forcing the U.S.S.R. to reveal its hand regarding Outer Mongolia—a primary objective of the militant Japanese army circles in Manchuria.

The approaching storm was heralded on December 17 by a Moscow dispatch which reported that the Kwantung Army was preparing provocative measures against Outer Mongolia.⁶⁶ Two days later a Manchurian-Mongolian clash occurred south of Lake Buir Nor, scene of hostilities earlier in the year.⁶⁷ Following this clash, statements by Japanese military authorities disclosed that "Japan's army in Manchuria, with or without the consent of the Tokyo Government, had embarked on a definite campaign of military pressure on Outer Mongolia."⁶⁸ The Outer Mongolian government, several of whose political and military leaders were then conferring in Moscow with high Soviet officials, exhibited a strong determination to resist every encroachment. On December 23 the Mongolian People's Republic presented an official protest to the "Manchoukuo" authorities, ending with this statement: "The Mongolian government feels in duty bound to warn the government of Manchukuo of the grave consequences which may result from further attacks by border details, and lays the full responsibility on the government of Manchukuo and the government of Japan, whose troops actively and directly participated in the border raids."⁶⁹

Through January and February a constant succession of border incidents occurred, at one time

64. *New York Times*, May 19, 1935.
 65. *Ibid.*, June 11, 1936.
 66. *New York Herald Tribune*, December 18, 1935.
 67. For previous events, cf. Bisson, "Outer Mongolia: A New Danger Zone in the Far East," cited, pp. 229-31.
 68. *New York Times*, December 23, 1935.
 69. *New York Herald Tribune*, December 24, 1935.

involving hostilities on the Manchurian-Siberian frontier, at another on the Manchurian-Mongolian frontier. Efforts to establish a joint border commission to handle these disputes, proposed on February 24 by B. S. Stomoniakov, Soviet Vice-Commissar of Foreign Affairs,⁷⁰ were held in abeyance following the assassinations at Tokyo. For several weeks no further incidents occurred, and negotiations were resumed in March on the basis of a Japanese proposal to delimit a section of the Soviet-Manchurian frontier in the northeast. This proposal was tentatively accepted on March 17 by the U.S.S.R., with the suggestion that the commission's competence be extended to the whole of the border regions, including those of Outer Mongolia.⁷¹ As in the case of the Chinese Eastern Railway issue, the Tokyo Foreign Office was much more inclined toward reaching a settlement than were the Kwantung Army circles in Manchuria. Meanwhile, in an interview given to Roy W. Howard at Moscow on March 4, Joseph Stalin had stated categorically that the Soviet Union would come to the aid of Outer Mongolia in case it were attacked by Japan.⁷² On March 27 unconfirmed reports of a treaty of mutual assistance between the U.S.S.R. and Outer Mongolia were made public.⁷³ These reports were followed immediately by the most serious clash on the Manchurian-Outer Mongolian frontier that had yet occurred.

According to Mongolian reports of March 31, a force of several hundred Japanese-Manchurian troops, equipped with airplanes, tanks and heavy artillery, penetrated 28 miles south of Lake Buir Nor into Outer Mongolia. After severe fighting, marked by heavy casualties on both sides, they were driven back across the border.⁷⁴ The Tokyo Foreign Office was not immediately informed of the hostilities; on April 2, however, a Kwantung Army communiqué asserted that the fighting had occurred 12 miles north of Lake Buir Nor in Manchurian territory.⁷⁵ This hiatus between Tokyo's diplomatic and military circles was pointedly alluded to in a Soviet protest on March 31, which warned the Japanese government that it assumed grave responsibility if it permitted the actions of "subordinate organs" to intensify existing friction.⁷⁶ On April 8, one week after this conflict, the text of a mutual assistance pact between the U.S.S.R. and Outer Mongolia, signed at Ulan Bator on March

12, was published at Moscow.⁷⁷ The preamble to this pact revealed that a "gentlemen's agreement" for mutual assistance in case of attack had existed between the two countries since November 1934. Conditions in the border areas now improved, and on April 28 agreement was reached for setting up two Soviet-Japanese border commissions—one to investigate and settle frontier disputes, the other to verify the boundary.⁷⁸ The U. S. S. R. accepted the Japanese contention that these commissions should deal with but part of the Manchurian-Siberian frontier, a stretch of some 200 miles running from Lake Khanka to the Korean border. It was apparently understood, however, that commissions might be appointed later for the rest of the frontier. Separate negotiations, under more favorable auspices, had meanwhile been instituted on April 6 between Mongolia and "Manchoukuo."⁷⁹

SMUGGLING AND ITS REPERCUSSIONS

By the end of April the storm center had once more shifted to north China. A new phase of Japanese penetration in this region, employing the technique of mass smuggling, threatened to undermine both Chinese and Western interests. From the coasts of Yin Ju-keng's puppet state in the "demilitarized" zone, as well as overland from "Manchoukuo," vast quantities of Japanese sugar, rayon, cotton cloth, salt, opium, kerosene and gasoline poured into north China. Tariffs levied on the smuggled commodities by Yin Ju-keng's East Hopei "autonomous" régime averaged one-fourth of the Chinese customs rate, although goods entering from Manchuria often escaped all duty.⁸⁰

These smuggling operations seriously affected the position of Western powers in China's foreign trade. The Bank of China estimated that in 1935, before smuggling reached its height, the value of illicit Japanese goods entering China totaled 63 million dollars. Adding Japan's legitimate exports, the aggregate value of Japanese goods sold to China in 1935 exceeded 100 million dollars.⁸¹ On the other hand, United States exports to China declined from 69 million dollars in 1934 to 38 millions in 1935,⁸² while British exports to China declined from £6,513,404 to £5,022,450 in these years.⁸³ In addition, smuggling sharply reduced the customs

77. For text, cf. *ibid.*, April 8, 1936.
 78. *Ibid.*, April 28, 1936.
 79. *New York Herald Tribune*, April 16, 1936.
 80. Sterling Fisher, *New York Times*, June 7, 1936.
 81. For Japan's legitimate exports to China in 1935, cf. *Monthly Circular* (Mitsubishi Economic Research Bureau, Tokyo), March 1936, p. 32.
 82. *China Monthly Trade Report*, March 1, 1936, p. XIX.
 83. *Trade and Navigation Accounts of the United Kingdom*, January 1936, p. 192.

70. *Christian Science Monitor*, February 24, 1936.
 71. *Ibid.*, March 17, 1936.
 72. *New York Times*, March 5, 1936.
 73. *Christian Science Monitor*, March 27, 1936.
 74. *New York Times*, April 1, 2, 1935.
 75. *Ibid.*, April 2, 1936.
 76. *Ibid.*, April 1, 1936.

revenues of Tientsin and other Chinese ports. Since much of the Chinese customs revenue services foreign loans, the Western powers were also faced with a serious threat to their loan and investment position in China. British and American protests on the smuggling issue, as well as protests by Nanking, met with no satisfactory response at Tokyo.

During the last two weeks of May, with the arrival of additional Japanese troops at Tientsin, the political crisis in north China became even more acute. By early June the Japanese troops in the Peiping-Tientsin area had been increased from 2,000 to approximately 5,000. Several provocative "incidents" occurred, including a railway explosion near Tientsin. All the preliminaries for a renewed Japanese drive had been staged. On the political side, this drive proceeded under the banner of Hirota's three-point program: recognition of "Manchoukuo" by Nanking, suppression of anti-Japanese activities in China, and joint Sino-Japanese military action against communism.

The obstacles to such a drive, however, proved much more formidable than in June 1935. The customary official Chinese capitulation was barred by the anti-Japanese movement, which had gained added strength since the student uprisings in December. Attempts to crush the movement by official action had been unavailing. An emergency law issued at Nanking on February 20 had ordered Chinese troops and police to use "force or other effective means" in suppressing meetings, parades and propaganda activities "which aim to violate peace and order."⁸⁴ Continued anti-Japanese actions of the Peiping students had led to police raids on the universities and the arrest of hundreds of students, three of whom had died in jail.⁸⁵ Despite official repression, the movement had steadily broadened its scope, drawing people of all ranks into national liberation associations organized in Peiping, Tientsin, Shanghai, Canton and other cities. The operations of Chinese Communist troops in Shensi and Shansi provinces, coupled with united front offers to all forces giving resistance to Japan, added new strength to the movement in north China.⁸⁶ Firm popular opposition arose as soon as Japan's political drive was launched. The Japanese troop reinforcements were greeted with large protest demonstrations in Peiping and Tientsin. Officers of the Twenty-ninth

Army of General Sung Cheh-yuan, head of the Hopei-Chahar Council, were reported to be demanding resistance to Japan.⁸⁷

The nation-wide influence exerted by the growing nationalist forces became apparent on June 2, when the Southwest Political Council—dominated by General Chen Chi-tang of Canton—issued a manifesto denouncing Japanese economic and military aggression, urging Nanking to wage a war of resistance against Japan, and pledging Cantonese support.⁸⁸ In Kwangtung and Kwangsi provinces, which are under the jurisdiction of the Southwest Political Council, anti-Japanese salvation forces were mobilized and advance guards entered Hunan province. This advance was brought to a halt by Chiang Kai-shek's rapid concentration of a large force of central government troops at Hengchow, in central Hunan. Defection of Cantonese aviators and military leaders, bought off by Nanking's funds, led to Chen Chi-tang's retirement on July 18.⁸⁹ It remains to be seen whether Nanking's added strength, acquired by establishing its control over Kwangtung province, will induce Chiang Kai-shek to engage in serious resistance to Japan's encroachments.

CONCLUSION

Both on the internal and international fronts, the struggle in China is clearly approaching a climax. The Soviet Union's mutual assistance pact with Outer Mongolia has established a wall of defense along the frontiers of "Manchoukuo" which can be breached only at the risk of war. South of the Great Wall, Japan's steady political and economic penetration has already touched the nerve centers of British and American interests in China. Unified action by the Soviet Union, Britain and the United States, in the face of this common threat, has still not been achieved. Under these conditions, the forces which impel Japan along the path of "manifest destiny" are shaping the outlines of an ultimate clash with one or another of its major opponents. At the present time, the Chinese nationalist movement constitutes the most powerful barrier to Japan's advance. The growing strength of this movement, supplemented by concerted Anglo-American-Soviet action, holds out perhaps the last remaining possibility of halting Japan and enforcing a settlement that may yet check the drift toward war in the Far East.

84. For text, cf. *News Bulletin* (Society of Friends of China, Shanghai), March 1, 1936, pp. 1-2.

85. For activities of the student movement since December 1935, cf. *China Weekly Review*, January 25, 1936, pp. 274-75; March 7, pp. 35-36; March 21, pp. 107-08; April 11, pp. 215-16; May 23, pp. 440-41; June 6, pp. 16-17; June 13, pp. 72-73.

86. Cf. Edgar Snow, "Mr. Hirota's Third Point," *Foreign Affairs*, July 1935, pp. 598-605.

87. *Christian Science Monitor*, June 1, 1936.

88. For text, cf. *China Weekly Review*, June 13, 1936, p. 44; cf. also statement by Li Tsung-jen, Kwangsi commander, *Living Age*, July 1936, pp. 384-89.

89. "Nanking Gains Control of Kwangtung," *Foreign Policy Bulletin*, July 24, 1936.

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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

SKH

D-R

August 4, 1936.

Dear Mr. Bisson:

I appreciate the courtesy of your letter of July 31 and your supplying me with a copy of your Foreign Policy Association report entitled "Struggle of the Powers in China." Your treatment of this subject will be of interest to me.

With thanks and all best wishes,

Yours sincerely,

Stanley K. Hunsbeck
SKH

Mr. T. A. Bisson,

Foreign Policy Association, Incorporated,
8 West Fortieth Street,
New York, New York.



SKH/ZMK

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.Tsingtao/100 FOR Disp.#135 *to Emb.*

FROM Tsingtao (Sokobin) DATED July 6, 1936.
//B//
NAME 1-1137 ***

REGARDING: Relations with Japan: Reports developments during
June, 1936, and states the outlook for friendship
between the two peoples seems hopeless.

fps

793.94/ 8100

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B. Relations with Japan

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(44 3-6)

As objectively as this office wishes to observe and report on Sino-Japanese relations in Tsingtao, it cannot but express indignation at the actions and attitude of the Japanese in Tsingtao during the month of June 1936. The most humiliating demands were presented to the mayor of Tsingtao because of a trivial, insignificant quarrel between some Chinese school children and a Japanese child, reported on in this consulate's despatches nos. 125 and 127 of June 2 and 5 respectively, file no. 800, subject: Sino-Japanese Incident in Tsingtao. Even after the mayor, a cultured Chinese gentleman of high rank who holds a British war decoration, had been forced to apologize to the Japanese Consul General, to dismiss a Chinese school principal, reprimand the Director of Education and cause a solatium to be paid, sixty Japanese parents met and resolved that the case had not been satisfactorily closed and that the settlement had been too mild. If this case has any significance it is that the conclusion must be drawn therefrom that normal relations of amity between Chinese and Japanese will not, and cannot, be achieved for

- 4 -

ed for many, many years. The outlook for friendship between the two peoples seems hopeless.

Customs Cruiser - Flag Incident

The school children's quarrel was insignificant but treated seriously; under the present state of feeling among Japanese in Tsingtao an even greater uproar was created by the apprehension of the "Moeki Maru", a small Japanese merchant vessel by a Chinese Maritime Customs cruiser, as reported in this consulate's despatches nos. 132, 133, and 134 of June 25, 26, and 30, Subject: Flag Incident: Japanese Controversy with Chinese Maritime Customs in Tsingtao. An alleged insult to the Japanese flag of the "Moeki Maru" provoked a formal mass meeting of Japanese, followed by a not so formal meeting culminating in a demonstration before the Customs House and unofficial demands for dismissal of the Customs commissioner and the captain of the Customs cruiser, cessation of cruiser activities (to permit undisturbed smuggling?), etc. By the end of the month no settlement had been reached, and while it seemed that the Japanese consul general wished to negotiate the case in an orderly diplomatic manner there appeared the possibility that a dangerous element in the Japanese community would attempt to secure a settlement on their terms by whatever way possible.

The Federation for the Achievement of Development of Tsingtao

The dangerous elements in the local Japanese community

- 5 -

community have organized themselves in a society known as the Federation for the achievement of Development of Tsingtao. This organization is made up of representatives from ten associations in Tsingtao, the list of which was given in the consulate's despatch no. 129 of June 11, 1936, file no. 600, subject: Japanese Groups in Tsingtao organize to Promote Japanese Interests. This Federation, judged by the events of the month, appears determined to eradicate the "anti-Japanese spirit". It will eradicate the spirit by a display of the mailed fist at every opportunity, and it apparently longs for a situation wherein Japanese forces will land in Shantung and occupy this region permanently. The spirit of the Federation appears downright inimical to all things Chinese (except Chinese silver); if this Federation's activities are not repressed it may yet touch a match to the bomb which has remained in Tsingtao since 1922 when Japan withdrew its forces from Shantung. The one encouraging note of the month was the undoubted rebuff which the Federation met in an appeal to the Japanese military in Tientsin. The reasons for the rebuff may be another story.

Customs applications in Japanese

One achievement of the Japanese community was the assent of the Tsingtao Customs to the use of the Japanese language in customs application forms. Actually it is a matter of surprise that such usage had

- 6 -

had not been instituted long ago, inasmuch as Article III of the Annex to the Sino-Japanese Treaty of February 4, 1922 (MacMurray Treaties and Agreements, 1919-1929, page 86) reads:

"The Government of the Chinese Republic declares that it will instruct the Inspector-General of the Chinese Maritime Customs (1) to permit Japanese traders in the former German leased territory of Kiaochow to communicate in the Japanese language with the Custom House of Tsingtao; and (2) to give consideration, within the limits of the established service regulations of the Chinese Maritime Customs, to the diverse needs of the trade of Tsingtao, in the selection of a suitable staff for the said custom-house."

Critical State of Sino-Japanese Relations

The relations of the Chinese with Japan have been dealt with here somewhat more extensively than in the usual monthly report because this consulate feels that never has the situation - the threat from Japan - been more critical for the Chinese than it is now, as revealed in the past month's occurrences here.

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 893.00 P.R. Tientsin/97 FOR #-

FROM Tientsin (Caldwell) DATED July 13, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese relations: Impact of threatened civil war; The student movement; Japanese Military conferences; Chang succeeds Hsiao as Tientsin Mayor; The Fengtai Incident; Japanese arrest Chinese in bombing incident; Further increase in Japanese garrison

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B. Relations with Other Countries.

1. Japan.

a. Impact of Threatened Civil War.

(1) Sun-Han Appeal for Peace.

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(Pg 3-14)

The action of Southwestern political and military leaders early in June in issuing a manifesto urging armed resistance to Japanese aggression, and in subsequently despatching an "Anti-Japanese Expedition" into southern Hunan and Fukien precipitated

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(1) See this Consulate General's despatch No. 687, dated June 18, 1934.

- 4 -

an internal crisis which greatly weakened the support which the Central Government could give to the Hopei Chahar Political Council in the face of further Japanese pressure, while at the same time it afforded the Japanese military an ideal pretext and opportunity for renewing that pressure.

Faced with the possibility of being left to deal with the Japanese alone, and pressed by representatives of the Japanese military to issue a declaration of neutrality in the renewal of internal strife which was expected, General Sung Che-yuan apparently chose to seek the assistance of General Han Fu-ch'u, and after conferences between their delegates and at least one personal meeting - at Pait'ouchen, near the Hopei-Shantung border, on June 21 - he joined with Han in issuing a joint appeal for the maintenance of internal peace.

(2) Sung-Han Agreement. (2) The agreement between the two leaders was believed by well-informed local observers of the political situation to comprise joint measures for defense against a possible Japanese invasion, an arrangement permitting the withdrawal of the 29th Route Army through the Province of Shantung should military or other developments make retreat unavoidable, and as quid pro quo for General Han, the appointment of his subordinates to positions in Southern Hopei and Tientsin.

(3)

(2) See this Consulate General's despatch No. 258, dated July 3, 1936.

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(3) Nanking and Southwest

Send Representatives to North. Both the Central Government at Nanking and the Southwest group sent representatives to North China during the month, each side being anxious to influence General Sung Che-yuan to adopt a course of action favorable to it. General Sung is believed to have dickered with both, but his stand against further civil war was probably satisfactory to neither, as it inferentially condemned the Southwest for precipitating the crisis, and yet withheld from General Chiang K'ai-shek a free mandate to crush the "revolt" by military force. In this General Sung's attitude unquestionably reflects the sentiment of most informed Chinese in North China.

(4) Movements of Ch'en Chung-fu.

On the last day of May Ch'en Chung-fu (陳中學), Japanophile Chairman of the Foreign Relations Committee of the Hopei Chahar Political Council, took temporary leave of his post and left Peiping for parts unknown. Chinese believed that he visited Japan. Ten days later he turned up in Canton, said to be his native city, and there took up again his old post as a member of the Southwest Political Council, and was for two weeks extremely active in the organization of the Kwantung-Kwangsi "anti-Japanese front", whereafter he departed at once for Japan, whence he returned toward the end of the month to Peiping.

b.

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b. The Student Movement.

(1) Effort to secure "United Front". When the tension following the May 28th demonstrations in Tientsin and the five day student strike there and in Peiping had eased somewhat, student leaders in both cities decided upon a concerted attempt to secure what they call the "United Front", in which an enlarged and reorganized Student Union might enter into close cooperation with patriotic student-teacher associations, with the police authorities, and with the officers and soldiers of the 29th Route Army. A Faculty and Students Association was formed at Yenching on June 1, and it was hoped that through it and similar organizations in other schools the friction between the students and their teachers might be eliminated.

(2) Appeal to 29th Army. On June 2 delegates of the Peiping Union called at the barracks of the 29th Army at Nanyuan to deliver a written appeal to the 29th Army to continue its opposition to the Japanese and begging it under no circumstances to leave North China. They were received sympathetically, and assured that the Army would never leave, and that when the time came it would "meet the expectations of the masses". Throughout the month the students followed this policy of appealing to the patriotism of the 29th Army, and received in return numerous expressions of sympathy and support.

(3)

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(3) Demonstrations of June 13. (5)

Split into separate groups to make their suppression more difficult, some four thousand Peiping students participated in vociferous anti-Japanese demonstrations in that city on June 13. Police interference was effective in dispersing them only after the objects of the demonstrators had been achieved, and a mass meeting at the Drum Tower had passed resolutions urging the Central Government to support the Southwest's anti-Japanese campaign and to declare immediate war on Japan.

The efforts of the police and gendarmes to suppress the demonstrations revealed in a striking manner the force of the popular sympathy with the students. In one instance a gendarme who had drawn his sword and raised it to beat the students suddenly lowered it again and began to sob; in another a passer-by entered the fray to speak his mind in defense of the students; in yet another a student procured the release of his arrested comrades by entering the station where they were being held and insisting that he too was a patriotic Chinese and therefore equally deserving of arrest and incarceration at the hands of "traitor police". Incidents such as these illustrate the immense effectiveness of student

propaganda

(3) See this Consulate General's despatch No. 260, dated July 8, 1936.

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propaganda on the Chinese masses to which it is directed, and although there is as yet no way to gauge its cumulative effect, it is bound to prove a very important factor in determining the direction of "mass action" when at last that action shall begin.

(4) The Students and Civil War.

Since its recrudescence last year, the student movement has consistently opposed civil war, whether between rival generals or against the Communists, and one of their most familiar slogans is "Chinese should not fight Chinese". When news of the action of the Southwest in mobilizing an anti-Japanese expedition first reached North China, the students endorsed it at once, but when subsequently it began to take on the aspect of an anti-Nanking campaign, they adopted resolutions and despatched telegrams to the various authorities urging war on Japan but condemning "disguised civil war". They would condemn with equal bitterness an attempt on General Chiang K'ai-shek's part to use the abortive Southwest revolt as an excuse to despatch a "punitive expedition" into Kwangtung and Kwangsi.

(5) Peita Dismisses Liberal

Leaders. It became known during June that the Peking National University had not renewed the teaching contracts of three of the leading intellectuals in North China - Professors Shang Chung-i (尚仲依), Department of Education; Hsu Teh-hung (許德珩),

Department

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Department of Philosophy; and Ma Hsu-lin (馬叔倫),
Department of Chinese Literature. All of them are
scholars of established reputation, and all are
outspoken opponents of Japanese hegemony in North
China.

(6) Union Ordered Suppressed. In
two stringent orders, dated June 2 and 13 respec-
tively, the Hopei-Chahar Political Council ordered
the dissolution of all student organizations and
groups of whatever nature, however innocuous their
aims might appear to be, and absolutely prohibited
student strikes. Those orders, and the instructions
based upon them issued by the Headquarters of the
Pacification Commissioner for Hopei and Chahar to
the Chancellors of all universities in Tientsin and
Peiping, were popularly supposed to have been drawn
up to meet the demands of the Japanese military for
the suppression of anti-Japanese student activities.
In any case, they attempted to forbid so much that
they were successful only in precipitating further
student meetings and a continued student strike,
which was lifted just prior to beginning of the
term examinations.

With the dispersal of the
students to their homes over the summer vacation,
it is expected that the Student Union will remain
quiescent until the beginning of the fall term.

c. Japanese Military Conference.

While press and other reports available to this

Consulate

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Consulate General indicate that the various high-ranking Japanese military officials in North China were in almost constant conference throughout the month, there would appear to have been at least two military gatherings in Tientsin which amounted to formal conferences, and the second of which was perhaps of considerable importance.

The first of these gatherings occurred on the 11th and 12th of the month, when Lieutenant General Nakayama, Vice Chief of the Japanese Army General Staff, who was on an inspection tour of North China, Lieutenant General Itagaki, Chief of Staff of the Kwantung Army, General Matsumuro, in charge of the Peiping Office of the North China Garrison and Mr. Kuwashima, the Chief of the Asiatic Section of the Japanese Foreign Office, were all in Tientsin, and conferred here with Major General Tashiro and Colonel Nagami, Commander and Chief of Staff, respectively, of the Japanese North China Garrison.

The second would appear to have been a Japanese North China Garrison and Kwantung Army conference, held on the 18th and 19th in Tientsin, and participated in by Lieutenant General Itagaki, the Japanese resident officers at Tainan, Taiyuan, Kalgen, and Kueisui, several staff officers of the Kwantung Army, all the senior military officers of the North China Garrison in Tientsin, and Mr. Kuwashima. Certain important decisions touching
division

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division of control and military coordination in the respective areas dominated by the two armies were reported to have been reached, but no definite information is available.

d. Chang Succeeds Hsiao as Tientsin Mayor.⁽⁴⁾ Rumors became current in May that the Japanese military were dissatisfied with Hsiao Chan-yin (蕭振瀛) as the Mayor of Tientsin, and his transfer of Liu Yu-shu (劉玉書), who possessed excellent Japanese connections, from the Commissioner-ship of Public Safety to that of Public Works provoked open criticism among local Japanese.

Hsiao is said to have anticipated a request for his removal, and to have sought, at a meeting of the Council in Peiping, to be allowed either to resign or to make certain concessions. Either Chang Tzu-chung (張自忠) or Liu Ju-ming (劉汝明) took exception to something that Hsiao said, and, according to a story so widely accepted as to be significant even if it is untrue, struck Hsiao in the face. After that meeting Hsiao made only one more trip to Tientsin, returning shortly to Peiping to go into seclusion at the Summer Palace.

Assuming the role of the Doihara whose post he is supposed to fill, Major General Matsumuro on June 16 issued a press statement in which he is quoted as having said that Hsiao had

lost

(4) See this Consulate General's despatches Nos. 243 and 247, dated June 17 and 18, 1936, respectively.

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lost the confidence of the people and could not return to his post, and that while the Japanese had no objections to Chang Tzu-chung as his successor, they did not consider it fitting that a man who was the Chairman of a Provincial Government should become the Mayor of Tientsin.* The post should be given to "a man who could save North China", in Major General Matsumuro's view. (5)

Despite this clear hint, or perhaps after having made whatever promises were required to procure Japanese good-will, General Chang Tzu-chung came down to Tientsin on the afternoon of June 17 (accompanied, be it noted, by Matsumuro's assistant, Major Hamada) to become Mayor of the city at informal ceremonies held the next morning.

Following a precedent set over two years ago, and now followed by all ranking Chinese officials in Tientsin, the new Mayor called first on the Commander of the Japanese Garrison, and then on the ranking Japanese Consular official (the recently appointed Acting Consul General Tajiri).

To Westerners the lean and taciturn General Chang conveys a more definite impression of courage and brittleness of temper than has any Chinese who has been permitted to hold office here since the Japanese gained virtual control of North China. To Chinese he seems proud and provokingly outspoken, and unlikely to last long as

Mayor

*Overlooking the fact that Hsiao had been Chairman of Chahar before he became Mayor of Tientsin.

(5) PEKING & TIENTSIN TIMES of June 17, 1936.

- 13 -

Mayor of Tientsin. Neither can understand why the Japanese military consented to his appointment.

e. The Fengtai Incident. ⁽⁶⁾ According to the version of the "Fengtai" Incident given this office, on June 26 two horses, the property of the 29th Army at Fengtai, broke loose and ran into the enclosure on which the new Japanese barracks at Fengtai are being erected, where they were held by Japanese soldiers until retrieved by a force of Chinese soldiers. A Japanese officer sent to demand an explanation was alleged to have been detained by Chinese military at their barracks. The Japanese military promptly lodged a protest, and negotiations directed toward an amicable settlement of the incident were still in progress at the close of the period under review.

f. Japanese Arrest Chinese in Bombing Incident. No progress appears to have been made during the month in explaining the alleged attempt to bomb a Japanese troop train on the night of May 29, but on June 19, at three o'clock in the morning, a squad of Japanese gendarmes broke into the house of one Chang Shao-chen (張少珍) in Peiping and "arrested" him and one other Chinese. Chang is said to have been an engineer in the 29th Army, and to have been "wanted" by the Japanese in connection with their investigation of the bombing.

g. Further Increase in Japanese Garrison

⁽⁶⁾ See this Consulate General's despatch No. 259, dated July 6, 1936.

-14-

Garrison.⁽⁷⁾ Information available to this Consulate General indicates that perhaps 700 additional Japanese troops were brought into Tientsin during June.

An unconfirmed Chinese press report alleges that further contingents are due during July, which will bring the total strength of the Garrison up to 10,000 men.

In a press interview granted on June 1, Lieutenant Colonel Ishii of the Tientsin Garrison Headquarters stated that the Japanese troops had been increased to keep pace with the growing Japanese community in North China; that Japanese nationals in this area now numbered over 10,000, and that it was planned to station half as many troops here as there were civilians.

It may be pertinent to note here that the official figures of the Japanese Consulate General for the number of Japanese subjects* resident in the various cities along the Peining Railway and at Kupeik'ou as of May 31 are: Tientsin, 9,426; Tangku, 274; Tangshan, 1,096; Luanchow, 358; Changli, 357; Chinwangtao, 600; Shanhaikuan, 1,507; Peiping, 4,297; Kupeik'ou, 226; the total number, 18,137, representing an increase over the preceding month of 451.

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 893.00 P.R./118 FOR Desp.#580

FROM China (Johnson) DATED July 16, 1936.
NAME 1-1127 ***

REGARDING: Sino-Japanese relations during month of June, 1936:
Reports developments in connection with --.

fpg

793.94/ 8102

8102

- 1 -

II. Foreign Relations:

A. Relations with the United States:

Nothing to report.

B. Relations with other countries:

1. Japan:

13-94
Sino-Japanese economic cooperation was emphasized during June by Japanese military and civil officers active in Sino-Japanese affairs more than were their political and military aims with regard to China.

a. North China:

Mayoralty of Tientsin: avoidance of crisis.¹

The assumption of the post of Mayor of Tientsin on June 18 by General Chang Tzu-chung, senior divisional commander of General Sung Cho-yuan's army, brought to a close, at least temporarily, the critical situation which had developed at the end of May involving (1) Japanese dissatisfaction with Mr. Hsiao Chen-ying, who was then the Mayor of Tientsin and the most influential civilian under General Sung, and (2) discontent of military subordinates of General Sung Cho-yuan, the Chairman of the Hopei-Chahar Political Council, with General Sung's policy of yielding to Japanese representations.

The appointment of General Chang Tzu-chung by the Hopei-Chahar Political Council was not so surprising, in view of the fact that General Chang is popular with General Sung's military subordinates, as was Japanese acquiescence to the appointment. It was known that the

Japanese

1. Embassy's telegram 228, June 4, 3 p.m. and 313, June 20, 3 p.m.

- 2 -

Japanese military did not want General Chang as mayor and had, in fact, their own complaisant nominee available. The Chinese foresaw in the appointment of a pro-Japanese candidate as mayor of the financially and strategically vital city of Tientsin the threat of the complete emasculation of General Sung's regime. It was said by Chinese officials that General Chang was appointed without Japanese approval and that General Sung's military subordinates would have fought the Japanese had the latter attempted to prevent General Chang from assuming office.

The Japanese military probably gave approval for one or more of the following reasons: (1) the avoidance of an undesired clash with reckless military subordinates of General Sung; (2) the knowledge that General Chang would be comparatively unimportant as Mayor of Tientsin for the reason that General Chang, unlike Hsiao Chen-ying, would not be a significant figure in negotiations affecting Sino-Japanese relations; (3) the simplicity of General Chang's mentality, which would render him easier than Hsiao to manage; and (4) the consciousness that General Chang could probably be removed from office in the near future if advisable.

Hsiao Chen-ying retired early in June to the Summer Palace west of Peiping and remained there during the rest of the month; and it seemed probable that his diminished influence would be exercised in the future cautiously and out of public view. General Chang Tzu-chung gave up his post of Chairman of the Chahar Provincial Government to become Mayor of Tientsin and was succeeded by another of

General

- 3 -

General Sung's divisional commanders, General Lin Ju-sing. There continued meanwhile to be reports that such suspected Chinese as Generals Whih Yu-san and Sun Tien-ying would be given posts under General Sung Che-yuan at Japanese behest.

Possible alteration in the attitude of the Japanese Military:

The Japanese military may also have been influenced in their acceptance of General Chang Neu-chung as Mayor of Tientsin by a previously inactive desire to win the good will of General Sung's regime for the purpose of inducing that regime to enter into certain agreements. They may have regarded the time as propitious for a show of friendliness because of General Sung's growing isolation as a result of the preoccupation of the National Government with the Southwest and because of Japanese awareness of the difficulties in the way of their forcing General Sung and his army of some 80,000 men to leave Hopei to make room for some new regime.

Japanese observers contended that Lieutenant General Fashiro, the new Commander of the North China Garrison, was a "moderate"; and Japanese military officers of North China and representatives of the Kwantung Army in Manchuria allegedly decided during a conference² at Tientsin, which began on June 19, that the "immoderate" Kwantung Army would no longer participate in Sino-Japanese affairs south of the Great Wall. It was understood, however, that any fundamental change in the status of the East Hopei Anti-communist Autonomous Government would concern the Kwantung

ARMY

2. Embassy's telegrams 301, June 12, 3 p.m., 313, June 20, 3 p.m., and 329, June 27, 4 p.m.

- 4 -

Army as the latter had negotiated the Tangku Truce of May 31, 1933, in which that autonomous regime had its origin. It was also believed that the Heantung Army would again participate actively in affairs south of the Great Wall if the policy of the North China Garrison proved to be unfruitful.

Whether or not, however, the attitude of the Japanese military was altered, their objectives remained the same, incidents in which the Japanese revealed their arrogance continued to occur, and policies distasteful to the Chinese were not abandoned.

Aims of the Japanese military: economic cooperation and a five province regime:

No definite information was available with regard to progress of conversations about economic cooperation. Mr. Kao Tsung-wu, Director of the Department of Asiatic Affairs of the Ministry of Foreign Affairs at Nanking, was in Peiping during the first few days of June allegedly discussing among various matters the extent to which the National Government might agree in respect to economic cooperation between General Sung's regime and the Japanese. There seemed to be a possibility that such cooperation might obtain the approval of the National Government, if not its active assistance.

Japanese efforts to effect the establishment of a five province regime in North China apparently persisted.³

There was reportedly an increase of pressure on General Han Fu-chu, the Chairman of the Shantung Provincial Government, to cause him to participate in the Hopei-Chahar

Political

3. Embassy's telegram 320, June 27, 4 p.m.

- 5 -

Political Council and there was evidence of a beginning in that direction in an increase of General Han's influence in the administration of Tientsin. The withdrawal, according to Japanese reports, from Shansi Province of troops of the National Government (with the exception of 2 divisions in northwest and 2 brigades in southeast Shansi), which had gone there in March on the excuse of suppression of communist forces, weakened General Yen Hsi-shan's position vis-a-vis the Japanese. Meanwhile there continued the threat to General Fu Tso-yi, Chairman of the Suiyuan Provincial Government, of the militarization of Japanese-directed Mongols in Chahar Province.

Policy: the smuggling of Japanese products:

The probability of Japanese success in obtaining agreements desired by them with both General Sung's regime and the National Government was enhanced by the continuation through June of Japan's policy of fostering the smuggling of Japanese products into China, chiefly through the autonomous area in northern Hopei Province. The Chinese authorities had some success in checking the flow of goods southward into central China by stationing Customs officials at points on the Tientsin-Takow and the Peiping-Hankow Railways. However, the primary cause of a decrease during June in the amount of goods smuggled into China was the inability of the market to absorb the goods which had been brought in during May.

Sino-Japanese incidents:

There was an increase during June of incidents involving Japanese and Chinese, a trend which may be expected

- 8 -

to continue in view of the growing anti-Japanese feeling in China. At Tsingtao: the alleged beating (on May 20) of a nine-year old Japanese school girl by two Chinese students brought forth Japanese demands greatly out of proportion to the offense.⁴ Also at Tsingtao: a serious situation was created, which had not been solved by the end of June, as the result of the seizure of a Japanese smuggling vessel; the Japanese residents of Tsingtao became highly excited over what they held was an insult to the Japanese flag; and a Japanese cruiser was despatched to Tsingtao, probably for the primary purpose of controlling the Japanese residents who were angered by the attitude adopted in the case by their own officials.⁵ At Fengtai, which is ten miles south of Peking: the detention on June 26 for some 30 or 40 minutes of a Japanese officer in a Chinese barracks resulted in the presentation and acceptance of demands which included the transfer of the allegedly anti-Japanese battalion of General Sung which had been stationed at that place.⁶ At Taku, near Tientsin: the seizure on June 20 of a Japanese smuggling vessel by a Chinese Customs cruiser was reportedly dealt with reasonably by the Japanese consular authorities concerned.⁷ At Tainan: the case of the murder on June 23 by Chinese of a Japanese proprietor of a heroin shop and the wounding of a Japanese woman was apparently handled by the Japanese authorities with restraint, perhaps because of a desire to

avoid

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4. Tsingtao's despatch to Embassy, 127, June 6.
 5. Tsingtao's despatch to Embassy, 132, June 23, and unnumbered despatch of June 26.
 6. Embassy's telegram 338, July 3, 6 p.m.
 7. Tientsin's despatch to Embassy 251, June 29.

- 7 -

avoid publicity in view of the illicit business of the deceased Japanese.⁸ It may be added that the explosion which took place on May 26 under a Japanese troop train near Fientain was not made the subject of demands during June.

Cooperation of Japanese military and civil officers:

There was evidence of increasing "cooperation" on the part of Japanese civilian officials with Japanese military officers, one result of recent changes during recent months in civilian and military personnel. For example, Mr. Kameo Kusanishi, Director of the East Asia Bureau of the Japanese Ministry of Foreign Affairs, was reported to have informed Chinese press representatives at Peking on June 14, during an extensive tour of China, that "as the war Ministry knows the (North China) situation better than the other Ministry all problems in this area are being handled by the war office".⁹

Effect on North China of rebellion by the Southwest:¹⁰

Definitive action on the part of Generals Sung Shue-yuan and Han Fu-chu, as well as on the part of the Japanese, seemed to wait on developments in the rebellion of the Southwest against the National Government. Each was visited during the month by delegates from the Southwest presumably urging joint action against the National Government and by delegates of the National Government urging the contrary. There was also considerable communication between General Sung and General Han, including a

Notes:

8. Embassy's telegram 321, June 25, 11 a.m.
9. Embassy's telegram 312, June 20, 3 p.m., and Hanking's telegram 204, June 26, 8 p.m.
10. Embassy's telegram 326, June 27, 4 p.m.

- 8 -

meeting on June 20, the only known outcome of which was the despatch of telegrams urging a peaceful settlement of difficulties. There were said to be two courses which they were contemplating and which depended on developments in the Southwest, one being the declaring of neutrality and the other being the denouncing of the National Government on the alleged grounds of non-assistance to either General Sung or General Han by the National Government during the past. There was evidence of closer relations between General Sung and Han in the face of common danger; and it seemed probable that, were the differences between the National Government and the Southwest to remain too long unsolved, Generals Sung and Han would have no other course than adherence to Japanese schemes or - less probably - armed resistance.

b. Central China:

Arrival of new Japanese Ambassador:

There were no important developments in Sino-Japanese relations in Central China. The new Japanese Ambassador, Mr. Shigeru Kawagoe, did not arrive in China until June 22 and remained in Shanghai until the close of the month. He stressed in statements the necessity of Sino-Japanese economic cooperation.¹¹ The Japanese Embassy at Hanking was under the charge of a third secretary inasmuch as Mr. Y. Suna, who is usually in charge, was absent in Japan much of the month.

c. South China:

Japanese attitude toward rebellion of the Southwest:

The

11. Page 6, Shanghai's despatch to Department 201, July 3.

- 9 -

The demand on June 2 of southwestern political organs that the National Government lead the nation in armed resistance against Japan and the naming on June 5 of Southwestern forces as "Chinese Revolutionary Anti-Japanese Salvation Army" did not seem to perturb Japanese officials. The Japanese Military Attaché, Major General Seiichi Mita, was in fact understood to have expressed satisfaction with the political move of the Southwest.¹² Relief that Japanese had influenced southwestern leaders to initiate an expedition ostensibly directed against Japan but actually intended to overthrow General Chiang Kai-shek was strengthened by the fact that the only official notice taken by the Japanese in the face of a movement so virulently anti-Japanese on the surface was the lodging of protests with the Chinese authorities at Canton against anti-Japanese demonstrations in that city. Presumably the Japanese were satisfied with the rise of rebellion in the Southwest because it would assist them in creating a five provinces regime in North China, might weaken General Chiang Kai-shek, thereby making him more amenable to Japanese representations, might result in the downfall of General Chiang Kai-shek who is at present the chief integrating factor in China, and might accelerate the breaking up of China into a group of regimes with which the Japanese could deal more effectively than under the present situation.

12.

12. Hanking's telegram 179, June 12, 10 a.m.

- 10 -

d. Student activities¹³

The patriotic activities of students, which were renewed in the latter part of May, continued during much of June. Strikes occurred in schools in both Peiping and Tientsin. Some 4,000 students demonstrated on June 13 at Peiping against Japanese aggression and civil war; a few students sustained minor injuries at the hands of the police; the Japanese military drew to the Mayor's attention the lukewarm attitude of the Chinese authorities; and an official apologized and promised that measures would be taken for complete cessation of the anti-Japanese student movement. The situation was aggravated on June 15 by an attempt by General Sung Che-yuan to abolish student organizations, which caused students to extend indefinitely the fixed time limit of the strikes then in progress. There was apparent, however, a division of opinion and of aims among students; and, when it became known that students were in part motivated by a desire to avoid current examinations, sympathy for students decreased. Examinations were eventually held in some of the schools concerned and were postponed in others until early autumn. The problem was solved by the arrival of the summer vacation and the departure of many students for their homes.

There occurred in Shanghai also a recrudescence of anti-Japanese activities among students.¹⁴ Demonstrations and strikes took place, the students associating themselves at times with non-student anti-Japanese organizations. The activities

13. Embassy's telegrams 34, June 13, 4 p.m., and 312, June 20, 2 p.m.

14. Pages 4 and 5 of Shanghai's despatch 291, July 5.

0431
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Chusid NARS, Date 12-18-75

- 11 -

activities culminated on June 21 in the gathering of
some 800 persons at the Shanghai North Railway Station
with the (unattained) object of demanding free transpor-
tation to Nanking for the purpose of urging the National
Government immediately to declare war on Japan.

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

TELEGRAM RECEIVED

LMS

GRAY and SPECIAL GRAY

1-1336

FROM

Peiping via N. R.

Dated August 17, 1936

Rec'd 3:18 p. m.

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS

AUG 17 1936

Department of State

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

405, August 17, 4 p. m.

Embassy's 394, August 7, 4 p. m. / 8088

(1) Sung Che Yuan returned to Peiping from Paoting August 15. A Japanese press report that he met Feng Yu Hsian and in Southern Hopei has not been confirmed and seems to be doubtful.

(2) According to competent Chinese source, if strained relations have existed between Chiang Kai Shek and Han Fu Chu as reported in the above telegram, they have been satisfactorily adjusted, at least for some time to come, presumably as the result of the visit to Tsinanfu of a representative of Chiang, of the meeting at Tsingtau of the Minister for Foreign Affairs with Han, and of Chiang's preoccupation with Kwangsi. No (repeat no) developments with regard to Sung Che Yuan are expected in the near future.

(3) The Japanese Ambassador is expected to arrive at Tientsin today or tomorrow to discuss, according to report,

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0438
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

LMS 2-No. 405, August 17, 4 p. m., from Peiping.

report, the North China situation with Japanese military and civil officers of North China. A Tokyo Domei report of August 15 states that a representative of each of the three interested ministries have left Tokyo for Tientsin. Japanese press reports claim that the Ambassador's visit is preparatory to discussion with Chiang Kai Shek of economic cooperation.

(4) It is not (repeat not) known how genuine may be the apprehension expressed in some Japanese press reports Chiang intends to extend a stronger control over North China. The Japanese military seem not (repeat not) to be pursuing any definite measures at present with regard to North China. They are presumably awaiting the outcome of the situation in Suiyuan and of the situation in Tokyo, as well as the outcome of the approaching conversations at Tientsin. The situation in Tokyo appears to be creating some uneasiness among Japanese in North China.

By mail to Tokyo.

JOHNSON

KLP

185-2

0433
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 893.00/13675 FOR Tel. #404-3pm.

FROM China (Johnson) DATED Aug. 17, 1936
/TA// NAME 1-1127 ***

REGARDING: Situation in Eastern Suiyuan: Situation obscure,
but Embassy is informed that Japanese military
hope Chinese malcontents in Eastern Suiyuan
will be joined by other groups of semi-bandit
Chinese, wandering about in Chahar, Suiyuan and
Northern Hopei. Reports of discontent of Mongols
in Chahar under Japanese control, continue to
reach the Embassy.

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793.94/
8104

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

LMS

SPECIAL GRAY

Peiping via N. R.

Dated August 17, 1936

Rec'd 9:18 a. m.

Secretary of State,
Washington.

404, August 17, 3 p. m. /13661

Embassy's 399, August 10, 3 p. m.

One. No further reports of fighting in Eastern Suiyuan other than minor clashes have been received.

Two. According to the most reliable information obtainable about this obscure situation, the Japanese military are hoping that the Chinese malcontents in Eastern Suiyuan will be joined by other groups of semi-bandit Chinese which are wandering about in Chahar, Suiyuan and Northern Hopei. These Chinese formerly fought under such leaders of doubtful character as Liu Kuei Tang, Shih Yu San and Sun Tien Ying and have had no legitimate employment since the seizure of Jehol. A person well known to the Embassy has been told by leader of one of these groups who is now in Peiping that the Japanese will not assist in the concentration of these bands because of their fear of undesirable publicity but will assist those groups after they arrive by their own efforts in Eastern Suiyuan or Western Chahar.

0435
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

LMS 2-No. 404, August 17, 3 p. m., from Peiping.

Chahar. Reports continue to reach the Embassy of discontent of Mongols in Chahar under Japanese control, indicating the reason why the Japanese plan to make use of the various semi-bandit Chinese groups. There is some evidence that these groups in Western and Central Suiyuan are being instigated to cause trouble for the provincial authorities in those areas.

By mail (to Tokyo?)

JOHNSON

KLP:HPD

0438
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton C. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

AU

Peiping via N.R.

FROM Dated August 21, 1936

Rec'd 9:04 a.m.

Secretary of State

Washington

410, August 21, 4 p.m.

Reference paragraph three of Embassy's 405, August 17,
5 p.m.

One. The Japanese Ambassador visited Peiping from the evening of August 18th to the afternoon of August 20th. He is now in Tientsin to confer with Japanese diplomatic and military officers, including three representatives of the Ministries of Foreign Affairs, Army and Navy.

Two. The Japanese Ambassador informed foreign pressmen yesterday that he had expressed the hope to Sung Che Yuan that Sung would suppress Communism in his two provinces; that he had discussed economic questions in principle with Sung; that he had advised Sung to ask for financial and technical assistance for Japan in the "exploitation of resources"; that Sung had agreed with these views; that (the Japanese Ambassador) hoped that it would be possible to use Chinese capital although Japan would be prepared to help; that the present conditions in North China were tending

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Sec. 2 in paragraph 5

793.94 8103

793.94/8105

F/FG

043
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

AU *2* #410, August 21, 4 p.m. from Peiping

tending toward stability; that he would inform the
National Government that the economic developments of
North China was purely a local question; that the National
Government was understood to be considering the question
of lowering ^{tariffs} ~~the Chinese (*)~~; and that Japan was prepared
if necessary to open negotiations with the National
Government whether or not it accepted Hirota's three prin-
ciples. (End Section One)

By mail to Tokyo

JOHNSON

GW:KLP

(*) Apparent omission

183-2

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

This telegram must be
closely paraphrased ^{before}
being communicated to ^{FROM}
anyone. (C)

Peiping

Dated August 21, 1936

Rec'd 7:38 a.m.

Secretary of State,
Washington.

of paraphrase in confidence
COPIES SENT TO
U.N.I. AND M.I.D.
just

410, August 21, 4 p.m.

(Beginning of second section)

Three. A member of my staff in confidential conversation with the competent Third Secretary accompanying the Japanese Ambassador received certain information which is contained in paragraphs four and five in the third section, together with certain inferences based on that conversation, beginning of section three.

JOHNSON

WWIC

183-3

TELEGRAM RECEIVED

LMS

1-1336

SPECIAL GRAY

FROM

Peiping via N. R.

Dated August 21, 1936

Rec'd 9:38 a. m.

Secretary of State,
Washington.

410, August 21, 4 p. m. (SECTION THREE)

Four. Japanese diplomats are apparently pessimistic about the future of Sino-Japanese relations. They would like to see two or three agreements of an economic character entered into, not so much for the economic advantages involved, as economic development of north China will be a liability for Japan, but for the purpose of improving the feeling of the people. Chiang Kai Shek is expected to make agreements of an economic nature with the Japanese. He is strong enough to do this because his success in the Southwest weakens opposition to such agreements. The situation in Suiyuan not (repeat not) known to Japanese diplomats, but the Japanese army definitely intends for strategic reasons to extend its control over Inner Mongolia. It is feared that if the Kwantung army acts in Suiyuan in the near future it will react unfavorably on Sino-Japanese negotiations with regard to North China. The question is asked whether Chiang could not enter into

183-4
some

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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

LMS 2-No. 410, August 21, 4 p. m., Sec. 3, from
Peiping.

some agreement with the Japanese whereby the aid of the Japanese military with respect to Inner Mongolia could be satisfied and legitimized. It is evident that the diplomats and the military are not (repeat not) yet united.

Five. Not (repeat not) one pound of Changlu salt has yet been shipped to Japan because the Chinese do not yet refine the salt sufficiently and because the tax is still too high. The route of the proposed Shih-kiachwang Tsangchow Railway has not yet been decided on. The development of iron in North China is not (repeat not) regarded hopefully at present because the ingredients needed for the manufacture of steel are too widely scattered and communications are lacking.

Six. It seems possible to this Embassy that the Japanese Ambassador hopes that he can persuade the Japanese military to remain quiet for the time being and to suspend political activities, such as those looking toward an amalgamation of Sung's and Han's regimes, in order that he may effect some agreements of an economic nature, perhaps including reduction of the Chinese tariff, which will improve the general Sino-Japanese situation. It is not known whether the successful carrying out of such a program will be permitted by the Japanese military and

183-5

the

3447
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

LMS 3-No. 410, August 21, 4 p. m., Sec. 3, from Peiping.

the opponents of Chiang Kai Shek's compromise.

By mail to Tokyo.

JOHNSON

WWC:PEG

183-6

0442

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

Section two of a telegram (No. 410) of August 21, 1936, from the American Ambassador at Peiping, reads substantially as follows:

Paragraph Three. During the course of a confidential conversation a member of the American Embassy staff received from the able Third Secretary who is traveling with the Japanese Ambassador certain information which is set forth in Section 3 of this telegram (paragraphs four and five) as well as certain conclusions based on the conversation, beginning of the third section.

793.94/8105

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183-7

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
August 27, 1936.

RM:

Peiping's No. 599, July 25, 1936, forwards a Shanghai despatch which states that the Dollar Steamship Company, acting upon the Shanghai Consul General's advice, requested and received from the city government of Greater Shanghai a letter stating that 300 Chinese who had booked passage from Hong Kong to Shanghai with the Dollar Steamship Company would not be allowed to land in Shanghai. Upon receipt of this letter the Dollar Steamship Company cancelled the passage of the 300 southern Chinese.

No action required.

Jcv.
JCV/VDM

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 599

Peiping, July 25, 1936.

Subject: Cancellation of passage of 300
Cantonese agitators at request
of the Chinese authorities in
Shanghai.

For Distribution-Check		Yes	No
Grade	11		✓
For	Gauss		✓

RECEIVED
DEPARTMENT OF STATE

1936 AUG 24 AM 11 32

DIVISION OF
COMMUNICATIONS
AND RECORDS



The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to Canton's telegram
of July 4, 4 p.m., and the Embassy's telegram No. 342
of July 7, 5 p.m., concerning the above-mentioned sub-
ject, and to enclose for the completion of the Depart-
ment's records a copy of despatch No. 279, dated July
6, 1936, from the Consul General at Shanghai, which
is brief and self-explanatory. The Embassy has in-
formed Mr. Gauss that it approves the action taken by
him in the matter.

Respectfully yours,

Nelson Trusler Johnson
Nelson Trusler Johnson

793.94/8106

FILED

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 -

✓
Enclosure:

Shanghai's despatch No. 279,
July 6, 1936.

Original and one copy to Department.
Copy to Embassy Nanking.

800

RLS-SC

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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

No. 279

FILE NO. 1
PATCH NO. 599

July 6, 1936.

Subject: Canton agitators refused
passage to Shanghai on
American ships.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

With reference to Consul General Spiker's radio message of July 4, 4 P. M., from Canton, concerning the cancellation of passage of three hundred Cantonese agitators on a Dollar Line ship from Hong Kong to Shanghai, I have the honor to inform you that on July 3, in the afternoon, Mr. O. G. Steen, the General Manager of the Dollar Steamship Line in the Far East, communicated with me by telephone, stating that a secretary of the City Government of Greater Shanghai had called on him and advised that a report had been received that three hundred Chinese agitators were being sent from Canton to Shanghai via Hong Kong on a steamer of the Dollar Line sailing on July 6, and that the Chinese municipal authorities at Shanghai would be under the necessity of refusing to allow these passengers to land upon arrival at this port.

Mr. Steen explained to me that his Hong Kong office had wired to Shanghai asking whether space could be provided

-2-

vided for a party of three hundred Chinese from Hong Kong to Shanghai on the Dollar steamer, that the space had been allocated, and that he was informed that the tickets had been issued, in view of which fact he was in a somewhat embarrassing position since as common carriers there might be some legal liability attaching to his company if they canceled passage.

I inquired whether it was usual for his company to book as many as three hundred passengers in a group from Hong Kong to Shanghai. He said that it was not usual, but that from time to time request is made to book groups of one hundred and fifty or two hundred Chinese passengers between Hong Kong and Shanghai, and it was not surprising that this application had been made at this time in view of the Party conference soon to take place at Nanking. His company had had no suggestion that the passengers were proceeding to Shanghai for the purpose of starting political agitation.

I suggested to Mr. Steen that it would be well for his company to require the Chinese municipal authorities to give him a written declaration over the signature of the Mayor to confirm their statement that the three hundred Chinese passengers would not be permitted to land. I also remarked that the municipal authorities had made no approach to me in the case.

Shortly thereafter Mr. O. K. Yui, Secretary General of the City Government of Greater Shanghai, informed me of the matter by telephone and repeated to me the statement made to the Dollar Line officials that the three
hundred

-3-

hundred Chinese passengers would not be permitted to land if they arrived at Shanghai. Mr. Yui maintained that the City Government had authority to refuse to permit the landing of the passengers, notwithstanding that they were Chinese citizens, if they were known to be coming for the purpose of creating disturbances. On this point the City Government was well informed of the purpose for which the three hundred Chinese were being sent to Shanghai "by the Canton Government". I told Mr. Yui that the Dollar Line had no knowledge of the purpose for which these passengers were coming to Shanghai, that they could not be expected to investigate the purpose for which Chinese passengers might be traveling, and that the steamship line felt some hesitation in canceling passage already granted, except for good cause, as the matter involved their liability as common carriers. Mr. Yui stated that the municipal government was prepared to protect the steamship line by giving them a written declaration over the signature of the Mayor that the passengers would not be permitted to land at Shanghai.

I informed Mr. Steen of the Dollar Line of my conversation with Mr. O. K. Yui and suggested that if the company decided to cancel the passage of the three hundred Chinese it would be well to let it be known at Hong Kong that this action was taken in view of the declaration of the Chinese municipal authorities at Shanghai that such Chinese would not be permitted to land upon arrival at this port, so that it was now necessary for the company to be assured that passengers would be permitted to land at Shanghai before granting passage.

Mr.

-4-

Mr. Steen informs me today that he received a written declaration from the Secretary General of the City Government of Greater Shanghai, as a temporary document until a declaration could be prepared and signed by the Mayor, and that on the basis of the declaration the company gave instructions to Hong Kong to cancel the passage of the three hundred Chinese and was informed from Hong Kong that such cancellation had been made.

Mr. Steen was concerned that the southern Chinese might be incensed at his Company for cancelling the passage already granted. I suggested that for that reason he might make it quite clear that the cancellation was necessitated by the written refusal of the Chinese authorities at Shanghai to allow the three hundred Chinese passengers to land, which left the Company no alternative but to cancel passage.

Respectfully yours,

C. E. Gauss,
American Consul General.

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CEG:LMF

In triplicate to the Embassy. Peiping.

Copy to Nanking.

Copy to Canton.

No copy direct to the Department.

0450
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

August 27, 1936.

✓
R.M.:

Shanghai's despatch No. 331, July 22, 1936, reports in regard to the murder of a Japanese named Kayau at Shanghai on July 10.

The Japanese are convinced that Kayau was murdered by Chinese. The Acting Japanese Consul General took the case to the Chinese municipal authorities urging vigorous action to apprehend the culprit. The Commander of the Japanese Naval Landing Forces issued a warning in which he stated that the Japanese landing forces might be "compelled to take steps it considers necessary at any time that it should find that the Chinese authorities lack the good faith or the ability to maintain order to protect the lives and property of our residents."

The Chinese authorities, aware of the serious potentialities of the situation, appeared to be sincerely anxious to solve the crime.

JCV.
JCV/VDM

NO. 331

AMERICAN CONSULATE GENERAL,
Shanghai, China, July 22, 1936.

793.94

For Distribution-Check		Yes	No
Grade	G		
For	Stanton	<input checked="" type="checkbox"/>	<input type="checkbox"/>
		To file in U.S.A.	

SUBJECT: The Kayau Murder Case.

RECEIVED
DEPARTMENT OF STATE
1936 AUG 24 PM 2
DIVISION OF
COMMUNICATIONS
AND RECORDS

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



1/ I have the honor to enclose a copy of a self-explanatory despatch of today's date from this Consulate General to the American Embassy at Peiping, in regard to the subject above mentioned.

Respectfully yours,

C. E. Gauss,
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate
General despatch No. 305.

800
EFS MB

In Quintuplicate.

FILED
SEP 1 - 1936

F/FG

no. 305

AMERICAN CONSULATE GENERAL

Shanghai, China.

July 22, 1936.

Subject: The Kayau Murder Case.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping.

Sir:

I have the honor, in amplification of my telegram No. 391 of July 13, 1936, to report that the shooting of Kosaku Kayau, a young Japanese clerk, by an unknown assailant at about 8:30 p.m. on the evening of July 10, 1936, did not create the stir that followed the shooting of Warrant Officer Nakayama. There has been less sword rattling on the part of the Japanese naval authorities and in consequence there was no exodus of Chinese from the Japanese residential area. 8051

The facts as known are, briefly, that Kayau while taking a stroll on the evening of July tenth, carrying a small child and leading another, was shot through the back of the head, probably at close range. He was immediately conveyed by ricksha to a near by Japanese hospital but succumbed to his wounds about five hours later without regaining consciousness. The murder was perpetrated in Chinese territory and the Chinese police therefore immediately took charge of the case. In conjunction with Japanese police and marines, a strong

cordon

-2-

cordon of whom were promptly thrown about the area, a careful examination was made of all houses and buildings in the neighborhood, while all pedestrians were thoroughly searched and questioned. No clue whatever was discovered and no actual eye witness of the attack has thus far been found. A young Japanese girl standing near Kayau when he was shot is reported to have stated that when she turned, upon hearing the children with Kayau cry out, she saw two figures hurrying away, which "of course" were Chinese. Japanese are convinced that the assailant or assailants were Chinese and the local Japanese press has advanced the theories: (1) that the crime was committed by associates of the accused who are being tried for the murder of Warrant Officer Nakayama, with a view to diverting suspicion; and (2) that the assassination was designed to complicate Sino-Japanese relations and had been purposely committed during the second plenary session of the Central Executive Committee. In the absence of definitely ascertained motives, these speculations are of some interest.

On the morning following the commission of the crime the Acting Japanese Consul General called on the Secretary General of the Municipality of Greater Shanghai, in the absence of the Mayor who was in Nanking attending the second plenary session. It is understood that stress was laid upon the seriousness with which the Japanese authorities viewed this second murder, the necessity for prompt and vigorous action to apprehend the culprit, and the importance of taking effective measures to protect

Japanese

-3-

Japanese lives and property. It is understood that attention was also called to the Nakayama case and to the dissatisfaction felt by the Japanese authorities and residents with the conduct of that case. Rear Admiral Kondo, Commander of the Japanese Naval Landing Forces, also called on the Secretary General and made similar but somewhat stronger representations. He also issued a warning in which appeared the significant statement that the Japanese Landing Forces might be "compelled to take steps it considers necessary at any time that it should find that the Chinese authorities lack the good faith or the ability to maintain order to protect the lives and property of our residents." Other Japanese officials called on the Chief of Police of the International Settlement and French Concession and requested their cooperation in the apprehension of Kayau's assailant and the fullest protection for Japanese residing within their respective jurisdictions.

The Chinese authorities are undoubtedly aware of the serious potentialities of the situation. Repeated assurances have been given to the local Japanese authorities that every effort would be made speedily to apprehend the criminals and that effective measures would be taken to protect Japanese lives and property. In pursuance of the first assurance a special group of detectives has been organized to devote its entire time to a solution of the crime. Several rewards have also been offered. To more adequately protect Japanese residents, police patrols have been doubled throughout the area where the crime was committed.

As

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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

-4-

As the result of the prompt action taken by the Chinese authorities and their very evident concern, the Japanese, so far as is known, have made no unreasonable demands and have shown no disposition thus far to make political capital out of the incident. In fact, the appointment on July sixteenth of Mr. K. Wakasugi, Counselor of Embassy, to act concurrently as Consul General, in place of the Acting Consul General, Mr. A. Sugihara, is evidence of the desire of the Japanese civil authorities to have in a position of responsibility an older and more experienced man who might exert a calming influence over the Japanese military and the various Japanese civilian societies in Shanghai. However, there remains hanging over the scene the Japanese threat of "free action", a threat which cannot but cause the Chinese much uneasiness and apprehension.

Respectfully yours,

C. E. Gauss,
American Consul General.

800
EFS MB

In Quintuplicate to Department
by despatch No. 781 of even date.

Copy to Embassy, Nanking.

0 4 5 6

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

August 27, 1936.

✓
FROM:

Shanghai's despatch No. 338,
July 31, 1936, reports in regard to
the Nakayama murder trial proceedings
in Shanghai.

The despatch states that the
failure of the Chinese judge to render
a judgment in the Nakayama case and
his announcement of a remand sine die
have aroused the local Japanese
community. Although Japanese officials
are apparently disposed to await the
outcome of the case rather than take
any precipitate action, the more
"positive" attitude of Japanese
residents and Japanese naval authorities
may render such a course distinctly
embarrassing if not impossible.

JCV.
JCV/VDM

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

NO. 338

AMERICAN CONSULATE GENERAL,
Shanghai, China, July 31, 1936.

RECEIVED
DEPARTMENT OF STATE

1936 AUG 24 PM 2 35

DIVISION OF
COMMUNICATIONS
AND RECORDS

For Distribution-Check		Yes	No
Grade	G		
For	Stanton		
To Field In U.S.A.			
611-MIT			

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

SUBJECT: The Nakayama Murder Case.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

1/ I have the honor to enclose a copy of a self-explanatory despatch of today's date from this Consulate General to the American Embassy at Peiping, in regard to the subject above mentioned.

Respectfully yours,

C. E. Gauss,
American Consul General

Enclosure:

1/- Copy of Shanghai Consulate
General despatch No. 318

800
EFS MB

In Quintuplicate.



FILED
AUG 28 1936

793.94/8108

F/EG

No. 318

July 31, 1936.

Subject: The Nakayama Murder Case.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

793.94/8063

I have the honor to refer to my telegram of July 18, 1936, 11 a.m., and to report that the failure of the Judge of the First Special District Court to render judgment in the Nakayama case and his announcement of a remand sine die have aroused the local Japanese community.

At the hearing on July 10 the statements made by the Procurator of the First Special District Court concerning the case were such as to lead the Japanese to believe that the Court would in all probability render a decision of "not guilty" in favor of the accused. These developments resulted in the holding of several meetings by various Japanese organizations to protest against the "insincerity" of the Court and caused the Acting Japanese Consul General to bring to the attention of the local Chinese authorities the seriousness with which this matter was viewed and the dissatisfaction that would

-2-

would be felt should there be any further delay in delivering judgment. Representations are also reported to have been made by Japanese officials at Nanking and are said to have caused the issuance of instructions to the Court to reopen the case. Accordingly, at the hearing held on July 17 the Judge announced a remand to July 31 on the ground that it was necessary to summon for interrogation a witness living outside of Shanghai. The witness mentioned was duly located and brought to Shanghai by the Shanghai Municipal Police and examined on the morning of July 28. Following the session, during the course of which the witness made substantially the same statements she had made when her testimony was taken by the Municipal Police at the outset of the case, the Court adjourned the case sine die.

These developments have aroused the local Japanese community and the Japanese naval authorities. The local Japanese press on July 29 charged Chinese judicial officials who are trying the alleged assassin of War-rant Officer Nakayama with "insincerity" and stated that "Japanese residents are highly indignant at the attitude of the Court for making a pretense of examining a witness whose statement has already been accepted." The press also quoted the Assistant Japanese Naval Attache as saying that "although it had announced that a judgment would be given, the Court remanded the case. It is an outrage. The Shanghai Municipal Council which respects the Court has been deceived. For this reason Japanese residents are highly indignant. If the Court fails to

announce

-3-

announce definitely the date on which the verdict is to be handed down at the scheduled hearing on July 31 we shall regard it as a serious matter." The Japanese press further bitterly assailed the Court for its reported intention to postpone indefinitely the next scheduled session and professed to believe that the action of the Court was motivated "by political influences." The press also reports that due to growing Japanese dissatisfaction with the manner in which the Chinese judicial authorities are handling the Nakayama case, it is planned to convoke a "monster" rally of Japanese residents, who appear to be not only exercised over this case and the recent murder of the Japanese clerk Kayau, but thoroughly aroused by the circulation of the rumor that it is the intention of the Chinese Bureau of Public Safety to oppose by force any "independent" action by the Japanese.

I have been informed by an officer of the local Japanese Consulate General that while they are at a loss to understand the action of the Court in continually postponing delivery of judgment, they believe the local Chinese officials are "doing their best." It was also intimated that it was the hope of the Japanese Consulate General that Japanese residents would not carry out their expressed intention of holding a mass meeting. The arrival on July 29 of the Chief of the Department of Asiatic Affairs of the Ministry of Foreign Affairs, who called on the Japanese Ambassador and discussed this case with him, is believed to have mollified Japanese diplomatic and consular

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

-4-

consular officials who are apparently disposed to await the outcome of the case rather than to take any precipitate action. However, the more "positive" attitude of Japanese residents and the Japanese naval authorities may render such a course distinctly embarrassing, if not impossible.

Respectfully yours,

C. E. Gauss,
American Consul General.

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EFS MM

In Quintuplicate to Department by
despatch No. 338 of even date.

Copy to Embassy, Nanking.

1 copy of
the above orig-
inal.

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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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS
August 31, 1936.

~~SJF: - 7, and 10~~
~~BOM:~~
~~SKH:~~

Peiping's despatch No. 618, July 31, 1936, reports in regard to Japanese penetration into Chahar and Suiyuan Provinces.

Information of special interest in the report may be briefly summarized as follows:

(1) It is generally regarded as necessary for foreigners to obtain permission from the Japanese military officer resident at Kalgan for travel north of that city in Chahar Province, permission which is now consistently refused, (2) missionaries at work in Chahar report frequent interference by Japanese with the movements of foreigners, (3) Chinese are not yet restrained from travel, (4) the Japanese are apparently in complete control of the Mongols inhabiting Chahar and north and east Suiyuan, (5) there are allegedly few Japanese in the Japanese-controlled Mongol area, (6) the Mongols do not want to be under Japanese control and they are treated badly by the Japanese according to reports, (7) the younger Mongols in these areas are radical and sympathetic toward Soviet Russia, (8) most observers

are

182-1

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

- 2 -

are at present of the opinion that a Japanese-sponsored forward movement into Chinese areas in Chahar and Suiyuan Provinces will not occur in the immediate future, (9) the Kwantung Army is disappointed with the decline of revenue in the area of Chahar Province which it controls, (10) the influence of Japanese is constantly increasing along the Peiping-Suiyuan Railway (there is a weekly airplane service between Peiping and Paot'ou operated by the Japanese military), (11) there are more than 300 Japanese and Koreans resident in Kalgan; 50 to 100 Japanese and Koreans in Kueihwa; and about 10 in Paot'ou (there is a Japanese military mission in each of these cities), (12) there is a Japanese Consulate at Kalgan and an "unofficial" Japanese consulate in Kueihwa, (13) there are representatives of the South Manchuria Railway Company at Kalgan and Kueihwa, (14) it seems improbable that Japanese penetration into Inner Mongolia will receive any real check from Chinese authorities, and (15) there seems to be no doubt that Japanese and Koreans are engaged in the narcotics business in Inner Mongolia.

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JCV/VDM

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EMBASSY OF THE
UNITED STATES OF AMERICA

No. 618

DEPARTMENT OF THE ARMY
Peiping, July 31, 1936.

1936 AUG 21 AM 11 42
Subject: Japanese Penetration in
Chahar and Suiyuan Provinces.

DIVISION OF COMMUNICATIONS AND RECORDS

793.94
with
893.1147 minutes
(page 10)

For Post-Action Sheet		✓	✓
Grade	✓	OF M	✓
For		In U.S.A.	
		ONI-MID	

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

793.94/8109

The Honorable
The Secretary of State,
Washington, D.C.

Very FE
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Division of
FAR EASTERN AFFAIRS
AUG 25 1936
Dep't of State
Latta to [unclear]
Sept. 1, 1936
See 193.1147
September 11 1936

Sir:

I have the honor to submit information with regard to Japanese penetration in those areas in Chahar and Suiyuan Provinces which are occupied by Mongols and in those areas along the Peiping-Suiyuan Railway which are under Chinese administration.

I. Japanese penetration in Mongol areas:

a. Japanese interference with foreigners' movements:

Travel by foreigners in territory north of the Great Wall in Chahar Province has been practically stopped.

by the

184-1

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F/FG

- 2 -

by the Japanese military. Japanese military and consular representatives stationed at Kalgan, the Chahar provincial capital at the Great Wall, inform foreigners that they cannot travel north from Kalgan. Permission from the Japanese military officer resident at Kalgan for such travel is regarded as necessary; and such permission is now consistently refused. The Chinese authorities at Kalgan are extremely reluctant to visa foreigners' passports for travel north of Kalgan, their expressed reason being their fear that foreigners may become involved in difficulties with Japanese military or with Japanese-directed Mongol military. Two foreigners, who went on July 29 north from Kalgan for thirty miles to Changpei on the main road to Outer Mongolia, were forced by the Japanese military to return on the same day to Kalgan. Earlier in July two other foreigners were detained for two days by Japanese authorities at Chapsur, which lies further north on the same road. There are reports from missionaries at work in that area of frequent interference by Japanese with the movements of foreigners. Two American missionaries, however, who left Kalgan on July 29, with only Chinese visas, to visit mission stations in Mongol territory in Chahar Province, passed through Changpei without hindrance, the inference being that foreigners who have work to do and who are well-known in the area are not yet prevented entry. These two foreigners expressed their intention of avoiding Chapsur, however, because of their belief that they would otherwise be interfered with at that point. Chinese are not yet restrained from travel.

With regard to travel by foreigners to Pailingmiao,

184-2
which

-3-

which is in northeastern Suiyuan Province but under Japanese control, it is believed that the situation is similar. Chinese authorities in Kueihwa, the Suiyuan provincial capital on the Peiping-Suiyuan Railway, are most reluctant to permit foreigners to leave Kueihwa for Pailingmiao, maintaining that difficulties with Japanese would be encountered. It is understood, however, that foreigners who have long been associated with that part of Inner Mongolia in northeastern Suiyuan, where Pailingmiao is located, can still move about in that area.

b. Japanese control of Mongols:

Japanese are apparently in complete control of the Mongols inhabiting the areas referred to above. It is reliably reported that no foreigners are now permitted to see Prince Teh, the leading Mongol in Japanese-controlled Mongol territory and the Chairman of the Mongolian Local Autonomous Political Council, the headquarters of which were formally removed in June of this year from Pailingmiao in Suiyuan Province to Chapsur in Chahar Province on the Kalgan-Outer Mongolia road. The increasing curtailment of Prince Teh's influence is indicated by a reliable report of his recent failure to persuade the Japanese to deal leniently in imposing export duties on goods exported by Prince Teh's friend, "Duke" Larson, the well-known Swedish dealer who lives north of Chapsur. It would now seem that Prince Teh is no more than a puppet and that his former strength, which lay in being able to bargain both with Japanese and Chinese authorities, has been completely dissipated as a result of the action of the National Government and the Chinese provincial authorities which cut him off from China by their

184-3

-4-

their establishment of a council of Mongols living in Suiyuan Province.

There are allegedly few Japanese in the Japanese-controlled Mongol area, it being said that there are only some ten or twenty Japanese at Pailingmiao and a similar number at Chapsur and at other important points. These Japanese exert their control through the military strength which is behind them in "Manchukuo" and through the presence in Mongol territory in Chahar and north-eastern Suiyuan of Japanese-directed Mongol troops from Jehol Province. There are reputedly from one to two hundred such troops at Pailingmiao and a large force of one to two thousand men, under the Japanese-directed Jehol Mongol leader Li Shou-hsin, in the vicinity of Changpei, thirty miles north of Kalgan.

The Japanese have recently instituted military conscription among Mongols in certain parts of Chahar, apparently as an experiment, and there is at Changpei a school where several hundred Mongols are receiving primarily military training, although the Mongols attending were under the impression when they were enrolled that they were to receive other education. It is understood that the Mongols in the school numbered some 500 in the spring of this year but that the number has now decreased to about 300 because of Mongol dissatisfaction with the institution. According to a 27 year-old Mongol, who was forced to attend the school against his will but who recently obtained release through feigning simple-mindedness, the Mongol students are roughly treated; they are told, when they complain of the poor quality of the food, that the soldiers of Genghis Khan had worse food

184-4
and

-5-

and yet conquered Europe; and every effort is being made to turn the students against Soviet Russia and communism.

c. Attitude of the Mongols under Japanese control:

All reports from Chinese and foreign sources are to the effect that the Mongols do not want to be under Japanese control and that they are treated badly by the Japanese. As stated in previous despatches, the present plight of the Mongols in Chahar Province and northeastern Suiyuan Province is the result of (1) their own weakness militarily, (2) the unjust and inept handling of the Mongol question by Chinese provincial and national authorities, (3) the military strength of Japan, and (4) the firm intention of the Japanese military to gain control of Inner Mongolia in preparation for a possible war with Soviet Russia and, less importantly, to exploit the area economically.

According to well-informed sources, the younger Mongols of the area under discussion are radical and are sympathetic toward Soviet Russia because of the latter's comparative liberal treatment of Mongols in Outer Mongolia; and the Mongol princes in the area under discussion are still on friendly terms with those Mongols in Outer Mongolia who were princes prior to Soviet control and who are still regarded by Mongols as princes. From this information, it would appear that the Japanese could hope for little real support from the Mongols in Inner Mongolia in case of a conflict in which Outer Mongolia and Japan were on opposing sides.

d. Japanese intentions:

The strict control by the Japanese over the Mongol areas referred to above appears to be for the purpose of establishing

184-5

-6-

establishing themselves firmly there prior to extending their control over Mongol areas in Suiyuan Province. Whether the Japanese intend to extend at the same time their control over those parts of Chahar and Suiyuan Provinces which are under Chinese control is not known. (Japanese penetration in the Chinese areas will be discussed later in this despatch.)

There have been frequent reports during the past twelve months that the Japanese intend to cause the Japanese-directed Mongols in Chahar Province to move westward and take over Suiyuan, the latest rumor being that this will occur in September or October of this year and that Prince Teh will be made the puppet emperor of Inner Mongolia with his capital at Kueihwa, the provincial capital of Suiyuan.

Most observers are at present of the opinion, however, that such a forward movement will not occur in the immediate future. The reasons for the suspension of westward expansion are not known but are probably to be found among the following: (1) the Japanese military are awaiting developments in Sino-Japanese relations with respect to China south of the Great Wall; (2) the Kwantung Army is preoccupied with problems confronting them in "Manchukuo"; (3) westward expansion is not approved at present by the "moderate" military authorities at Tokyo who are now allegedly stronger than formerly; (4) the Kwantung Army is uncertain whether a westward movement might not involve them with unwanted military conflict with General Sung Che-yuan's forces in southern Chahar and General Fu Tso-yi's forces in Suiyuan; and (5) the Japanese wish first to regularize their position in the area

in Chahar

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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

-7-

in Chahar and northeastern Suiyuan which they already control.

In explanation of this fifth point, the Embassy has been informed that the Kwantung Army is disappointed with the decline of revenue in the area in Chahar Province which they control. For example, the Wostwag, a German company which has long traded with Inner Mongolia, has within the past few weeks entirely stopped trade with the Mongol area under Japanese control, the reason being that the Japanese assessed or caused to be assessed a duty of 11 per cent on goods which the Wostwag purchased in that area and that this was followed by a similar assessment by the Chinese provincial authorities when the goods reached territory under Chinese administration. Japanese have been discussing with Wostwag and with the Chahar Provincial authorities ways to adjust the situation so that the Wostwag will resume its former trade, but so far without success. (The Wostwag stopped all trade with Outer Mongolia in January of this year, and now all their shipments go by way of Tientsin to Vladivostok.)

II. Japanese penetration along the Peiping-Suiyuan Railway:

The influence of the Japanese is constantly increasing along the Peiping-Suiyuan Railway, penetration being also facilitated by a Japanese weekly military plane service between Peiping and Paot'ou, the westernmost station of the Peiping-Suiyuan Railway. The plane (a 1928 Fokker) uses Chinese airfields at the various towns along the railway and is not open to the general public. Japanese planes, other than that on the weekly service, are also said to stop frequently at the Chinese airfields.

There

184-7

-8-

There are more than 300 Japanese and Koreans resident at Kalgan, the Chahar provincial capital, the number at the beginning of this year having been 180; there are from 50 to 100 Japanese and Koreans resident at Kueihwa, the Suiyuan provincial capital; and about ten at Paot'ou, the end of the line.

There is a Japanese military mission at each of those cities, and each mission has its own short-wave radio outfit for sending and receiving messages. According to the local Japanese Embassy, those military officers are under the Kwantung Army; according to the local Japanese Assistant Military Attaché, those officers are under the North China Garrison; according to a Chinese official, it is stated on the calling-cards of those officers that they are under the North China Garrison although they claim to be under the Kwantung Army when it suits their convenience. There is also a Japanese civilian resident at Kalgan who is in the employ of the Kwantung Army and who is referred to as "in charge of Mongolian affairs in Kalgan".

There is a Japanese consulate at Kalgan, and within the past few months there has been established at Kueihwa a consulate of peculiar status. A Chinese official who participated in the negotiations for the establishment of this consulate has stated that the Chinese authorities objected to the establishment of a Japanese consulate at Kueihwa and that a compromise was finally arrived at whereby the Chinese authorities agreed to the residence at Kueihwa of Japanese consular representatives provided no Japanese flag were flown over the building occupied and no designation as consulate were on the entrance. (A member of my staff who visited Kueihwa on July 28 found the Japanese consular people

housed

184-8

- 9 -

housed in a rather wretched Chinese building with no name at the entrance and no flag flying.)

There are representatives of the South Manchuria Railway Company resident at Kalgan and at Kueihwa, allegedly pursuing economic investigations. Those at Kueihwa are housed in the nameless quarters of the Japanese consular representatives.

The presence of Japanese is most noticeable in Kalgan. In one short street near the railway station are the following Japanese establishments: several inns, several restaurants and cafes, a motor-bus company, a toy shop, a printers' and stationary shop, and a manufactory of washing powder. These last two mentioned establishments are presumed to be the two manufactories of heroin which are commonly said to be in Kalgan under Japanese or Korean management.

The situation at Tat'ung, on the Peiping-Suiyuan Railway in northern Shansi Province, is not so clear. There are neither consular nor military representatives resident there, and the principal activity of Japanese dealers appears to be the sale of heroin. It is understood that two Chinese inns near the Tat'ung railway station were recently taken over by Japanese nationals for the promotion of this illicit business.

As for the sale of Japanese products along the Peiping-Suiyuan Railway, no information is obtainable. It is believed, however, that considerable business is done in that area in smuggled Japanese goods, especially since the market in Hopei Province and in places to the south of that province has become glutted.

III.

184-9

- 10 -

III. Attitude of Chinese toward Japanese penetration:

The Chinese authorities along the Peiping-Suiyuan Railway are evidently uneasy with regard to the growing Japanese penetration and with regard to ultimate Japanese intentions. One hears that the Chinese provincial authorities have recently been promised aid by the National Government in case of need in resisting the Japanese and that preparations for resistance are being made in northern Shansi and in Suiyuan Province. The accuracy and the significance of such reports are open, however, to doubt. It seems improbable that Japanese penetration by the present gradual means or by actual military force will receive any real check at the hands of the Chinese provincial authorities concerned whether or not they receive aid from the National Government.

893.114 Narcotics
IV. Narcotics along the Peiping-Suiyuan Railway:

There seems to be no doubt that there is at least one heroin factory (probably two) in Kalgan conducted by Japanese or Koreans and that heroin is being sold by Japanese nationals or their Chinese employees in cities and towns along the railway in increasing amounts. Figures in regard to this trade, however, are unobtainable because of the secrecy surrounding the business.

As for opium, considerable areas along the railway between Kueihwa and Paot'ou are planted with poppies, notwithstanding the new regulation of this year that poppies may not be grown within a space of about seven miles on either side of the railway. It is said that the area under such cultivation this year is considerably larger than last year, although only a three mile limit with respect

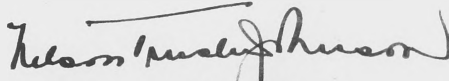
to

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- 11 -

to the railway was fixed by the provincial authorities last year. The trade of the Suiyuan authorities in Kansu and Ningsia opium allegedly continues unabated. Disinterested observers resident in the principal cities along the Peiping-Suiyuan Railway estimate invariably more than half the population smokes opium, some estimates being that 90 per cent of the population are addicted. There is no evidence that the opium trade is in other than Chinese hands.

Respectfully yours,


Nelson Trusler Johnson

Original and four copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Peiping.

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LES-SC

184-11

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
SPECIAL GRAY

AU

1-1336

Nanking (via N.R.)

FROM
Dated August 25, 1936

Rec'd 7 a.m.

Secretary of State

Washington

249, August 25, 1 p.m.

CONFIDENTIAL



In an informal conversation with the Secretary General of the Executive Yuan today he informed me that the present Japanese Ambassador had told the Chinese Government that he would not (repeat not) insist on Hirota's three principals but would try to improve Sino-Japanese relations by taking up first economic questions susceptible of settlement and that the Ambassador had also assured the Chinese Government that he would discuss all pending questions with the National Government rather than with local authorities even including economic projects in North China. The Secretary General expressed satisfaction with the way in which the Japanese Ambassador had acted as to these announced intentions. Repeated to Peiping.

PECK

793.94/8110

FILED

AUG 26 1936

F/FG

185-1

TELEGRAM RECEIVED

AU

1-1336

FROM Nanking

A portion of this telegram must be closely paraphrased before being communicated to anyone. (A)

Dated August 26, 1936

Rec'd 7:18 a.m.

Secretary of State

Washington

Division of
FAR EASTERN AFFAIRS

AUG 26 1936

Department of State

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

250, August 26, noon.

One. Suma this morning gave me oral account of Chengtu incident of August 24, 6 p.m. briefly as follows:
(Special Gray) Following the Mukden incident five Japanese consular offices in West China were closed and the Consulate General at Chengtu which had been maintained for 18 years has been the last to be reopened. Having duly informed the Chinese Foreign Office of the intention to reopen Chengtu and receiving no objection the Japanese Government recently sent an officer to Szechwan but when he arrived at Chungking about August 18, he was refused transportation on the commercial air line and a garage keeper even canceled contract already concluded to store his motor stock. Moreover this officer was stoned on the streets. On August 24, four Japanese comprising two newspaper reporters, one employee of the South Manchuria Railway and one merchant all provided with visaed passports arrived in Chengtu from Chungking

presumably

793.94/8111

AUG 28 1936

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note
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K

au -2- #250, Aug. 26, noon from Nanking

presumably by plane and at 6 o'clock were attacked by an anti-Japanese mass meeting of about 2000 persons. Chinese reports reaching Suma state that two of the party were killed, one wounded and one missing. Chancer Wu, representative of the Chinese Ministry of Foreign Affairs at Chungking, telegraphed 24 hours after the event that two Japanese were missing and two wounded as a result of the attack. Suma instructed two officers of the Consulate at Chungking to proceed immediately to Chengtu to ascertain facts and it is thought that they went August 25th by plane.

Two. Suma having a presentiment that serious trouble was brewing presented strongly worded note verbale to the Foreign Office August 24 just before the attack. This communication described the agitation in Szechuan against the reopening of the Consulate General at Chengtu and the treatment accorded Japanese officials in Chungking as being "assaults" and inconsistent with good relations between China and Japan. Further representations will be made after the Japanese official report has been received.
(End Special Gray)

Three. Suma expressed to me his belief that the agitation against the reopening of the Consulate General has been deliberately fomented by officials of the Nanking Government although Liu Hsi Ang, provisional Chairman of
186-2 Szechuan

AU -3- "250, Aug. 26, noon from Nanking

Szechuan, being a pro-Kwangsi and anti-Chiang Kai Shek
Politician may also have been inciting it.

Four. Suma informed me that the adjustment of
Sino-Japanese relations had been at a standstill since
the assassination of Vice Minister Tang Yu Jen December
25 last except for a constant exchange of notes of pro-
test and I received the impression that if the Chengtu
incident turns out to have been sufficiently serious it
will be utilized as a means of accelerating this. Although
of course deploring the incidents at Chungking and Cheng-
tu and the consequent ~~damage~~ to Sino-Japanese friendship,
Suma appeared pleased at the opportunity thus presented
to bring pressure to bear on Chiang Kai Shek and the
National Government.

PECK

EPD

186-3

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)

P A R A P H R A S E

CONFIDENTIAL

A telegram (No. 250) of August 26, 1936, from the American Embassy at Nanking, reads substantially as follows:

On the morning of August 26 the Secretary of the Japanese Embassy (Suma) gave to the Counselor of the American Embassy a brief oral statement with regard to the Chengtu incident of August 24 to the following effect:

Five Japanese consular offices in West China were closed following the Mukden Incident and the Consulate General at Chengtu which had been maintained for eighteen years has been the last to be reopened. Recently the Japanese Government, after having duly informed the Chinese Foreign Office of the intention to reopen Chengtu and having received no objection, sent an officer to Szechuan but when he arrived at Chungking about ^{August} 18 he was refused transportation on the commercial air line and a garage keeper even canceled a contract already concluded to store his motor stock. This officer was, moreover, stoned on the streets. On August 24, four Japanese - two newspaper reporters, one employee of the South Manchuria Railway, and one merchant - all of whom were provided with visased passports, arrived in Chengtu from Chungking presumably by airplane and at six o'clock in the evening were attacked by an anti-Japanese mass meeting of approximately 2000 persons. According to Chinese reports reaching Suma, two of the party were killed,

one

- 2 -

one was wounded and one is missing. Twenty-four hours after the incident, the representative of the Chinese Ministry of Foreign Affairs (Chancer Wu) at Chungking telegraphed that two Japanese were missing and two wounded as a result of the attack. Suma instructed two officers of the Japanese Consulate at Chungking to go to Chengtu immediately to ascertain the facts and it is thought that they went by airplane on August 25.

On August 24, just before the attack, Suma, having a pre-sentiment that serious trouble was brewing presented to the Chinese Foreign Office a strongly worded note verbale, which described the agitation in Szechuen against the reopening of the Japanese Consulate General at Chengtu and the treatment accorded Japanese officials in Chungking as being "assaults" and inconsistent with good relations between Japan and China. After the Japanese official report has been received further representations will be made.

The Japanese Secretary (Suma) expressed to the Counselor of the American Embassy the opinion that officials of the Nanking Government deliberately fomented the agitation against the reopening of the Consulate General at Chengtu, although the provisional Chairman of Szechuan (Liu Hsi-ang), being an anti-Chiang Kai-shek and a pro-Kwangsi politician, also may have been inciting the agitation.

The Counselor was informed by Suma that, except for a constant exchange of notes of protest, the settlement of relations between China and Japan has been at a standstill since

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

- 3 -

since Vice Minister Tang Yu-jen's assassination on December 25, 1935. The Counselor received the impression that if the incident at Chengtu proves to have been sufficiently serious, it will be used as a means of speeding the settlement of Sino-Japanese relations. Suma seemed pleased at the opportunity thus presented to bring pressure to bear on the National Government and Chiang Kai-shek, although he of course deplored the incidents at Chengtu and Chungking and the resulting damage to friendship between China and Japan.

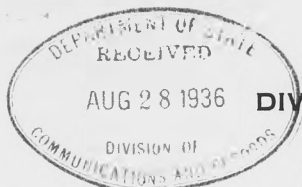
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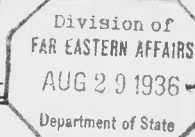
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS



August 15, 1936.

CONFIDENTIAL



Subject: The Situation in China.

S: ✓
Mr. Secretary.

During the week in review the situation in the North China area was quiet. However, notwithstanding a press report to the effect that the Japanese Ambassador had given assurance that Japan henceforth will devote more attention to economic matters than to military domination in China, there appeared to be general apprehension that the Japanese military might again become active in their endeavors to set up an autonomous North China.

In Suiyuan Province (Inner Mongolia) fighting was reported between Japanese-supported Chinese troops and Suiyuan provincial troops, and there were rumors that Japanese forces in Chahar Province had been reinforced by two regiments. (Inner Mongolia comprises the three extramural provinces of Chahar, Suiyuan, and Ningsia. Japan now controls most of Chahar, and the present fighting is interpreted as the initial move in a plan to form a Japanese-controlled Mongolian (or Chinese) régime in Suiyuan.)

In South China the situation remained substantially the same as described last week. The military leaders

Kwangsi

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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

- 2 -

Kwangsi Province have persisted in their refusal to come to terms with the Nanking Government. Chiang Kai-shek, who flew to Canton August 11, is reported to have expressed the opinion that a peaceful solution would be reached, but press reports today state that indications are that an early outbreak of hostilities is inevitable.

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rcw

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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



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

August 22, 1936.

Subject: The Situation in China.

S: ✓
Mr. Secretary.



1793.94
During the week in review, the Japanese Ambassador to China conferred in Tientsin with Japanese diplomatic and military officials. Our Embassy at Peiping expressed the opinion that the Japanese Ambassador hopes to persuade the Japanese military to suspend political activities in north China for the time being in order that he may effect agreements of an economic character with the Chinese Government. It is understood that the agreements to which the Ambassador refers have relation to a reduction in Chinese import tariff on certain commodities and to Sino-Japanese cooperation in the economic development of north China. However, developments in connection with the apparent determination of the Kwantung (Japanese) Army to extend its control over Inner Mongolia may react unfavorably upon the negotiations which the Japanese Ambassador hopes to initiate with the Chinese Government.

In south China, a settlement of the differences between the Nanking Government and the military leaders of Kwangsi Province was not reached although negotiations to that end apparently continued.

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Handwritten signature

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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

76

TELEGRAM RECEIVED

RB

1-1336

FROM GRAY

Peiping via N. R.

Dated August 28, 1936

Rec'd 7 a. m.

793.94
Secretary of State
Washington.

422, August 28, 11 a. m.

Reference Embassy's 410, August 21, 4 p. m.

One. The Japanese Ambassador left Tientsin August 24 after conferring there with Japanese military and diplomatic officials. He stopped at Tsinanfu August 25 and saw Han Fu Chu and went from there to Tsingtau on his way to Shanghai. Beginning of section two.

JOHNSON

WWC

Division of
FAR EASTERN AFFAIRS
AUG 29 1936
Department of State
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COPIES SENT TO
U.N.I. AND M.I.D.

793.94/8114

SEP 3 - 1936

FILED

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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

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TELEGRAM RECEIVED

CORRECTED COPY

1-1936

U

FROM Peiping

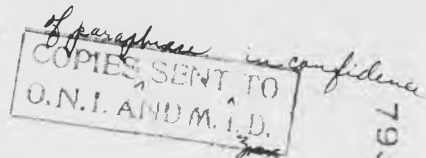
This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (C)

Dated August 28, 1936

Rec'd 12:30 a.m.

Secretary of State

Washington



422, August 28, 11 a.m. Section Two.

Two. A competent attache of the local Japanese
Embassy commented yesterday confidentially as follows in
paragraphs three to six beginning of section three.

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JOHNSON

KLP

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K

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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

TELEGRAM RECEIVED

AU

SPECIAL GRAY

1-1336

Peiping via N.R.

FROM

Dated August 28, 1936

Rec'd 3:50 p.m.

Secretary of State

Washington

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

422, August 28, 11 a.m. (Section Three)

✓ Three. The prevailing accomplishment of the Japanese Ambassador's visit to North China was an increase of his own ^{*understanding*} ~~of~~ the situation. He aroused the apprehension of the Japanese military as they feared that he was going to enter into agreements with the Chinese. He did, however, gain the understanding of the Commander of the North China garrison and he made a good impression on Chinese officials. The Kwantung army is still irritated.

✓ Four. Economic agreements await the Japanese Ambassador's conversation with Chiang Kai Shek. ^{*Kawagoe*} Kassinagol prepared his program of economic cooperation while he was stationed in Tientsin and it has the approval of the military. The first start will be the building of two railways, one being the Shihkiachwang-Tsangchow Railway, although this will probably not (repeat not) go to Tsangchow but will run direct from Shihkiachwang to Tientsin, thereby cutting short the route, the other being

187-3

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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

AU -2- #422, August 28, 11 a.m. (Section Three) from
Peiping

being the Tsinanfu Shuntah Railway. Final agreements on railways await the conversations of the Japanese Ambassador with Chiang. The Japanese insist on their financial participation in the construction work of both railways. The first railway will open up the coal fields of Shansi, although this will depend on agreements made with the Shansi authorities, with whom it is difficult to make agreements. National Government influence is increasing there. The second railway will not only open up Shansi coal fields but will also open up a cotton and agricultural area. The second step of the program will be the development of agricultural products, including cotton. The Shansi authorities have refused to permit the Japanese to establish a cotton experimental station at Taiyuan. However, the Japanese intend to establish such stations next spring at Tungchow and at Tientsin. The cotton growing plan has progressed no further than this. The third step will be development of mining, which will be confined to coal and iron, the latter not being very hopeful, and possibly gold. The whole program will be expensive for Japan. It is believed that the Foreign Office official Kuwashima, who has gone to Osaka to persuade Japanese there to invest in North China, will be successful because such investment is a matter of national

187-4

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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

AU -3- #422, Aug. 28, 11 am (Sec. 3) from Peiping

national policy although it may not be regarded by them optimistically.

Five. The new Chief of Staff of the North China garrison, Major General ^{*Gunbarkimoto*} ~~W. Hashimoto~~, arrived at Tientsin August 18. In accordance with the present policy of the central authority, he is a moderate. He has had ^(no) ~~not~~ (repeat ~~not~~) Kwantung army experience and although clever it is feared he may be unable to control his subordinates. *SP*

Six. There is no change in the North China situation and a five province regime is no nearer than it was two months ago.

By mail to Tokyo.

JOHNSON

KLP

187-5

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

RB

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (A)

FROM

Peiping

Dated August 28, 1936

Rec'd 12:30 a. m.

Secretary of State

Washington.

422, August 28, 11 a. m. Section Two.

✓
Kamenev a competent attache of the local Japanese
Embassy commented yesterday confidentially as follows in
paragraphs three to six-beginning of section three.

JOHNSON

KLP

187-7

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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

CONFIDENTIAL

PARAPHRASE

CONFIDENTIAL

Section two of a telegram (No. 422) of August 28, 1936, from the American Ambassador at Peiping, reads substantially as follows:

Paragraphs three to six at the beginning of section three of this telegram contain comments made confidentially on August 27 by a competent attaché of the Japanese Embassy in Peiping.

egc.
FE:EGC:EJL

FE

137-8

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

MJD

GRAY

FROM

Nanking via N. R.

Dated August 31, 1936.

Rec'd. 7 a. m.

1-1338

Division of
FAR EASTERN AFFAIRS

SEP 1 - 1936

Department of State

Secretary of State,
Washington.

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

253, August 31, 11 a. m. (SECTION ONE)

Our 250, August 26, noon.

One. Subsequent developments according to reliable information: the dead bodies of the two Japanese newspaper men were found some distance from their hotel. The Japanese consular officer appointed to Chengtu remained in Chungking and the Japanese Consul at Chungking proceeded to Chengtu to investigate.

Two. Alleged ringleaders of the mob were executed at Chengtu August 26th. A section chief and an "expert" of the Foreign Office proceeded to Chengtu by plane August 28th together with a third secretary of the Nanking Japanese Embassy. On the same day the President of the OSAKA MAINICHI and two other Japanese news correspondents flew to Chengtu. (The Commissioner of Foreign Affairs for Szechwan and Sikang is also in Chengtu.) Chiang Kai Shok and Kung telegraphed August 27 to Szechwan Chairman Liu Hsiang instructing him to investigate the

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149

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- No. 253, August 31, 11 a. m. (Section One) from Nanking
the incident, apprehend and punish the culprits, protect
foreigners and maintain peace and order. The National
Government issued August 29 a mandate again prohibiting
hostile acts or utterances tending to stir up inter-
national ill feeling.

(SECTION TWO FOLLOWS)

PECK

KLP

188-2

TELEGRAM RECEIVED

U

SPECIAL GRAY AND GRAY

FROM ^{Nanking} via N.R.

Dated August 30, 1936

Rec'd 31st, 6 p.m.

Secretary of State

Washington

253, August 30, 11 a.m. (Section Two)

Two.

Both Chinese and Japanese officials deny press reports that the Japanese Embassy has presented any demands in connection with the affair and it is understood that the Japanese attitude will not be furnished officially until their investigation is completed to their satisfaction. In spite of the apparent restraint being ^{exercised} ~~less~~ at present by the Japanese ^{generals} ~~departments~~, the Chinese Government appears to be greatly concerned over the affair and its possibilities and observers here generally believe that ^{an incident} ~~it~~ of significance in Sino-Japanese relations has occurred. This feeling is supported by Arita's statement to the Diet August 26, as reported in the press, that the matter cannot be settled by an exchange of notes (?) a fundamental adjustment of Sino-Japanese relations is essential.

Three. The Chinese appear to have quietly and carefully laid a foundation for a possible diplomatic settlement

188-3

0495

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

U -2- #253, Aug. 30, 11 a.m. (Sec. 2) from Nanking

settlement in case the Japanese authorities are disposed to be reasonable. The form which the Chinese version of the affair seems to be taking is that while some students were involved, the agitation was fomented by non (repeat non) student Communistic and unruly elements and was directed against the smuggling of Japanese goods into China (there has previously been no indication that the smuggling problem was acute in Szechwan). One story is to the effect that the military forces was raiding a Chinese firm dealing in smuggled goods when the Japanese newspaper men have asked and took photographs of this "anti-Japanese demonstration" thus angering the mob. Another story is that the Japanese newspaper men interfered with Chinese who were putting up anti-smuggling posters thus bringing about attack upon themselves. According to responsible official of the Foreign Office one Chinese policeman was killed defending the Japanese victims and the Japanese survivors have signed a statement countersigned by the Chungking Japanese Consul to the effect that the local police and gendarmes did everything in their power to protect the Japanese victims. This statement has not been published.

Section Three follows.

WVC

188-4
PECK

TELEGRAM RECEIVED

MM

1-1336

GRAY AND SPECIAL GRAY

FROM

NANKING

Dated Aug. 31, 1936

Rec'd. 10:45am.

Secretary of State

Washington, D.C.

253, August 31, 11am. (Section Three).

Four. The Japanese version is shaping toward a contention that the agitation was organized by the local party headquarters exceeding measures of the Japanese Consulate at Chengtu. As regards the circumstances of the attack it appears factual that the mob reputedly 2000 in number had gathered some three hours before the victims were seen and the Japanese are likely to point out that the police and gendarmes had sufficient warning to enable them to take adequate precautions to control the agitators.

Five. (Reports on this matter have been delayed due to removal to new Embassy quarters).

Six. Repeated to Department, Peiping and Hankow.

PECK

WWC

188-5

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

TELEGRAM RECEIVED

U Tokyo
A portion of this telegram
must be closely paraphrased FROM Dated September 2, 1936
before being communicated
to anyone. (A) Rec'd 7:36 a.m.

Secretary of State
Washington

176, September 2, 11 a.m.

(GRAY) One. The Japanese press reports that the Japanese defense forces wish to utilize the recent Chengtu incident as a means of bringing pressure on China to eliminate all anti-Japanese movements in that country. The army is reported to demand of the Foreign Office that the Nanking Government be requested to dissolve the Tangpu or failing that that Japan obtain the right to settle by force similar incidents in the future. The navy is reported to demand that a local settlement of the affair be refused; that eradication of all anti-Japanese thought and action be demanded; that certain Tangpu and other anti-Japanese organizations be dissolved and anti-Japanese meetings and literature be prohibited; and that it be demanded that the Chinese accept the Japanese principles for a fundamental solution of Sino-Japanese issues in general. (END GRAY) (These alleged desiderata of the defense forces indicate that they wish to utilize the incident to weaken the power of Chiang

Division of
AR EASTERN AFFAIRS
SEP 2 - 1936
Department of State

Paraphrase in confidence
COPIES SENT TO
O.N.I. AND M.I.D.
30x

793.94/8116

FILED
SEP 2 - 1936

F/FG

189-1

0498

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

U -2- #176, Sept. 2, 11 a.m., from Tokyo

Chiang Kai Shek.) (Gray) On the other hand, the Foreign Office is reported to desire a "fair settlement" of the incident from a broad viewpoint. (End gray)

Two. In a short informal conversation yesterday the chief of the East Asia Bureau of the Foreign Office told me that he expected that the incident would be settled smoothly and intimated that the agitation in the local press was inspired by military influences.

Repeated to Peiping.

NEVILLE

KLP

189-2

CONFIDENTIAL

P A R A P H R A S E

A telegram (No. 176) of September 2, 11 a.m., from the American Embassy at Tokyo, reads substantially as follows:

The Japanese press reports that the Japanese defense forces wish to utilize the recent Chengtu incident as a means of bringing pressure on China to eliminate all anti-Japanese movements in that country. The army is reported to demand of the Foreign Office that the Nanking Government be requested to dissolve the Tangpu or failing that that Japan obtain the right to settle by force similar incidents in the future. The navy is reported to demand that a local settlement of the affair be refused; that eradication of all anti-Japanese thought and action be demanded; that certain Tangpu and other anti-Japanese organizations be dissolved and anti-Japanese meetings and literature be prohibited; and that it be demanded that the Chinese accept the Japanese principles for a fundamental solution of Sino-Japanese issues in general. (These reported desiderata of the army and navy forces show that they desire to make use of the Chengtu incident to weaken General Chiang Kai-shek's power.) On the other hand, the Foreign Office is reported to desire a "fair settlement" of the incident from a broad viewpoint.

On September 1, during the course of a brief informal conversation with the Counselor of the American Embassy, the
chief

0500

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

- 2 -

chief of the East Asia Bureau of the Japanese Foreign Office
intimated that military influences were the inspiration for
the agitation in the Tokyo press, and he stated that he
anticipated that the incident would be settled without friction.

EGC.
FE:EGC:EJL

FE

189-4

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



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

August 29, 1936

CONFIDENTIAL

Subject: The Situation in China.



S:
Mr. Secretary.

In north China, interest centered in the probable results of recent conversations of the Japanese Ambassador to China with Japanese military leaders in north China and with Chinese leaders of the Hopei-Chahar régime. Our Embassy at Peiping reported that the Japanese Ambassador's proposals for Sino-Japanese cooperation in railway construction and in mining and agricultural development in north China had been received favorably by the Chinese authorities in north China and by the Japanese military at Tientsin but that the attitude of the Kwantung (Japanese) Army was still doubtful. Our Embassy stated that concrete developments awaited conversations between the Japanese Ambassador and General Chiang Kai-shek.

At Chengtu, Szechuan Province, on August 24, Chinese attacked four Japanese in the city, sent there in connection with plans to reopen the Japanese Consulate at Chengtu, action to which the local Chinese strongly objected. Two Japanese were killed, one was wounded, and one is reported missing. The press reports that Japanese officials take a very serious view of the matter and that there is a probability

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

- 2 -

probability that the incident will be used to demand the fullest suppression of "anti-Japanism" in China. Representations have been made to the Chinese Government by the Japanese Embassy and investigations of the incident are now being conducted by both the Chinese and the Japanese authorities.

In south China, the press reported the commencement of hostilities between Kwangtung provincial troops (loyal to the Nanking Government) and forces of Kwangsi Province.

The situation in general, both in Chinese internal affairs and in the field of Chinese-Japanese relations, appears fraught with more serious possibilities of untoward developments than at any time during recent weeks.

JCV.
FE:JCV/VDM

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

JS

This telegram must be
closely paraphrased be-
fore being **TELEGRAM RECEIVED**
to anyone (A)

NANKING
Dated September 2, 1936

Rec'd 2:50 p.m.

1-1236
Secretary of State,

Washington, D.C.

FROM

Division of
FAR EASTERN AFFAIRS

SEP 3 - 1936

Department of State

COPIES SENT TO
U.N.I. AND M.I.

257, September 2, 3 p.m.

Our No. 253, August 31, 11 a.m. (Section one).

One. Suma called on Chang Chun yesterday. I am

reliably informed that he confined himself to pointing out
the extreme gravity of the affair as an expression of
anti-Japanism which he contends is being allowed to grow
in China. Kung's confidential assistant assures me that
the Japanese have not (repeat not) yet presented any
demands or intimated officially what satisfaction they
may desire. Suma stated this morning that there remain
various phases of the incident which require further
investigation before the Japanese Government can formulate
its position. From his conversations with various persons
I have the impression that:

One. The Japanese are now delaying action while
they seek to find officials of the Kuomintang, the
National Government or Szechuan Provincial Government
whom they can directly or indirectly blame for the
incident.

Two. Their purpose in this is to employ the incident
as occasion for a definite step forward with their
diplomatic

793.94/9113

SEP 3 - 1936

FILED

F/FG

120-1

1504
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-

From Nanking, #257, section one.

diplomatic program vis a vis China.

Three. Whatever move they decide to make will be based upon the thesis that: (A) the conciliating pronouncements of Chiang Kai-shek at the Fifth Kuomintang Congress November 1935 and other similar pronouncements by National Government officials have led Japan to exercise great patience with China since that time; (B) this patience has been repaid with "insincerity" because some officials of the Government or party have continued secretly to foster anti-Japanese feeling; (C) the Chengtu incident is a direct result of such official undercover activities and anti-Japanism is now so widespread in China that drastic steps must be taken to stamp it out before it gets completely beyond control.

Section two by radio.

ATCHESON

JS

190-2

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

U

GRAY

1-1234

FROM Nanking via N.R.

Dated September 2, 1936

Rec'd 1:45 p.m.

Secretary of State

Washington

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

257, September 2, 3 p.m. (Section Two)

Two. Reuter reports from Tokyo September 1 that
(1) the Japanese third squadron has canceled a southern
cruise and will remain in the vicinity of "the Yangtze
Valley and Shanghai"; (2) the Navy's attitude toward the
incident is that Kuomintang headquarters should be dis-
solved and Nanking appropriately to accept Hirota's
three principles; (3) Military Attache Isokai now in
Tokyo has advocated to the Japanese Vice Minister of
Foreign Affairs that the Japanese Government demand the
disbandment of the Kuomintang.

Three. Japanese Embassy states it does not yet
know when Kawagoe will come to Nanking.

Four. Lieutenant Colonel Watari, a Japanese
military officer said to be stationed at Hankow, flew to
Chengtu August 31 reportedly in company with a Japanese
naval officer. A senior Secretary of the Foreign Office
flew to Chengtu the same day to assist in the invitations
being

190-3

0508
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

U -2- #257, Sept. 2, 3 p.m. (Sec. 2) from Nanking
being conducted by Foreign Office and other Chinese
officials already there.

Five. The bodies of the two Japanese victims were
cremated August 31 at Chengtu and the ashes were taken
yesterday to Shanghai by plane. The plane was met at
Nanking by officials of the Japanese Embassy and two
officials of the Chinese Foreign Office which sent
two wreaths to the airfield.

Six. Section one and two to Department and
Peiping; section two Hankow, Shanghai by mail.
End message.

ATCHESON

EPD

190-4

0507

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

P A R A P H R A S E

Section one of a telegram (No. 257) of September 2, 1936, from the American Embassy at Nanking, reads substantially as follows:

On September 1 the Secretary of the Japanese Embassy (Suma) called on Chang Chun. According to reliable information received by the American Embassy Suma confined himself to pointing out to Chang Chun how very grave the Chengtu incident is as an expression of feeling against Japan, which feeling Suma contends is being permitted to increase in China. A member of the American Embassy staff has been assured by the confidential assistant of Kung that as yet the Japanese have not intimated officially what satisfaction they may wish or presented any demands in connection with the incident. On September 2 Suma stated that before the Japanese Government can put its position in definite form various phases of the incident which remain must be investigated. The member of the American Embassy staff received the impression that the Japanese are postponing action while they try to find officials of the Szechuan Provincial Government, the Kuomintang, or the National Government whom they can blame for the incident either directly or indirectly; that the purpose of the Japanese in taking this course is to make use of the Chengtu incident as the occasion for a definite step forward in connection with their diplomatic progress in

194-5

0508

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

- 2 -

ress in China; and that whatever the Japanese decide to do they will base their move upon the thesis that (1) various pronouncements by Nanking Government officials, including Chiang Kai-shek's conciliating statements in November, 1935, at the Fifth Kuomintang Congress, have since that time led Japan to show its extreme patience with China; (2) the Chinese have repaid this patience with "insincerity", as evidenced by the action of some officials of the Nanking Government or the Kuomintang party in continuing to foster anti-Japanese feeling secretly; (3) such undercover activities on the part of Chinese officials have been the direct cause of the Chengtu incident, and now anti-Japanese feeling in China is so widespread that in order to stamp it out before it gets beyond control completely drastic steps must be taken.

E.G.C.
FE:EGC:EJL

9/4/36

190-6

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

793.94

DOCUMENT FILE

NOTE

SEE 893.00/13686 FOR Tel#-. Noon

FROM Hankow (Jarvis) DATED Aug 29, 1936
TO NAME 1-1127 ***

REGARDING: Incident of August 24th, presumably in connection with efforts to reopen the Japanese Consular Office there.

Developments: Information meager and conflicting. Martial law is reported to have been declared and communications restricted.

FRG.

793.94/8119

8119

0510
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

AU

GRAY

Hankow via N.R.

Dated August 29, 1936

Rec'd 8 am

Secretary of State

Washington

August 29, Noon.

It is not yet possible to form a clear picture of what happened on August 24th in Chengtu. Martial law is reported to have been declared there and communications are said to be restricted. Information from foreign sources in Chengtu and Chungking is meager and conflicting. Nearly all the information available here emanates from the Japanese and Chinese semi-official news agencies, front Mei and Central, which agree that four Japanese travelers were attacked by a mob in Chengtu on August 24th and that two of the Japanese were killed and two were injured but are expected to recover. The Chinese version blames unruly elements desiring to embarrass the Central Government. Japanese reports attribute the unfortunate incident to the agitation, which the Szechuan authorities did not check, against the reopening of the Japanese Consular office in Chengtu. Despatch follows,

Sent to the Department, Peiping, Nanking.

EPD

JARVIS

893.00/13686

0511
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 893.01-Inner Mongolia/78 FOR Tel.#429-2pm.

FROM China (Johnson) DATED Sept.1,1936.
/td/ NAME 1-1127 ***

REGARDING: Conditions in Inner Mongolia in Chahar and
eastern Suiyuan, under Japanese control: Reports
information as to -, obtained from two Mongol-
speaking foreigners, just returned from that
area.

fpg

793.94/ 8120

8/20

0512
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

LMS

GRAY AND SPECIAL GRAY

Peiping via N. R.

Dated September 1, 1936

Rec'd 11:30 a. m.

note
793.94
Secretary of State,
Washington.

429, September 1, 2 p. m.

Reference Embassy's 427, September 1, noon.

(One.) Information has been obtained with regard to conditions in Inner Mongolia in Chahar and eastern Suiyuan under Japanese control from two Mongol-speaking foreigners who have just returned from that area after a three months' and one month's visit respectively. Their information, which is contained in paragraph two, is not (repeat not) conflicting and it substantiates information submitted by the Embassy in previous telegrams.

(Two.) There are apparently not repeat not Japanese troops in the area in question, but there are Japanese officers and some thousands of Manchukuo and Mongol forces. The Mongols do the bidding of the Japanese only and admit their fear of the Japanese and because Prince Teh is heavily in debt to them as the result of purchases of military supplies. Chinese renegades and bandits, together with some Mongols of similar character, continue to gather in the vicinity of Shangtu in the extreme west of Chahar northeast

893.01 Inner Mongolia/78

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

LMS 2-No. 429, September 1, 2 p. m., from Peiping.

northeast of Pingtichwan and are allegedly and presumably receiving arms and money from Japan.

(Three). An American resident of Suiyuan states that residents of Suiyuan are apprehensive of the allegedly impending westward movement of the above-mentioned elements and that definite preparations are being pushed.

(Four.) The attitude of Fu Tso Yi, however, is not known. The Chief of Staff of the Kwangtung army visited Fu at Kueihwa on August 25 and 26. The purpose and outcome of the visit are not (repeat not) known. Itagaki also visited Yin Ju Keng but did not see Sung Che Yuan. His visit to Yin has aroused speculation in connection with the Japanese Ambassador's alleged statement to the Chinese press that East Hopei and North Chahar should be united. By mail to Tokyo.

JOHNSON

PEG

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

MED

TELEGRAM RECEIVED

NANKING

1-1338

FROM Dated September 3, 1936

Received 1:55 p.m.

Secretary of State,

Washington

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

Division of
FAR EASTERN AFFAIRS

SEP 4 - 1936

Department of State

793.94

256, September 3, 2 p.m. (Section one)

My 257, September 2, 3 p.m. / 8118

One. Suma yesterday also saw political vice Minister
for Foreign Affairs and local Japanese Assistant Military
Attache Amemiya called on Administrative Vice Minister.
Foreign Office spokesman informed foreign news corres-
pondents this morning that the Chengtu incident was not
discussed in these conversations nor during Suma's
call on Foreign Minister.

Section two follows:

ATCHESON

WWC

793.94/8121

SEP 9 - 1936

F/FG

191-1

TELEGRAM RECEIVED

U ¹⁻¹⁸³⁶
This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM Nanking

Dated September 3, 1936

Rec'd 9:03 a.m.

Secretary of State

Washington

of paraphrase in confidence
COPIES SENT TO
O.N.I. AND M.I.D.
Jim

258, September 3, 2 p.m. (Section Two)

Two. I am informed by the same official, however,
that the officers of the Ministry intimated to Suma
that while the Chinese Government is prepared to receive
favorably reasonable demands in connection with the in-
cident, it will not countenance any demand that the
Kuomintang be disbanded. My informant stated to me con-
fidentially and somewhat excitedly that should the
Japanese press such a demand it would mean war. I
report this statement for what it may be worth.

Section three follows.

ATCHESON

WWC

191-2

TELEGRAM RECEIVED

U

GRAY AND SPECIAL GRAY

1-1236

FROM Nanking via N.R.

Dated September 3, 1936

Rec'd 8:05 p.m.

Secretary of State
Washington



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

258, September 3, 2 p.m. (SECTION THREE)

Three. By reasonable demands he stated was meant compensation for the families of the dead victims and for the two injured Japanese survivors, assumption of responsibility for failure to protect the Japanese victims, and punishment of the culprits. According to the press, Liu Hsiang has already communicated by telegraph to the Chungking Japanese Consul the Government's willingness to give satisfaction in these respects.

Four. He confirmed reports that the Japanese Third Squadron had been ordered to remain near Shanghai and that he had information from Tokyo that representatives of the army, navy and Foreign Office there consulted together yesterday concerning the incident and that a similar but more important conference of Japanese Government officials would take place in Tokyo today. He said the Japanese third secretary (Matsumura) who was to return from Chengtu today was remaining to cooperate with the Japanese naval officer (Commander Nakatsu)

and

790.94/8121

FILED
SEP 9 - 1936

F4

191-3

0517
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

U -2- #258, Sept. 3, 2 p.m. (Sec. 3) from Nanking
and army officer from Hankow who flew there August 31.
Foreign Office officials now in Chengtu are also re-
maining temporarily.

Five. Shanghai foreign press quotes a Japanese
newspaperman who returned from Chengtu September 1 as
stating that reports that Chengtu police were killed
while defending the Japanese victims were false and that
while some may have been bruised "investigation has shown
that the Chinese police did practically nothing to
protect the four Japanese under their care". In
refutation of this statement, the informant showed me
a document in Chinese which he said was written by
Tanaka, South Manchuria Railway, employee and one of
the surviving victims, to effect that the police had done
everything in their power to protect him and the other
three Japanese and that the police were overpowered by
the mob.

Six.. To Department and Peiping.

ATCHESON

KLP

191-4

0518

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

(CONFIDENTIAL)

PARAPHRASE

CONFIDENTIAL

Section 2 of a telegram (No. 258) of September 3, 1936, from the American Embassy at Nanking reads substantially as follows:

The Foreign Office spokesman informed a secretary of the American Embassy, however, that the officers of the Ministry for Foreign Affairs intimated to the Japanese Secretary (Suma) that, although the National Government is ready to consider favorably reasonable demands in connection with the Chengtu incident, it will not approve any demand that the Kuomintang be broken up. The American secretary's informant told him confidentially and rather excitedly that it would mean war if Japan should press a demand for the disbandment of the Kuomintang. The American Embassy reports the above statement for such value as it may have.

793.94/8121

egc.
FE:EGC/VDM
9-4-36

FE

191-5

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

LMS

GR/Y

Hankow via N. R.

1-1236

FROM

Dated September 3, 1936

Rec'd 2:15 p. m.

Secretary of State

Washington.

COPIES SENT TO
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Division of
FAR EASTERN AFFAIRS
SEP 4 - 1936
Department of State

September 3, 4 p. m. 893.00/13686

My August 29, noon, and despatch dated August 31st,
and Nanking's August 31, 11 a. m.

There is good reason to believe, from the testi-
mony of foreign residents of Chengtu, that (one) a
growing unfriendliness towards and suspicion of foreign-
ers which fed on rumors such as the "poisoned needle"
scare ^{SEE} (our political report for May 1936) and reports
of Japanese coming to "spy" on the copper mines and
natural resources of the province were noticeable in
both Chengtu and in interior of Szechuan for some time
before the incident of August 24th and, although di-
rected particularly against the Japanese, caused some
trouble and inconvenience to foreigners of other na-
tionalities and (two) when one of the injured Japanese
was brought to the Canadian Methodist Mission Hospital
and treated by the foreign doctor the nurses at the
hospital threatened to strike, it was rumored that the
hospital would be attacked if the Japanese was allowed
to

793.94/8122

SEP 5 - 1936

FILED

F/FG

LMS 2- From Hankow, September 3, 4 p. m.

to stay, and that authorities removed the injured man in order to protect him and prevent an aggravation of the incident; and (three) soldiers quartered next to the hotel at which the Japanese were staying made no move to intervene during the disturbance (this is said not to be unusual in Szechuan).

Two. With reference to the report (United Press, Nanking August 27th) that "main force of the mob" was largely composed of students of West China Union University, I am informed by an American member of the university staff that while they cannot deny categorically that students of the university were in the crowd or participated in the disorders the university term had not officially opened and the dormitories, which were only beginning to receive students for residence, had as late as August 29 less than one-fifth of their usual number.

Three. Seto, the injured Japanese from Hankow, returned here by plane from Chengtu September 1 and was sent to hospital. The same plane took Tanaka, the other injured Japanese, and the ashes of the two dead Japanese to Shanghai.

Sent to the Department, Peiping, Nanking, Shanghai,

JARVIS

KLP

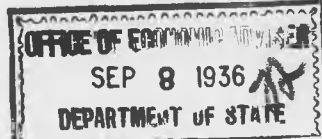
0521

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

U

GRAY AND SPECIAL GRAY



FROM Peiping via N.R.

Dated September 3, 1936

Rec'd 7:50 p.m.

NOT FOR PUBLICATION

Secretary of State

Washington

Division of
FAR EASTERN AFFAIRS

SEP 4 - 1936

Department of State

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

431, September 3, 4 p.m.

One. Reports appear in the press during the past three days that an organ named the "Inspectorate General of the Hopei-Chahar Political Council" was to be inaugurated September 1 for the collection of a "consumption tax on special goods," and it is reported that this organ will collect one-eighth of the amounts fixed by the Chinese customs tariff on smuggled goods for the benefit of the local regime. The points established in

ACIC
RECORDING DESK
FILE - WHB



Confirmation of these published reports

cannot yet be obtained. The Consulate General at Tientsin states that certain Chinese officials there regard these reports as an effort to uncover reaction to such a scheme, if it were in fact to be (?) it is believed. It is believed that the local Chinese authorities are at least considering the establishment of some

such

793.94/8125

FILED
SEP 12 1936

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

U -2- #431, Sept. 3, 4 p.m. from Peiping

such scheme which would permit the unhampered distribution and sale of smuggled goods now stored in Tientsin or in the East Hopei autonomous area throughout Hopei and Chahar (?) to the local authorities. It is evident from Japanese press reports that the Japanese would welcome such an organization and even hope that a similar organization will be set up in the Province of Shantung by Han Fu Chu. It is believed that whatever may result locally, a similar development in Shantung is doubtful for the present at least.

Three. The Chinese authorities responsible are presumably motivated by the expectation of funds to be realized from such a source and by Japanese pressure. The use of the old per capita "consumption tax" permits the inference that this scheme may be tacitly although unwillingly acceptable to the Central Government, in the belief that the establishment of similar "consumption tax on special goods" (that is goods which have not paid the regular tariff) in provinces farther from the points where such "special goods" have entered will raise an ever increasing barrier after the distribution of "special goods". In consequence the Embassy is considering a Central News Agency report to the effect that Wang Keh Min has left Shanghai for

Tsingtau

052

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

U -3- #431, September 5, 4 p.m. from Peiping

Tsingtau perhaps at last to take up a position in
North China. (Reference Embassy's 392, August 5,
5 p.m.) 793.94/8087

Four. Another point of view would appear to
be that the establishment of such a consumption tax
would have the effect of granting a preferential
tariff on Japanese goods entering Hopei and Chahar,
which would be welcomed by the Japanese and re-
garded as legitimate by the local Chinese authorities
and in line with Sino-Japanese economic cooperation
in this area.

JOHNSON

KLP:HPD

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
GRAY

U

Peiping via N.R.

1-1238

FROM September 3, 1936

REC'D 3:32 p.m.

Secretary of State

Washington

Division of
FAR EASTERN AFFAIRS

SEP 4 - 1936

Department of State

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

433, September 3, 6 p.m.

Reference the last sentence of paragraph three of
Embassy's 431, ^{8/23} September 3, 4 p.m., Wang Keh Min left
Tsingtau yesterday for Dairen. It is said locally that
the object of his visit to Dairen is to meet the Chief
of Staff of the Kwantung army and overcome the latter's
prejudice against/assuming a post in North China.

By mail to Tokyo.

JOHNSON

KLP:HPD

793.94/8124

FILED
SEP 9 - 1936

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

COPIES SENT TO

CHINA AND M.I.D.

GRAY AND SPECIAL GRAY

Shanghai via N.R.

FROM

Dated September 5, 1936

Rec'd 10:35 a.m.

Secretary of State

Washington

484, September 5, 9 a.m.

Division of
FAR EASTERN AFFAIRS

SEP 8 - 1936

Department of State

The NORTH CHINA DAILY NEWS reports that Mr. Matsu-
mura, Japanese Consul at Nanking who has returned to
Shanghai following an investigation of the Chengtu
incident and who is proceeding to Tokyo to report to
the Japanese authorities the result of his findings,
issued the following statement to Japanese
newspaper representatives in Shanghai:

"I came back with an inescapable feeling that, while
the Szechuan provincial authorities are voluble in their
assurance that they intend to show good faith in
settling this case, they have no intention of carrying
into effect what they say. The Szechuan officials
contend they were not responsible for the outbreak,
which, they claim was instigated by Communists. They
also state the riot was not anti-Japanese in nature.
Moreover, they assert that all the required measures to
protect the lives of the Japanese visitors were taken.

I

793.94/8125

F/FG

U -2- #484, Sept. 5, 9 a.m. from Shanghai

I am unable to see the grounds on which they plead total relief from responsibility. I also am unable to understand why Japanese were specially selected to be killed or manhandled in a riot that was not anti-Japanese in character."

Mr. Matsumura is further reported to have stated that Chinese officials admitted that not one shot was fired by the police during the entire disturbance and that this admission failed to support the Chinese contention that all measures had been taken to protect the Japanese travellers. Six persons suspected of having taken a leading part of the riot are now being held by the Chinese authorities for questioning. Mr. Matsumura was also quoted as having said that copies of the alleged statement made by the two Chinese who were executed two days after the riot were handed to the Japanese investigator by the Chinese officials and that in one statement there appeared an admission that one of these men had formerly taken part in the Communists movement. Mr. Matsumura is further reported to have informed Japanese press reporters that no Chinese bodies were found, Chinese explanation being that the bodies had been removed and disposed of by relatives and friends. He is also said to have asserted that the Japanese investigators were under constant guard

0527
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

U -3- #484, Sept. 5, 9 a.m. from Shanghai

guard and that this precaution prevented them from carrying out an unhampered investigation.

I have been reliably informed that according to a local Japanese consular officer it has been decided to adopt a very firm stand regarding the incident and that the Japanese are determined to have a 'show down' over this matter. It was stated that Japanese demands have not yet been fully formulated.

Repeated to Peiping, Hankow and by pouch to Nanking.

GAUSS

GW

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

JS

GRAY AND SPECIAL GRAY

NANKING Via N.R.

TELEGRAM RECEIVED

Dated September 5, 1936

Rec'd 11:25 a.m.

Secretary of State,

FROM

Washington, D.C.

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

259, September 5, 11 a.m. 18121

My 258, September 3, 2 p.m., section one.

One. Contrary to information from Foreign Office the Foreign Office section chief (Shao Yu Ling) and "expert" (Yang Kai Chia) returned night of September 3rd from Chengtu. On the same plane was Japanese Third Secretary Matsumura who was met at Nanking by Suma and the two went to Shanghai where they are stated to have reported to Kawagoe, Suma returning to Nanking this morning. Shanghai Foreign Affairs press quotes Matsumura as stating (One) his belief that the Szechwan authorities have no intention of carrying out their promises of good faith in settling the case; (two) if as the authorities claim the agitation was communistic and not anti-Japanese and all required measures to protect the Japanese were taken he cannot understand why "Japanese were especially selected to be killed or manhandled"). Chengtu Chinese officials have admitted that not one shot was fired by police against the rioters and no Chinese dead have been found.

Two. The press reports that two Japanese light cruisers sailed September 3 from Shanghai for Hankow "in keeping with Navy Ministry orders for a tightening up of the Japanese naval patrol on the Yangtze following the murders at Chengtu" and that present Japanese naval

Division of
FAR EASTERN AFFAIRS
SEP 8 - 1936
Department of State

793.94/8126

FILED
SEP 9 - 1936

192-1

0528
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

-2-

From Nanking #259

strength at Shanghai will shortly be doubled by the
arrival of the Thirteenth Destroyer Flotilla of three
vessels.

Section two follows.

ATCHESON

JS

192-2

TELEGRAM RECEIVED

MJP

1-1836

GRAY AND PLAIN
FROM
Nanking

Dated September 5, 1936

Rec'd 11:10 a. m.

Secretary of State,
Washington.

259, September 5, 11 a. m.

(SECTION TWO)

Three. Both Chinese and foreign press reports from Tokyo state that the Japanese Government was to issue instructions last night to Kawagoe concerning its demands. (PLAIN) Reuter at Tokyo September 4 quotes the NICHU NICHU as saying that it "reliably learns that Japan will present eight demands to Nanking concerning the Chengtu incident: (One), Nanking Government should thoroughly control anti-Japanese movements and prevent similar incidents in future. (Two), Revision of anti-Japanese school books and extermination of anti-Japanese education. (Three), Prohibition of anti-Japanese gatherings and dissolution of anti-Japanese organizations. (Four) Nanking Government should assume responsibility for anti-Japanese activity of Kuomintang branches. (Five), Removal of all action blocking the reopening of the Japanese Consulate General at Chengtu. (Six), Formal apology by Nanking Government. (Seven), Punishment of the

guilty

192-3

0531
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

MJP -2- No. 259, September 5, 11 a. m. from Nanking

guilty and those responsible for the incident. (Eight),
Indemnification for loss and injury to sufferers."

(Section three follows)

ATCHESON

GW

192-4

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

JS

1-1236

SPECIAL GRAY
FROM
NANKING Via N.R.

Dated September 5, 1936

Rec'd 11:15 a.m.

Secretary of State,
Washington, D.C.

259, September 5, 11 a.m. SECTION THREE

Four. I am told by an official of Japanese Embassy
that: (one) ~~Suma~~ has made no appointment to see
Chinese Government officials today; (two) Kawagoe is not
expected at Nanking within next few days; (three) news-
paper reports of demands are premature; (four) the Japanese
Government is now studying the matter and is not yet
prepared to formulate its position.

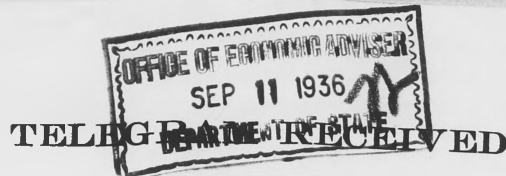
Repeated to the Department and Peiping; by mail
to Tokyo, Shanghai and Hankow.

ATCHESON

ECC JS

192-5

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



FE
EA
A/C

U 1-1336
This telegram must be
closely paraphrased
before being communicated
to anyone. (C) *Copies here sent to Chinese in confidence*

FROM Peiping

Dated September 8, 1936

Rec'd 15:07 a.m.

Copy also to

Secretary of State

Division of
FAR EASTERN AFFAIRS
SEP 8 - 1936
Department of State

Washington

SEP 9 - 1936

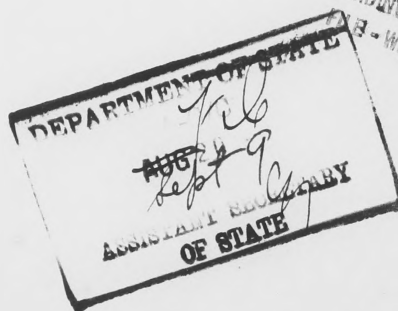
437, September 8, 10 a.m.

Embassy's 431, September 3, 4 p.m.

One. The head of the customs at Peiping returned
from Tientsin September 5, where he had gone to obtain
information about the new tariff scheme, and he has given
the Embassy the information contained in paragraph two.
(Beginning of Section Two.)

JOHNSON

KLP



793.94/8127

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

U

1-1336

FROM SPECIAL GRAY

Peiping via N.R.

Dated September 8, 1936

Rec'd 6:50 a.m. *2 copies to tm*

Secretary of State

Washington

not for Publication
SEP 9 - 1936 *OK*

437, September 8, 10 a.m. (SECTION TWO)

Two. Scheme has not yet been put into effect. Japanese are in favor of it. Sung Che Yuan's regime is divided with regard to it. Sung's attitude has been noncommittal. There are officials of the National Government now in Tientsin and Peiping working against the scheme. Although it is said by proponents that only smuggled goods already in Hopei would be dealt with, this is unlikely. The future of the scheme appears to depend upon how soon Chiang Kai Shek can settle the Kwangsi problem and turn his attention to North China. By mail to Tokyo.

JOHNSON

KLP

0535
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)

PARAPHRASE

Section one of a telegram (No. 437) of September 8, 1936, from the American Ambassador at Peiping, reads substantially as follows:

The information contained in paragraph two of this telegram (See Section 2, following) was received by the American Embassy from the head of the Customs at Peiping who returned on September 5 from Tientsin where he had gone for the purpose of obtaining information in regard to the new tariff scheme.

793.94/8127

FE:ECC

FE

IX-9-36

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

U

1-1336

GRAY

FROM Hankow via N.R.

Dated September 9, 1936

Rec'd 10:05 a.m.

Secretary of State

Washington

September 9, 5 p.m.

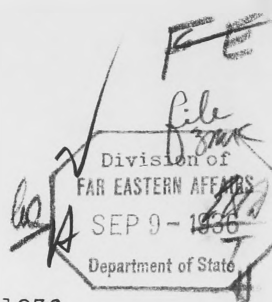
There are now six vessels of the Japanese Yangtze River forces (11th squadron) at Hankow (the ATAKA, KATATA, ATAMI, TOBA, FUTAMI and KOTAKA) and two at Chungkung (the HOZU and HIRA). Five of the six vessels at Hankow arrived on September 7th, 8th and 9th. The 11th squadron numbers 12 vessels.

Two. Chau Cer Wu, the Foreign Office's special delegate for Szechuan and Sikang, flew through Hankow yesterday on his way from Chengtu to Nanking to report

Three. In Chengtu, according to a reliable foreign source there, the authorities are trying to curb anti-Japanese expressions, there is now little evidence of anti-foreign feeling, and students are politer than they have been for years. Sent to Peiping, Nanking, Shanghai.

JARVIS

KLP:VWC



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O.N.I. AND M.I.D.
JMS

793.94/3128

FILED

F/FG

193-1

0537

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

TELEGRAM RECEIVED

LMS

GRAY and SPECIAL GRAY

1-1336

FROM Nanking via N. R.

Dated September 9, 1936

Rec'd 1:52 p. m.

DEPARTMENT OF
FAR EASTERN AFFAIRS

793.94
Secretary of State,
Washington.

COPIES SENT TO

C.N.I. AND C.I.D.

SEP 10 1936

Department of State

262, September 9, 2 p. m. 893.00/13695

Penultimate paragraph of Canton's September 8,
11 a. m.

Cne. Japanese Embassy states that it has no de-
tails other than that a Japanese merchant, the only
Japanese resident of Pakhoi who has lived there many
years and has a Chinese wife, was killed several days
ago at Pakhoi by a Chinese mob. (Reuter's at Canton
quoting the Japanese Consulate General there gives the
date of the alleged murder as September 3) Suma inti-
mated this morning to a foreign news correspondent that
the affair involved members of the former 19th foreign
army part of which is reported to have been in occupa-
tion of Pakhoi on behalf of the Kwangsi rebels. He said
that this was one more instance of anti-Japanism and is
equivalent to the Chengtu incident in importance and he
mentioned the Shanghai murders as previous instances
concerning which Japan had shown great patience. He said
that Japanese patience was now exhausted and it would

be

793.94/8129

FILED
SEP 11 1936

F/FG

0538

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

LMS 2-No. 262, September 9, 2 p. m., from Nanking.

be "immediately necessary" for the Chinese Government to take adequate steps to suppress the vicious anti-Japanese feeling which the Government had allowed to grow throughout the country.

Two. He said that he opened yesterday preliminary negotiations with the Minister for Foreign Affairs over the Chengtu incident but the conversation was general, he had offered no (repeat no) demands or proposals for settlement and the Japanese Government had not yet formulated its demands. He said he told Chang Chun that the suppression of anti-Japanese feeling in China was essential to a settlement of the Chengtu murder and to the adjustment of Sino-Japanese relations. He said the date of Kawagoe's arrival in Nanking had not yet been set.

Three. I am informed by responsible official of the Foreign Office that the Chinese Government has not yet received any official information of the Pakhoi incident.

Four. To Department and Peiping. Repeated to Canton, by mail to Shanghai, Tokyo.

ATCHESON

CSB

194-2

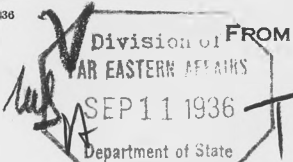
FE

TELEGRAM RECEIVED

LMS

GRAY and SPECIAL GRAY

1-1336



FROM Canton via N. R.

Dated September 10, 1936

Rec'd 1:45 p. m.

Secretary of State,
Washington.

File
E.g.c.

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

September 10, 3 p. m. 893.00

113695

Regarding Pakhoi incident, my telegram September 8, 11 a. m., it is now learned that the killing of a Japanese occurred on the border on September 3rd. The Japanese gunboat SAGA has sailed from Canton for Pakhoi carrying two officials of the Canton Japanese Consulate General who will investigate case. Dr. Tyau, special delegate for Executive Departments Foreign Affairs states he advised Japanese Consul in Charge not to send delegate to Pakhoi for fear of possible mob incidents but they proceeded nevertheless. Tyau has sent his assistant to Pakhoi to make an investigation. The Japanese Consul in charge states that they will investigate especially whether the alleged position was given out by 19th Route Army forces while carrying on anti-Japanese demonstration. If this is found to be the case Japanese attitude will become much firmer.

Sent to the Department, Peiping, Nanking.

LINNELL

CSB

793.94/8130

F/FG

SEP 12 1936

175-1

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

FE

U

TELEGRAM RECEIVED

Division of
FAR EASTERN AFFAIRS

Peiping via N.R.

SEP 11 1936

Dated September 11, 1936

Department of State

Rec'd 8:15 a.m.

Secretary of State

Washington

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

440, September 11, 1 p.m. 18124

Reference Embassy's 433, September 3, 6 p.m.

One. Wang Keh Min arrived September 8 at Tientsin from Dairen. There is evident considerable opposition to his assuming a post in North China. The sources of opposition are not definitely known. It is presumed that Japanese military "immoderates" are opposed because they believe Wang would strive to bring the local regime more within the orbit of the National Government. It is understood that the commander of the Japanese North China garrison is in favor of Wang's taking a post because he might improve the present "stagnant situation". ^{Some other} ~~Southeast~~ Japanese are opposed to Wang because they believe he can do nothing to improve the situation. Wang's Chinese opponents are supposedly motivated by apprehension that he would divert revenues which they now receive and would decrease their influence.

Two. Wang is now in Tientsin conferring with various officials. Sung Che Yuan left Peiping yesterday for Tientsin where he will presumably meet Wang.

By mail to Tokyo.

KLP

JOHNSON

793.94/8131

FILED
SEP 12 1936
F/FG

196-1

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

KLP

A portion of this telegram
must be closely paraphrased ~~FROM~~
before being communicated
to anyone. (a)

Tokyo

Dated September 11, 1936.

Rec'd. 9:40 a.m.

Division of
FAR EASTERN AFFAIRS

SEP 11 1936

Department of State

Secretary of State,
Washington.

of paraphrase in confidence
COPIES SENT TO
U.N.I. AND M.I.D.
mm

182, September 11, 5 p.m.

(GRAY) One. Local press contains various versions of decisions alleged to have been reached by the Japanese Government in connection with the Chengtu and Pakhoi incidents. The YOMIURI states Kawagoe has been instructed to take up the following points with the Nanking authorities:

(a) Facilitation of Japanese investigators despatched to Pakhoi, (b) affirmation of Japanese intention to take independent measures to protect Japanese lives and property in case further incidents occur, and (c) notification that upon completion of investigation Japan reserves intention to negotiate settlement with Nanking authorities.

Two. Yesterday the War Office issued an informal statement condemning the "mistaken" policies of the National Government of China and expressing the conviction that the Japanese Government would demand that resolute action be taken

790.94/8102

FILED E/FG
SEP 15 1936

- 2 -

182 from Tokyo

taken by China to settle the incidents.

Three. Other newspapers state that Japan will demand that China take steps to eradicate anti-Japanese agitation and propaganda which are held to be at the bottom of such incidents. The CHUGAI SHOGYO states that the Japanese Government will demand that certain leaders of Tangpu and writers on certain Chinese journals be "impeached" for anti-Japanese activities. The Foreign Office spokesman this morning, however, stated that it will be left to the Chinese authorities to determine the steps to be taken to eradicate anti-Japanese movements.
(END GRAY)

Four. There are indications that the moderate counsel which seemed to be gaining ground after the first excitement over the Chengtu affair had died down has encountered renewed pressure from the proponents of a strong policy since the Pakhoi incident.

Repeated to Peiping.

NEVILLE

GW:CSB

CONFIDENTIAL

CONFIDENTIAL

P A R A P H R A S E

A telegram (No. 182) of September 11, 1936, from the American Chargé d'Affaires at Tokyo, reads substantially as follows:

One. Local press contains various versions of decisions alleged to have been reached by the Japanese Government in connection with the Chengtu and Pakhoi incidents. The YOMIURI states Kawagoe has been instructed to take up the following points with the Nanking authorities:

(a) Facilitation of Japanese investigators despatched to Pakhoi, (b) affirmation of Japanese intention to take independent measures to protect Japanese lives and property in case further incidents occur, and (c) notification that upon completion of investigation Japan reserves intention to negotiate settlement with Nanking authorities.

Two. Yesterday the War Office issued an informal statement condemning the "mistaken" policies of the National Government of China and expressing the conviction that the Japanese Government would demand that resolute action be taken by China to settle the incidents.

Three. Other newspapers state that Japan will demand that China take steps to eradicate anti-Japanese agitation and propaganda which are held to be at the bottom of such incidents. The CHUGAI SHOGYO states that the Japanese Government will demand that certain leaders of Tangpu and writers

0544

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

- 2 -

writers on certain Chinese journals be "impeached" for anti-Japanese activities. The Foreign Office spokesman this morning, however, stated that it will be left to the Chinese authorities to determine the steps to be taken to eradicate anti-Japanese movements.

Four. It appears that, since the occurrence of the Pakhoi incident, the proponents of a strong policy are exerting renewed pressure against the moderate counsel which seemed to be gaining ground after the first excitement over the Chengtu affair had died down.

WJH
FE:WTT:EJL

1/1/76

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

GRAY

FROM Peiping via N.R.

Dated September 11, 1936

Rec'd 8:15 a.m.

Secretary of State

A.C./C Washington

NOT FOR PUBLICATION

Division of
FAR EASTERN AFFAIRS

SEP 11 1936

Department of State

RECORDING DIV

FILE - WHB

442, September 11, 3 p.m.

Reference Embassy's 431, September 3, 4 p.m., and

437, September 8, 10 a.m.

The Consulate General at Tientsin reports in despatch 404 of September 10 that no tax on smuggled goods is yet being collected, that no schedule of tax rates has been published, that definite information with regard to these matters is unobtainable, that premises in Tientsin are being renovated ostensibly for occupation by the tax office when established, and that, according to a Chinese describing himself as a Departmental Chief of the proposed "Inspectorate", a proclamation with regard to establishment and a tariff schedule will be ready some time this week.

By mail to Tokyo.

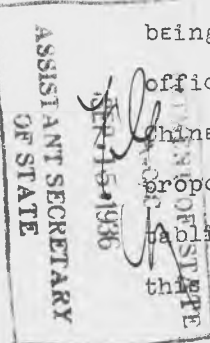
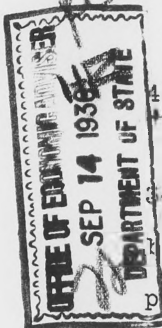
JOHNSON

CSB

793.94/3133

F/FG

793.94
note
893.512



FE
EA
AS/C

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

CONFIDENTIAL

September 5, 1936.

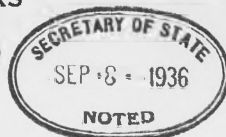
1936 SEP 9 AM 11 04

Subject: The Situation in China.

5:
Mr. Secretary.

During the week in review, interest centered in the possibility of a Japanese démarche in connection with the murder on August 24 of two Japanese by a Chinese mob at Chengtu, Szechuan Province. Although the Japanese military services and press appear anxious to present demands to the Chinese Government calculated to embarrass that Government and Chiang Kai-shek, the Embassy at Tokyo reported that the Japanese Foreign Office desired a fair settlement of the incident from a broad standpoint. The press reports that Imperial sanction has been given to demands to be made upon the Chinese Government which indicates that the Japanese Government will exact fulfillment of its conditions. These conditions are understood to be complete cessation of anti-Japanese activity in China and guarantees against future activity directed against Japan.

In regard to north China, reports indicated that an organ named the "Inspectorate General of the Hopei-Chahar Political Council" was to be inaugurated for the purpose of collecting a "consumption tax" (actually an import



793.94/3134

F/FG

FILED

SEP 9 1936

- 2 -

import duty) on "special goods" (smuggled goods), the amount to be one-eighth of the Chinese customs import tariff. The establishment of such an organ and the institution of such a tax would be a partial move toward tariff autonomy in north China and would be in line with Japanese plans for Sino-Japanese "economic cooperation" and for the eventual autonomy of north China.

In Kansu Province (northwest China), fighting between invading Chinese communist forces and provincial troops may, according to our Embassy at Peiping, give pretext to the Japanese for reviving their demands for Sino-Japanese cooperation to combat communism in north China and prove embarrassing to the Nanking Government.

In south China, no progress appeared to have been made toward a settlement of the differences between the Nanking Government and the military leaders of Kwangsi Province; but the fighting which appeared imminent a week ago has not developed on any serious scale and the latest reports indicate that Nanking authorities are still hopeful that there will be a peaceful settlement.

During the last three days there have come reports (in the press) of new incidents affecting Russo-Japanese relations on the Manchuria-Siberia frontier, on the basis of which the Associated Press, reporting from Moscow, features "suddenly increased tension over the Far Eastern situation". It is reported that the Soviet Government

has

0548

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

- 3 -

has warned Japan that border incidents are endangering the cause of peace. In the light of what we know of Soviet diplomatic strategy, it is not inconceivable that the Soviet Government is choosing this moment at which to inject into the situation a factor which ^{phases} ~~will~~ serve in some measure to divert Japanese official thought from its preoccupation (in some quarters) with the idea of pressing hard upon the Chinese on the basis of the opportunity presented by the Chengtu incident.

map

JCV.
FE:JCV:SKH/VDM
mll

0548
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 893.00 P.R./119 FOR # 639

FROM China (Johnson) DATED Aug. 12, 1936.
TO NAME 1-1137 ...

REGARDING: Developments in relations between China and Japan pleasing
to the Japanese. Sino-Japanese incidents.

793.94/ 8135

8135-

- 1 -

II. Foreign Relations:

A. Relations with the United States:

Nothing to report.

B. Relations with other countries:

1. Japan:

Progress in Sino-Japanese affairs was delayed during July primarily because participants were awaiting (a) the decision of Mr. Wang K'eb-min as to whether he would become the chief Chinese figure in Sino-Japanese negotiations for economic cooperation, (b) clarification of the relations of Chinese leaders in North China with General Chiang Kai-shek, and (c) the outcome of rebellious activities in the Southwest, which involved the future status and power of General Chiang Kai-shek. The situation was obscure in all principal phases and accurate information in regard thereto was largely unavailable. It was doubtful that the Chinese and Japanese concerned knew what the immediate future held.

a. Mr. Wang K'eb-min and economic cooperation: ¹

Anticipation of an acceleration of Sino-Japanese economic cooperation in North China was enhanced temporarily by the arrival on July 6 at Peiping of Mr. Wang K'eb-min to investigate there - and subsequently at Tientsin - the question of such cooperation in order that he might decide whether he should permit himself to be designated the chief Chinese figure in future negotiations in that

regard.

1. Embassy's telegrams 366, July 10, 4 p.m.; 366, July 11, 1 p.m.; 366, July 13, 3 p.m. and 372, July 21, 5 p.m.

- 2 -

regard. (Mr. Wang Shih-min had not participated in North China affairs since the abolition on August 31, 1935 of the Peiping Political Affairs Readjustment Committee, at which time he was its acting chairman. Although he was appointed a member of the Hopedai-Chahar Political Council at the time of its inauguration in December 1935, he had never entered into the duties of that position. He is presumably acceptable to the Japanese because of his past association with the corrupt, pro-Japanese Anfu Clique and because he has some reputation for ability in finance and economics.) Mr. Wang left Pienstein on July 13 for Central China, presumably to report his findings to General Chiang Kai-shek, and stayed there during the remainder of the month.

Speculation with regard to the probability of Mr. Wang's returning to North China developed as the month drew to a close. It was thought that he feared that he would fail in any attempt to solve the question of Sino-Japanese economic cooperation for various reasons, including (a) the possibility that General Sung Che-yuan would place obstacles in his way because General Sung foresaw that economic agreements arrived at by Mr. Wang with the Japanese would necessarily be implemented financially at General Sung's expense, (b) the possibility that General Sung's anti-Japanese subordinates might place obstacles in his way because they regard Mr. Wang as too friendly with the Japanese, (c) probable opposition from General Sung's civilian subordinates whose importance and power

would

- 3 -

would decrease as Mr. Wang's increased, and (d) the improbability of his discovering a reasonable attitude on the part of those Japanese with whom he would have to deal.

Mr. Wang stated while at Peiping that his visit was the outcome of requests made by General Chiang Kai-shek, General Heng Hsi-yuan, and the Japanese authorities concerned. That the Japanese placed considerable importance on Mr. Wang's assuming office in North China was evident from press reports and statements from Japanese sources to the effect that Japanese civil and military authorities were to give full support to Mr. Wang and had requested that General Heng Hsi-yuan and his subordinates do likewise. That General Chiang Kai-shek and the National Government hoped that Mr. Wang would take office in North China was evident from the appointment on July 21 by the National Government of Mr. Ts'ao Ju-lin and Mr. T'ang Hsi-ho to membership in the Hebei-Chahar Political Council, presumably in preparation for their becoming assistants of Mr. Wang, as both these men had served in Ministries of the old Peking Government, were regarded as acceptable to the Japanese, although only Mr. Ts'ao had been associated with the Anfu Clique, and had had some experience in economic and financial administration. Their acceptance of the appointments was regarded as depending on Mr. Wang's return to North China. (Two other men, already members of the Council, were looked on as future assistants of Mr. Wang, namely, Mr. Wang Yi-t'ang, formerly associated with Mr. Wang

K'eh-min

- 4 -

Chen-min in the Anfu cliques, and Mr. Liu Che, of the old Mukden Party, who is now important in General Sung's regime.) It was less certain that General Sung and his subordinates desired to have Mr. Wang Chen-min in North China sharing their authority as an appointee of the National Government.

It seemed unlikely that Mr. Wang, in case he became the chief Chinese negotiator with the Japanese, could accomplish much, not only because of opposition from various quarters but also because of the lack of money for carrying out economic cooperation on a scale large enough to satisfy Japanese ambitions.

b. Relations of General Chiang Kai-shek with⁵
Generals Sung Che-yuan and Han Fu-chu:

There was evidence during July that a change had taken place in the attitude of General Chiang Kai-shek toward Generals Sung Che-yuan and Han Fu-chu, the military leaders of Hopei and Shantung provinces, respectively. The change was said to be due to General Chiang's dissatisfaction with the attitude of Generals Sung and Han toward himself and the National Government during that period when there was some reason to believe that the rebellious activities in the Southwest might be successful. According to some reports, the attitude of Generals Sung and Han was too neutral, if not actually disloyal, to be pleasing to General Chiang, even granting that they were not free agents because of Japanese pressure. It seemed to observers that

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5. Embassy's telegram 392, August 5, 5 P.M.

- 5 -

if these reports were true - and they had not been substantiated by the end of July - danger would accompany any effort of General Chiang to relegate these northern generals to positions of only nominal importance unless such a procedure had the approval of the Japanese concerned. It seemed probable, however, that General Chiang would await the complete liquidation of the situation existing in the Northwest before he attempted seriously to interfere - if at all - in the administrations of Hopei and Shantung provinces.

Generals Chiang, Han, Sung, and Feng Yu-hsiang sent representatives to one another during the month, and it was presumed that these visits had to do with the situation in the Northwest, with the relations of Generals Sung and Han with the Japanese, and with the relations of Generals Sung and Han with one another, especially in reference to the political union of these two leaders desired by the Japanese military. Whatever the purposes of the visits and whatever the interest and intention of Marshal Feng Yu-hsiang, former senior officer of Generals Sung and Han, the solution of none of the various problems concerned seemed to have been reached in July.

c. The attitude of the Japanese military:

It was believed that the Japanese military were scarcely satisfied with the progress of their interests during July. The strengthening of General Chiang Kai-shek as a result of the partial liquidation of the Southwestern situation aroused apprehension on the part of some Japanese, although it was

not

0555

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

- 6 -

not assured that General Chiang might not use his increased power to effect understandings with the Japanese instead of using it to resist Japanese pressure. Mr. Kawagoe, the new Japanese Ambassador to China, apparently accomplished nothing concrete following the presentation of his credentials on July 3 at Nanking. Insofar as was known, no important agreements were reached between Japanese and Chinese leaders in North China. As a result, there was speculation as to what measures the Japanese military - especially the Manchung Army - might be considering to remedy the situation.

u. Developments pleasing to the Japanese:

There were, however, certain developments which were probably pleasing to the Japanese although not of immediate significance. The pro-Japanese, subversive General Hih Tu-san was appointed⁴ by the local authorities and took office on July 31 as a member of the Hopei-Shahar Political Council. The pro-Japanese, unscrupulous Mr. P'an Tu-kwei was put in charge⁵ from July 14 of "preparation for construction of the Shihchiachwang-Tsangchow railway" long desired by the Japanese. This step, however, seemed rather for the purpose of ousting Mr. P'an from his post of Chief of the Department of Political Affairs of the Hopei-Shahar Political Council, because of the dislike for him of elements of General Sung's army, than to hasten construction of the railway. Various sources claimed that no final agreement for its construction had been reached by the end of July. Japanese interests gained practical control over the spinning industry in the Siensin area through purchases of additional Chinese mills, a development which seemed important for the future rather than for the present. Major Tokutaro Nakurai and Lieutenant Colonel Teishiro Wakajima arrived in Peiping in July to become advisers to General Sung's garrison headquarters. The competent Mr. Koichi Hishida, until recently Consul General
at

4. Paragraph 4 of Embassy's telegram 372, July 21, 5 p.m.

5. Embassy's telegram 375, July 22, 6 p.m.

0557

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

- 8 -

at Tsinan, also arrived at Peiping to become an advisor to the Hpei-Chahar Political Council. Evidently for the purpose of fresh westward expansion, the control by the Kwantung Army of Chahar Province north of the Great Wall and of a part of northeastern Suiyuan Province was further consolidated, forces of Mongols in Jehol Province being transferred to Chahar, Mongols in Chahar being conscripted for military service, and travel in those areas being made difficult for foreigners and in some cases impossible. A Japanese military mission was established at Ningxia, apparently in preparation for extension of influence among Mongols in Ningxia Province. Also, the continuing refusal of the militarists of Kuangsi Province to submit to General Chiang Kai-shek might ultimately prove to be of value to the Japanese military.

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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.Tsinan/99 FOR Desp.#28

FROM Tsinan (Allison) DATED Aug.6, 1936
/99// NAME 1-1127

REGARDING: Sino-Japanese Relations during the month of
July, 1936: Reports important developments in --.

fpg

793.94/8136

8136

B. Relations with Other Countries.

1. Japan

793.94
(a) Japanese Resident at Fangtze Murdered.

On July 24th, the local Japanese owned paper, the Tsinan Jih Pao, reported that a Japanese resident of Fangtze named Watanabe had been shot from behind by an unknown gunman about eight o'clock on the morning of July 18th in the vicinity of a charcoal factory in Fangtze. The Japanese Consul General at Tsingtao despatched an inspector, a police official and a doctor to the scene of the crime. It has been reported that the murderer was arrested shortly after the crime and that he is now being held at police headquarters in Tsinan for examination. As far as the Consulate is aware there has been no attempt by the Japanese authorities to make this affair into an incident of any importance. None of the Chinese papers have carried stories about this case, presumably in conformity with official instructions.

(b) Departure from Tsinan of Chancellor Katsuno of the Japanese Consulate General.

On July 30th, Chancellor Katsuno of the Japanese Consulate General left Tsinan to take up his new post in Manchuria. Mr. Katsuno is a man of about 40 who has had a legal education. He was extremely popular in Tsinan and has a very forceful personality. His

work

0560
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

- 2 -

work, which included supervision of the Japanese consular police, was said to have been carried on very efficiently and with the minimum of friction with the Chinese authorities. His successor is a young man of pleasing personality but of slight experience and it is not believed that he will have the influence with the consular police and the local Japanese military representative which his predecessor is said to have had.

(c) Relations of a General International Character.

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

TELEGRAM RECEIVED

LMS

GRAY and SPECIAL GRAY

1-1336

FROM Nanking via N. R.

Dated September 11, 1936

Rec'd 2:27 p. m.

Secretary of State

Washington.

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O.N.I. AND M.I.D.

Division of
FAR EASTERN AFFAIRS
SEP 12 1936
Department of State

264, September 11, 2 p. m. 18129

Our 262, September 9, 2 p. m. and previous.

(Section One).

One. It appears that negotiations over the Chengtu incident have been delayed by (1) the intervening Pakhoi incident and possibly (2) disagreement in Tokyo between the military and the Foreign Office. The date of Kawagoe's arrival in Nanking has not yet been announced and while Suma has had several conversations at the Foreign Office (one yesterday with Chang Chun concerning the Pakhoi incident) both Japanese and Chinese officials are unusually non-committal in regard to what was said by either party. The Pakhoi incident has obviously increased the anxiety of the Chinese Government because of (1) the probability that it will result in a stiffening of the Japanese attitude toward anti-Japanese acts including both incidents and the Shanghai murder and toward anti-Japanese sentiment in China, (2) the possibility that the Pakhoi incident may offer a presumably long-awaited opportunity for the

Japanese

793.94/8137

FILED
SEP 15 1936

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197-1

0562

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

LMS 2-No. 264, September 11, 2 p. m., from Nanking.

Japanese Navy to launch itself forcefully into the scene as one of the principal active protagonists in Sino-Japanese relations.

Two. The Japanese Embassy yesterday denied that a Japanese naval vessel had been ordered to Pakhoi by Canton's (?) and Chinese and foreign press reports agree that the SAGA is on its way or has arrived there. The press also reports that a Chinese naval vessel is proceeding to Pakhoi but this is not confirmed and according to a responsible Chinese official, there is as much possibility that the anti-Japanese agitators in Pakhoi would fire upon a National Government as upon a Japanese naval vessel. (END SECTION ONE)

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197-2

TELEGRAM RECEIVED

LMS

SPECIAL GRAY

1-1336

FROM Nanking via N. R.

Dated September 11, 1936

Rec'd 2:14 p. m.

Secretary of State,
Washington.

264, September 11, 2 p. m. (SECTION TWO)

Two. The Japanese Embassy this morning denied a Shanghai DOMEI report of yesterday that Suma lodged yesterday a strong protest with Chinese Foreign Minister over the Pakhoi murder. According to the Embassy's spokesman, (one) Suma requested every facility for Japanese investigators proceeding to Pakhoi and pointed out that the Japanese unofficially informed Canton that they could not be responsible for the safety of such investigators, and (2) Third Secretary Matsunaga informed the director of the Asiatic Affairs Department of the Foreign Office this morning that the Japanese Government would hold the National Government at Nanking responsible for the safety of its investigators. The Director is reliably stated to have replied that the Foreign Office had already sent many telegrams to the Chinese authorities in Kwangtung instructing them to offer the Japanese every facility for investigation and to render the investigators full protection (END SECTION TWO)

PECK

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197-3

TELEGRAM RECEIVED

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1-1338

PLAIN, GRAY, AND SPECIAL GRAY

FROM Nanking via N.R.

Dated September 11, 1936

Rec'd 7:04 p.m.

Secretary of State

Washington

264, September 11, 2 p.m.

SECTION THREE

Four. The Government is also worried lest the Pakhoi incident adversely affect the settlement of the Kui rebellion almost achieved (See our 261, September 7, 1 p.m.)

893.00
Domei at Canton reports September 10 that (one) General Tsai Ting Kas, Commander of the Nineteenth Route Army who is reported to have been newly granted that command as part of the settlement, issued September 9, together with other officers, a violently worded manifesto accusing Chiang Kai Shek of following: A "policy of humiliation" in ordering the withdrawal of the Nineteenth Route Army into Kwangsi; (two) according to unconfirmed reports from Nanking the acceptance by Li Tsung Jen and Pai Chung Hsi of their new appointments would be conditioned upon (A) withdrawal of half the National Government forces now surrounding Kwangsi to their stations of six months ago; (B) immediate launching of an anti-Japanese Military campaign; (C) payment of \$10,000,000 for the demobilization and

197-4

0565
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

U -2- #264, Sept. 11, 2 p.m. from USS PANAY
and rehabilitation as farmers of Kwangsi militia recently
received; (D) agreement by Chiang Kai Shek not to supply
patriotic movements and free speech.

Five. The last of the Chinese investigators of the
Chengtu incident (a secretary of the Ministry of the
Interior) returned to Nanking September 8. The Foreign
Office's Commissioner of Foreign Affairs for Szechwan and
Sikong, Wu Tse Hsiang (Chaucer Wu) arrived in Nanking the
same day.

Six. To Department and Peiping. Repeated to
Canton. By mail to Shanghai, Tokyo.

END OF MESSAGE

PECK

SMS:ECC

197-5

TELEGRAM RECEIVED

RB

1-1238

FROM GRAY AND SPECIAL GRAY

Canton via N. R.

Dated September 12, 1936

Rec'd 3:25 p. m.

Secretary of State
Washington,

September 12, 11 a. m.

In conversation with ^{Office of} Special Delegate for Foreign Affairs, Canton, today, I was informed that the representative of that office who is en route to Pakhoi has been directed to renew request to Japanese investigators, who are on Japanese gunboat SAGA en route Pakhoi, that they postpone investigation for the present.

Japanese Consul General, Canton, delivered warning to provincial chairman ^{in office} ~~(?) accordingly~~ that if another incident similar to Pakhoi incident occurred it would be apparent that reliance could not be placed on Kwangtung Government to deal with such affairs. This is apparently in answer to request of Chinese not to accept semi-official Japanese investigating commission to Pakhoi. Japanese Consul General takes the view that if there is a possibility of another incident that is evidence that the Chinese are not capable of conducting investigation themselves and there is therefore all the more need of sending Japanese commission. He does not expect report from Japanese commission in less than a week.

Martial law

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793.94/3138

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198-1

0567
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

RB

-2-September 12, 11 a. m. from
Canton

Martial law has been declared at Pakhoi under
Nineteenth Route Army officers.

General Pai Chung Hsi is apparently expected to come
to Canton about September 17 or 18. In the meantime
preliminary conferences are being held at Nanning with
representatives of Chiang Kai Shek. Li Tsung Jen has
telegraphed Canton that he will make redistribution of
Kwangsi forces, etc, cetera, after he has assumed post of
Pacification Commissioner for Kwangsi. In the meantime,
Kwangsi forces are evidently being kept in previously
assumed positions of defense. A brief report from an
American informant at Wuchow dated September eleventh
says that there are no local indications of peace acceptance.
Military preparations are proceeding and martial law is
stricter. Police official has asked permission to bring
fifty police and employees from American hospital for
safety.

Sent to the Department, Peiping and Nanking.

LINNELL

CSB

198-2

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

U

GRAY AND PLAIN

TELEGRAM

Peiping via N.R.

RECEIVED

Dated September 14, 1936

1-1336

Secretary of State

Washington

445, September 14, noon.

The following telegram has been received from the
Consul General at Shanghai.

"September 11, 4 p.m. Japanese news agency Domei
reports that at conference convened by Japanese Ambassador
yesterday afternoon at which the commander of the third
fleet and Japanese military and naval attaches were present
a decision was reached to the effect that 'should the Nan-
king Government lack the authority to facilitate the in-
vestigation by Japanese officials of the Pakhoi mob murder
of Mr. Nakano the Japanese authorities on the spot
should take whatever measures that are considered appro-
priate to perform their task'.

(GRAY) Confirmation of the above has been obtained
from reliable source.

Unconfirmed reports from fairly reliable sources
indicate that should Nanking fail to take immediate and
effective steps to suppress anti-Japanese activities the
Japanese Government will take action and will deal with local
authorities rather than with central government.

Repeated to Nanking, by mail. By mail to Tokyo."

(END GRAY)

JOHNSON

KLP:V/C

199-1

FROM

Division
FAR EASTERN AFFAIRS

SEP 14 1936

Department of State

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793.94/8139

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

TELEGRAM RECEIVED

LMS

SPECIAL GRAY

1-1336

Canton via N. R.

FROM

Dated September 14, 1936

Rec'd 12:03 p. m.

Secretary of State,
Washington.

September 14, 4 p. m.

Reports in local press and confirmed by Japanese Con-
sulate that Japanese gunboat SAGA arrived at Pakhoi after-
noon of 12th but local commander 19th Route Army refused
investigating party permission to land. Chinese investi-
gating party landed from Chinese gunboat FOO KON. Dr. Liu
Shik Fen in charge of the Chinese investigators asked the
SAGA to leave but ship remains ~~at~~ Pakhoi. All quiet there
at last reports.

Press reports today that martial law has been lifted
at Wuchow and Kwangsi Government has ordered cessation of
all forms of military activities.

Sent to the Department, Peiping, Nanking.

LINNELL

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793.94/8140

FILED
SEP 15 1936
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0570

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

793.94

DOCUMENT FILE

NOTE

SEE 893.5011/67 FOR #652

FROM China (Johnson) DATED Aug 14, 1936
TO NAME 1-1127 ***

REGARDING: Japanese and Korean population in Peiping and North China.
Chinese landlords have urged Americans and foreigners of nationalities other than Japanese to occupy their houses, rent free in some cases, in order to prevent Koreans and Japanese nationals from taking possession of their property.

FRG.

793.94/ 8141
8/4

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

FE

TELEGRAM RECEIVED

U
A portion of this telegram FROM
must be closely paraphrased
before being communicated
to anyone. (A)

Tokyo

Dated September 15, 1936

Rec'd 9:10 a.m.

Secretary of State
Washington

186, September 15, 5 p.m.

(GRAY) One. Vernacular press reports that Pakhoi case is assuming a more serious aspect consequent upon the opposition of the 19th Route Army to the landing there of Japanese investigators, that Nanking is now being pressed to take measures to enable investigation to proceed in security, and that if Nanking fails to act the Japanese Government is prepared to take independent action "in self-defense". (END GRAY)

Two. Notwithstanding strong tone adopted by press, which may have been purposely inspired with a view to producing an effect in China, there are reasons to believe that Japan would be reluctant to precipitate hostilities at Pakhoi for in doing this, according to opinion in navy circles, Japan would be fighting Chiang Kai Shek's battles for him. Naval attache has been informed that only a small gunboat, a destroyer, and a light cruiser have been despatched to Pakhoi, Military Attache has been told by the War office liaison officer that no particular preparation

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Division of
FAR EASTERN AFFAIRS
SEP 15 1936
Department of State

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in confidence

793.94/3142

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note
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501-1

0578
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

U -2- #186, September 16, 5 p.m. from Tokyo

tions have been made for despatching an expeditionary force but that the Taiwan army is watching the situation.

(GRAY) THREE. According to the ASAHI Japanese Ambassador will insist in connection with the settlement of the Chengtu and Pakhoi incidents upon China taking measures for the elimination of anti-Japanese activities which Japan regards as the underlying cause of these incidents, as otherwise settlement of the pending issues and the adjustment of the relations between the two countries will be impossible.

Repeated to Peiping.

DICKOVER

KLP:WJC

201-2

0573

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)

P A R A P H R A S E

A telegram (186) of September 15, 1936, from the American Embassy at Tokyo, reads substantially as follows:

According to reports in the vernacular press, the Pakhoi case is assuming a more serious aspect consequent upon the opposition of the 19th Route Army to the landing there of Japanese investigators, Nanking is now being pressed to take measures to enable investigation to proceed in security, and if Nanking fails to act the Japanese Government is prepared to take independent action "in self-defense".

In spite of the strong tone used by the Japanese press which may have been inspired intentionally in order to produce an effect in China, there are reasons for the belief that Japan would hesitate to bring on hostilities at Pakhoi as Japan would, in doing this, be fighting General Chiang Kai-shek's battles for him, in the opinion of Japanese navy circles. According to information given the American Naval Attaché, only a light cruiser, a small gunboat and a destroyer have been sent to Pakhoi. The liaison officer of the Japanese War Office has informed the American Military Attaché that, although the Taiwan army is watching the situation, no special preparations have been made for sending an expeditionary force.

According to the ASAMI, Japanese Ambassador will insist in connection with the settlement of the Chengtu and Pakhoi incidents upon China taking measures for the elimination of anti-Japanese

508-3

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

--2--

anti-Japanese activities which Japan regards as the
underlying cause of these incidents, as otherwise
settlement of the pending issues and the adjustment
of the relations between the two countries will be
impossible.

793.94/6142

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IX-16-36

501-4

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

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72267

TELEGRAM RECEIVED

OFFICE OF EMERGENCY ADVISER
SEP 18 1936
DEPARTMENT OF STATE

GRAY

Peiping via N. R.

FROM

Dated September 15, 1936

ACIC
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FILE - W

Rec'd 2:42 p. m.
Division of
FAR EASTERN AFFAIRS
SEP 16 1936
Department of State

Secretary of State

Washington.

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Copy also to Commerce Dept.

and NOT for publication

447, September 15, 4 p. m.

Reference paragraph five of Embassy's 410, August 21,

4 p. m.

NOT FOR PUBLICATION

SEP 16 1936

One. According to a competent Japanese source, sup-

ported by press reports, an agreement was reached Septem-

ber 9 by Chinese and Japanese interests with regard to

Changlu salt; the price has been fixed at 15 cents per

100 catties; the export duty is one dollar per metric ton;

interested Chinese firms in the Changlu area are to build

salt refinery at Hanku near Changlu for the purpose of

meeting Japanese wishes with regard to the refining of

the salt; these firms will be assisted in this project

by the Chinese Development Company, a subsidiary of the

South Manchuria Railway Company; and 70,000 tons of

Changlu salt will be shipped to Japan this autumn.

Two. According to the same source Japanese regard

this agreement as important because it will free Jap-

anese industrial firms from dependence in this event

on salt from Africa and will help to raise the standard

of

ASSISTANT SECRETARY
OF STATE

SEP 16 1936
DEPARTMENT OF STATE

700.94/3140

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0578
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

LMS 2-No. 447, September 15, 4 p. m., from Peiping.

of living of Chinese in Hopei.

By mail to Tokyo.

JOHNSON

CSB

203-2

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 893.00/13695 FOR Tel#- 11am

FROM Canton (Linnell) DATED Sept 8, 1936
TO NAME 1-1127 ***

REGARDING: Pakhoi incident:

Japanese shopkeeper, believed to be in Japanese intelligence service, killed at Pakhoi, Kwangtung, by a soldier speaking Kwangsi dialect. This according to reliable informant.

FRG.

793.94/8144

8144

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

CONFIDENTIAL

September 12, 1936.

Subject: The Situation in China.

S:

Mr. Secretary.

During the week in review (1) there were no developments of special importance in north China, (2) the Nanking Government's differences with the Kwangsi military leaders appeared to have been settled, and (3) apprehension and tension with regard to possible Japanese demands in connection with the Chengtu incident (murder of two Japanese by a Chinese mob at Chengtu, Szechuan Province) were increased by reports of the murder on September 3 of a Japanese at Pakhoi, Kwangtung Province, by a Chinese mob.

In north China, the Japanese favored and the Chinese Government opposed the institution of an organ (Inspectorate General of the Hopei-Chahar Political Council) to collect reduced import duties on goods entering north China. The future of the scheme, according to our Embassy at Peiping, appears to depend upon the decision of Chiang Kai-shek.

In south China, the long-standing difficulties between the Chinese (Nanking) Government and the Kwangsi military leaders appeared to have been settled (at least on the surface and for the time being) through a compromise

whereby



793.94/3145

FILED
MAR 9 1936
FG

0579

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

- 2 -

whereby Kwangsi Province recognizes the authority of Nanking and the Kwangsi military leaders are permitted to retain posts of importance.

Our Embassy at Nanking reports that the Japanese Embassy has not yet presented demands to the Chinese Government in connection with the Chengtu incident. It appears to be generally believed that the Japanese Government will demand the suppression of all anti-Japanese activity in China but there is probably lack of agreement between the Japanese Foreign Office and the military services as to the exact character of the demands, the latter of course being anxious to make them extremely onerous. With the Chengtu incident still unsettled, the murder of a Japanese at Pakhoi, Kwangtung Province, by a Chinese mob caused the Tokyo correspondent of the NEW YORK TIMES to comment that "Chinese mobs continue to play into the hands of those elements here (Japan) that demand a strong policy toward China." In the same vein, our Embassy at Tokyo reports indications that "the moderate counsel which seemed to be gaining ground after the first excitement over the Chengtu affair had died down has encountered renewed pressure from the proponents of a strong policy since the Pakhoi incident."

my m/p

JLV.
FE:JCV/VDM *WLM*

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

GRAY & SPECIAL GRAY

Peiping via N.R.

FROM Dated September 15, 1936

REC'd 5:57 p.m.

Secretary of State
Washington

Division of
FAR EASTERN AFFAIRS
SEP 16 1936
Department of State

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

448, September 15, 5 p.m.

Reference Embassy's telegram 440, September 11, 1 p.m.

One. Wang Keh Min has definitely decided not (repeat not) to accept a post in North China. This decision is presumably the result of opposition by Sung Che Yuan and other Chinese elements supported by Japanese elements opposing Wang.

Two. A high Japanese official states that approval was given in July to Wang by Japanese authorities on the understanding that he would be invested by the National Government with wide powers for negotiations but that the failure of the National Government to grant Wang such powers had caused the Japanese authorities to alter their attitude. It is also possible that Wang's going to Dairen to confer with Lieutenant General Itashoski of the Kwantung army may have offended the Japanese North China garrison and given it further cause to turn against Wang.

Three. Wang's decision would appear to weaken somewhat the possibility of future nominal participation by the

National

503-1

FILED

F/FG

708.64/8146

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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

U -2- #448, Sept. 15, 5 p.m. from Peiping

National Government in Sino-Japanese "economic cooperation" in North China, thereby contributing to some degree to greater autonomy in the North. Also, Sung's gratitude for Japanese support in eliminating Wang at least for the time being may make Sung more amenable to Japanese suggestions in the future.

Four. The press reports today that Chang Hu and Li Shih Hao are being considered for the post of Chairman of the Economic Committee of the Hopei-Chahar Political Council to act as principal Chinese negotiator for Sino-Japanese economic cooperation. Both these men formerly held Government positions in the Anfu regime when they allegedly made princely fortunes. Neither has a reputation for any special economic or financial ability but they are said to be ~~of~~ ~~great (?) once or twice~~ *obedient to orders.*

By mail to Tokyo. *P/V*

CSB

JOHNSON

503-2

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
GRAY

Peiping via N.R.

FROM

Dated September 16, 1936

Rec'd 6:30 a.m.

Secretary of State

Washington

449, September 16, 9 a.m.

Referring to the Embassy's 442, September 11, 4 p.m.,

According to a Chinese who should have authoritative information, the carrying out of the proposed scheme for taxing smuggled goods is being delayed because the local Chinese authorities have discovered that revenue from such a scheme would be much less than they had previously imagined (a few hundred thousand dollars a month instead of three million) and because the Japanese concerned are less inclined toward the scheme than formerly, being now apprehensive that goods of other foreign nations might benefit equally with Japanese Government, thereby rendering the scheme less profitable to Japanese. According to this information, the local authorities are awaiting the imminent arrival of a representative of the National Government further to consider the scheme. By mail to Tokyo.

JOHNSON

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

Division of
FAR EASTERN AFFAIRS
SEP 16 1936
Department of State

AC/C
RECORDING DESK
FILE - WHB

ASSISTANT SECRETARY
OF STATE

FILED
SEP 21 1936

F/HG

793.94/8147

793.94
note
893.512

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

JS

Special Gray

TELEGRAM RECEIVED
CANTON Via N.R.

Dated September 16, 1936

1-1336

FROM
Rec'd 4:48 p.m.

Secretary of State,
Washington, D.C.

September 16, 4 p.m.

Division of
FAR EASTERN AFFAIRS
SEP 17 1936
Department of State

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

Regarding Pakhoi incident. Chinese gunboat FOOKON returned to Canton yesterday bringing Dr. Ling and the other investigators sent to Pakhoi by the Special Delegate for Foreign Affairs. Investigators on landing at Pakhoi September 12 were met by threatening mob including Nineteenth Route Army soldiers and carrying anti-Japanese banners. Being unable to carry on any useful investigation they returned to FOOKON and to Canton. Nineteenth Route Army Chief of Staff is said to have told Dr. Ling that a Japanese landing party would be resisted with force.

Press reports today stated that several Japanese war vessels are en route to Pakhoi and the gunboat SAGA is evidently remaining off that port. Japanese Consul in charge Canton, however, stated that so far as he is aware only the SAGA is in the vicinity of Pakhoi.

Special Delegate for Foreign Affairs told Japanese Consul that the Chinese authorities had taken all possible steps to get the Nineteenth Route Army out of Pakhoi but it is not known here whether they are leaving.

It does

504-1

793.04/3143

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

-2-

From Canton, Sept. 16

It does not appear that any further investigation will be undertaken by the local authorities until the Nineteenth Route Army has left Pakhoi.

Sent to the Department, Peiping, Nanking.

LINNELL

SMS EMB

504-2

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

JS

TELEGRAM RECEIVED

Gray
NANKING Via N.R.

Dated September 16, 1936

1-1336

793.94
Secretary of State,
Washington, D.C.

FROM Gray
Division of
FAR EASTERN AFFAIRS
SEP 17 1936
Department of State

Rec'd 7:30 p.m.

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

266, September 16, 11 a.m. (Section One).

One. The Japanese Ambassador came to Nanking September 13 accompanied by his military and naval attaches and opened yesterday at four p.m. negotiations on the Chengtu incident in conference with the Chinese Minister for Foreign Affairs. (Both the Foreign Office and Japanese Embassy deny that the Pakhoi incident was discussed.) Prior to coming to Nanking Kawagoe informed press correspondents that he would conduct the negotiations "on a lofty plane." According to a Foreign Office communique issued last night which was substantially duplicated by Japanese Embassy spokesmen in statements to press correspondents, the Japanese Ambassador inquired during the conversation concerning the Chinese Government's attitude toward the Chengtu incident and the Foreign Minister expressed "deep regret" and "gave a detailed account of the measures taken by the Chinese Government both before and after the incident and expressed the hope that a satisfactory settlement would soon be reached." The communique added "opinions were subsequently exchanged on general Sino-Japanese problems,

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793.94/3149

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SEP 21 1936

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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

-2-

From Nanking, #266.

the special bearing on the Chengtu incident" and that the conversation was concluded in two and one half hours with no arrangements for subsequent conversations having been made.

Two. Both Chinese and Japanese officials deny that the Japanese Ambassador presented any demands or made any threats and

Section Two follows.

PECK

SMS EMB

205-2

0587

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

TELEGRAM RECEIVED

U

1-1336

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM Nanking

Dated September 16, 1936

Rec'd 6:52 a.m.

Secretary of State

Washington

266, September 16, 11 a.m. (SECTION TWO)

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

We believe this is true.

Four. An officer of the Embassy has been confiden-
tially informed by a responsible official of the Foreign
Office (SECTION THREE FOLLOWS)

PECK

DD:CSB

205-3

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

MJD

GRAY AND SPECIAL GRAY

1-1296

FROM

Nanking via N. R.

Dated September 16, 1936.

Rec'd. 4:57 p. m.

Secretary of State,
Washington.

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

266, September 16, 11 a. m. (Section Three)

Five. That the Japanese Ambassador called the attention of the Foreign Minister to the extreme gravity of the Chengtu incident and the situation in general. The informant denied a report that the Japanese Government had set a limit to the time within which the Nineteenth Route Army must be withdrawn from Pakhoi but handed the officer a Reuter telegram just received from Tokyo stating that (one) the Japanese Cabinet deliberated yesterday on the movement of the Chinese squadron and the Navy Minister and Naval Chief of Staff handed the Emperor a report to the effect that shallow waters in the neighborhood of Pakhoi necessitated the use of Hoihow, Hainan Island, as rendezvous for the Japanese fleet and (two) "this foreshadows the possibility of Hainan becoming Japan's base of operations in the event of actual hostilities." (Section Four Follows)

PECK

CSB

305-4

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

TELEGRAM RECEIVED

U
This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM

Nanking

Dated September 16, 1936

Rec'd 7:34 a.m.

Secretary of State

Washington

266, September 16, 11 a.m. (Section Four)

of paraphrase
COPIES SENT TO
O.N.I. AND W.I.D.
in confidence

Six. The obvious and extraordinary caution with which the Japanese are proceeding in their negotiations with the Chinese Government over the Chengtu and Pakhoi incidents is causing much speculation. One explanation is that the Japanese are genuinely concerned lest impossible demands or overt action on their part cause a wide spread outburst of anti-Japanese agitation and they wish, because of the domestic situation in Japan and the unsatisfactory state of Soviet-Japanese relations, to preclude developments which might involve Japan in a major conflict. (Section Five follows)

DDM:KLP

PECK

505-5

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

MJD

1-1386

GRAY AND SPECIAL GRAY

FROM: Nanking via N. R.

Dated September 16, 1936.

Rec'd. 4:35 p. m.

Secretary of State,
Washington.

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

266, September 16, 11 a. m. (Section 5)

Seven. The refusal of the Chinese Military at Pakhoi to permit Japanese investigators to land has created a situation from which such developments might flow and which is becoming more delicate by reason of a growing ^{one} belief held by more than/highly placed and responsible official that the stationing of the Nineteenth Route Army at Pakhoi, its reinduction into the national forces and the subsequent incident were deliberately engineered by Li Tsung Jen and Pai Chung Hsi with a view to placing Chiang Kai Shek in an inextricable position vis a vis ^{political} Japan and bringing about his/downfall.

Eight. Repeated to Department and Peiping.

PECK

KLP
CSB

505-6

0591

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

(CONFIDENTIAL)

P A R A P H R A S E

Section two of a telegram (No. 266) of September 16, 1936, from the American Embassy at Nanking, reads substantially as follows:

it is the opinion of the Embassy that this is true.

A responsible official of the Chinese Foreign Office has informed a member of the American Embassy staff confidentially (see Section 3)

793.94/8149

29C.
FE:EGC

IX-18-36

FE

m.m.H

205-7

0592

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

(CONFIDENTIAL)

P A R A P H R A S E

Section four of a telegram (No. 266) of September 16, 1936, from the American Embassy at Nanking, reads substantially as follows:

There is much speculation as a result of the apparent and unusual caution with which the Japanese are carrying on their negotiations with the Nanking Government in regard to the Chengtu and Pakhoi incidents. One explanation for this unusual caution is that the Japanese are really concerned lest overt action by them or impossible demands bring about a wide-spread outbreak of anti-Japanese agitation and, on account of the unsatisfactory state of Japanese-Soviet relations and the domestic situation in Japan, they (the Japanese) desire to guard against developments which might involve them in a conflict of major proportions.

793.94/9149

FE:EGC
egc.
FE
m.m.v.

IX-18-36

205-8

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

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

TELEGRAM RECEIVED

MJD

FROM

GRAY

Nanking via N. R.

Dated September 17, 1936.

Rec'd. 6:30 a. m.

Secretary of State,
Washington.



267, September 17, 9 a. m.

My 266, September 16, 11 a. m.

One. Kawagoe made yesterday afternoon his second call on Chang Chun and is reliably reported to have asked, under instructions from Tokyo, that prompt measures be taken by the Chinese authorities to enable the Japanese investigators sent to Pakhoi to carry out their mission. The Foreign Minister is said to have promised to telegraph the Kwangtung authorities and to have asked that the Japanese be patient. It is stated that no other questions were discussed.

Two. To Department and Peiping.

PECK

KLP
CSB

206-1

793.94/8150

FILED
SEP 18 1936

F/FG

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

TELEGRAM RECEIVED

MJD

Tokyo

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM

Dated September 17, 1936.

Rec'd. 8:55 a. m.

Secretary of State,
Washington.

138, September 17, 6 p. m.

Embassy's 186, September 15, 5 p. m.

In an informal conversation with me today the Vice
Minister for Foreign Affairs stated that "it appeared
that" the Japanese defense forces had been bringing
pressure on the Foreign Office to compel that office to
make strong demands on China in connection with the
Chengtu and Pakhoi incidents; that the situation was
quiet at the moment as Kawagoe was conducting negotia-
tions in Nanking and the 19th Route Army was reported in
the press as evacuating Pakhoi; but that if the diplo-
matic negotiations "failed to bear fruit" the pressure
from the Japanese defense forces might be renewed.

Repeated to Peiping.

DICKOVER

KLP

CSB

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

Division of
FAR EASTERN AFFAIRS

SEP 17 1936

Department of State

793.94/8151

SEP 19 1936

FILED

F/FG

507-1

11

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 188) of September 17, 1936, from the American Embassy at Tokyo reads substantially as follows:

During the course of an informal conversation on September 17, the Vice Minister for Foreign Affairs remarked to the American Chargé d'Affaires that "it appeared that" in connection with the incidents at Chengtu and Pakhoi the Japanese defense forces had been pressing the Japanese Foreign Office with a view to compelling that office to make strong demands on the Chinese Government; that at the moment the situation was quiet as the Japanese Ambassador to China was carrying on negotiations in Nanking and, according to press reports, the 19th Route Army was getting out of Pakhoi; but that there might be a renewal of the pressure from the Japanese defense forces if the diplomatic negotiations "failed to bear fruit".

793.94/8131

89C-
FE:EDC

MM
FE

mmN

IX-18-36

507-2

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

TELEGRAM RECEIVED

LMS

1-1336

FROM

SPECIAL GRAY

Division of
FAR EASTERN AFFAIRS
SEP 17 1936
Department of State

Canton via N. R.

Dated September 17, 1936

Rec'd 1:28 p. m.

Secretary of State,
Washington.

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

September 17, 5 p. m.

Press reports confirmed by headquarters Chiang Kai Shek, Whampoa, state that 19th Route Army withdrawing from Pakhoi. Dr. Ling, representative special delegate of Foreign Affairs, has left Canton to return to Pakhoi and conduct investigation concerning killing of Japanese Nakano. It is reliably reported that the representatives of the Canton Japanese Consulate will join Dr. Ling in investigation.

General Li Tseung Jen yesterday at Nanning Kwangsi took oath of office as Pacification Commissioner for Kwangsi and Pai Chung Hsi as member of the Nanking Military Council.

It is expected that the reorganization of Kwangsi under the direction of Nanking will begin at once. Sent to the Department, Peiping, Nanking.

LINNELL

WWC:CSB

508-1

793.94/ 3152

FILED

F/FG

793.94
note
893.23

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

LMS

TELEGRAM RECEIVED

Hankow via N. R.

Dated September 17, 1936

FROM

Rec'd 1:33 p. m.

Secretary of State,
Washington.

September 17, 4 p. m.

My September 9, 5 p. m.

The departure down river yesterday of three Japanese gunboats reduced Japanese naval strength at Hankow to three vessels. There is now only one Japanese gunboat at Chungkung.

Two. A meeting of Japanese residents of Hankow, on September 14th, was addressed by Seto, the Hankow Japanese injured at Chengtu, and Watari and Nakatsu, the resident Japanese naval and military officers. The meeting was orderly and the speeches were earnest and patriotic but not provocative. Both officials referred to the Pakhoi as well as the Chongtu incident.

Three. The Pacification Commissioner and the Governor of Hupeh issued yesterday ~~on behalf of this Government~~ joint proclamation, quoting instructions from Chiang Kai Shek, warning against disturbances and enjoining the protection of foreigners and the strict maintenance of order.

Sent to the Department, Peiping, Nanking. By cable to Shanghai.

KLP:CSB

JARVIS

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

GRAY

Division of
FAR EASTERN AFFAIRS

SEP 17 1936

Department of State

793.94/3153

FILED

SEP 19 1936

F/FG

509-1

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

JS

1-1336

FROM Gray and Spe ial Gray

NANKING Via N.R.

Dated September 17, 1936

Rec'd 4:18 p.m.

793.94
COPIES SENT TO
O.N.I. AND M.I.D.

Secretary of State,

Washington, D.C.

271, September 17, 8 p.m. /815-0

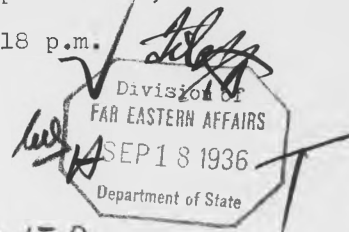
Our 267, September 17, 9 a.m.

One. An officer of the Embassy has been informed by an official of the Japanese Embassy that Chiang Kai Shek this morning ordered Yu Han Mu's army to proceed to Pakhoi and that it is believed therefore that the Japanese investigators will shortly be enabled to land at that place and investigate the murder of September 3.

Two. To the Department and Peiping. Repeated to Canton.

PECK

SMS ECC



SEP 19 1936
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

U

GRAY AND SPECIAL GRAY

1-1338

FROM Nanking via N.R.

Dated September 19, 1936

Rec'd 10:05 a.m.

Secretary of State

Washington

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

273, September 19, noon. /8152

Canton's September 17, 5 p.m., and our 271, September
17, 8 p.m.

One. We are informed by a responsible official of
Cabinet rank who is in a position to know that reports of
the withdrawal of the 19th Route Army from Pakhoi are
"too optimistic", the question of that army has not yet
been settled and Chiang Kai Shek is therefore unable to
return at present to Nanking. Reuter Canton September 18th
states no confirmation of the actual withdrawal of the
19th Route Army from Pakhoi has been received and it is
uncertain whether the Chinese investigator Ling Shih Feng
authority land.

Two. To Department and Peiping. Repeated to Canton.

PECK

KLP:CSB

FILED
SEP 21 1936

793.94/8155

F/FG

793.94
note
893.23

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

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

TELEGRAM RECEIVED

U

GRAY AND SPECIAL GRAY

1-1336

FROM Hankow via N.R.

Dated September 19, 1936

Rec'd 10:07 a.m.

Secretary of State

Washington

Division of

FAR EASTERN AFFAIRS

SEP 19 1936

Department of State

September 19, 7 p.m.

A Japanese policeman named Yoshioka was shot dead while on duty in the Japanese concession at Hankow at 11:50 this morning. His assailant, according to the Japanese Consulate General, is unknown. STRICTLY CONFIDENTIAL. The Japanese police allege confidentially that he was a Chinese noncommissioned officer belonging to a military unit now passing through Hankow on its way north. The Chinese version has not yet been disclosed. END STRICTLY CONFIDENTIAL.

Japanese patrols were landed an hour after the shooting and are posted in the Japanese concession, which is quiet. Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

KLP:CSB

793.94/3156

FILED

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

MED

1-1336

FROM

GRAY

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

PEIPING VIA N.R.

Dated September 19, 1936

Received 5:29 p.m.

Secretary of State,
Washington

Division of
FAR EASTERN AFFAIRS
SEP 21 1936
Department of State

455, September 19, 7 p.m.

One. Japanese authorities have stated to the press that as their troops stationed at Fengtai were returning from maneuvers last night about six o'clock the Chinese sentry in front of the Chinese barracks made an insulting remark or gesture to one of the Japanese officers commanding the troops. An altercation immediately ensued and the Chinese barracks which are situated near the railroad station and house 120 troops or one company of the 37th Division of the 29th Army and constitute all of the Chinese troops stationed in Fengtai itself were kept under siege without shooting during the night and early morning. Meanwhile negotiations were carried on between Chinese and Japanese authorities and according to good authority the following agreement was reached at ten this morning when the siege was raised:

(a) A public apology before the troops of both countries to Colonel Mutoguchi of the Japanese Embassy guard

793.94/8157

FILED
SEP 21 1936

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

MED - 2 - #455, September 19, 7 p.m. from Peiping

guard by the Chinese general in command.

(b) The immediate withdrawal of all Chinese troops in Fengtai to a point two miles south of railroad.

(c) The eventual withdrawal of all Chinese troops in Fengtai region to Nanyuan or Shiyuan.

Reliable American informants say the first two requirements being carried out this week. They were informed by Chinese officers on the spot that they were unable to resist the Japanese in view of General Sung Che Yuan's standing instructions that they were not to fight in any event.

Two. According to the press precautions were taken throughout China yesterday to avoid unfortunate incidents on the fifth anniversary of the Mukden incident. No such incidents have been reported.

By mail to Tokyo.

JOHNSON

KLP

212-2

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

MED

1-1336

GRAY AND SPECIAL GRAY
FROM PEIPING VII. N.R.

Dated September 19, 1936

Received 5:42 p.m.

Secretary of State,
Washington

456, September 19, 1936
Embassy's 455, September 19, 7 p.m.

Division of
FAR EASTERN AFFAIRS
SEP 21 1936
Department of State

Guy Smothers, correspondent of the
CHICAGO DAILY NEWS, has submitted a memorandum to the
Embassy stating that he and his wife, both American
citizens, accompanied by a Chinese interpreter *motored* moved to
Fengtai shortly after 9 o'clock this morning, that after
penetrating the Japanese lines about fifty yards without
hindrance they approached the entrance of what he
supposed was the Chinese garrison headquarters. Suddenly
without being afforded an opportunity for explanation
Smothers was seized by a Japanese officer, either gendar
or military. Although, according to Smothers, they were
all three restrained and not abused they were forcibly
questioned by Japanese officers or gendarmes and Mr. and
Mrs. Smothers were conducted under guard to an office
in one end of the railroad station, where they were
courteously detained, the interpreter having meanwhile
been separated from them.

After

793.94/8158

FILED
SEP 21 1936

F/HG

0602
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Hunt NARS, Date 12-18-75

MED - 2 - #456, September 19, 9 p.m. from Peiping

After about 35 minutes during which time one of the officers present, according to Smother's assumption, telephoned a superior officer regarding case, they were led back to the point where they had first been seized and released. They then discovered that the interpreter had also been released.

Smother's memorandum also states that the interpreter had seen a Japanese soldier ram his car with the butt of his rifle causing a dent in the back of the chassis.

I propose to do nothing more than hand a copy of Smother's memorandum to the Japanese Embassy without comment.

By mail to Tokyo.

JOHNSON

KLP

513-2

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

793.94

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Hankow/111 FOR #182

FROM Hankow (Jarvis) DATED Aug 7, 1936
TO NAME 1-1127 ***

REGARDING: Japanese Consulate in Chengtu: Intimated that Nanking will decline to recognize the right of Japan to station consular officer in the capital of Szechuan, on the ground that it is not a treaty port.

FRG.

793.94/ 8159

8159

1. Japan

a. Japanese consular office in Chengtu

793.94

It is intimated in press despatches from Nanking that the Chinese Government will decline to recognize the right of Japan to station a Japanese consular officer in Chengtu, the capital of Szechuan, on the ground that it is not a treaty port.¹ The only foreign consular officer stationed in Chengtu is the acting consul for France and it is reported from Nanking that as a result of representations to the French Embassy by the Ministry of Foreign Affairs the French authorities have agreed that he shall cease to function as such.²

b. Visit of Japanese newspaper men

A party of seven Japanese newspaper men who are visiting central and north China spent three days in Hankow en route from Nanking to Peiping.

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 894.001 H 61/109a FOR Tel#119, 6pm

FROM/ () DATED Sept 16, 1936

TO Japan NAME 1-1127 ***

REGARDING: Mock trial of the Emperor of Japan to be held in New York, according to Japanese Embassy at Washington, Sept 17, with anti-Japanese demonstration scheduled for Sept 18, by radical organization, American Friends of Chinese People.

FRG.

793.94/ 8160

8160

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

~~MS~~
~~17 m/f~~

Sept 23

To note that there
are 5 Japanese advisors
to the Hapai Chohan
Council, and that 2
more are expected

JCV.

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 671

Peiping, August 28, 1936.

Subject: Japanese Advisers to the Hopei-
Chahar Political Council.

793.94

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DEPARTMENT OF STATE

1936 SEP 21 PM 12 49

DIVISION OF
COMMUNICATIONS
AND RECORDS

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O.N.I. AND M.I.D.

For Distribution Check		Yes	No
Grade			
For	X		
		✓	
			✓
		O.N.I.-M.I.D.	

SEP 22 1936

The Honorable

The Secretary of State,
Washington, D. C.



793.94/3161

Sir:

I have the honor to refer to my despatch No. 348 of April 8, 1936, with regard to Japanese advisers to various committees of the Hopei-Chahar Political Council, and to report certain changes which have recently occurred in regard to them.

Three of the six advisers mentioned in that despatch have now ceased to be advisers and have returned to their posts in the "Manchukuo" regime. They are Mr. Seiki Yano, Mr. Minoru Aoki, and Mr. Yoshikazu Kazahaya. According to some Japanese sources, the

cause

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F/FG

- 2 -

cause of their return to "Manchukuo" was dissatisfaction of the Japanese military with their ability; according to other Japanese sources, their services were urgently needed by "Manchukuo". The former reason appears to be the more probable, especially in view of the fact that Mr. Yano's successor as adviser to the Foreign Affairs Committee of the Hopei-Chahar Political Council, Mr. Koichi Nishida, is considerably more able than Mr. Yano.

As two new advisers have recently arrived, there are at present five instead of six advisers as formerly. Two additional advisers are expected, however, to arrive in the near future, according to an official of the local Japanese Embassy, one to be an adviser to the Economic Committee and the other to be an adviser to the Foreign Affairs Committee. Their names are not yet known, although this informant is of the opinion that the adviser to the Foreign Affairs Committee will be an official of the Japanese Ministry for Foreign Affairs.

The names of the current five advisers are as follows:

1. Mr. Shiro Nagai, adviser to the Economic Committee; formerly an official of the Japanese Ministry of Finance, an official of the Kwantung Government, and Director of the General Affairs Board of Lungkiang (Tsitsihar) Province in "Manchukuo";

2.

- 3 -

2. Mr. Teiji Yamaryo, adviser to the Communications Committee; formerly an official of the South Manchuria Railway Company and an adviser to the Peiping-Mukden Railway;
3. Mr. Matsutaro Matsuo, adviser to the Communications Committee; formerly of the "Manchukuo" Telegraph and Telephone Company;
4. Mr. Koichi Nishida, adviser to the Foreign Affairs Committee; formerly Japanese Consul General at Tsinan;
5. Mr. Daiji Satani, adviser to the Communications Committee and attached to the staff of the Japanese North China Garrison; formerly a Director of the Tokyo Communications Bureau.

According to an official of the local Japanese Embassy, Mr. Nishida has a Japanese secretary and Mr. Matsuo has a Japanese assistant, a ^{Naoaki} Mr./Murata, who is an engineer of no especial repute.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson

Original and 4 copies to
Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

710

LES-SC

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

U

GRAY

1-1336

Hankow via N.R.
FROM

Dated September 21, 1936

Rec'd 2:24 p.m.

Secretary of State

Washington

September 21, 4 p.m.

My September 19, 7 p.m. / 8156

CONFIDENTIAL. Although no official statements have been issued in regard to the killing of the Japanese policeman on September 19th, the following is the version given by the Japanese Consul General to the Mayor of Hankow in an informal conversation yesterday and by the Japanese Vice Consul to me this morning:

The Japanese policeman left his post at the corner of Taishogai and the bund in the Japanese concession and walked a few paces down the bund to purchase cigarettes from stall outside the concession proper but within what is termed the "Japanese extension". At the same time an unidentified man approached from the opposite direction, stopped at the stall, addressed the vendor in Chinese, and as the policeman started back towards his post shot him at close range in the back of the head, and escaped in the direction from which he had come, i.e., down the bund towards Chinese territory. The cigarette vendor assisted

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Division of
FAR EASTERN AFFAIRS
SEP 22 1936
Department of State

793.94/8162

SEP 23 1936

FILED

FD

LMS From Hankow via N. R., Dated September 21, 1936. -2-

assisted by another hawker, not wishing to be involved, moved the body to the policeman's post within the concession and obliterated traces of the killing at the place of origin.

Two. A Norwegian lady, wife of an employee of the Standard Oil Company, passing in a rickshaw is said to have heard the shot and seen the body fall but apparently did not see the assailant. She is to make a statement to the Norwegian Consul this afternoon.

Three. The Japanese case is forming on the basis that the policeman was killed by a Chinese on territory under Chinese control. The status of this territory, however, is in dispute. (See Hankow despatch to the Legation No. 107 - to the Department No. 131 - dated April 8, 1932). The Japanese claim that it has never been incorporated in their concession. The Chinese allege that the Japanese have prevented them from policing it on the ground that it is part of the concession.

Four. Martial law has not (repeat not) been declared in the Japanese concession. Chinese entering and leaving are searched; foreigners are not interfered with. Hankow is quiet but perturbed by this grave and unheralded incident. September 18th, the anniversary of the

Manchurian

0614
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

LMS From Hankow via N. R., Dated September 21, 1936. -3-

Manchurian incident, passed quietly. Demonstrations and meetings were not allowed, and for the first time flags were not flown at half mast. Every effort seems to have been made by the Chinese authorities to prevent provocation.

Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

RR:CSB

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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

No. 670

Peiping, August 25, 1936.

Subject: Major General Tada's Statement of
September 24, 1935.

793.94

For Distribution Check		Yes	No
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RECEIVED
DEPARTMENT OF STATE

1936 SEP 21 PM 1 29

The Honorable

The Secretary of State,
Washington, D. C.



793.94/8163

Sir:

I have the honor to refer to the Department's instruction No. 177/7950 of May 18, 1936, stating that it would like to have copies and copies in translation of documents or publications which purport to give the text or a Japanese-prepared summary of the statement made on September 24, 1935, by Major General Hayao Tada, then the Commander of the North China Garrison.

The Embassy has received from the Consulate
General

F/FG

-2-

General at Tientsin, under cover of despatch No. 292
1/ of August 18, 1936, a copy of which is enclosed, a
copy of the issue of September 25, 1935, of the Kei-
shin Nichinichi, a Japanese daily newspaper published
at Tientsin, in which is given what is regarded as a
summary of the statement of Major General Tada. In
compliance with the Department's telegraph instruc-
tion No. 91 of April 15, 6 p.m., this copy of the
issue of the Keishin Nichinichi has been forwarded
to the Embassy at Tokyo with the request that the sum-
mary be translated and forwarded with a copy in trans-
lation to the Department.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson.

✓
Enclosure:

- 1/ Copy of despatch No. 292,
August 18, 1936, from
Tientsin.

Original and two copies to Department.
Copy to Embassy, Tokyo.
Copy to Embassy, Nanking.

710 Sino-Japanese

LES/kt

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

NO. 292.

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

ENCLOSURE
TO THE BUREAU

670

AMERICAN CONSULATE GENERAL

Tientsin, China, August 18, 1936.

SUBJECT: Major General Tada's Statement of
September 24, 1935.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

1/- In compliance with the Embassy's instruction of July 24, 1936, I have the honor to enclose the only obtainable copy of the KEISHIN NICHI NICHI SHIMBUN of September 25, 1935, containing what purports to be a summary of a statement made by Major General Tada on September 24, 1935, regarding Sino-Japanese relations.

The Consulate General has never been able to obtain a copy of General Tada's full statement, which was intended only as "background material" for certain Japanese journalists. The Japanese military suppressed the issue of the KEISHIN NICHI NICHI containing the summary, and even called on subscribers to return their copies, so that it is almost impossible to obtain a copy of this issue. This newspaper is not sold on news stands and the
enclosed

3618
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

- 2 -

enclosed copy was obtained indirectly from a subscriber.

Respectfully yours,

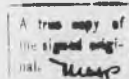
J. K. Caldwell,
American Consul General.

Enclosure:

1/- Copy of the KEISHIN NICHI NICHI SHIMBUN
of September 25, 1935.

800
DCB:mhp

Original and five copies to Embassy, Peiping.
Copy to Embassy, Nanking.



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

JS

TELEGRAM RECEIVED

PEIPING Via N.R.

Copies hereof to be sent to

Copy also to Commerce Dept.

Dated September 21, 1936

Confidential FROM

Rec'd 7:35 p.m.

Secretary of State,

Washington, D.C.

459, September 21, 6 p.m.

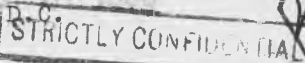
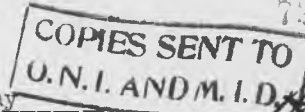
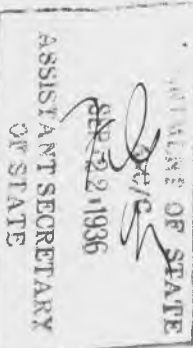
Reference Embassy's 449, September 16, 9 a.m.

"Inspectorate" for imposition of taxes on

smuggled goods passing out of Tientsin has not yet commenced functioning. Smuggled goods in considerable quantity, however, are being taken out of Tientsin by motor truck and canal boats. Increase in quantity of smuggled goods moving in this fashion during past two weeks is according to Tientsin Customs due to the failure on the part of Chinese police to cooperate with Customs. Latter states that some days ago representative of Tientsin Bureau of Public Safety informed them that police would no longer cooperate. Informed observers of Tientsin smuggling situation believe that the proposal to establish inspectorate is being used by General Sung Che Yuan to force Nanking to make certain promised payments to him which are now reported to be considerably in arrears. It is clear that Sung is remaining in British concession, Tientsin, to facilitate negotiations between himself and representative of Ministry of Finance who arrived in Tientsin on September 16.

SMS NPL mail to Tokyo.

JOHNSON



72617 FE
FA

793.94/8164

FILED
SEP 28 1936

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

No. ----

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

AMERICAN CONSULATE GENERAL

Mukden, Manchuria, August 25, 1936.

SUBJECT: Celebration of Incident Anniversary.

793.94
note
993.415 Manchuria

7
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THE HONORABLE
THE SECRETARY OF STATE

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In U.S.A.			
611-MID			

WASHINGTON.

Division of
FAR EASTERN AFFAIRS
SEP 22 1936
Department of State

I have the honor to enclose herewith a copy of
my despatch No. 13, dated August 25, 1936, to the
American Embassy, Peiping, China, entitled
"Celebration of Incident Anniversary".

Respectfully yours,

Wm. R. Langdon

Wm. R. Langdon,
American Consul.

ENCLOSURE
SEP 22 1936
ASSISTANT SECRETARY
OF STATE

Enclosure:

Copy of despatch No. 13
to Embassy, Peiping.

841.5/800
WYP

793.94/8165

FILED
OCT 1 1936

F/FG

No. 13.

AMERICAN CONSULATE GENERAL,

Mukden, Manchuria, August 25, 1936.

SUBJECT: Celebration of Incident Anniversary.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

As of possible interest to the Embassy, I enclose
1/- a newspaper reproduction of a special poster which will
be issued to commemorate the 5th anniversary of the
Mukden "Incident".

The legend accompanying the illustration reads, in
translation, as follows:

"All organs in Japan and Manchuria are busily
getting ready to celebrate the approaching 5th
anniversary of the Manchurian Incident. The War
Department has printed 40,000 of the posters shown
here for distribution throughout Japan and Manchuria".

The man in the picture is a Japanese, wearing the
Army fatigue cap and semi-military clothes commonly
worn by Japanese farm settlers (and other outdoor workers)
in Manchuria. The other figures presumably are his wife
and child, the latter of that class of whom Japanese
fancy seems to hold great expectations, the "nisei" or
second (foreign-born) generation.

I regard the poster as interesting in that it ex-
cludes the native population altogether from the idea

of

- 2 -

of participation in the celebration and definitely
brands September 18th as a Japanese holiday. It also
serves as propaganda for the contemplated large-scale
emigration to Manchuria."

Respectfully yours,

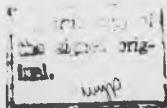
Wm. R. Langdon,
American Consul.

Enclosure:

1/- Newspaper reproduction, as stated.

Five copies to Department by despatch No. ----
dated August 23, 1936.
Copy to Embassy, Tokyo.

841.5/800
WRL:wyp



* See my despatch No. 12, of August 21, 1936.

062

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 to despatch No. 13 of Wm. R. Langdon, American Consul, Mukden, Manchuria, dated August 25, 1936, to the Embassy, Peiping, China, entitled "Celebration of Incident Anniversary".

SOURCE: Clipping from "Dai Shinkyo Nippo" (Great Hsinking Daily News), August 24, 1936.



TELEGRAM RECEIVED

U 1-1336 FROM Tokyo
A portion of this telegram
must be closely paraphrased
before being communicated
to anyone. (B)

Secretary of State
Washington

190, September 22, 3 p.m.

(GRAY) One. Vernacular press reports that after Hankow incident unanimity in Japanese Government circles has been reached regarding fundamental principles to be followed in dealing with the China situation and that attitude has become stronger. Yomiuri enumerates four demands being considered, namely, (1) organization of a completely autonomous regime in five northern provinces; (2) perfection of communications between Japan and China; (3) reduction of Chinese import tariff and, (4) employment of as many Japanese advisers as possible. These demands are in addition to those relating to eradication of anti-Japanese activities.

Two. Yesterday the Navy Department issued communique enumerating the recent incidents and announcing that as Navy might be compelled to take measures in self-defense it had decided to despatch landing forces to augment its third fleet in Chinese waters.

Three. Press reports also indicate Navy is skeptical about

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

Dated September 22, 1936

Rec'd 9:10 a.m.

Division of
FAR EASTERN AFFAIRS

SEP 22 1936

Department of State

793.94/8166

FILED

SEP 22 1936

215-1

U -2- #190, Sept. 22, 3 p.m. from Tokyo

about Nineteenth Route Army's evacuation from Pakhoi and favors fixing with National Government a time limit after which Navy would take independent action to enable Japanese investigation if in the meantime Nineteenth Route Army's evacuation has not been completed. (END GRAY)

Four. I gathered from a conversation with the Counsellor of the Chinese Embassy on the 19th that he did not consider the present situation in the relations of the two countries necessarily serious as he thought it unlikely that Japan would push matters too far for fear of becoming embroiled with other powers. He thought that Japan's policy for the next five years pending the completion of its armament program was to advance its position in China one step at a time and to avoid drastic measures.

Five. A responsible official of the Foreign Office yesterday stated to me that the newspaper accounts of the Japanese Government's attitude in regard to the situation vis a vis China were greatly exaggerated and that the Japanese Government hoped to settle amicably the incidents and also some of the outstanding general problems between the two countries.

Six. In view of these two opinions it appears probable to the Embassy that the Japanese Government while using the leverage afforded by these incidents to gain as much as possible along the lines enumerated in paragraph one will

not

215.2

0628
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

U -3- #190, Sept. 22, 3 p.m. from Tokyo

not push matters with China to a critical point at this time.

Seven. In relation to possible developments growing out of Pakhoi incident it is of interest that, according to the Embassy's information, the French Ambassador at Tokyo has reminded the Japanese Minister for Foreign Affairs of the declaration of 1897 concerning the non-alienation of the Island of Hainan.

Repeated to Peiping.

DICKOVER

KLP:WWC

515-3

CONFIDENTIAL)

PARAPHRASE

A telegram (No. 190) of September 22, 1936, from the American Embassy at Tokyo, reads substantially as follows:

Reports in the vernacular press are to the effect that after the Hankow incident unanimity in Japanese Government circles has been reached in regard to fundamental principles to be followed in dealing with the China situation and that attitude has become stronger. YOMIURI enumerates four demands being considered, namely, (1) organization of a completely autonomous regime in five northern provinces; (2) perfection of communications between Japan and China; (3) reduction of Chinese import tariff and, (4) employment of as many Japanese advisers as possible. These demands are in addition to those relating to eradication of anti-Japanese activities.

On September 21 the Navy Department issued a communique enumerating the recent incidents and announcing that as the Navy might be compelled to take measures in self-defense it had decided to send landing forces to augment its third fleet in Chinese waters.

Press reports also indicate that the Navy is skeptical about the Nineteenth Route Army's evacuation from Pakhoi and favors fixing with the National Government a time limit after which the Navy would take independent action to enable Japanese investigation if in the meantime Nineteenth Route Army's evacuation has not been completed.

25-2
During

0628

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

- 2 -

During the course of a conversation on September 19 with the Counselor of the Chinese Embassy the American Chargé d'Affaires gained the impression that the Counselor did not regard the present situation in Sino-Japanese relations as necessarily serious as he (the Counselor) did not believe it likely that Japan would push matters too far for fear of getting into trouble with other nations. The Chinese Counselor was of the opinion that for the next five years pending the completion of Japan's armament program the policy of Japan would be to avoid drastic measures but to advance its position one step at a time in China.

On September 21 the American Chargé d'Affaires was informed by a responsible official of the Japanese Foreign Office that the Japanese Government hoped to reach an amicable settlement of the recent incidents as well as some of the outstanding general problems between China and Japan and that newspaper accounts of the attitude of the Japanese Government in connection with the Sino-Japanese situation were much exaggerated.

Taking into consideration the two opinions outlined above, the American Embassy is of the opinion that the Japanese Government will not push matters with China to a critical point at the present time although the leverage afforded by the recent incidents to gain as much as possible along the lines mentioned in paragraph one of this telegram may be made use of.

215-5

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

- 3 -

With regard to possible developments resulting from the incident at Pakhoi, it is of interest to note that, according to information received by the American Embassy, the Declaration of 1897 in regard to non-alienation of the Island of Hainan has been brought to the attention of the Japanese Minister for Foreign Affairs by the French Ambassador at Tokyo.

793.94/8166
E.G.C.
FE:EGC

IX-22-36

FE

215-6

TELEGRAM RECEIVED



LMS

1-1336

FROM GRAY

Canton via N. R.

Dated September 21, 1936

Rec'd 2:45 p. m., 22nd

Secretary of State,

Washington.

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

REF

September 21, 4 p. m.

It is not possible to secure verified information of the present state of ~~affairs~~ ^{affairs} at Pakhoi. Today press is uncertain whether the Nineteenth Route unit has yet left Pakhoi but it was thought to have done so in obedience to orders from Nanning. The Chinese and Japanese investigators were expected to have been able to land and begin their investigation at Pakhoi yesterday. At least three Japanese naval vessels are in the vicinity of Pakhoi. ^{A report in} ~~China~~ vernacular newspapers published in Hong Kong and Canton today contain an article from a correspondent at Nanning Kwangsi which states that Kwangsi army headquarters report the receipt of a telegram from commanders of the troops at Pakhoi reporting that on September 14th Japanese from the gunboat, using over dozen fishing boats, sailed close to the shore and fired for ten minutes on the garrisons. The Chinese soldiers fired in reply in self-defense. None of the English

793.94

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SP

793.94/8167

SEP 24 1936

FILED

1631
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

LMS From Canton via N. R., September 21, 4 p. m. -2-

English press has ^{anything} ~~answered~~ on this incident and the
Japanese Consulate in Canton denies all knowledge con-
cerning it. General Li Tsung Jen has returned to Nan-
ning from Canton and it is expected that Pai Chung Hsi
will soon come to Canton for a conference with Chiang
Kai Shek. Sent to the Department, Peiping, Nanking.

LINNELL

CSB

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

CONFIDENTIAL

SEP 24 1936
September 19, 1936.

1936 SEP 22 PM 1 45

Subject: The Situation in China.

DIVISION OF
COMMUNICATIONS
AND RECORDS
Mr. Secretary.



793.94
During the week in review (1) there were no develop-
ments of importance in Sino-Japanese relations in north
China, (2) the military leaders of Kwangsi Province appeared
to have accepted the terms of settlement with the Nanking
Government, and (3) there was continuation of the tension,
caused by the Chengtu and Pakhoi incidents, in relations
between China and Japan.

The Japanese Ambassador discussed the Chengtu incident
with the Chinese Foreign Minister but is understood to
have presented no demands. The refusal of Chinese soldiers
of the 19th Route Army to permit a Japanese investigating
party to land at Pakhoi caused apprehension with regard to
possible Japanese retaliatory action. A number of Japanese
naval vessels were dispatched to Pakhoi and there was specula-
tion in the press as to the possibility of Japanese using
Hainan Island* as a base for operations against Pakhoi.
However, later reports indicated that the 19th Route Army
would probably withdraw under orders from Chiang Kai-shek,
thereby making possible the visit of the Japanese party of
investigation to Pakhoi.

Press

* Hainan Island is located off the southern coast of
Kwangtung Province.

793.94/8168

F/FG

063
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Quisenberry NARS, Date 12-18-75

- 2 -

Press despatches indicate that, due to precaution taken by the Chinese authorities, September 18, the anniversary of the Mukden incident of 1931, passed without any serious occurrences, although there are reports of minor disturbances at Fengtai, near Peiping, and at Shanghai.

It appears that the Japanese Foreign Office has so far been able to withstand the demands of the military services for drastic action against China. Our Embassy at Nanking suggests the explanation that "the Japanese are genuinely concerned lest impossible demands or overt action on their part cause a widespread outburst of anti-Japanese agitation and they wish, because of the domestic situation in Japan and the unsatisfactory state of Soviet-Japanese relations, to preclude developments which might involve Japan in a major conflict".

m.m.H.
A telegram just received from the Consulate General, Hankow, states that a Japanese policeman was shot dead in Hankow today by an unknown assailant; Japanese patrols have landed in Japanese concession, which is quiet.

J.V.
FE:JCV/VDM *hustan*

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

EE

TELEGRAM RECEIVED

U

1-1336

Division ~~1336~~ FROM
FAR EASTERN AFFAIRS
SEP 23 1936
Department of State

GRAY AND SPECIAL GRAY

Canton via N.R.

Dated September 22, 1936

Rec'd 8 a.m., 23d

Secretary of State

Washington

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

September 22, 4 p.m.

Official information has now been received from Pakhoi that the Nineteenth Route Army are evacuating that port and Kwangtung forces under General Wu Chien Hsiung have been sent to take control. It is reported that at least five and possibly seven Japanese naval vessels including one cruiser and four destroyers are near Pakhoi. No confirmed reports have yet been received. that Dr. Ling Shih Feng (?) Japanese investigators have /

It is officially stated that Kwangsi forces will be reorganized into the Fifth Route Army with Li Tsung Jen as Commander-in-Chief and Tsai Ting Kai of the Nineteenth Route Army as Vice Commander-in-Chief. Between six and eight divisions will be allowed for whose maintenance Central Government will make appropriation. Reports from Nanning Kwangsi are that Pai Chung Hsi is well satisfied with the outcome of Chiang Kai Shek's conferences with Li Tsung Jen and Huang Shu Chu at Canton. Pai is working

793.94/8169

SEP 26 1936

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

U -2- #- September 22, 4 p.m. from Canton

working on the ~~report~~ ^{reorganization} of the Kwangsi forces and is expected to come for a conference with Chiang Kai Shek before he goes abroad as it is now settled he will do. It is stated that division leaders Liao Lei and Hsia Wei will accompany him overseas. Their expenses will be paid out of the National Treasury.

Sent to the Department, Peiping and Nanking.

LINNELL

KLP:CSB

216-2

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

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

LMS

TELEGRAM RECEIVED

GRAY

Hankow via N. R.

FROM Dated September 23, 1936

Rec'd 2:50 p. m.

Secretary of State,
Washington.

September 23, 10 p. m.

CONFIDENTIAL.

Division of
FAR EASTERN AFFAIRS
SEP 23 1936

Department of State

Two Japanese destroyers arrived from Shanghai yesterday and last night disembarked fully equipped landing force of 180 men. I was informed at the Japanese Consulate General that this force has been sent here temporarily and will be relieved shortly by larger contingent from Japan and that it is the Japanese intention to keep a permanent landing force at Hankow.

Two. Miura, the Japanese Consul General, had a lengthy conference yesterday afternoon with Yang Yung Tai, the Hubei Governor. From Chinese and Japanese official sources I learn that Miura demanded that the Chinese accept full responsibility for the killing of the Japanese policeman and that the governor declined to do so. ~~He~~ (Miura) pressed for acceptance of his theory (see first paragraph of my telegram of September 21, 4 p. m.) that the policeman was killed in the so-called Japanese extension and that the Chinese ~~are~~ responsible for patrolling this area, to which the Governor replied

by

793.94/8170

FILED

SEP 24 1936

FG

217-1

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

LMS 2- From Hankow, September 23, 10 p. m.

by producing a letter written by one of Miura's predecessors refusing a joint survey of the concession boundary and stating that the limits the concession include the so-called extension. Most of the conversation was given over to a discussion of the status of this area and the responsibility for policing it, and the question of who killed the policeman appears to be of less interest than where he was killed.

Three. I saw Miura this morning. He was tired and anxious. He reiterated the Japanese version of the shooting, already mentioned. This theory is contradicted by the evidence of the Norwegian lady, referred to in the second paragraph of my September 21, 4 p. m., who states that she heard two shots and saw the policeman fall at his post in the Japanese concession. Miura has been informed of her statement (which was made in writing to the Norwegian Vice Consul yesterday) and has been shaken by it. The lady was questioned by the Mayor of Hankow in the Norwegian ^{Consulate} ~~Vice Consul's (*)~~ this afternoon; Miura was invited to be present or send a representative to interrogate her but refused.

Four. The Japanese concession is quiet. The landing force was not in evidence this morning.

Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

KLP
(*) ~~Apparent omissions.~~

217-2

TELEGRAM RECEIVED

U

1-1236

GRAY

FROM

Shanghai via N.R.

Dated September 24, 1936

Rec'd 7:20 a.m.

Secretary of State

Washington

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

Division of
FAR EASTERN AFFAIRS
SEP 24 1936
Department of State

509, September 24, 11 a.m.

Four Japanese blue jackets attacked last night about 8:30 p.m. by Chinese in Hongkew district within settlement. One blue jacket killed and two injured. One Chinese gun man arrested on the spot. He has since been turned over by Japanese to the Shanghai municipal police.

Japanese landing party promptly threw cordon around the area, stopped all traffic and in conjunction with Shanghai municipal police searched pedestrians and houses in the vicinity. Patrols were also posted in the Hongkew and Chapei area and a considerable force of Japanese reservists called up and concentrated at Japanese headquarters. Five hundred and fifty sailors also reported to have been landed from the troop ship MUROTO which arrived during the night.

The Japanese community is greatly aroused and very tense. Japanese naval authorities have issued a statement to the effect that the special naval landing party

will

218-1

793.94
note
393.9413

793.94/8171

FILED
SEP 26 1936

F-6

0635
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

U -2- #509, Sept. 24, 11 a.m. from Shanghai

will proceed "armed for the protection of Japanese lives within and outside the settlement according to its own judgment". Statement made by Japanese Embassy here expresses intense indignation at this latest outrage and continues "we can no longer trust Chinese assurances that anti-Japanese movements and activities will be suppressed and we must regretfully take upon ourselves the task of protecting the lives and property of our nationals in China by whatever means we consider suitable".

No unusual demands made so far by Japanese upon the Settlement authorities who report that the Japanese cordon was withdrawn this morning and that only a few extra patrols remain in the Hongkew and Chapel areas. Shanghai municipal police incline to the belief that shooting was done by terrorist or Communist group. Japanese are understood to be of the same opinion but are fast losing patience over these frequently recurring incidents. Settlement and Chinese authorities taking special precautions. Situation quiet but tense.

GAUSS

CSB

518-2

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

U

TELEGRAM RECEIVED

GRAY AND PLAIN

Nanking via N.R.

1-1836

FROM Dated September 24, 1936

Rec'd 7:20 a.m.

Secretary of State

Washington

COPIES SENT TO
U.N.I. AMBASSY

278, September 24, 9 a.m.

(GRAY) Our 267, September 17, 9 a.m.

One. Kawagoe made yesterday afternoon his third call

on the Minister of Foreign Affairs which lasted two and
a half hours. According to a Foreign Office communique,
(END GRAY) "General Chang first explained the measures
considered by the Chinese National Government for a settle-
ment of the 'Chengtzu incident' and then expressed his views
regarding the question of the suppression of alleged
anti-Japanese activities; opinions were subsequently
exchanged on general questions concerning a readjustment
of Sino-Japanese relations." In a press interview a
spokesman of the Japanese Embassy said that the Japanese
Ambassador neither accepted nor rejected the measures
contemplated by the Chinese Government to settle the
Chengtzu affair; the spokesman added that he could not
say whether any progress had been made in the negotiations.
(SECTION TWO FOLLOWS)

KLP:WWC

PECK

FILED
SEP 26 1936

793.94/8172

F4

519-1

793.94
note
393.9413

TELEGRAM RECEIVED

U

1-1336

FROM SPECIAL GRAY

Nanking Via N.R.

Dated September 24, 1936

Rec'd 9:25 a.m.

Secretary of State

Washington

278, September 24, 9 a.m. (SECTION TWO)

Two. Chinese and Japanese officials are as non-committal in private conversations concerning the negotiations as they are in official pronouncements. It is generally believed that Kawagoe has not (repeat not) yet received specific or comprehensive instructions which continue to await investigation of the Pakhoi affair and agreement in Tokyo and which will probably be further greatly affected by the murder last night of Japanese blue jackets in Shanghai which had been confirmed by Shanghai Consulate General by telephone.

Three. The Shanghai murders of last night bring the total number of murders of Japanese in China since November 1935 to 10 if the alleged murder of a Japanese consular policeman at Swatow January 31, 1936, is included.

Sent to Department and Peiping. By mail to Tokyo, Canton, Hankow, Shanghai.

PECK

CSB

219-2

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

U

GRAY

1-1536

FROM Tokyo

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

Dated September 24, 1936

Rec'd 9:23 a.m.

Secretary of State

Washington

192, September 24, 6 p.m.

Division of
FAR EASTERN AFFAIRS
SEP 21 1936
Department of State

One. As a result of yesterday's Shanghai incident involving Japanese blue jackets, vernacular press reflects marked increase in local tension especially in navy circles.

Two. ASAHI this evening reports that imperial sanction was obtained this morning for policy decided upon by navy which calls for immediate strengthening of naval forces in China in the belief that the National Government cannot be relied upon to protect Japanese. JAPAN TIMES reports that Minister of the Navy will remain in Tokyo instead of accompanying the Emperor today to attend the army maneuvers in the Hokkaido. Foreign Office circles are denying the statement in the press with the view that the negotiations with the National Government will now take an important new turn.

Three. JAPAN TIMES quotes Foreign Office spokesman as stating that no decision has as yet been reached by the Foreign Office regarding the steps to be taken.

Repeated to Peiping.
WWC:CSB

DICKOVER

793.94/8173

F/F/G

064
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

FS

GRAY

1-1336

FROM

Shanghai via N. R.

Dated September 24, 1936

Rec'd 1:32 p. m.

Secretary of State,
Washington.

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

Division
OF FAR EASTERN AFFAIRS
SEP 24 1936
Department of State

753.94
511, September 24, 6 p. m.

Further to my 509, September 24, 11 a. m., the

Consulate General has learned confidentially from
Secretary General of Municipality of Greater Shanghai
that Mayor Wu lodged written protest this morning with
the Japanese authorities regarding incursion of Japanese
naval units into Chapei area last night and pointed out
that the appearance of fully armed Japanese units was
causing much apprehension among the Chinese that district.
The Mayor further pointed out some Japanese units have
been posted in areas where there are no Japanese resi-
dents and requested that these and all other units be
withdrawn forthwith. No reply has been received to this
protest thus far. It was further stated that when
Japanese bluejackets proceeded into Chapei last night
strict instructions were issued to all Chinese police
not to oppose them in any way but that their continued
presence was provocative and might lead to further
trouble.

Wagasugi,

FS 2-No. 511, September 24 from Shanghai

Wagasugi, Acting Japanese Consul General, called on Mayor Wu this morning and urged the cooperation of the Chinese authorities in apprehending the perpetrators of the shooting and requested that every possible effort be made to give the fullest protection to Japanese lives and property. Wagasugi further informed the Mayor that he reserved the right to present any new demands (it is understood that instructions from Tokyo are being awaited). The Mayor is understood to have assured him that everything possible would be done. Wagasugi also called on the Chairman of the Shanghai Municipal Council this afternoon and similarly urged the Settlement authorities to apprehend the murderers and to protect fully Japanese residents. His attitude was surprisingly conciliatory. I am informed that Shanghai municipal police are functioning normally in the Hongkew area without Japanese opposition. For a time last night, however, their functioning was considerably restricted by Japanese naval cordon.

I was informed last night that Japanese naval authorities desired declaration of state of emergency. As a matter of precaution I advised Commanding Officer United States Marine Corps that the situation as reported did not justify such a measure. He concurred. I learn today

500-2

0645
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

FS 3-No, 511, September 24 from Shanghai

today that no formal request was received from any responsible Japanese authority for declaration of state of emergency.

It is learned that the one Chinese arrested on the spot was probably a bystander and not one of the culprits who are generally thought to have been hired gunmen operating for political purposes.

Thus far the attitude of the Japanese as indicated by their representatives to both the Chinese and Settlement authorities and the measures taken by the Japanese Navy, with the exception of their penetration into Chapei, indicates a surprising measure of restraint.

GW:PEG

GAUSS

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

LMS

TELEGRAM RECEIVED

GRAY AND SPECIAL GRAY

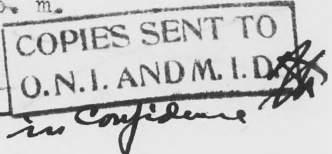
Nanking via N. R.

1-1336

FROM Dated September 24, 1936

Rec'd 2:47 p. m.

Secretary of State,
Washington.



279, September 24, 2 p. m.

8172

Our 278, September 24, 9 a. m., Section one.

One. We are reliably informed that the Ministers of Industry and Education are proceeding today by plane to Canton to confer with Chiang Kai Shek concerning the negotiations between the Japanese Ambassador and the Minister for Foreign Affairs and that they have been ~~sent~~ ^{sent} by the National Government because the Government believes that the negotiations so far have been fruitless and have reached or will reach a deadlock. From reliable ~~source~~ ^{information} available to us we are convinced that Kawagoe has presented no demands or threats to Chang Chun but the Chinese Government has conceived from the three conversations here, from reports from the Chinese Minister at Tokyo and from Japanese news sources (which most probably have had tacit approval of some Japanese Government officials) what it considers to be the present objectives of the negotiations which the Japanese Ambassador initiated September 15 ostensibly over the

Chengtu

793.94/ 8175

SEP 28 1936

FILED

F/FG

521-1

12

064

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

LMS 2-No. 279, September 24, 2 p. m., from Nanking.

Chengtu incident. These objections, as reportedly conceived by the Chinese Cabinet ministers are: (one) the alienation of China from dependence upon foreign countries other than Japan and specifically an open stand on the part of the Chinese Government in favor of Japan against Communism and, by implication at least, Soviet Russia; (two) Sino-Japanese economic cooperation in North China to be developed within a political framework which will virtually create a five province buffer region, ^{organs} Chinese administrative ~~(*)~~ will, independently of Nanking, control such Chinese troops as are necessary to maintain peace and order in that area.

Two. In an informal discussion incident to a call by myself and Acheson upon the new British Ambassador and his Chinese counselor this morning the two latter stated that (SECTION TWO FOLLOWS)

PECK

CSB

(*) Apparent omission.

551-2

TELEGRAM RECEIVED

U
This telegram must be
closely paraphrased
before being communicated FROM
to anyone. (A)

Nanking

Dated September 24, 1936

Rec'd 11:35 a.m.

Secretary of State

Washington

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

279, September 24, 2 p.m. (SECTION TWO)

Two. Last night at a dinner for the British Ambassador given by Chang Chun there was some discussion among Chinese Cabinet Ministers of a possibility they envisaged that a deadlock in the Sino-Japanese negotiations would result in a break with and Chinese resistance to Japan. The Ministers felt that the Japanese were segregating the incidents from the main (?) the negotiations and that the former could probably be settled one by one but China could not **passively** allow Japan to achieve the two objectives outlined in paragraph one.

Three. The British officials stated to us that British interests in the Far East made it plain that their own role should be to calm the Chinese at this time with a view to warding off a definite break between China and Japan or the development of any major sino-Japanese hostilities since British as well as other foreign persons and property would suffer in such case. The British Ambassador had therefore advised Chang Chun to meet Japanese wishes to the last point possible.

✓ Four. There has been during recent months so much talk

221-3

0648
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

U -2- #279, Sept. 24, 2 p.m. (SECTION TWO) from Nanking
talk by Chinese of armed resistance against Japan that we
are inclined to believe that (one) too much importance
should not be attached to what the British Ambassador was
told (two) this information may have been given him in
the expectation that it might through him reach the
Japanese Embassy and possibly influence the Japanese
Ambassador to continue the attitude of obvious caution
with which he has been approaching sino-Japanese problems.
(Section three following)

PECK

CSB

521-4

TELEGRAM RECEIVED

U

1-1336

FROM SPECIAL GRAY

Nanking via N.R.

Dated September 24, 1936

Rec'd 1:50 p.m.

Secretary of State

Washington

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

279, September 24, 2 p.m.

Section three.

Five. The Japanese Ambassador informed an American newspaper correspondent at midnight last night that (1) the Shanghai murders greatly increased the gravity of the situation and it would now be necessary for Japan to adopt a much stronger attitude in order to achieve Japanese desires; (2) it now depended largely upon the Minister for Foreign Affairs whether the conversations with him would be continued.

Six. To Department and Peiping.

End Message.

PECK

RR

221-5

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)

P A R A P H R A S E

Section 2 of a telegram (No. 279) of September 24, 1936, from the American Embassy at Nanking reads substantially as follows:

At a dinner given on September 23 by Chang Chun for the British Ambassador Chinese Cabinet Ministers discussed to some extent the possibility which they foresaw of a deadlock in negotiations with Japan which would result in a break with the Japanese and Chinese resistance to Japan. It was the feeling of the Cabinet Ministers that Japan was segregating the incidents from the ~~the~~ principal issues of the negotiations and that probably the incidents could be settled one by one but that China could not passively allow the Japanese to attain the two objectives mentioned in the first paragraph of Section one of this telegram.

The British Ambassador and his Chinese Counselor informed members of the American Embassy staff that a consideration of British interests in the Far East made it evident that the role of the British at this time should be to calm the Chinese with a view to staving off a definite break between the Chinese and Japanese or the development on a large scale of hostilities between China and Japan since in the event of such hostilities British nationals and property would suffer as well as other foreign nationals and property. Therefore, the British Ambassador had advised Chang Chun to comply to the last possible point with the wishes of the

Japanese

521-6

0652
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

- 2 -

Japanese.

During the past few months Chinese have talked so much of armed resistance against the Japanese that members of the American Embassy are prone to believe that (a) what the British Ambassador was told should not be given too much importance and (b) the Chinese may have given him this information expecting that through him the information might reach the Japanese and possibly influence the Japanese Ambassador to continue the apparently cautious attitude with which he has been taking up problems between China and Japan.

793.94/8175

egc.
FE:EGC

IX-25-36

FE

221-7

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

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

TELEGRAM RECEIVED *8/2*

u
A portion ¹⁻¹³³⁶ of this telegram ~~FROM~~
must be closely paraphrased
before being communicated
to anyone. (A)

Tokyo

Dated September 25, 1936

Rec'd 9:33 a.m.

Secretary of State

Washington

193, September 25, 6 p.m.

793.94

(GRAY) One. Consensus of conservative vernacular press opinion today is that Japan's fundamental policy for dealing with Chinese situation remains unchanged and that Japan will continue to press Nanking for settlement of pending questions but that Navy will take measures for protection of Japanese residents. Foreign Office spokesman is quoted by JAPAN TIMES as voicing disappointment with "insincere" attitude so far manifested by Chinese in Nanking negotiations and as declaring that if negotiations prove futile Japan will be obliged to take other measures. (END GRAY)

Two. Vice Minister for Foreign Affairs confirmed to Ballantyne this morning that Japan's policy remained unchanged. He said, however, that Navy Department was assigning warships at various ports for the protection of Japanese residents.

Three. Naval Attache was today informed by his contact in the Navy Department that the third fleet was not being

225-1

793.94/8176

0654

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

U -2- #193, Sept. 25, 6 p.m. from Tokyo

being augmented from Japan for the present; that a
naval landing party comprising one battalion 500 strong
was landed today at Shanghai from a naval transport and
that at Pakhoi there were now two cruisers, one gunboat
and five destroyers.

Repeated to Peiping.

DICKOVER

WWC

553-2

0655

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)

P A R A P H R A S E

A telegram (No. 193) of September 25, 1936, from the American Embassy at Tokyo reads substantially as follows:

The consensus of opinion of the conservative vernacular press of September 25 is that Japan's fundamental policy for dealing with Chinese situation remains unchanged and that Japan will continue to press Nanking for settlement of pending questions but that the Navy will take measures for the protection of Japanese residents. The Foreign Office spokesman is quoted by the JAPAN TIMES as voicing disappointment with "insincere" attitude so far manifested by Chinese in Nanking negotiations and as declaring that if negotiations prove futile Japan will be obliged to take other measures.

On September 25 the Vice Minister for Foreign Affairs of Japan confirmed to a member of the Embassy staff that the policy of Japan remained unchanged but he stated that in order to protect Japanese residents the Japanese navy was assigning warships at various ports.

On September 25 the American Naval Attaché received from his contact in the Japanese Navy Department information to the effect that a naval landing party comprising one battalion 500 strong had just been landed at Shanghai from a naval transport on September 25; that there were now two cruisers, five destroyers, and one gunboat at Pakhoi; and that for the present the third fleet was not being augmented from Japan.

793.94/8176

FE-200
IX-200-56

FE

502-3

W M N

0658

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

U

SPECIAL GRAY
TELEGRAM RECEIVED
Nanking via N.R.

Dated September 25, 1936

1-1236

FROM Rec'd 10:12 a.m.

Secretary of State

Washington

COPIES SENT TO
O.N.I. AND W.L.D.

Division
FAR EASTERN AFFAIRS
SEP 25 1936
Department of State

280, September 25, 10 a.m.

Our 279, September 24, 2 p.m., paragraph two.

793.94

One. Suma told an American news correspondent this morning that Sino-Japanese relations had reached a grave crisis and the Japanese Government would hold the Chinese Government strictly responsible for the Shanghai murder of September 23. Questioned concerning reports that part of Shanghai might be occupied by Japanese forces or that hostilities might develop he replied that the situation was serious enough to warrant such reports. He did not deny, in response to a direct question, that an ultimatum would be presented to the Chinese Government and said that the incident was itself an ultimatum from heaven to the Chinese.

Two. It now appears that earlier ~~pictures~~ ^{press reports} that two Japanese blue jackets succumbed as a result of the shooting were untrue and that only one (named Taminato) is dead. This makes the ninth murder of Japanese in China since November 1935 (including the alleged Swatow murder) and the fifth during one month from August 24 to September 23.

Three. To Department and Peiping, by mail to Tokyo, Shanghai.
PEG:CSB

PECK

793.94/8177

FILED

SEP 28 1936

FE

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

U

GRAY

Shanghai via N.R.

Dated September 25, 1936

Rec'd 1:30 p.m.

Secretary of State

Washington

DIVISION OF
FAR EASTERN AFFAIRS
SEP 25 1936
Department of State

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

513, September 25, 4 p.m.

My September 24, 6 p.m.

Japanese units remain in Chapei and adjoining northern
area but have been reduced in strength somewhat and are
not so much in evidence. Situation in Chapei and Hongkew
slightly easier.

GAUSS

RR

793.94/8178
FILED
SEP 28 1936

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

CORRECTED COPY

LMS 1-1336

FROM

SPECIAL GRAY

Nanking via N. R.

Dated September 25, 1936

Rec'd 2:55 p. m.

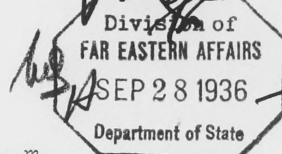
COPIES SENT TO
O.N.I. AND M.I.D.

Secretary of State,
Washington.

281, September 25, noon.

My 280, September 25, 10 a. m.

One. Conveyed informally at reception given by Kung for the British Ambassador Senior Vice Minister Hsu Mo told an officer of the British Embassy and me that at the first conference between the Minister for Foreign Affairs and the Japanese Ambassador held September 15th the Ambassador outlined proposals for fundamental settlement of Sino-Japanese difficulties; at second conference held September 16 the Chinese Minister for Foreign Affairs directed conversation mainly to China's proposals for settlement of the Chengtu incident and such settlement was of pressing importance; at the third conference held September 23 the Chinese Minister for Foreign Affairs gave China's proposals for fundamental settlement of Sino-Japanese difficulties. Hsu Mo complained that the Japanese Ambassador had consistently refused to accelerate settlement of the murders on Japanese territory and



793.94/8179

SEP 29 1936
FILED

he

523-1

0655
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

CORRECTED COPY

LMS 2-No. 281, September 25, noon, from Nanking.

he hinted that that settlement was being deliberately obstructed in order that they may be utilized as alleged unredressed grievances as excuse for reprisals if China definitely rejects Japanese terms for fundamental solution. He said the Chinese Government was ready and eager to settle these incidents in accordance with international law. Before I could verify from Hsu Mo the truth of current reports that Japanese proposals relate principally to economic cooperation and what would amount to practical alienation of five northern provinces Suma, Secretary of the Japanese Embassy, arrived and rather ostentatiously held Hsu Mo in private conversation until both of them left the reception. Kung privately confirmed both reports and added that economic cooperation on lines proposed by the Japanese would result in excluding other nations from China. Both Hsu Mo and Kung were very guarded regarding exact nature of the discussions.

Two. To the Department and Peiping.

PECK

CSB

553-2

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

See
TELEGRAM RECEIVED *corrected*

LMS

Copy
SPECIAL GRAY

1-1236

Nanking via N. R.
FROM
Dated September 25, 1936
Rec'd 2:55 p. m.

Secretary of State,
Washington.

281, September 25, noon.

My 280, September 25, 10 a. m.

792.94
One. Conveyed informally at reception given by Kung for the British Ambassador, Senior Vice Minister Hsu Mo told an officer of the British Embassy and me that at the first conference between the Minister for Foreign Affairs and the Japanese Ambassador held September 15th the Ambassador outlined proposals for fundamental settlement of Sino-Japanese difficulties; at second conference held September 16 the Chinese Minister for Foreign Affairs directed conversation mainly to China's proposals for settlement of the Chengtu incident and such settlement was of pressing importance; at the third conference held September 23 the Chinese Minister for Foreign Affairs gave China's proposals for fundamental settlement of Sino-Japanese difficulties. Hsu Mo complained that the Japanese Ambassador had consistently refused to accelerate settlement of the murders (?) Japanese territory and

he

FE
Division of
FAR EASTERN AFFAIRS
SEP 26 1936
Department of State
CDT
8177

792.94/8179

F/FG

523-3

0661
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

LMS 2-No. 281, September 25, noon, from Nanking.

he hinted that that settlement was being deliberately obstructed in order that they may be (?) (?) unrebuking grievances as (?) marking reprisals if China inform us rejects Japanese terms (?) fundamental solution. He said the conduct of (?) (?) elaborates to settle these incidents in accordance with international law. Before I could (?) are made Hsu Mo (?) of current reports that Japanese proposals relate principally to economic cooperation and what would amount to practical alienation of five northern provinces Suma Secretary of the Japanese Embassy arrived (?) (?) held Hsu Mo in private conversation until both of them left the reception. (?) privately confirmed both reports and added that economic cooperation on lines (?) the Japanese would result in excluding other nations from China. Both Hsu Mo and (?) (?) guarded (?) ex(?) nature of the discussions.

Two. To the Department and Peiping.

PECK

CSB

Note: Have asked for repetition of entire message. ✓

Telegraph Room.

523-4

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

U

1-1236

FROM GRAY

Tokyo

Dated September 26, 1936

Rec'd 12:35 a.m.,

Secretary of State

Washington

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

194, September 26, 11 a.m.

All vernacular papers report this morning that after a cabinet meeting yesterday the Minister for Foreign Affairs sent for the Chinese Ambassador and pointed out that the failure so far of the negotiations at Nanking to make progress which he ascribed to a lack of understanding of the present situation on the part of the National Government had caused dissatisfaction in Japanese official and unofficial circles and had evoked a demand that the negotiations be broken off. The Minister for Foreign Affairs therefore impressed upon the Ambassador the urgency of Chiang Kai Shek's return to Nanking to be personally present at these important negotiations.

Repeated to Peiping.

DICKOVER

793.94/8180

SEP 28 1936

FILED

F/FG

534-1

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

TELEGRAM RECEIVED

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

U

1-1336

FROM GRAY AND SPECIAL GRAY

Shanghai via N.R.

Dated September 26, 1936

Rec'd 7 a.m.

Secretary of State

Washington

515, September 26, Noon.

My 513, September 25, 4 p.m.

Japanese naval landing party has still further curtailed its activities and as a result conditions in Hongkew Chapei and adjoining northern area in Chinese territory are gradually returning to normal.

Japanese Counselor of the Embassy informed me yesterday evening that the Sino-Japanese negotiations at Nanking had come to a standstill and that unless the Ministers of Education and Industry who flew to Canton yesterday to see General Chiang brought back satisfactory instructions, negotiations would probably be broken off. He also told me that Japanese are taking a very strong attitude but gave no inkling of the nature of their demands. Copy to Nanking by mail. GAUSS



793.94/8181

FILED
SEP 28 1936

FD

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

DEPARTMENT OF STATE SEP 26 1936

DIVISION OF FAR EASTERN AFFAIRS

September 22, 1936.

Subject: Sino-Japanese Relations.

Secretary:

The murder of a Japanese policeman at Hankow and the difficulties at Fengtai (near Peiping) between Japanese and Chinese troops, following closely upon the still unsettled Chengtu and Pakhoi incidents, have heightened the tension in Sino-Japanese relations. As a result of the Hankow incident, reenforcement of Japanese marines at Hankow and Shanghai has been ordered, and the Fengtai incident appears to have aroused feeling which the evacuation of Fengtai by Chinese troops, under Japanese compulsion, has not allayed.

A precarious situation in Sino-Japanese relations obtains because the Japanese, on the one hand, appear anxious to reach a comprehensive settlement with China, of which one important element would be an end of anti-Japanese activity, whereas the Chinese, on the other hand, fear that Japanese demands for a settlement will strengthen anti-Japanese feeling, causing further incidents, and make a diplomatic settlement impossible. In view of the temper of the Japanese military services, military action in some form by Japan, should settlement

by



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✓

DER

793.94/8182

SEP 27 1936

F/FG

793.94

DEPARTMENT OF STATE

SEP 26 AM 11 50

DIVISION OF
COMMUNICATIONS
AND RECORDS

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

- 2 -

by negotiations fail, is not unlikely. A hopeful element in the situation is the attitude of the Japanese Foreign Office which apparently desires to present terms of settlement to the Chinese Government which that Government will be able to accept without causing a widespread outburst in China of anti-Japanese feeling and activity. Our Embassy in Tokyo, in reporting on the situation, under date September 22, expresses the view that "it appears probable to the Embassy that the Japanese Government, while using the leverage afforded by these incidents to gain as much as possible, * * * will not push matters with China to a critical point at this time."

m. m. f.

JCV
FE:JCV/VDM *992* *Letter*

TELEGRAM RECEIVED

LMS

1-1336

FROM GRAY and SPECIAL GRAY

Hankow via N. R.

Dated September 26, 1936

Rec'd 10:14 a. m.

Secretary of State,

Washington.

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

Division of
FAR EASTERN AFFAIRS

SEP 28 1936

Department of State

September 26, noon.

My September 23, 10 a. m. / 8170

CONFIDENTIAL. No progress has been made towards a solution or a settlement of the killing of the Japanese policeman Yoshioka on the 19th. The production of his predecessor's letter (it is dated February 3, 1930) and the evidence of the only foreign eye witness (the Norwegian lady, Mrs. Jorgensen) have embarrassed Miura, who now describes the "place where the murder occurred" as "a side issue".

Two. The Chinese authorities have received no written communication from the Japanese in regard to the incident. The only representations which the Japanese have made are the demands made by Miura in his conversation with the governor, which required the Chinese to accept full responsibility and to guarantee that there shall be no recurrence of such incidents in Hupeh. He told the governor that the Japanese people can no longer tolerate these acts

793.94/8133

F/FG

LHS 2-From Hankow, September 26, noon.

acts of anti-Japanese aggression.

Three. STRICTLY CONFIDENTIAL. The initial attempt of the Japanese to fasten responsibility upon the Chinese authorities has apparently misfired. Their attitude, however, has not changed. "The main point", Miura states in a letter to the Norwegian Vice Consul acknowledging the receipt of certified copies of the statements of Mrs. Jorgensen and her husband, "is that the Japanese policeman was shot dead by a Chinese ~~Japanese~~ and this is the eighth consecutive grave crime made by Chinese to Japanese residents since November of last year, when the Nakayama murder took place in Shanghai." END STRICTLY CONFIDENTIAL.

Four. The Chinese authorities feel that Miura has placed himself in an awkward position by his hasty adoption of the theory set out in the first paragraph of my September 21, 4 p. m., ⁸¹⁶² and are not pressing their advantage in the hope that he will yet cooperate with them. Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

TTC:CSB

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

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

JS

TELEGRAM RECEIVED

Copies hereof to be sent to

PEIPING (Via N.R.)

Copy also to

Dated September 26, 1936

and

Rec'd 3:25 p.m.

Secretary of State,
Washington, D.C.

Division of
FAR EASTERN AFFAIRS
SEP 28 1936
Department of State

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

465, September 26, 3 p.m.

NOT FOR PUBLICATION

Reference Embassy's 459, September 21, 6 p.m.

It now appears that the establishment of the proposed "inspectorate" has been abandoned at least for the time being. The representative of the Ministry of Finance who was sent to Tientsin to investigate the local situation, particularly with a view to the establishment of the "inspectorate" after several conferences with General Sung Che Yuan and the local customs authorities, is said to have made a report to Nanking but no information is available regarding his recommendations.

Due to the very effective interference by the customs with the transport of smuggled goods by the Tientsin Pukow and Peiping Hankow Railways, large quantities of smuggled goods are now being sent from Tientsin to the interior by motor trucks as far as Tsinanfu and through Central and South Hopei. It is reported that this trade is so profitable that the motor trucks used pay for themselves within two weeks.

The Consulate General at Hankow which itself never appears to have been seriously affected, reports that the authorities

RECORDING D-5
FILE - W-8
ASSISTANT SECRETARY
OF STATE
SEP 28 1936

793.94/8184

FILED
SEP 30 1936

F/FG

326-1

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

JS

-2-

From Peiping, #465.

authorities there are confident that their preventive measures have effectively checked the movement of smuggled goods on the Peiping Hankow Railway. With North China flooded with smuggled goods, however, any action that tends to weaken the effectiveness of the customs measures will be viewed with concern by American and foreign merchants there.

Copy by mail to Tokyo.

JOHNSON

CSB

226-2.

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

TELEGRAM RECEIVED

U 1-1336

FROM Shanghai

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

Dated September 28, 1936

Rec'd 4:20 a.m.

Secretary of State
Washington

Division of

FAR EASTERN AFFAIRS

SEP 28 1936

Department of State

COPIES SENT TO

O.N.I. AND M.I.D.

517, September 28, noon.

Abend, NEW YORK TIMES representative, has just informed
me confidentially that Japanese Ambassador has presented
seven demands to the National Government which must be
completely agreed to before any settlement can be effected
of the Chengtu and other incidents. From a source he
described as "unimpeachable" he has learned three of these
demands. They are (one) establishment of an independent
regime in North China to include Hopei, Shantung, Shansi,
Chahar and Suiyuan over which the National Government will
retain only nominal suzerainty; (two) stationing of Jap-
anese troops with Chinese troops in all areas where Com-
munist armies are active; (three) the placing of Japanese
advisers in all departments and services of the National
Government.

Abend also informed me that from recent interviews
with Japanese military and naval attaches he has gained
the definite impression that these demands are in the
nature

793.94/8185

FILED

F/FG

0677
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Hunt NARS, Date 12-18-75

U -2- #517, Sept. 28, noon from Shanghai

nature of an ultimatum and that non agreement will result in definite action by the Japanese. He states that a press telegram to his paper recounting the above has been passed by the Chinese press censor at Shanghai.

Repeated to Peiping and Nanking.

GAUSS

CSB

257-2

0672

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 517) of September 28, 1936, from the American Consul General at Shanghai, reads substantially as follows:

The Consul General has just been confidentially informed by the representative of the NEW YORK TIMES (Abend) that the Japanese Ambassador has presented to the Chinese Government seven demands which must be agreed to completely before any settlement of the Chengtu and other incidents can be reached. Mr. Abend has learned from a source which he considers "unimpeachable" that three of the demands are (a) the placing of Japanese advisers in all services and departments of the Nanking Government, (b) stationing of Japanese soldiers with Chinese soldiers in all areas where Communist armies are active; and (c) establishment in North China of an independent regime to include Chantung, Shansi, Hopei, Suiyuan and Chahar with the National Government retaining only nominal suzerainty.

The Consul General was informed also by Mr. Abend that as a result of recent interviews with the Japanese naval and military attachés he (Abend) has received the definite impression that these demands are a kind of ultimatum and that the Japanese will take definite action if they are not agreed to. Mr. Abend states also that the Chinese press censor at Shanghai has passed a press telegram which Abend sent to the NEW YORK TIMES reporting the above.

793.94/8185

FE:EGC
IX-28036

FE

m/n

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

U

1-1336

GRAY
FROM Tokyo

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

Dated September 28, 1936

Rec'd 6:20 a.m.

Secretary of State
Washington

Division of
Far Eastern Affairs

SEP 28 1936

Department of State

197, September 28, 7 p.m.

One. At a press conference this afternoon with foreign correspondents conducted personally by the Minister for Foreign Affairs he emphasized that China was at the cross roads and declared that the Japanese Government was now in the course of deciding what steps it must take to protect its nationals.

Two. According to vernacular press conferences between Foreign Office and defense Ministries continue to be held from day to day. Kokumin yesterday reported that army has decided to insist that the National Government be pressed at this opportunity for the settlement of the question of the autonomous regime in the five northern provinces.

Repeated to Peiping.

CSB

DICKOVER

793.94/6186

FILED
SEP 29 1936

F/FG

528-1

TELEGRAM RECEIVED

1-1336

U

FROM
GRAY

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

Nanking via N.R. *EJR*

Dated September 28, 1936

Rec'd 6:40 a.m.

Secretary of State

Washington

284, September 28, 2 p.m.

Following telegram has been sent Hankow:

"September 28, 2 p.m.

One. Reuter reports September 27th from Hankow that
(one, Japanese women and children there are preparing
to withdraw to Shanghai or Japan because of tension over
the September 19th murderer)

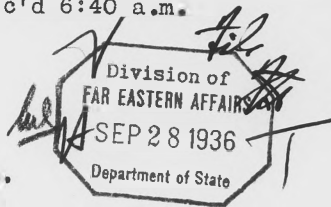
(Two. Families of **fifty** employees of two large
Japanese concerns have already arranged to evacuate).

(Three. Offices of the Japanese firm at Siangtan,
Hunan, have been burned by incendiary fire).

Two. Please report comments by radio."

HPD

PECK



793.94/8187

FILED
SEP 29 1936

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

U

1-1336

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM

Nanking

Dated September 26, 1936

Rec'd 7:38 a.m.

Secretary of State

Washington



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

282, September 26, noon.

8179

My 281, September 25, Noon, section one.

One. A responsible official of the Foreign Office
today in reply to questions outlined to me the general
Sino-Japanese situation.

Section Two follows.

PECK

WWC

793.94/8188

FILED
SEP 30 1936

F4

0678
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

U

1-1336

SPECIAL GRAY

FROM

Nanking via N.R.

Dated September 26, 1936

Rec'd 3:25 p.m.

Secretary of State

Washington

COPIES SENT TO
O.N.I. AND M.I.D.
R6K

282, September 26, noon. (SECTION TWO)

Two. He said that it is true that the Japanese Foreign Office is adopting a much milder attitude in the present discussions than it took, for example, at the time of the Kuramoto case in 1934 and milder than that advocated of by the Japanese Ministries/War and Navy. Nevertheless, the restraint followed in negotiation is at variance with the serious character of the proposals the Japanese Foreign Office is presenting to China. If the Japanese Government were to insist upon acceptance of these proposals with threat of force a rupture of diplomatic relations would necessarily follow. Informant reiterated Japanese refusal to discuss several recent numerous murders of Japanese and said that this was apparently based on the theory that if the Chinese Government accepted Japanese proposals for fundamental solution of mutual relations the incidents would be settled easily whereas rejection of the proposals would at once impart to the incidents an aspect of utmost gravity.

530-2

0677
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

U -2- #282, Sept. 26, noon (Sec. 2) from Nanking

gravity. Informant believed that the slower mild attitude of the Japanese Foreign Office was inspired by caution rather than good will. In the secrecy maintained concerning the nature of the Japanese proposals he said the situation did not resemble that obtaining when the twenty one demands were presented for no written demands had been formulated and no pledge of secrecy exacted; secrecy followed from tacit agreement on both sides. While the Japanese proposals were fundamentally grave they were wide in scope and many. The Japanese Ambassador from the first indicated interview on September 15 had/wish to talk with Chiang Kai Shek but in latter's absence he would probably take up discussions with the Minister for Foreign Affairs again about September 28. Indications are that Chiang will return from Canton shortly before October 10. The Pakhoi incident was investigated jointly by the Japanese and Chinese representatives but no general report was adopted at the conclusion of the investigation.

Three. To Department and Peiping.

KLP:CSB

PERK

PECK

230-3

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)

P A R A P H R A S E

Section one of a telegram (No. 28E) of September 26, 1936, from the American Embassy at Nanking reads substantially as follows:

On September 26 a responsible Foreign Office official outlined the general Sino-Japanese situation in response to questions from the Counselor of the American Embassy.

(See Section two)

793.94/8188

FE:EGC

FE

IX-29636

230-4

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

lw

TELEGRAM RECEIVED

GRAY

Shanghai via N.R.

Dated September 28, 1936

Rec'd 1:35 p.m.

1-1336

Secretary of State

Washington

520 September 28, 7 p.m.

Situation in Shanghai quiet but Japanese community

tense. Few Japanese patrols still being maintained in Chinese territory. With reinforcements landed from five Japanese destroyers which arrived yesterday strength of Japanese naval forces ashore estimated to be 2400 men supplemented by civilian reserves now five to six thousand. Three Japanese cruisers anchored off Woosung five destroyers and Japanese flag ship at Shanghai. Repeated to Peiping and by mail to Nanking.

GAUSS

CSB

FILED
SEP 29 1936

F/FG

793.94/8189

359-1

793.94

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

U

1-1336

FROM

GR/Y

Nanking via N.R.

Dated September 29, 1936

Rec'd 8 a.m.

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

Secretary of State

Washington

286, September 29, 3 p.m.

My 285, September 29, 2 p.m.

Division
FAR EASTERN AFFAIRS
SEP 29 1936
Department of State

A report emanating from official circles is to the effect that Chiang Kai Shek issued strict orders that no publicity be given to the trend of the negotiations.

PECK

KLP:HPD

793.94/8190

FILED
SEP 30 1936

F/HG

0681

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

U

A portion of this telegram must be closely paraphrased before being communicated to anyone. (A)

Tokyo

Dated September 29, 1936

Rec'd 10 a.m.

Secretary of State
Washington

Division of
FAR EASTERN AFFAIRS
SEP 29 1936
Department of State

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

198, September 29, 6 p.m.

One. The tone of today's reactions to the China situation has been dominated by Arita's press conference of yesterday which apparently marks the beginning of a more determined effort at solution by the Foreign Office of pending questions with China. His statement is notable for its firmness and comprehensiveness in enumerating outstanding issues and for his refusal to define or limit the scope of the negotiations desired with China.

Two. (GRAY) So far there have been no editorial comments in the vernacular press or reports of further developments here in the situation except that the Prime Minister has postponed his departure for the maneuvers and that it has been suggested that he may now not go at all.

Three. Yomiuri today ascribes Japan's insistence upon Chiang Kai Shek's presence at Nanking to the conviction that further negotiation with the Foreign Minister would be futile in view of the unsatisfactory temporizing reply alleged to have been received by the Japanese Ambassador

on

793.94/8191

F/FG

231-1

0682
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

U -2- #198, Sept. 29, 6 p.m. from Tokyo

on September 23 to four demands previously presented.
These demands were identically enumerated as those mentioned
in paragraph one of the Embassy's 190 September 22, 3 p.m. ⁸¹⁶⁶

Repeated to Peiping. (END GRAY)

DICKOVER

WWC:HPD

231-2

0683

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)

P A R A P H R A S E

A telegram (No. 198) of September 29, 1938, from the American Embassy at Tokyo reads substantially as follows:

Arata's press conference of September 28, which seems to mark the beginning of a more determined effort on the part of the Foreign Office to solve the pending Sino-Japanese questions, dominates the tone of present reactions to the China situation. Arata's statement is notable for his refusal to limit or define the scope of the negotiations desired with the Chinese and for the comprehensiveness and firmness of the statement in enumerating outstanding issues.

There have been so far no editorial comments in the vernacular press or reports of further developments here in the situation except that the Prime Minister has postponed his departure for the maneuvers and that it has been suggested that he may now not go at all.

YOSHIDA today ascribes Japan's insistence upon Chiang Kai-shek's presence at Nanking to the conviction that further negotiation with the Foreign Minister would be futile in view of the unsatisfactory temporizing reply alleged to have been received by the Japanese ambassador on September 23 to four demands presented previously. These demands were identically enumerated as those mentioned in paragraph one of the Embassy's telegram No. 190 of September 22.

793.94/3191

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IX-30-

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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

TELEGRAM RECEIVED

LMS

GRAY

1-1336

Hankow via N. R.

FROM

Dated September 29, 1936

Rec'd 9:40 a. m.

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS

SEP 29 1936

Department of State

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

September 29, 5 p. m.

Nanking's September 28, 2 p. m.

Miura, the Japanese Consul General, states that the reports appearing in the foreign and Chinese press in Shanghai to the effect that Japanese women and children are evacuating Hankow are incorrect; a few have left in the ordinary course of business. He adds that Japanese nationals up river (above Hankow on the Yangtze) are naturally anxious about the situation but have not evacuated and that there is a Japanese gunboat at each (treaty) port. Reuter's Hankow manager denies having sent the reports alluded to by Nanking and suggests they may have been taken from the Japanese press in Shanghai by Reuter's office there.

Two. Information about the alleged incendiary fire at Siangtan will be forwarded when available. Meanwhile I suggest that the press report, which appears to be of Japanese origin, be treated with reserve.

Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

CSB

793.94/8192

SEP 30 1936

FILED

F/FG

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

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

TELEGRAM RECEIVED

FS

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (B) & (C)

Peiping

Dated September 29, 1936

Rec'd 9:15 a. m.

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS

SEP 29 1936

Department of State

470, September 29, 4 p. m.

Assassination of a Japanese sailor in the Hongkew
area, reported in Shanghai's 509, September 24, 11 a. m.,
is the ninth incident of its kind since the fall of 1935
when it was announced that Hirota would seek an understand-
ing with Nanking generally based upon three points
mentioned in my telegram from Nanking, No. 80, November
15, 3 p. m., 1935.

Peck's recent messages from Nanking, notably his 279
of September 24, 2 p. m., and 281 of September 25, noon,
indicate his growing conviction that Japanese are deter-
mined to use incidents as leverage for compelling an
agreement along the lines of Hirota's three points.

I believe that sentiment of Chiang Kai Shek and
his supporters and of Chinese in general would be opposed
to any agreement along this line. The fact that both
sides fear publicity regarding demands indicates this.

Situation is still uncertain. I do not believe
that either Chinese or Japanese want war.

It is

795.94/8193

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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. Quisenberry NARS, Date 12-18-75

FS 2-No. 470, September 29, from Peiping

PROBABLE,

~~It is not possible~~ **PROBABLE,** however, that events have gone beyond the control of the Japanese. Continued Japanese pressure has increased the suppressed hatred toward the Japanese among intellectuals and orthodox members of the Kuomintang to the point of desperation. There is a widespread hatred directed against Chiang Kai Shek, because of his ambition to become dictator, and because he continues to temporize in the Government's relations with the Japanese. There is also a strong radical element in the country, including the so-called Communists who have been harried by Chiang, who would stop at nothing to accomplish Chiang's downfall, that it would appear that Chiang has by no means succeeded in completely eliminating the ambitious General Pai Chung Hsi from the political picture in South China, who is and has been prepared to capitalize the anti-Chiang and anti-Japanese sentiment in the country for the purpose of accomplishing Chiang's downfall. Japanese demand for Chiang's presence in Nanking at this time is either unwittingly or purposely playing into the hands of Chiang's enemies.

Facts outlined in preceding paragraph lead me to believe that Chiang's hands may be forced, or further incidents involving Japanese may occur, thus forcing the hands of the Japanese. Whichever eventuality results from present

532-2

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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

FS 3-No. 470, September 29 from Peiping

present negotiations at Nanking, I feel that present situation is more serious than any which we have thus far had, and will require great self-control on both sides if actual hostilities are to be avoided.

Repeated to Tokyo.

CSB

JOHNSON

132-3

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)

P A R A P H R A S E

A telegram (No. 470) of September 29, 1936, from the American Embassy at Peiping reads substantially as follows:

The murder in the Hongkew area (in the International Settlement at Shanghai) of a Japanese sailor (see telegram No. 509 of September 24, from Shanghai) is the ninth incident of that kind since the latter part of 1935 when it was announced that Hirota, then Japanese Minister for Foreign Affairs, would try to come to an understanding with the Nanking Government based in general upon the following points: that China (a) cease relying upon support from nations other than Japan; (b) remove all obstacles to free intercourse between the people of "Manchukuo" and China; and (c) take joint action with the Japanese to combat the communistic menace in North China.

Recent messages from the Counselor of the American Embassy at Nanking indicate his growing conviction that Japan is determined to make use of incidents as a leverage to compel an agreement along the lines of the three points mentioned above.

The American Ambassador is of the opinion that the sentiment of Chinese in general, including General Chiang Kai-shek and his supporters, would be against an agreement along these lines and he states that this is indicated by the fact that both the Chinese and Japanese fear publicity in regard to the demands.

The Ambassador expresses the opinion that neither side
wants

L-32-4

- 2 -

wants war and he states that the situation is still uncertain.

However, it is likely that matters have gone beyond the control of the Japanese. The feeling of suppressed hatred toward the Japanese among orthodox members of the Kuomintang and intellectuals has been increased to the point of desperation by continued Japanese pressure. Because Chiang Kai-shek continues to temporize with the Japanese in the Government's relations and because of his ambitions to become dictator there is widespread hatred against him. There is in the country also a strong radical element, including the so-called Communists, who have been harrassed by Chiang Kai-shek, who would stop at nothing in order to bring about his downfall. It appears that General Chiang has not been at all successful in eliminating completely from the political picture in South China the ambitious General Pai Chung-hsi, who is and has been prepared to make use of anti-Japanese and anti-Chiang sentiment in the country in order to bring about the downfall of General Chiang. Either unwittingly or purposely the Japanese are playing into the hands of Chiang's enemies by demanding that Chiang be in Nanking at this time.

In view of the facts mentioned in the paragraph next above, the American Ambassador is of the opinion that Chiang's hands may be forced or that there may be further incidents involving the Japanese which will force their hands. Regardless

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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

- 3 -

less of which eventuality comes from the negotiations going on at present in Nanking, it is the feeling of the American Ambassador that the present situation is the most serious thus far and that if actual hostilities are to be averted great self-control on both sides will be needed.

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IX-30-36

232-6

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

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

TELEGRAM RECEIVED

U

Nanking

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM

Dated September 29, 1936

Rec'd 10:35 a.m.

Secretary of State

Washington

285, September 29, 2 p.m.

My 282, September 26, noon. CONFIDENTIAL

One. This office has obtained from an authoritative source not in the Foreign Office the following partial account of the interview between the Minister for Foreign Affairs and the Japanese Ambassador on September 23:

Two. The Japanese Ambassador recapitulated measures which the Japanese Government believed it would be necessary for the Chinese Government to take if Sino-Japanese relations were to be materially improved including (one) elimination of anti-Japanese sentiments from Chinese text books and the suppression of indications of anti-Japan feeling (in this connection the Japanese Ambassador expressed the belief that the dissolution of the Kuomintang would ultimately be necessary but he would not press this at the moment); (two) cooperation of Japanese with Chinese military forces in the suppression of Communist armed forces; (three) the use of Japanese advisers in many departments of the National Government; (four) establishment of direct air communication between Japan and Shanghai.

(Informant

233-1

793.94/8194

F/FG

U -2- #285, Sept. 29, 2 p.m. from Nanking

(Informant did not confirm or deny the report I mentioned to him that the Japanese Ambassador demanded creation of completely autonomous government for maintaining the northern provinces, -see Shanghai's September 28/ Noon to Peiping). 8185

Three. The Minister for Foreign Affairs replied that the suppression of communist armed forces was an internal matter which China could handle itself and, moreover, the problem had practically disappeared and that the establishment of air communication with Japan was a matter of routine business which should be discussed with the Ministry of Communications and not made a matter of diplomatic negotiations.

Six. The Minister for Foreign Affairs then said that in the view of the Chinese Government the improvement of Sino-Japanese relations required the taking of certain measures by the Japanese Government including (one) the cancellation of the Shanghai military agreement of May, 1932 and of the Tangku truce of May 30th, 1933; (two) elimination of the East Hopei autonomous government; (three) Japanese support of Chinese measures to check smuggling activities in North China; (four) cessation of indiscriminate flights by Japanese air planes over Chinese territory, and (five) cessation of Japanese interference in east Suiyuan and Inner Mongolia generally.

Five.

233-2

0693
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

U -3- #285, Sept. 29, 2 p.m. from Nanking

Five. The Japanese Ambassador appeared deeply incensed at these counter-proposals and said that evidently there was no use in continuing the interview. The atmosphere was very strained when the two officials parted.

Six. Informant said that Chiang Kai Shek flew from Canton to Kuling yesterday and may come to Nanking today.

Seven. Sent to the Department, Peiping, Shanghai.

PECK

WMC

233-3

(CONFIDENTIAL)

P A R A P H R A S E

A confidential telegram (No. 285) of September 29, 1936, from the American Embassy at Nanking reads substantially as follows:

The Counselor of the Embassy refers to his telegram No. 282 of September 26 and states that from an authoritative but not Foreign Office source he has obtained a partial account of the interview on September 23 between the Minister for Foreign Affairs and the Japanese Ambassador to the following effect:

The Japanese Ambassador restated measures which his Government believed necessary for the National Government to take if there was to be a material improvement in relations between China and Japan. These measures included (a) cooperation of Japanese with Chinese military forces in suppressing Communist armed forces; (b) establishment of direct air communication between Shanghai and Japan; (c) the use of Japanese advisers in many departments of the Chinese Government; (d) elimination from Chinese textbooks of anti-Japanese sentiments and the suppression of indications of anti-Japanese feeling (the Japanese Ambassador expressed the opinion in this connection that ultimately the dissolution of the Kuomintang would be necessary but at the present moment he would not press this point). The Counselor mentioned to his informant the report that the Japanese Ambassador demanded the establishment of a completely autonomous government for taking care of the northern provinces but the informant did not

confirm

233-4

- 2 -

confirm or deny the report.

In reply to the Japanese Ambassador's demands the Minister for Foreign Affairs stated that the suppression of Communist armed forces was an internal matter which China could take care of itself and, moreover, the Communist problem had almost entirely disappeared; and that the matter of establishing air communication between China and Japan was one of routine business which should not be made a matter of diplomatic negotiations but should be taken up with the Ministry of Communications.

The Minister for Foreign Affairs stated, also, that the Chinese Government was of the opinion that the taking of certain measures by Japan was required for improving relations between the two countries, among these measures being (a) elimination of the East Hopei autonomous government; (b) cessation of Japanese interference in Inner Mongolia and east Suiyuan generally; (c) cancellation of the Tangku truce of May 30, 1933, and of the Shanghai military agreement of May, 1932; (d) cessation of indiscriminate flights over Chinese territory by Japanese airplanes; and (e) support by Japan of measures taken by China to stop smuggling activities in North China.

These counter-proposals seemed to anger greatly the Japanese Ambassador who said that apparently there was no use in going on with the discussion. When the two officials parted the atmosphere was decidedly strained.

According to the Embassy's informant, Chiang Kai-shek

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flew

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

- 3 -

flew on September 28 to Kuling from Canton and on
September 29 may come to Nanking.

793.94/8194

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FE *fl*
IX-29-36 *mmA*

233-6

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
THE UNDER SECRETARY

September 14, 1936:

This report was left by
Mr. Frank Page, of the Inter-
national Telephone and Tele-
graph Company.

C.E.B.



July 1936 Report from
CHINA

Political and Economic Situation

The second plenary session of the Central Executive and Central Supervision Committees, convened principally to discuss the crisis precipitated by the demands of the Kwangtung and Kwangai military leaders for war against Japan, opened at Nanking on July 10th as scheduled. Besides the Central Government leaders, the Southwest delegates and Mr. Tang Shao-Yi, one time premier of China, also participated in the conference. The following decisions of far-reaching importance were reached on the last day of the session.

1. Abolished the Southwest Executive Committee and the Southwest Political Council.
2. Appointed General Yu Jan Mou, Commander of the 1st Kwangtung Army, to succeed to the posts of Commander-in-Chief of the Kwangtung forces and Pacification Commissioner for Kwangtung formerly held by General Chen Chi-tang.
3. Renewed the appointment of General Li Tsung-Jen as Commander-in-Chief of the Kwangsi forces and of General Pai Chung-Hsi as Vice Commander-in-Chief.
4. Rejected the proposal to launch an Anti-Japanese expedition and establish a national defense commission consisting of 18 members including Nanking, Kwangtung and Kwangsi military leaders.

Following the announcement of the above decisions General Chen Chi-tang the deposed Kwangtung Commander fled to Hongkong after failing to stage a resistance against his Nanking-appointed successor on account of the wholesale defections from the armed forces of Kwangtung.

Sweeping changes in the financial currency structure of Kwangtung are now being made by the Nanking appointees including Mr. Tsou Lin, Vice-Minister of Finance and Mr. T. L. Soong, recently appointed Special Finance Commissioner for Kwangtung and Mr. H. O. Tng, Customs Superintendent in Shanghai and recently appointed Salt Commissioner for Kwangtung and Kwangsi. It is expected that uniform standard national silver currency will be adopted in the south immediately. The political set-up of Kwangtung was completed with the appointments of General Huang Mu-Sung, Chairman of the Mongolian and Tibetan affairs Commission as Governor of Kwangtung succeeding Mr. Lin Yun-Kai and of Mr. Tseng Yang-Fu, Vice-Minister of Railways as Mayor of Canton succeeding Mr. Liu Chi-Wen. Coincident with the latter appointment it is rumored that Mr. Yu Fei-Peng, Acting Minister of Communications at Nanking will be appointed Vice-Minister of Railways replacing Mr. Tseng Yang-Fu and that Mr. Wang Chung-Hui the noted jurist will become Minister of Communications.

Apparently dissatisfied with the terms and orders offered and made by Nanking, the Kwangsi warlords, Generals Li and Pai renewed their military activities against the Central Government. Consequently both Generals were relieved of their Kwangsi Command and General Huang Shao-Haiung, Governor of Chekiang was appointed Pacification Commissioner of Kwangsi. Latest report indicates that both General Li and Pai are now ready to retire and leave the Province for foreign country.

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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

2.

While dark clouds were clearing in the South the Japanese renewed their efforts to establish an independent state in Inner Mongolia, placing Prince Tah under command of the Inner Mongolian army and the state was formally proclaimed independent from China. The Japanese were obviously aiming at establishing a base in Inner Mongolia for possible operations against the Red Outer Mongolia. As a result of Nanking's success of stopping the South China revolt coupled with the much-rumored Sino-German and Sino-American loan agreements, the Tokyo foreign office has recently made the following announcement: "Japanese policy in North China will inevitably become stronger if Nanking, ignoring Japan's special position, continues to play off one Power against another". The Nanking Ministry of foreign affairs are now seriously considering the formulations of a policy to face possible development in Sino-Japanese relations as indicated in the Japanese foreign Ministry's statement.

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 893.00 P.R.Shanghai/94 FOR Desp.#347

FROM Shanghai (Gauss) DATED Aug.5,1936.
//φ// NAME 1-1127 ...

REGARDING: Relations between China and Japan: Gives high-lights
of -,and notes increased tension in relations during
the month of July,1936.

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8196

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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. Huelskamp NARS, Date 12-18-75

Japan.

793.94

There was a noticeable tension in Sino-Japanese relations during the month due to the murder of a Japanese clerk and to Japanese dissatisfaction with the manner in which the Chinese judiciary has handled the Nakayama case. On July tenth Kosaku Kayama, a young Japanese clerk, was shot and fatally wounded by an unknown assailant. The murder, which was perpetrated in Chinese territory close to the International Settlement, aroused the Japanese community and resulted in the issuance by the Commander of the Japanese Naval Landing Force of a statement to the effect

-4-

effect that the Japanese authorities might be compelled to take such measures as they might consider necessary should the Chinese authorities demonstrate any lack of good faith or inability to protect the lives and property of Japanese residents. The calls made by the Japanese consular and naval officials upon the Chinese authorities were also designed to impress the latter with the seriousness with which this incident was regarded. Representations are also understood to have been made at Nanking which resulted in strict instructions being issued to Mayor Wu to effect a speedy solution of the crime and to take effective measures adequately to protect Japanese residents. In pursuance of these instructions the strength of Chinese police patrols was doubled and additional detectives were assigned to the area in which the crime was committed. The Chinese police, with the cooperation of the police of the International Settlement, appeared to be making every effort to apprehend the assailant or assailants but so far as is known have not yet discovered any clues.

The murder of Kayan occurred on the same day on which it was intimated in Court that a verdict of "not guilty" would probably be rendered in favor of those accused of the murder of Japanese Warrant Officer Nakayama. In some Japanese quarters it is believed these developments, which greatly exacerbated Japanese feelings, are related and it is suspected that the murder of Kayan was committed by the associates of those standing trial for the murder of Nakayama. Another theory given some credence in Japanese circles is that the assassination was designed to complicate

Sino-

-5-

Sino-Japanese relations and had been purposely committed during the second plenary session of the Central Executive Committee which was in conference at Nanking at that time.

Intigation of the probable nature of the verdict in the Nakayama case led Japanese officials to call this matter to the attention of the Chinese authorities and to emphasize their dissatisfaction with such a verdict. It is reported that these representations were sufficiently strong to cause the Chinese authorities at Nanking to issue instructions to the Court to reopen the case. This was done and a remand ordered by the Court pending the arrival of an additional witness. However, the interrogation of the witness in question, who merely repeated the testimony given to the Shanghai Municipal Police at the outset of the case, and the Court's action in ordering a further remand until August fifth thoroughly aroused the local Japanese community, which held repeated meetings to discuss this matter and to urge its official representatives to take "positive action." The Japanese press gave much publicity to this event and to the dissatisfaction felt by Japanese residents and the Japanese naval authorities with the "dilatatory tactics" of the Chinese Court and the "insincerity" of the Chinese authorities in the handling of the Kayau and Nakayama cases. Publicity was also given to reported incidents involving the throwing of stones at Japanese by Chinese school children and others, the entire series of incidents being characterized as a carefully planned anti-Japanese movement fostered by the

Chinese

-4-

Chinese authorities. It is understood, however, that Japanese diplomatic and consular officials have exercised a restraining influence and have been instrumental in dissuading local Japanese residents from holding several contemplated mass meetings and precipitating a serious situation.*

Japanese Policy. The semi-official statement issued in Tokyo by the Japanese Ministry of Foreign Affairs, the Ministry of War and the Ministry of the Navy, reiterating Japan's special rights in China and threatening a stronger policy in North China, which caused such perturbation in government circles in Nanking, drew a statement from the Japanese Ambassador which was apparently designed to allay Chinese apprehensions. During the course of an interview with a representative of the SHANGHAI EVENING POST AND MERCURY (American) on July 25, Mr. Kawagoe stated that Japan's mission in China is not one of territorial aggression or military intimidation but is to impart to China "a Japanized version of modern science which should eventually be of tremendous economic benefit to both nations." Mr. Kawagoe further declared that the Chinese need not be apprehensive that Japan will occupy North China or other sections of the country, and reiterated that Japan's policy is not one of territorial aggrandizement but is based on a desire for economic cooperation and betterment.

Departure of Consul General Ishii. Mr. Itaro Ishii, Japanese Consul General at Shanghai, sailed on July fifth

for

*Despatches Nos. 305 and 310 of July 22 and 21 respectively.

-7-

for Japan, prior to assuming office as Japanese Minister to Siam. In a statement made to the Japanese press upon his arrival at Yokohama Mr. Ishii expressed confidence that an early improvement in Sino-Japanese relations might be anticipated, but stated that Japanese economic assistance to China would not be possible until relations between the two countries returned to normalcy. Due to the illness of Mr. Kawai, Consul General at Canton who has been designated to succeed Mr. Ishii, the local Japanese Consulate General remained in charge of a junior officer until the appointment on July sixteenth of Mr. K. Wakasugi, Counselor of the Japanese Embassy, to serve concurrently as Consul General. This interim appointment was undoubtedly made in view of the various incidents which occurred during the first two weeks of July and the desire of the Japanese authorities to have a more experienced man in charge of the Consulate General.

c. Relations of General International Character.

Nothing to report.

d. Foreign Military and Naval Forces in Shanghai.

No material change to report.

e. Occupation of American and other Foreign Property.

Nothing to report.

3. Internal Political Activities.

a. National.

Shanghai continued closely to follow the internal political situation and evinced much interest in the plenary session of the Central Executive Committee, convened on July tenth. Five delegates from the Southwest

arrived

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

OFFICE OF
THE SECRETARY OF THE TREASURY



September 29, 1936

For: The Secretary of State

From: The Secretary of the Treasury

793.94

For your Confidential Information



*Recd from
G. File
W.H.*

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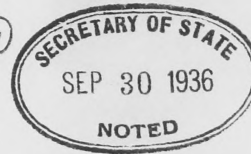
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



Paraphrase of Cable Received from Professor Buck

Shanghai, China
September 29, 1936

I understand that the Japanese Ambassador today asked for another interview with the Foreign Minister. The Foreign Minister states that the interview will not be granted if the subject to be brought up is the same as last interview, but that if for friendly discussion, request will be granted.

The attitude of the Japanese has caused the Chinese to reach the boiling point, and if Japan insists on pressing her demands, China must fight, whatever the cost.

Sale by three banks of 900,000 U. S. dollars due to political situation, although market is easy.

The following information, received through extremely confidential and secret source, may be amplified if you find such information useful:

China is mobilizing throughout, with 26,000 plain clothes troops ready for action in and around Shanghai. There has been one clash already - this morning in Suiyuan, which met with stiff resistance by Chinese.

When Chiang was told of demands by two Ministers, he said sacrifice must be made.

With Chiang in conference in Nanking with the other leaders it is likely that a decision will be made tomorrow.

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
OSD letter, May 8, 1972
By _____, NARS Date _____

DECLASSIFIED
E.O. 11652, Sec. 3(E) and 5(D)
Treasury letter 2/2/73
By KG, NARS Date 3/9/73

CONFIDENTIAL

793.94/8196-1/2

PS/KN

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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

DOCUMENT FILE

NOTE

SEE 893.00 P.R.Tsingtao/101 FOR Despatch #139 to Embassy

FROM Tsingtao (Sokobin) DATED Aug. 6, 1936.
/Hb// NAME 1-1187 ...

REGARDING: Relations between China and Japan: Sets forth
various incidents occurring in month of July,
1936, affecting -.

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793.94/8197

8197

- 3 -

II. FOREIGN RELATIONS

A. Relations with the United States

Nothing of importance.

B. Relations with Japan

793.94
The tenseness which existed at the end of June because of the "Moeki Maru" affair was dispelled by the arrival of Admiral Oikawa aboard the cruiser "IDZUMO". He is reported to have warned the Japanese of Tsingtao that the handling of such incidents as the "Moeki Maru" affair must be left to the proper officials and that lawlessness would not be tolerated (see Tsingtao's despatch no. 136 of July 10, 1936 to Embassy, file no. 801.5/620, subject: Flag Incident: Japanese Controversy with Chinese Maritime Customs in Tsingtao).

The "Moeki Maru" and its cargo was sealed in July by the Chinese Maritime Customs without any demonstration by the Japanese residents.

At the beginning of the month an attempt was made to make an "incident" out of a thrashing administered to a Japanese by Chinese who resented the remarks of the former addressed to a Chinese woman. The Federation for the Achievement of Development of Tsingtao, the Japanese patriotic group, intimated that it would seek the dissolution of all Chinese athletic groups because the Chinese who gave this Japanese a beating were young stalwarts prominent in athletic circles in Tsingtao. The

Mayor

- 4 -

Mayor is reported to have replied to the representations in this matter in terms which left no doubt in whom Chinese sovereignty is vested.

Japanese Residents' Associations Convention

On July 27 there was opened a convention of delegates representing the Japanese Residents Associations in China; only Tientsin, Tsinan, Shanghai and Tsingtao were represented; no political subjects were on the agenda, which dealt primarily with the "low interest government loans" granted by the Japanese Government to Japanese in China through these associations, with the Japanese educational systems in China, and with the Association dues systems.

G. Relations of a General International

0711
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

793.94

DOCUMENT FILE

NOTE

SEE 894.00 P.R./104 FOR #1991

FROM Japan (Grew) DATED Aug 20, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese relations; Developments of July, 1936.

FRG.

793.94/8198

8198

793.94
II. RELATIONS WITH OTHER COUNTRIES.

(a). China.

The two principal matters of interest in the tangled Sino-Japanese situation during the month of July were Japan's complicity in the smuggling in North China and Japan's apparent apprehension over Chiang Kai-shek's successful suppression of the rebellion in the Southwest and his consequent bid for increased control of North China.*

It appeared that Japan had come to the realization that something should be done to solve the smuggling problem. The solution considered, however, was one favorable to Japan, since it was based on Chinese responsibility for and Japanese innocence in the smuggling operations. Mr. Kawagoe, the Japanese Ambassador to China, Mr. Amau, the Foreign Office spokesman, and Mr. Kuwashima, Director of the East Asia Bureau of the Foreign Office, all reportedly stated that the solution of the problem could best be effected by a substantial reduction by the Nanking Government of its "excessively high" customs duties.

Press comment on the failure of the Southwest rebellion was in general to the effect that while General Chiang Kai-shek was to be congratulated on his efforts to unify China, such unification could not fail to damage Japanese interests

if

* Embassy's despatch No. 1959 of July 23, 1936.

071
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

- 5 -

if the General directed his attention toward establishing control over North China and putting down the "autonomy movements" in that region. The Japanese newspapers appeared to be particularly fearful lest Chiang Kai-shek employ Western aid in his unification program. This apprehension was magnified by the reported Sino-German and Sino-American loan agreements.*

Mr. San Ping-yu and other allegedly self-appointed members of the Chinese Consulate in Seishin, Korea, were arrested by the Japanese police and military authorities on charges of espionage on July 16. On July 25 the Commander of the Korean Garrison issued a statement to the effect that investigation of the activities of these Chinese proved that they had been actively engaged in espionage.

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 893.00/13707 FOR #666

FROM China (Johnson) DATED Aug 24, 1936
TO NAME 1-1127 ***

REGARDING: Difficulties confronting General Han Fu-chu, Chairman of the
Shantung Provincial Government.

FRG.

793.94/ 8199

8199

0715
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 711.94/1120 FOR Desp.#2005

FROM Japan (Grew) DATED Aug.26,1936.
/td// NAME 1-1127 ***

REGARDING: Japanese relations with China: Memoranda of conversation between Mr.Grew and the Prime Minister and the Minister for Foreign Affairs, Mr.Hirota and Mr.Arita, concerning -.

fpg

793.94/8200

8.2.00

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

*left with me by the
British Charge, Sept. 30, 1936.*
*Copies sent to London,
Peking (Beiping), + Tokyo*
RECEIVED
DEPARTMENT OF STATE
DIVISION OF
FAR EASTERN AFFAIRS
SEP 30 1936
Department of State
1936 OCT 1 AM 9 49
AIDE MEMOIRE
DIVISION OF
COMMUNICATIONS
AND PROPAGANDA
Telegram to Tokyo
SEP 30 1936

793.94
His Majesty's Ambassador in China has been informed by the Chinese Government that the Japanese Ambassador recently pressed for a general settlement of Sino-Japanese relations, the principal points in which would be the establishment of an area of economic cooperation not only in the north but throughout China, the employment of Japanese advisers in Chinese Government departments, the reduction of tariffs on specific articles of interest to Japanese trade, an open manifestation by the Chinese of cooperation with Japan against communists over all China and a joint air service between Fukuoka and Shanghai. It is understood that the Chinese gave reasonable replies but that the Japanese Ambassador broke off the interview on learning that the Chinese regarded consideration of their own grievances essential to any general settlement.

His Majesty's Ambassador at Tokyo has been instructed to express to the Japanese Government the concern of His Majesty's Government at the situation and their desire to see Sino-Japanese relations established on a genuinely peaceful basis. He has also been asked for his views as to the arguments which might influence the Japanese attitude.

His/

234-1

793.94/8201
F/F/G

-2-

His Majesty's Ambassador in China is being instructed to represent to the Chinese Government the extreme danger which would be likely to result from any alarmist attacks on Japanese nationals in China, and to express the earnest hope of His Majesty's Government that such developments will if possible be prevented.

It is the intention of His Majesty's Government to inform the Japanese Government of this action and at the same time to inform the Chinese Government that they are urging moderation in Tokyo.

BRITISH EMBASSY,

WASHINGTON, D. C.,

September 30th, 1936.

534-2

0718

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

PREPARING OFFICE
WILL INDICATE WHETHER

Collect

Charge Department

OR

Charge to

\$

TELEGRAM SENT

Department of State
RECEIVED
DEPARTMENT OF STATE

Washington,

TO BE TRANSMITTED
✓CONFIDENTIAL CODE✓
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

936 SEP 30 PM 5 44

September 30, 1936.

7 PM

126 AMEMBASSY,

DIVISION OF
COMMUNICATIONS
AND RECORDS

This cable was sent in confidential Code.
It should be carefully paraphrased before
being communicated to anyone. B

TOKYO (Japan).

RUSH.

One. This morning the British Charge called at the

Department and left an aide memoire stating that the Chinese Government had informed the British Ambassador in China that recently the Japanese Ambassador had pressed for a general settlement of Sino-Japanese relations; the principal points in which would be the reduction of tariffs on specific articles of interest to Japanese trade, Chinese cooperation with Japan against communists throughout China, joint air service between Japan and Shanghai, the setting up of an area of economic cooperation throughout all of China, and the employment of Japanese advisers in Chinese Government departments. The aide memoire states that it is understood that the Chinese gave reasonable replies but that when the Chinese indicated that they regarded consideration of their own grievances essential to any general settlement the Japanese Ambassador broke off the interview. The aide memoire states that the British Ambassador at Tokyo has been instructed to express to the Japanese Government the concern of the British Government and the desire of

Enciphered by

Sent by operator M., 19

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

234-3

793.94/8201

0719
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 SENT

PREPARING OFFICE
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Department of State

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PARTAIR
PLAIN

Washington,

- 2 -

the British Government to see Sino-Japanese relations established on a genuinely peaceful basis; also that the British Ambassador at Tokyo has been asked to submit to the British Foreign Office his views as to the arguments which might influence the Japanese attitude. The aide memoire states further that instructions had been issued to ~~xxxx~~ the British Ambassador in China ^{to} bring to the attention of the Chinese Government the danger which would be likely to result from any alarmist attacks on Japanese nationals in China, and to express the hope that if possible such developments will be prevented. The aide memoire concludes with the statement that the British Government intends to inform the Chinese Government that the British Government is urging moderation in Tokyo and to inform the Japanese Government of the diplomatic action taken in China.

Two. In bringing this information to the attention of the Department, the British Government has not repeat not made any request that the American Government take similar action.

Three. Please consult the British Ambassador and ascertain whether he has, as yet, approached the Japanese

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Sent by operator M., 19.....

D. C. R.—No. 50

1-1402 U. S. GOVERNMENT PRINTING OFFICE

234-4

0720

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

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PLAIN

- 3 -

Washington,

Government/and, if so, the nature/and form/of his/approach.
Also/ask the/British Ambassador/to be, so good as to/inform
you/of the/substance of/ the views/which he/is/submitting to/
his/Foreign Office, as to the,arguments which might/influence/
the Japanese/attitude. An expression of/ the Embassy's views
on/this subject/would also be/welcomed, together with/an
expression of/the/Embassy's opinion/whether an/approach (by
this/Government/to the Japanese Government/and to/the Chinese
Government/at this time/would serve/any/useful/ purpose.

Four./ Recalling the statement/made to/Ballantine/by the
Vice Minister for Foreign Affairs/ as reported in/paragraph two,
first/sentence, of your/193/of/September 25, 6 p. m./ you may/
wish to/consider the advisability of/Ballantine's calling/upon
the Vice Minister, informally/and as/upon his/own/initiative/
and without/reference to the British Government's demarche/ and/
inquiring whether the Vice Minister/could comment upon the/
accuracy of/press reports/(which are approximately/along the
general line/indicated in the first sentence, of this telegram)
with regard to recent developments in relations between Japan/
and China/ Please/bear in mind, however, that we/leave/entirely/
to your judgment, and discretion/whether/such a/call, should be made.

Five./ Report/promptly/and completely/by telegraph, repeating/
your telegrams to/Peiping.

Enciphered by _____

Sent by operator _____ M., _____, 19_____, _____

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

234-5

0721

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

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PARTAIR
PLAIN

Washington,

- 4 -

Six. Repeat to Peiping with request that Ambassador Johnson cable the Department as soon as practicable his view as to whether an approach at this time by this Government to the Japanese and Chinese Governments would serve any useful purpose and, if his reply be in the affirmative, his suggestions as to the form and substance of such approach.

Hull

FE:MMH:REK

Enciphered by _____

Sent by operator _____ M., _____, 19____

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

234-6

0726

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
DIVISION OF FAR EASTERN AFFAIRS
DEPARTMENT OF STATE

September 30, 1936.

1936 OCT 1 AM 8:40
Conversation #6

The British Chargé d'Affaires,
Mr. V. A. L. Mallet, C.M.G.;

Mr. Hamilton;

Ambassador Grew.

793.94
DIVISION OF
COMMUNICATIONS



The British Chargé, Mr. V. A. L. Mallet, called by appointment. The Chargé met Mr. Grew just outside Mr. Hamilton's office and suggested to Mr. Grew that, as the subject which he had in mind related to the Far East, perhaps Mr. Grew would care to be present. Mr. Hamilton had previously arranged with Mr. Grew that, should the British Chargé's call relate to the present state of relations between the Chinese and Japanese Governments, Mr. Grew would come in during the call of the British Chargé. Accordingly, Mr. Grew was present throughout the entire interview.

The Chargé left with Mr. Hamilton the attached aide memoire dated September 30 informing the Department of the instructions which the British Government had issued to the British Ambassadors at Tokyo and at Peiping to approach the Japanese and Chinese Governments respectively, in regard to the present state of Sino-Japanese relations. Mr. Grew and Mr. Hamilton read the aide memoire. Mr. Hamilton then

535-1

793.94/8202

F/EG

- 2 -

then commented that, while we had received substantially the same information as that contained in the first paragraph of the British aide memoire, the Chinese Government had not officially given this information to the American Embassy in China. Mr. Hamilton gave the British Chargé to read Nanking's confidential telegram 285, September 29, 2 p.m., wherein Nanking reports information in regard to the proposals of the Japanese Government and the counter-proposals of the Chinese Government as obtained "from an authoritative source not in the Foreign Office".

Mr. Hamilton then commented that the British aide memoire did not suggest that the American Government take action similar to that taken by the British Government. The Chargé replied that this was accurate and that his telegram, which he had received yesterday afternoon, merely asked him to inform the State Department.

Mr. Hamilton then called the Chargé's attention to an item in the NEW YORK TIMES of today's date from Tokyo to the effect that "Japan's Military Seek New Control". Mr. Hamilton said that, if this report were true, it would appear that the Japanese military were attempting to force the hand of and bring pressure upon Premier Hirota.

Mr. Grew and Mr. Hamilton then informed the Chargé that we appreciated the courtesy of the British Government
in

235-2

- 3 -

in communicating this information to us; that we were following the situation carefully; that our Ambassador at Peiping considers that the situation is very serious; that we were of course desirous of protecting American interests and rights and of fulfilling our obligations; that the Department realized the importance of registering our position at each step and not allowing matters to go by default; and that in considering the matter of approaching the Japanese Government the time element and the form of approach were very important. We said that we wished to avoid action which would not only have no good effect but might be likely to have an adverse effect.

During the course of the interview Mr. Hamilton took occasion to point out to the British Chargé tactfully but clearly that we recognized the desirability of cooperating with the British (and other) Governments in situations where there were involved common interests, rights, and obligations, especially when provisions in regard to those common interests, rights, and obligations had been embodied in treaties to which both governments were party, but that, when the British Government merely informed us of action which it had already taken and gave no opportunity for an advance exchange of views as to the advisability of such action, we were sometimes placed in the position of having to choose between apparent non-support of the principle of

235-3 cooperation

- 4 -

cooperation ^{and} taking action which might seem inopportune. The Chargé stated that he appreciated this point.

Mr. Hamilton said that the Department would probably wish to telegraph our Embassy at Tokyo the substance of the British Embassy's aide memoire and to ask for an expression of the Chargé's opinion as to the desirability of the Embassy approaching the Japanese Foreign Office. Mr. Hamilton said that he could not say whether the Department would go further in the matter at this time until the matter had been referred to the Secretary.

Mr. Grew and Mr. Hamilton commented in regard to the possibility that the British Ambassador at Tokyo might not carry out his instructions immediately but might prefer first to consult his Government and to advance his own views. Mr. Grew and Mr. Hamilton pointed out that this had happened in the past in similar instances. The Chargé asked whether we would care to have him suggest to the British Government that his Government inform us of the British Ambassador's "views as to the arguments which might influence the Japanese attitude". Mr. Grew and Mr. Hamilton indicated that information on this point would be appreciated.

m. m. h.

FE:MMH:EJL

535-4

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

NEW YORK TIMES

SEP 30 1936

File
Division of
FAR EASTERN AFFAIRS
OCT 1 - 1936
Department of State
DCR
FE

JAPAN'S MILITARY SEEK NEW CONTROL

Bring Pressure in Tokyo for a
Special Cabinet Ministry to
Fix National Policy.

DEMANDS ON CHINA DENIED

Nanking Says Japan Has Done
No More Than Express Her
'Desires' for Settlement.

TOKYO, Sept. 29 (AP).—Joint army and navy demands that national policy be decided by a control board within the Cabinet were pressed today on the government.

Influential leaders in both branches of the service recommended sweeping revision of administration methods, all closely affecting Japan's military set-up.

The bloc demanded, among other reforms, that the formulation of national policy be directed by a Minister without portfolio and that the sweeping changes be made without discussion.

It was feared that General Count Juichi Terauchi, Minister of War, might resign, causing the fall of the Cabinet, should Premier Koki Hirota reject the proposals, which called also for:

1. Consolidation of the Foreign Office with the Overseas Ministry.
2. Amalgamation of the Ministries of Agriculture, Forestry, Commerce and Industry.
3. Consolidation of the Depart-

ments of Railroads and Communications.

Mr. Hirota urged that a commission be appointed to study the proposals.

NANKING, China, Sept. 29 (AP).—National Government spokesmen refused today to accept the responsibility for Sino-Japanese relations that they believed was implied in the warning yesterday of Hachiro Arita, Japanese Foreign Minister.

Chinese Government officials, spokesmen said, insisted that peaceful settlement of Sino-Japanese difficulties was "as much Japan's responsibility as China's."

Their attitude and expectations, it was said, had been carefully explained to Ambassador Shigeru Kawagoe.

"If Japan's cards are all on the table, so are China's," they asserted.

The spokesmen agreed with Mr. Arita that the relations of the two nations must improve or grow sharply worse. But they insisted that Chinese concessions should be met by corresponding Japanese concessions.

Officials generally regarded the Arita statement a politely worded threat of force should China refuse to accept a Japanese program.

Widely circulated rumors that Japan had presented to China a series of demands, allegedly constituting Japan's fundamental conditions for settlement of their issues, however, were officially denied. Spokesmen for the national government and for the Japanese Embassy reiterated their declarations that the reports were not true.

The Chinese said Mr. Kawagoe had communicated Japan's "desires," but that "they were not demands and were not acceptable to China."

795.94/8203

NOV 3 - 1936

FILED

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 SENT

PREPARING OFFICE
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TO BE TRANSMITTED

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PARTIAL

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TELEGRAM SENT
IN ORDER TO BE TRANSMITTED BEFORE
BEING TRANSMITTED TO ANYONE. B

Washington,

936 SEP 30 PM 5 27

September 30, 1936

6 pm

AMEMBASSY,

TOKYO (Japan)

DIVISION OF
COMMUNICATIONS
AND RECORDS

125

One. Associated Press despatch from Tokyo states that rejection by the Cabinet of extensive administrative reforms advocated by the army and navy might lead to the resignation of the Minister of War and consequently result in resignation of the entire Cabinet.

Two. Having in mind recent developments in Sino-Japanese relations, your comments by telegraph on the subject of the above-mentioned press report would be of interest.

793.94/8203A

793.94

336-1

FR:END/DLY

FE

Enciphered by _____

Sent by operator _____ M., _____, 19____

D. C. R.—No. 50

1-1482 U. S. GOVERNMENT PRINTING OFFICE

0728
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

Sept. 30

E/S D -

If we don't
get anything on
checked item by
2 p.m., suggest a
telegram to Tokyo.
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

NEW YORK HERALD TRIBUNE SEP 30 1936

China Reminds Japan It Takes 2 to Make War

Denies Getting 'Demands,'
but Says 'Desires' Envoy
Voiced Aren't Acceptable

More Bluejackets Land

Sweeping Reforms in Tokyo
Demanded by Militarists

By The Associated Press

NANKING, China., Sept. 29. — National government spokesmen refused today to accept the responsibility for Sino-Japanese relations, which they believed was implied in yesterday's warning of Hachiro Arita, Japanese Foreign Minister.

(Arita, in a press interview at Tokio, expressed hope China would come to terms with Japan but warned that if negotiations failed, the Japanese army and navy were prepared "to carry out whatever measures are necessary.")

Chinese government officials, spokesmen said, insisted that peaceful settlement of Sino-Japanese difficulties was "as much Japan's responsibility as China's." Their attitude and expectations, it was said, had been carefully explained to Shigeru Kawagoe, Japanese Ambassador, and "if Japan's cards are all on the table, so are China's."

Widely circulated rumors that Japan had presented to China a series of demands constituting Japan's fundamental conditions for settlement of issues were officially denied. The Chinese said Kawagoe had communicated Japan's "desires," but that "they were not demands and were not acceptable to China."

Japanese Land More at Shanghai
SHANGHAI, Sept. 29 (UP).—Three

additional Japanese warships arrived today and disembarked 600 blue-jackets. It was believed the Japanese sailors here totaled 3,500—1,500 more than normal.

Sweeping Change Asked in Japan

Copyright, 1936, The Associated Press

TOKIO, Sept. 29.—Powerful mili-

tarist leaders of the army and navy pressed the government today for drastic administrative reforms, and insisted that the sweeping changes be made without discussion. Should Premier Koki Hirota reject the army-navy plan, it was feared that Lieutenant General Juichi Terauchi, Minister of War, might resign, causing the fall of the cabinet.

Among the war party's stringent demands, it was disclosed, was the establishment of a combined control board within the cabinet for the formulation of national policy under a minister without portfolio.

Among the proposed reforms, all closely affecting Japan's military establishment, were consolidation of the Foreign Office with the Overseas Ministry; amalgamation of the Ministries of Agriculture, Forestry, Commerce and Industry, and consolidation of the Departments of Railroads and Communications.



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

LMS

This telegram must be closely paraphrased before being communicated to anyone. (B)

FROM

Tokyo

Dated October 1, 1936

Rec'd 11:25 a.m.

Secretary of State,
Washington.

199, October 1, 9 p. m. /82032
Department's 125, September 30, 6 p. m.

One. Administrative reform has been widely advocated for many months, particularly since the February 26 incident.

The War Minister on September 22 apparently presented to the Premier a plan of administrative reform including (a) the consolidation of certain departments; and (b) the consolidation of the various existing investigation and legislative bureaus for the formulation of national policies under a Cabinet Minister without portfolio.

Three. September 30 the Vice Minister of War in a statement to the press said that the plan was proposed by the War Minister as a Cabinet Member and cannot (repeat not) be considered to be the plan of the Japanese army. He added that the War Minister will not make approval of the proposal in its original form an absolute demand.

Four. Although administrative reform will undoubtedly be a large question in the run of political issues in the approaching months in Japan, the Embassy believes that the

present

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O.N.I. AND M.I.D.

in confidence

Division of
FAR EASTERN AFFAIRS

OCT 1 - 1936

Department of State

793.94/8204

FE

537-1

073
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

LMS 2-No. 199, October 1, 9 p. m., from Tokyo.

present proposal made while Sino-Japanese relations are strained will have no (repeat no) significant influence on Japanese policy in China. There is no (repeat no) present indication that any proposal of administrative reform will result in resignation of the Cabinet.

DICKOVER

RR:HPD

537-2

0732

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 199) of October 1, 1936, from the American Embassy at Tokyo reads substantially as follows:

For many months, especially since the incident of February 26, administrative reform has been advocated widely.

On September 22 the Minister of War apparently submitted to the Premier a plan of administrative reform which included the consolidation of the various existing legislative and investigation bureaus for the formulation of national policies under a Cabinet Minister without portfolio and the consolidation of certain departments.

In a statement to the press on September 30 the Vice Minister of War stated that the Minister of War proposed the plan in his capacity as a member of the Cabinet and that the plan cannot be regarded as one of the Japanese army. The Vice Minister stated, also, that the Minister of War will not absolutely demand approval of the proposal in its original form.

It is the opinion of the American Embassy that the proposal made at this time while relations between China and Japan are strained will not influence significantly Japanese policy in China, although undoubtedly the question of administrative reform will loom large in the run of political issues in Japan during the coming months. At present there is nothing to indicate that resignation of the Cabinet will be brought about by any proposal of administrative reform.

793.94/8204
FE:EGC:j.c.
X-2-36

111 537-3
FE
pm.14

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

LMS

GRAY and SPECIAL GRAY

Nanking via N. R.

FROM

Dated October 1, 1936

Rec'd 1:10 p. m.

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS
OCT 1 - 1936
Department of State

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

REK

287, October 1, 2 p. m.

One. We are reliably informed that the Foreign Office intended yesterday to issue a statement in reply to Arita's press statement of September 28th but had not yesterday afternoon done so. Ho Ying Chin and Director of Asiatic Affairs Department of Foreign Office flew yesterday to Kuling to see Chiang Kai Shek who left Canton September 28th, stopped September 29 at Nanchang, and yesterday flew to Kuling. It seems likely that the officials mentioned have taken the statement to Chiang for his approval.

Two. It is generally believed here that (one, Chiang will shortly come to Nanking and will see Kawagoe although it is problematical whether he will discuss issues with the Japanese Ambassador and) two, he went first to Nanchang and Kuling in order to avoid impression that he was hastening to the capital pursuant to Japanese desire that he come down to undertake negotiations.

Three. Sent to the Department and Peiping. By mail to Tokyo, Shanghai.

HPD

PECK

538-1

793.94/8205

F8

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

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

TELEGRAM RECEIVED

LMS

GRAY

1-1336

FROM

Shanghai via N. R.

Dated October 1, 1936

Rec'd 1:20 p. m.

Secretary of State,

Washington.

525, October 1, 4 p. m.

My September 28, 7 p. m.



Japanese forces very active today. They have taken up 1932 defense positions in ~~Hong Kong~~ ^{Hangchow} and Chapei areas and erected movable barbed wire entanglements at the majority of such posts. Japanese civilian reservists have also been called out (*) strong Japanese patrols in Chapei. Reported that these measures have been taken in anticipation of a decision being rendered by the First Special District Court in the Nakayama case; measures are said to be precautionary but may also be intimidatory. Information just received indicates that court today announced judgment would be rendered 2 p. m. tomorrow.

With respect to rumored concentration of Chinese troops in the general vicinity of Shanghai, intelligence officer of the Fourth Marines states that from best information available it appears Chinese troops totalling 10 to 15,000 men have recently arrived in Hangchow but that these units are largely replacements. He estimates an equal force has arrived

793.94/8206

FILED
NOV 3 - 1936

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0735
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

LMS 2-No. 525, October 1, 4 p. m., from Shanghai.

gv arrived at ^{*Kashing*}~~Kash~~ (halfway between Shanghai and Hangchow) which represents a very considerable increase; and about 3500 men at Sungkiang (an entrance to Shanghai and Hangchow).

CONFIDENTIAL. It is reliably reported that Chinese banks are transferring their funds to foreign banks; silver shipments to the United States are being made on American steamers on their outbound voyages. Such ships proceed to Manila before returning here en route to the United States.

GAUSS

WYC:HPD

239-2

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

MM

CORRECTED COPY
TELEGRAM RECEIVED

This message must be closely
paraphrased before being com-
municated to anyone. (B)
1-1336

PEIPING

Dated Oct. 2, 1936.

FROM

Rec'd. Oct. 1, 7:30pm.

Secretary of State

Washington, D.C.

RUSH.

471, October 2, 3pm. 8201

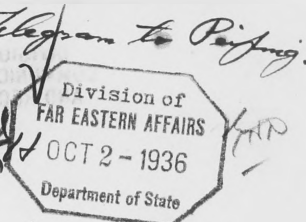
Department's 126, September 30, 7pm. to Tokyo. 8193

One. Considering situation outlined in my 470, September 29, 4pm. I do not believe that any useful purpose would be served by an approach by us at this time either to the Japanese or to the Chinese Government.

Two. British Ambassador informed me this evening that he had instructed his counsellor at Nanking to visit Foreign Office and urge prevention further provocative incidents. I believe Chinese Government to be doing everything in its power to accomplish this, but I am convinced that situation is beyond their control and I am at a loss to know what else we could recommend except complete surrender.

British Ambassador also informed me that Kawagoe had seen his Military Attache who recommended that he leave Nanking. Kawagoe however, is remaining in Nanking to prevent situation falling completely into the hands of the military. British Ambassador stated that Kawagoe is reported by Chinese Foreign Office representative to have urged Chinese acceptance as refusal would result in fall of Japanese

540-1



0737

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

471, Oct. 2, 3pm, from Peiping.

-2-

Japanese Cabinet and coming into power in Tokyo of a much more extreme government.

Four. In my opinion a direct approach from us at this time at Tokyo, considering present temper of Japanese military, would harm rather than help. I yield in this regard, however, to Tokyo's opinion as to whether an expression of concern made to the Japanese without simultaneous representations at Nanking might aid Hirota Cabinet in facing pressure from military.

Five. I still entertain views set forth in my 191, December 2, 3pm. /1463

Repeated to Tokyo, Nanking.

JOHNSON

SMS NPL

540-2

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

1-1336
This telegram must be closely paraphrased before being communicated to anyone (B)

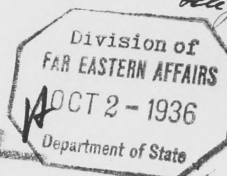
PEIPING

Dated Oct. 2, 1936.

TELEGRAM RECEIVED
Rec'd Oct. 1, 7:30 p.m.

Secretary of State,
Washington.

FROM



RUSH

471, October 2, 3 p.m.

Department's 126, September 30, 7 p.m. to Tokyo.

One. Considering situation outlined in my 470, September

29, 4 p.m. I do not believe that any useful purpose would be served by an approach by us at this time either to the Japanese or to the Chinese Government.

Two. British Ambassador informed me this evening that he had instructed his counsellor at Nanking to visit Foreign Office and urge prevention further provocative incidents. I believe Chinese Government to be doing everything in its power to accomplish this, but I am convinced that situation is beyond their control and I am at a loss to know what else we could recommend except complete surrender.

British Ambassador also informed me that Kawagoe had seen his Military Attache who recommended that he leave Nanking. Kawagoe, however, is remaining in Nanking to prevent situation falling completely into the hands of the military. British Ambassador stated that Kawagoe ^{is reported} ~~could do better~~ ^{represented} by Chinese Foreign Office ^{urged} ~~and the Chinese~~ to have Chinese acceptance as refusal would result in fall of Japanese Cabinet and coming into power in Tokyo of a much more extreme government.

Four. In my opinion a direct approach from us at this time at Tokyo, considering present temper of Japanese military,

240-3

would

0735
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

CA --2--471 Peiping Oct. 2, 3 p.m...

would harm rather than help. I yield in this regard, however, to Tokyo's opinion as to whether an expression of concern made to the Japanese without simultaneous representations at Nanking might aid Hirota Cabinet in facing pressure from military.

Five. I still entertain views set forth in my 191, December 2, 3 p.m.

Repeated to Tokyo, Nanking.

JOHNSON

SMS NPL

240-4

0740

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

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
\$

TELEGRAM SENT

TO BE TRANSMITTED
☒ CONFIDENTIAL CODE
☐ NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Department of State

Washington.

October 2, 1936.

9 PM

AMEMBASSY,

PEIPING (China).

232

Your 471, October 2, 3 p.m.

Strictly Confidential

One. The Department is telegraphing Tokyo that the

Department is continuing to study the situation in the light
of all available reports and the Department is instructing
Tokyo in the meanwhile to act along the lines of the
suggestion contained in paragraph five of Tokyo's telegram
to the Department, No. 200, October 1, 10 p.m.

Two. You will of course continue to keep the
Department promptly and fully informed of developments.

Hull
(m.m.H.)

793.94/8207

FE:MMH/REK:EJL

FE
m.m.H.

Enciphered by

Sent by operator M., 19.....

D. C. R.—No. 50

1-1492 U. S. GOVERNMENT PRINTING OFFICE

340-5

RECEIVED
DEPARTMENT OF STATE
1936 OCT 2 PM 8 54
DIVISION OF
COMMUNICATIONS
AND RECORDS

793.94/8207

0741

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

PREPARING OFFICE
WILL INDICATE WHETHER
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TELEGRAM SENT

Department of State
DEPARTMENT OF STATE

TO BE TRANSMITTED
☒ CONFIDENTIAL CODE
☐ NONCONFIDENTIAL CODE
PARTIAL
PLAIN

936 OCT 3 AM 10 27

Washington,

October 3, 1936.

✓ AMEMBASSY,

PEIPING (China).

233

RUSH.

Department's 232, October 2, 9 p. m., is for the strictly confidential information of the Embassy only.

This cable was sent in confidential Code.
CONFIDENTIAL CODE
COMMITTEE TO BE FULLY paraphrased before
being communicated to anyone. B-1

11 am

Hull
(m.m.N.)

793.94/8207

793.94/8207

FE:MMH:REK

13
FE
m.m.N.

✓
OCT 3 1936
MCO

Enciphered by

Sent by operator M., 19

D. C. R.—No. 50

1-1402 U. S. GOVERNMENT PRINTING OFFICE

240-6

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

TELEGRAM RECEIVED

LMS

This telegram must be closely paraphrased before being communicated to anyone. (B)

Tokyo

FROM Dated October 1, 1936

Rec'd 4:02 p. m.

Secretary of State,
Washington.

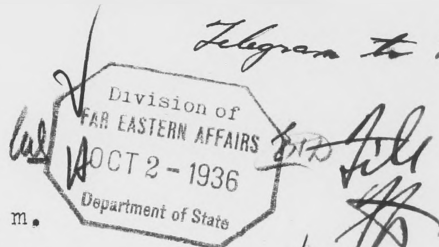
RUSH.

200, October 1, 10 p. m.

Department's 126, September 30, 7 p. m.

One. British Ambassador, Clive, has informed the Embassy as follows: He saw Arita at Arita's home this morning and orally expressed the concern of the British Government and the desire of the British Government to see Sino-Japanese relations established on a genuinely peaceful basis; Clive told Arita that the British Ambassador in China was calling the attention of the Chinese Government to the danger which would be likely to result from any alarmist attacks on Japanese nationals in China and expressing the hope that such developments would be prevented; speaking personally to Arita, Clive dwelt upon the likelihood that pressure on the part of Japan to gain far-reaching demands would force Chiang Kai-Shek to armed resistance, with consequences so serious that no one could foresee the end; in the course of the interview Arita, in reply to Clive's references to press reports, stated that

24-1



793.94/8208

F/FG

LMS 2-No. 200, October 1, 10 p. m., from Tokyo.

that the demands were not unconditional but subject to discussion and denied after apparent hesitation that they included the detachment of the five northern provinces involving separate customs administration and separate currency; Arita begged Clive that neither Clive's official approach to Arita or his personally expressed sentiments be made known to the Chinese Government to which Clive agreed.

Two. Because of this request of Arita's, Clive requested that his statements to the Embassy be kept in strict confidence.

Three. Clive informed the Embassy that he knew of no arguments which would be likely to influence the Japanese Government other than that of the serious consequences that would arise from China's being forced in desperation to resist.

Four. In the present temper of the Japanese defense forces (possibly not shared by the Foreign Office), I do not think that an approach by the American Government to the Japanese Government will serve to lessen pressure upon China. I feel that such an approach would only serve to stiffen Japanese determination to proceed. I do not believe that the Japanese are prepared at this time to take drastic action in China but believe they will utilize the present situation

541-2

0742
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

LMS 3-No. 200, October 1, 10 p. m., from Tokyo.

situation to obtain concessions along the path of their larger objectives. This impression is supported by Arita's statement to the British Ambassador that the present demands are not unconditional.

Five. At the same time, it is my opinion that it will be well to let the Japanese Government know by informal conversations, such as the Department suggests in its numbered paragraph four, that the American Government is watching the situation constantly and with interest. As I can now receive visitors and as the Vice Minister for Foreign Affairs has expressed a desire to visit me, it might be possible in this way to arrange the desired interview without the risk of press publicity, or the Department's suggestion of Ballantine's calling on the Vice Minister might serve the same purpose.

Six. The Embassy invites the Department's attention to Clive's statement to the Embassy that Clive agreed to Arita's request that the British Government's present approach to the Japanese Government be not divulged to the Chinese Government. This assurance apparently nullifies the intention of the British Government as expressed in the conclusion of the aide memoire.

Repeated to Peiping.

DICKOVER

SMS:NPL

241-3

0745

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

PREPARING OFFICE
WILL INDICATE WHETHER

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Charge Department

OR

Charge to

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TELEGRAM SENT

TO BE TRANSMITTED

☒ CONFIDENTIAL CODE

☐ NONCONFIDENTIAL CODE

☐ PARTIAL

☐ PLAIN

RECEIVED
DEPARTMENT OF STATE
Department of State

936 OCT 2 PM 8 53

Washington,

October 2, 1936.

AMEMBASSY,

DIVISION OF
COMMUNICATIONS

TOKYO (Japan), RECORDS

9 p.m.
This cable was sent in Confidential Code.
It should be carefully checked before
being communicated to anyone. B

127
793.94/8208
Your 200, October 1, 10 p.m.

Strictly Confidential

One. The Department is continuing to study the situation in the light of all available reports. In the meanwhile the Department desires that the Embassy act along the lines of the suggestion contained in paragraph five of your telegram under reference, namely, to let the Japanese Government know by informal conversations that the American Government is watching the situation constantly and with solicitous interest. In so doing the Embassy should act as upon its own initiative, and the Embassy will of course endeavor to avoid publicity and to choose as soon as practicable appropriate occasions for such conversations.

Two. We suggest that you (or alternatively Ballantine) say to the Vice Minister that you had for some time been observing with concern the press reports of the differences lying between the Japanese Government and the Chinese Government, but that you had refrained from approaching the Foreign Office lest undesirable publicity ensue; that the press reports are now assuming so serious a tone that you consider

Enciphered by

Sent by operator M.,, 19.....

D. C. R.—No. 50

1-1482 U. S. GOVERNMENT PRINTING OFFICE
241-4

0746

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

PREPARING OFFICE
WILL INDICATE WHETHER

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TELEGRAM SENT

Department of State

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Washington,

- 2 -

it advisable to seek authoritative information with regard to the developments to which the press reports refer; and that you accordingly invite the Vice Minister to comment on these ~~reports~~ ^{reports} differences in order that you may be in position to keep your Government adequately and accurately informed of developments in a situation which of course commands its interest and concern.

Three. Please continue to report promptly and fully by cable.

Four. The Department appreciates the promptness and comprehensiveness of your telegram under reference.

Five. For your information. Referring to paragraph six of your telegram under reference, a telegram from Wilson at Geneva indicates that the Chinese Ambassadors ~~at London and at Paris~~ ^{to Great Britain and to France} had knowledge that the British Government intended to instruct its Ambassador in Tokyo to approach the Japanese Government.

Huell

FE:MMH;REK/DLY

FE

Enciphered by

Sent by operator M., 19.....

D. O. R.—No. 50

1-1402 U. S. GOVERNMENT PRINTING OFFICE

241-5

TELEGRAM RECEIVED

U

GRAY

Shanghai via N.R.

1-1336

FROM Dated October 2, 1936

Rec'd 10:10 a.m.

Secretary of State

Washington

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

Division of
FAR EASTERN AFFAIRS
OCT 2 - 1936
Department of State

527, October 2, 3 p.m.

My October 1, 4 p.m.

No substantial change in measures adopted yesterday by Japanese forces though a few barricades are reported to have been removed. Slight exodus of Chinese from Chapei and Hongkew districts.

First special district court today rendered decision in the Nakayama case, two suspects being sentenced to death and the third accused being found not guilty. Verdict which is pleasing to the Japanese, though resented in some Chinese circles, may now result in relaxation of strong "precautionary" measures taken by the Japanese.

Repeated to Department and Peiping. By mail Nanking.

GAUSS

WWC

793.94/8209

FILED
OCT 3 - 1936

F 8

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

U

GRAY

Tokyo

1-1336

FROM

Dated October 2, 1936

Rec'd 9:10 a.m.

Secretary of State

Washington

202, October 2, 7 p.m.

Division
FAR EASTERN AFFAIRS
OCT 2 - 1936
Department of State

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

One. According to Domei the Foreign Office authorities commenting upon a London report circulated by Reuter containing a purported revelation attributed to "diplomatic sources" of Japanese demands, among which was mentioned the right to station troops along Yangtze, the right to edit Chinese school texts, and autonomy of the five northern provinces, declared that the alleged demands were malicious propaganda aimed at alienating Japan and China and stated that the Consulate General at Nanking had on September 26 filed with the Chinese Foreign Office a strong protest in which it was pointed out that the spread of such reports was contrary to an arrangement between the two governments not to reveal the contents of the negotiations.

Two. Foreign Office spokesman today, according to JAPAN TIMES, announced that as the Japanese Government was conducting its negotiations with a careful attitude it had decided to despatch the Director of the Asiatic Bureau of the

the

243-1

4

793.94/8210

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

U -2- #202, Oct. 2, 7 p.m. from Tokyo

the Foreign Office to Nanking immediately in order to convey
the intentions of the government to Ambassador Kawagoe.

Repeated to Peking.

DICKOVER

WWC

543-2

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

GENEVA

1-1238
A portion of this message must be ^{FROM} closely paraphrased before being communicated to anyone. (B-1)

Dated Oct. 1, 1936

Rec'd. 8:30pm.

Secretary of State

Washington, D.C.

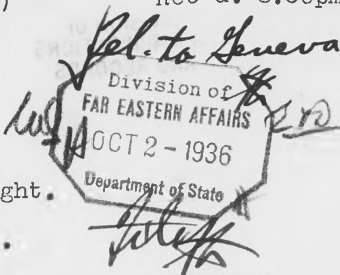
374, October 1, midnight.

(GRAY). CONFIDENTIAL.

Wellington Koo and Quo Tai Chi arranged a meeting with me. At the risk of repeating information which you already possess and because they expressly requested that you be informed, I repeat their statements. They told me that they had asked their government for information respecting the Japanese demands. The government furnished this information and authorized them to convey it confidentially/representatives of "friendly governments". They said they had conveyed the information to Halifax, Delbos and Litvinov, in addition to myself.

The demands were presented approximately September 15, orally by the Japanese Ambassador to the Chinese Minister for Foreign Affairs at Nanking; the Chinese countered by suggesting that the various incidents in which Japanese nationals were involved should be discussed and liquidated first. This the Japanese were unwilling to do and pressed for the discussion of the demands. The Chinese then countered by: (one) abolition of the Tangku truce, (two) cancellation of the Eastern Hopei

autonomous



OCT 3 - 1936

793.94/8211

F/FG

MM 374, Oct. 1, midnight, from Geneva. -2-

autonomous government, (three) cessation of Japanese smuggling, (four) cancellation of a military agreement which compelled the withdrawal of Chinese troops from the two northern provinces.

They stated that the Japanese Ambassador then suspended negotiations on the grounds that the Minister for Foreign Affairs lacked plenipotentiary powers.

The demands are not in the form of an ultimatum. No date is fixed before a reply must be received but severe pressure is being brought upon the Chinese for quick action, including Arita's recent threat before the foreign correspondents.

The demands follow: (one) the autonomy of the five northern provinces, (two) an economic cooperation with the whole of China, similar to that now existing in the north, (three) agreement for joint measures for defense against communism, (four) appointment of Japanese advisers in the Central Government, (five) establishment of air communications between Japan and China, particularly with Shanghai and Foochow, (six) a special or preferential tariff agreement, (seven) complete suppression of anti-Japanese propaganda including the revision of school texts and special restrictions upon Koreans naturalized in China, including their expulsion from military schools. (END GRAY).

In terminating Koo stated that he learned on "good authority"

244-2

0752
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

MM 374, Oct. 1, midnight, from Geneva. -3-

authorityⁿ that the French and British had discussed the matter here and intended to instruct their Ambassadors in Tokyo to make representations. They hope that our government as well, will take some step to bring about a detente in the Sino-Japanese relations.

WILSON

(*) omission

PEG

244-3

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 SENT

PREPARING OFFICE
WILL INDICATE WHETHER

Collect

Charge Department
OR

Charge to
\$

Department of State
DEPARTMENT OF STATE

Washington,

936 OCT 3 AM 11 49

October 3, 1936.

AMDELGAT,

DIVISION OF
COMMUNICATIONS
AND RECORDS

GENEVA (Switzerland).

514

Your 374, October 1, midnight, is helpful and is
appreciated.

Hull
(M.M.H.)

793.94/8211

793.94/8211

FE:MMH:REK

Enciphered by _____

Sent by operator _____ M., _____

D. C. R.—No. 50

1-1482

U. S. GOVERNMENT PRINTING OFFICE

244-4

OCT 3 1936
MMH

TELEGRAM RECEIVED

LMS

This telegram must be closely paraphrased before being communicated to anyone. (A)

Peiping

Dated October 2, 1936

Rec'd 9:35 a. m.

Secretary of State, FAR EASTERN AFFAIRS
Washington, OCT 2 - 1936
Department of State

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

472, October 2, 7 p. m.

My 470, September 29, 4 p. m., and my 471, October 2, 3 p. m.

Major Imai, Japanese Assistant Military Attache, in conversation with foreign press correspondents here this morning stated that he was pleased that in this area there had thus far occurred no such unfortunate incidents as have taken place in the "South". He said that the Japanese authorities had taken measures to prevent such incidents here in the North but that if such an incident should occur it would be "seized upon". He did not specify what action would be taken by the Japanese but the American correspondents present gained the definite impression that he took it for granted that an "unfortunate incident" would inevitably occur and that stern action would follow.

In view of the provocative and truculent attitude of the Japanese military it will be surprising if an "unfortunate incident" does not occur here in the North or in other regions in China despite all preventive action now being taken by the Chinese authorities ^{arising out of} the open rejoicing

793.94/8212

F/FG

245-1

1755
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

LMS 2-No. 472, October 2, 7 p. m., from Peiping.

rejoicing of the Japanese on the occasion of the anniversary of the Mukden incident, the constant exhibition in Peiping and surrounding regions of Japanese soldiers and military equipment, the forthcoming maneuvers of Japanese forces between here and Tientsin, the continual maneuvers of the Japanese landing forces in Shanghai, all invite such incidents, ^{in addition to few} (unaltered by) the danger inherent in the enmity toward Chiang Kai Shek of political opponents, intellectuals and radical elements. The situation continues to be definitely and increasingly alarming.

Repeated to Tokyo.

JOHNSON

KLP:HPD

345-2

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 472) of October 2, 1936, from the American Ambassador at Peiping reads substantially as follows:

In a conversation with foreign press correspondents at Peiping on October 2, the Japanese Assistant Military Attaché (Major Imai) expressed his pleasure over the fact that thus far no such unfortunate incidents as have taken place in the "South" have occurred in the Peiping area. Major Imai remarked that measures to prevent the occurrence of such incidents in the North had been taken by the Japanese authorities but that such an incident would be "seized upon" if it should occur. Although Major Imai did not mention specifically what action the Japanese would take, the American correspondents who were present received a definite impression that Imai considered that as a matter of course an "unfortunate incident" would occur inevitably and would be followed by stern action.

It will be surprising if, on account of the truculent and provocative attitude of the Japanese military, an "unfortunate incident" does not occur in North China or in other parts of the country in spite of all preventive measures which the Chinese authorities are now taking. The continuous maneuvers of the Japanese landing forces in Shanghai, the continuous exhibition of Japanese soldiers and military equipment in Peiping and the vicinity, maneuvers of Japanese forces soon
to

5453

0757

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

- 2 -

to take place between Tientsin and Peiping, and the open rejoicing of the Japanese on the anniversary of the Mukden incident invite such incidents. There is also the danger inherent in bad feeling toward General Chiang Kai-shek of intellectuals, radical elements, and political opponents. An increasingly and definitely alarming situation continues to exist.

763.94/8218

EQC.
FE:EC

X-3-36

FE
m, m, H

345-4

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

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

LMS

1-1336

FROM

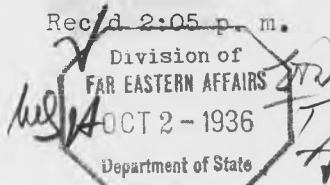
SPECIAL GRAY

Nanking via N. R.

Dated October 2, 1936

Rec'd 2:05 p. m.

Secretary of State,
Washington.



288, October 2, 3 p. m.

As significant of the present local tensity, the Department may be interested to learn that last night Suma stated in an informal conversation with an officer of the Embassy that he had been instructed by Tokyo to avoid dining out for fear of incidents. He also stated that the park adjoining the Japanese Embassy, formerly open to the public, was now heavily guarded and entrance prohibited. He added that these circumstances were not personally alarming to him. Sent to the Department, Peiping, Shanghai.

IECK

PEG

FILED
NOV 3 - 1936

F/FG

793.94/8213

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

LMS

TELEGRAM RECEIVED

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

Nanking via N. R.

FROM Dated October 2, 1936

Rec'd 2 p. m.

Secretary of State,
Washington.

289, October 2, 4 p. m.

CONFIDENTIAL.

My 288, October 2, 3 p. m. / 8213



793.94

An American press correspondent today approached the Foreign Office for information on the Sino-Japanese situation and was told that while nothing could be definitely determined at present, in one week all ban of secrecy would have been removed and the correspondent inferred from these and other remarks that a crisis was expected within a few days. Another American informant conversed with a number of intelligent Chinese last night and learned that they did not view the possibility of war with Japan with especial apprehension. They placed great reliance on China's air force and one engineer said that work was under way on the Yangtze which would make it impossible for Japanese vessels to approach Nanking. The impression seemed to be gaining ground here that the Japanese military party is determined to bring about hostilities with China. Sent to the Department, Peiping, Tokyo. By mail to Shanghai.

PECK

WNC

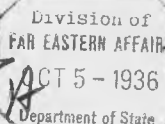
793.94/8214

F/F/G

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

THE SECRETARY



Copy sent to Tokyo, Peking and Hankow
October 2, 1936. OCT - 5 1936

793.94
MEMORANDUM OF CONVERSATION BETWEEN SECRETARY HULL AND THE CHINESE AMBASSADOR, DR. SAO-KE ALFRED SZE.

Sino-Japanese relations.

The Chinese Ambassador called and urged that the American Government take action similar to that taken by the British Government at Tokyo in asking the Japanese Government to be moderate and conciliatory toward China. I replied that we are following developments in relations between China and Japan with care and genuine interest; that we very much regret the serious conditions; that we will give every attention and consideration to each phase as it develops; that we are mindful of all phases; that in thus giving attention it will be necessary for us to avoid any step which might do more harm than good.

The Ambassador then inquired as to the attitude of the United States in the event of a clash, to which I replied again that our country is, of course, intensely interested in peace and that we earnestly hope no clash will occur.

342-1
C.H.

S CH:HR

793.94/8215

F/HG

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

No. 269

October 5 1938

STRICTLY CONFIDENTIAL.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

Referring to recent correspondence in regard to
relations between China and Japan there is enclosed
for your strictly confidential information a copy of
a memorandum of a conversation which I had with the
Chinese Ambassador on October 2, on this subject.

Very truly yours,

Cordell Hull

Enclosure:

Memorandum of October 2.

Copy to Nanking.

FE:EC

X-5-36

FE

OCT 5 1938.

793.94/8215

0762

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

No. 1116

October 5 1936

STRICTLY CONFIDENTIAL.

Erle R. Dickover, Esquire,
American Chargé d'Affaires ad interim,
Tokyo.

Sir:

Referring to recent correspondence in regard to relations between China and Japan there is enclosed for your strictly confidential information a copy of a memorandum of a conversation which I had with the Chinese Ambassador on October 2, on this subject.

Very truly yours,

Cordell Hull

Enclosure:

Memorandum of October 2.

E.R.C.
FE:EC

FE

X-5-36



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

October 5, 1936.

Referring to the statement in Nanking's telegram 290, October 3, noon, to the effect that the Chinese Vice Minister for Foreign Affairs told Mr. Peck that the Chinese Government had sent to the Chinese Ambassador at Washington for communication to the Department of State substantially the outline of Japanese proposals and Chinese counter-proposals as recorded in that telegram, I wish to record that, although the Chinese Ambassador has not communicated that outline to the Department, the Chinese Ambassador did, when he called on me on October 2 preparatory to his call on the Secretary at 3 p. m., say that he assumed that of course Mr. Peck had been informed by the Chinese Government of the nature of the Japanese proposals and of the nature of the Chinese counter-proposals, and had made a report thereon to the Department. Inasmuch as the Chinese Ambassador rather pressed me for some comment in regard to his assumption and inasmuch as he had been so courteous as to call and give us advance information in regard to the questions which he proposed to put to the Secretary, I told him frankly that we had received reports describing the nature of the Japanese proposals and the Chinese counter-proposals but that we had not received this information officially from the Chinese Government and that Mr. Peck had reported information on this subject as obtained by him "from an authoritative source not in the Foreign Office".

547-1 In

0764
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

- 2 -

In view of the foregoing, there would seem to be no need for the Department to ask the Embassy in China to inform the Chinese Foreign Office that the Chinese Ambassador here had not communicated to the Department the outline which the Chinese Vice Minister communicated to Mr. Peck.

M. M. P.

MMH/REK

247-1

Nov. 27

~~WGS~~

JEV

Note last sentence
of Depts 248, Oct. 17, 4th
to Peking. Has
Dept. received any
reports by mail
covering the Ambassador's
visit to Nanjing?

W. J. H.

~~MINH~~

No reports by
mail in the last
pouch. The latest
date on a Peking
despatch is October
21st, I recall.
Report on the Nanjing
visit may arrive
with next Monday's
pouch. JEV.

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

U

Nanking

This telegram must be
closely paraphrased
before being communicated FROM
to anyone. (A)

Dated October 3, 1936

Rec'd 10:15 a.m.

Secretary of State

Washington

Paraphrase in strict
COPIES SENT TO
O.N.I. AND M.I.D.

Telegram to Nanking
Division of
FAR EASTERN AFFAIRS
OCT 5 - 1936
Department of State

290, October 3, noon.

My 285, September 29, 2 p.m. / 8194

OCT 7 - 1936

793.94

One. I called on Vice Minister Hsu Mo this morning on a purely social matter and he took the opportunity to give me an extensive review of the discussions between the Japanese Ambassador and the Chinese Minister for Foreign Affairs differing slightly from my September 29, 2 p.m. He said proposals made by the Japanese Ambassador were (one) reorganization of the five Northern provinces with arrangements for economic cooperation therein, (two) joint defense against Chinese communistic military activities (three) convention for direct air communication between Japan and Shanghai (four) Japanese advisers in many departments of the Chinese Government removing disparity between numbers of Japanese and advisers of other nationalities (five) customs convention specifically lowering rates on certain items.

Two. The Chinese Minister for Foreign Affairs replied to the Japanese Ambassador that China was quite willing

793.94/8216

F/FG

547-1

LMS 2-No. 290, October 3, noon from Nanking.

willing to effect economic cooperation with Japan but wished to begin with two economic conditions only, namely, Hopei and Chahar; suppression of Chinese Communist forces was a purely internal matter; China would be willing to conclude air convention on reciprocal basis recognizing China's sovereignty; China has already one Japanese adviser but would be willing to engage more in purely technical but not political or military capacities; China has not adopted any reciprocating customs conventions but would be willing to revise the customs tariff with both increases and decreases and having regard to necessity for maintaining customs receipts.

Three. The Chinese Minister of Foreign Affairs then enumerated points which China regarded as requiring action by Japan if relations were to be improved. Briefly they were (one) elimination of the East Hopei autonomous regime (two) Japanese cooperation in suppressing smuggling in North China (three) cessation of indiscriminate flights by Japanese air planes in disregard of China's sovereignty (four) revision or cancellation of the Shanghai and Tangku military arrangements of 1932 and 1933. The last interview on September 23 ended abruptly and in a strained atmosphere.

Four. The Vice Minister told me that substantially
this

547-2

0768

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

LMS 3-No. 290, October 3, noon from Nanking.

outline had been sent to the Chinese Ambassador for communication to the Department of State but there was another matter he would be grateful to have me transmit. He said that the British Ambassador in Tokyo under instructions from his Government had called on the Japanese Minister for Foreign Affairs to urge moderation on the Japanese Government in what was currently regarded as a crisis in Sino-Japanese relations; the French Ambassador in Tokyo had received similar instructions. The Vice Minister wondered whether the American Government would be willing to take a like step through the American Charge d'Affaires in Tokyo. He said that I might have heard a comment which he said is being made by many persons today, namely, that in reference to the present ~~crisis~~ Great Britain and the United States have interchanged positions as compared with their positions during a similar crisis in 1931 and 1932. I referred to newspaper reports that the British Ambassador in Tokyo had informed the Japanese Foreign Office that Great Britain was not intervening in the present discussions between China and Japan. The Vice Minister said that his information was that these newspaper reports were not true.

Five. I said that I would telegraph the purport of his remarks to the American Ambassador and to the Department.

Six.

547-3

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

LMS 4-No. 290, October 3, noon from Nanking.

Six. My telegram No. 287, October 1, 2 p. m. / 8205 para-
graph one. The Vice Minister said the Chinese Government
has no present intention to issue a statement. The two
officials mentioned returned from Kuling yesterday. The
Director of the Asiatic Department will call on the Japa-
nese Ambassador I presume today. The Vice Minister said
General Chiang's duties would require his early return to
Nanking but the date was uncertain. Other sources state
Chiang will return October 5th.

Seven. Sent to the Department and Peiping.

PECK

CSB

247-4

0770

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)

PARAPHRASE

STRICTLY CONFIDENTIAL

A telegram (No. 290) of October 3, 1936, from the American Embassy at Nanking reads substantially as follows:

On the morning of October 3 the Counselor of the Embassy called with regard to a social matter on the Vice Minister for Foreign Affairs (Hsu Mo) who took the opportunity to review extensively to the Counselor the discussions between the Chinese Minister for Foreign Affairs and Kawagoe (Japanese Ambassador to China). This version of the discussions differed somewhat from that contained in the Embassy's telegram No. 285 of September 29. Hsu said that the proposals made by Kawagoe were (a) joint defense against military activities of Chinese communists, (b) reorganization of the five Northern provinces with arrangements for economic cooperation therein, (c) a convention lowering specifically the ^{customs} rates on certain items, (d) Japanese advisers in many Chinese Government departments doing away with disparity between the number of Japanese and advisers of other nationalities, (e) a convention providing for direct air communication between Shanghai and Japan.

In reply to these proposals the Minister for Foreign Affairs informed the Japanese Ambassador that (a) the suppression of communist forces in China was an internal matter entirely; (b) China was entirely willing to bring about economic cooperation with Japan but desired to begin such cooperation in Hopei and Chahar only; (c) although the Chinese Government

has

247-5

0771

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

- 2 -

STRICTLY CONFIDENTIAL

has not adopted any reciprocating customs agreements it would be willing, having regard to the necessity for maintaining customs receipts, to revise the customs tariff with both increases and decreases; (d) the Chinese Government already has one Japanese adviser but would be willing to have more, not in military or political capacities, but in purely technical capacities; (e) the Chinese Government would be willing to negotiate an air convention on a reciprocal basis recognizing China's sovereignty.

The Minister for Foreign Affairs then proceeded to enumerate points which his Government considered required action by the Japanese Government if relations between the two countries were to be improved. In brief these points were (a) cooperation by Japan in the suppression of smuggling in North China, (b) cancellation or revision of the Tangku and Shanghai military arrangements of 1933 and 1932, respectively, (c) elimination of the East Hopei autonomous regime, (d) stopping of flights made indiscriminately by Japanese airplanes in disregard of the sovereignty of China. In a strained atmosphere the last interview came to an abrupt end on September 23.

The Vice Minister informed the Counselor of the American Embassy that at present the Chinese Government has no intention to issue a statement (see telegram No. 287 of October 1, from Nanking, paragraph 1). Ho Ying Chin and the Director of Asiatic Affairs Department of the Foreign Office who flew to Kuling to see Chiang Kai-shek on September 30 returned to

Nanking

247-6

0772

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

- 3 -

STRICTLY CONFIDENTIAL

Nanking on October 2. The Vice Minister stated that, although the date of Chiang's return to Nanking was uncertain, his duties would require his early return. According to other sources, Chiang will return on October 5. It is assumed that the Director of the Asiatic Department will call on the Japanese Ambassador on October 3.

793.94/8216

FE:EGC

X-7-36

FE
M.W.H.

247-7

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 SENT

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
\$

TO BE TRANSMITTED
☒ CONFIDENTIAL CODE
☐ NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Department of State
DEPARTMENT OF STATE

936 OCT 7 PM 6 21

Washington,
October 7, 1936. ^{-B"}
7P

AMEMBASSY

DIVISION OF
NANKING (COMMUNICATIONS
AND RECORDS
/8216

This cable was sent in confidential Code.
It should be carefully paraphrased before
being communicated to anyone. ^B

65
793.94/8216
Your 290, October 3, noon.

For the Ambassador's confidential information and
guidance.

One. Referring to paragraph four of the telegram
under reference, first sentence, the second matter touched
upon was presented here and an appropriate reply, indicating
our genuine interest and concern but containing no repeat
no commitment, was made. A copy of the memorandum of con-
versation has been sent to the Embassy by pouch.

Two. Tokyo's No. 206, October 6, 3 p.m., to the
Department, copy of which was repeated to Peiping, indicates
in paragraph two that the Japanese Foreign Office desires
to avoid disclosing to the Japanese public the fact that
any representations, even of an informal character, have
been made to the Japanese Government. In the light of this
indication and inasmuch as the Department is of the opinion
that the approach made by the American Government to the
Japanese Government is more likely to have a constructively
helpful effect if it is not repeat not made known to the

Enciphered by

Sent by operator M., 19.....

D. C. R.—No. 80

1-1402 U. S. GOVERNMENT PRINTING OFFICE

247-8

793.94/8216

0774

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

PREPARING OFFICE
WILL INDICATE WHETHER

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Charge Department
OR

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TELEGRAM SENT

Department of State

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Washington,

- 2 -

Chinese Government, at least at this time, the Department desires that no repeat no intimation be given to the Chinese Government ^{at this moment} that such an approach has been made. The Department realizes that, this being the case, there ^{may} will be need for very tactful action toward preventing possible development of a prejudicial effect upon Sino-American relations. With this in mind, the Department offers certain comments and suggestions which may be helpful to you and to Peck in making appropriate oral and confidential response to any questions that may be put by responsible Chinese officials, as follows:

The attitude and position of the American Government with regard to treaty rights and obligations have in no repeat no way altered. The American Government has been following, and continues to follow, closely developments in relations between China and Japan. The American Government ^{is giving} ~~will give~~ attention and consideration to each phase of the situation as it develops, bearing in mind all its phases. Inasmuch as there are involved rights, interests and obligations common to a number of governments, the American Government has made a practice of discussing developments and exchanging information in regard thereto with other interested governments. The

Enciphered by

Sent by operator M., 19.....

0775

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

PREPARING OFFICE
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TELEGRAM SENT

Department of State

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Washington,

- 3 -

American Government has taken in the past and will continue to take such steps as seem to it appropriate and feasible. *It*
~~In giving consideration to the situation, it desires~~ *wishes* to avoid the taking of any action which would be likely to have a harmful rather than a beneficial effect. The American Government intends to attempt to exert its influence quietly and unobtrusively and to avoid giving any countenance to measures or situations contravening any legitimate interests or treaty rights and ^{it} desires, in any action that it may take, to be constructively helpful.

Three. Referring to the statement in paragraph four of Nanking's telegram under reference, the Department expects that officers of the American Government will make appropriate and tactful replies to any comment calculated to misrepresent the attitude or action of the United States or to place these in an unfavorable light as compared with those of any other countries. It should be realized and admitted by anyone not adversely prejudiced ~~that the American Government~~ and it may so be *discreetly* pointed out ^{it} that the American Government has consistently endeavored in relations with the Far East, while serving the interests of the United States to avoid and avert disservice to the interests of China. At the present moment we are in no way forgetful of either of these objectives and we are

Enciphered by _____

Sent by operator _____ M., _____, 19____

077E

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

PREPARING OFFICE
WILL INDICATE WHETHER
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Charge Department
OR
Charge to
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TELEGRAM SENT

Department of State

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Washington,

- 4 -

intent upon both. We desire to be constructively helpful
where possible and as appropriate, but we naturally are
exercising our own best judgment as to what contribution on
our part may be most practicable, opportune and appropriate.

Carr, Acting
SKH

John M. H.
FE:MSM:MMH/REK

FE

Wick

Enciphered by

Sent by operator M., 19.....

D. C. R.—No. 50

1-1482 U. S. GOVERNMENT PRINTING OFFICE

247-11

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

LMS

TELEGRAM RECEIVED

SPECIAL AGENT

Nanking via N. R.

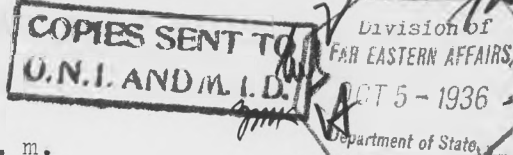
1-1336

FROM

Dated October 3, 1936

Rec'd 5:40 p. m.

Secretary of State,
Washington.



291, October 3, 1 p. m.

My October 3, noon, paragraph No. 4. 8216

Local newspapers carried Domei despatch dated

Tokyo September 25 in part as follows: "Great Britain's
determination not to interfere in the current Sino-
Japanese negotiations was affirmed yesterday by Sir Robert
Clive, Ambassador to Tokyo, in an interview with Mr.
Hachiro Arita, Foreign Minister." (Part omitted)
"The British envoy acting on instructions from the
home government." (part omitted)

Sent to the Department and Peiping.

TECK

KLP

NOV 3 - 1936
F/FG

0778

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

LMS

TELEGRAM RECEIVED

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (B)

Tokyo

Dated October 3, 1936

FROM Rec'd 1:10 p. m.

Secretary of State,

Washington.

of paraphrase in strict confidence Telegram to Sec. Oct. 4, 1936.
COPIES SENT TO
U.N.I. AND M.I.D.

203, October 3, 7 p. m. *omitting AP 4.*

Embassy's 200, October 1, 10 p. m. *8208*

STRICTLY CONFIDENTIAL.

Division of
FAR EASTERN AFFAIRS
OCT 5 - 1936
Department of State
Ch
Tele

793.94

One. This morning Ballantine called on Vice Minister for Foreign Affairs at the Vice Minister's request. Vice Minister stated in view of misleading and mischievous press reports abroad regarding Sino-Japanese relations he wished to say that discussions with the Chinese Government to solve pending questions and adjust relations had not reached substantial stage when Chengtu incident occurred, and that this and other incidents, interfered with progress of negotiations. Vice Minister said that Japan desires in connection with the settlement of these questions that China take effective steps to eradicate anti-Japanese movements, and that at the same time Japan desires to clear up other questions which he could not enumerate but which he emphasized are Japanese desires to be attained by discussion and are not (repeat not) unconditional demands. The Vice Minister said there are no (repeat no) new points in the negotiations. Referring to press reports he denied that Japan is asking for

793.94/3218

F/FG

548-1

LMS 2-No. 203, October 3, 7 p. m., from Tokyo.

for the right to station troops along the Yangtze or for the rights of North China involving fiscal, administrative, diplomatic autonomy. In reply to a question the Vice Minister said that a press interview by Kuwashima director of Asiatic Bureau was substantially correct except alleged statements defining scope of demands. In conclusion the Vice Minister emphasized Japan's desire for a solution of issues by diplomacy and express the hope that the Embassy would inform the American Government of the situation.

Two. The Kuwashima interview referred to in paragraph one has been reported by the Associated Press. In view of the Vice Minister's remarks and in view of the care of Foreign Office representatives not to divulge the actual points under discussion with China the Embassy believes that the report of the Kuwashima interview is of no value as defining the demands.

Three. In conversation this afternoon with me at the hospital the Vice Minister for Foreign Affairs stated that the present discussions with China are in no respect like the twenty-one demands and that Japan has no intention of using force or other military operations to obtain Chinese agreement to Japanese desires. He said that the only demand upon which the Japanese will insist is the suppression of anti-Japanese propaganda and agitation because of the danger
of

248-2

LMS 3-No. 203, October 3, 7 p. m., from Tokyo.

of further incidents. Other matters will be discussed but they will be simply desiderata subject to negotiation and designed to promote more healthy and normal relations. He said that the discussions will be based on Hiroto's three points. In regard to sending Kuwashima to China the Vice Minister said the object is to convey the real purposes of the Japanese Government to Kawagoe and added that "the deer hunter does not see the mountain" implying that Japanese representatives in China are unable to maintain perspective. When asked what steps are contemplated if China refuses compliance the Vice Minister stated "we shall not cross that bridge until we reach it". He deplored the inaccuracy of NEW YORK TIMES reports presumably coming from Hallett Abend.

Four. Since these conversations the Embassy has received Department's 127, October 2, 9 p. m.

Five. In spite of reports of the alarming attitude of Japanese representatives in China the Embassy believes that the Government in Tokyo is still in command of the situation and is confining its efforts to objectives less sweeping than those reported in the press abroad.

Repeated to Peiping.

DICKOVER

CSB

548-3

0781
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)

P A R A P H R A S E

A strictly confidential telegram (No. 203) of October 3, 1936, from the American Embassy at Tokyo reads substantially as follows:

In response to the request of the Vice Minister for Foreign Affairs a member of the Embassy staff called on the Vice Minister on October 3. The Vice Minister remarked that he desired to say, in view of mischievous and misleading reports in the press abroad in regard to relations between China and Japan, that discussions between the Japanese and Chinese Governments to adjust relations and solve pending questions had not come to a substantial stage at the time the Chengtu incident happened and that this incident and other incidents interfered with the progress of the discussions. The Vice Minister stated that, in connection with the settlement of these questions, it is Japan's wish that the Chinese Government take effective measures to up-root anti-Japanese movements and that the Japanese Government wishes to clear up at the same time other questions. The Vice Minister stressed the fact that these other questions are not unconditional demands but are Japanese wishes to be reached by discussion but he did not enumerate them. He added that there are no new points in the negotiations between the two countries. The Vice Minister, after referring to press reports, denied that the Japanese are asking for ^{the} rights of North China involving diplomatic, fiscal, administrative autonomy or for the

548-4

0782

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

- 2 -

STRICTLY CONFIDENTIAL

the right to station troops along the Yangtze River. The Vice Minister stated, in response to a question, that except for alleged statements defining scope of the demands, a press interview by the Director of the Asiatic Bureau (Kuwashima) was substantially correct. The Vice Minister concluded by expressing the hope that the Embassy would inform the American Government with regard to the situation and by emphasizing the desire of Japan that the issues be solved by diplomacy.

The Associated Press has reported the Kuwashima interview mentioned above. It is the opinion of the Embassy that no value as defining the demands may be attached to the report of the Kuwashima interview in view of the care taken by representatives of the Foreign Office not to divulge the actual points under negotiation and in view of the remarks of the Vice Minister.

During the course of a conversation with the American Chargé d'Affaires later in the day on October 3 the Vice Minister for Foreign Affairs remarked that the Japanese Government does not intend to use force or other military operations to cause China to agree to Japanese wishes and that the discussions going on with China at present are in no sense like the twenty-one demands. The Vice Minister stated that the only demand which Japan will insist upon is that anti-Japanese agitation and propaganda be suppressed on account of the danger of further incidents, and that, although

548-5

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

- 3 -

CONFIDENTIAL

though other matters will be talked over, they will be merely desiderata designed to promote normal and more healthy relations and subject to negotiation. Hirota's three points will be the basis of the discussions. With regard to the sending to China of Kuwashima, the Vice Minister remarked that the purpose is to carry to the Japanese Ambassador to China (Kawagoe) knowledge of the real purposes of Japan and he added that "the deer hunter does not see the mountain", leaving the impression that Japanese representatives in China are not able to keep their perspective. The Vice Minister regretted the inaccuracy of reports in the NEW YORK TIMES, coming presumably from the paper's correspondent in Shanghai (Hallett Abend) and, in reply to a question as to what steps are planned if China refuses to comply, he (the Vice Minister) said "we shall not cross that bridge until we reach it".

Despite reports in regard to the alarming attitude of Japanese representatives in China it is the opinion of the Embassy that the Government in Tokyo is limiting its efforts to objectives less extensive than those reported in newspapers abroad and is still in control of the situation.

793.94/8218

FE:EGC
 X-6-36

548-6
 [Handwritten signature/initials]

0784

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

PREPARING OFFICE
WILL INDICATE WHETHER

Collect

Charge Department
OR

Charge to

\$

TELEGRAM SENT

Department of State

TO BE TRANSMITTED
✓ CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Washington,

October 4, 1936.

2Pm

AMEMBASSY,

TOKYO (Japan).

RUSH. 128

Your 203, October 3, 7 p. m.

Confidential.

This cable was sent in confidential Code.
It should be carefully paraphrased before
being communicated to anyone. B

8218

One. Department desires that Ballantine call as soon as practicable upon the Vice Minister for Foreign Affairs and, referring to the conversations reported in your telegram under reference, read to the Vice Minister, as under instruction, a statement substantially as follows: ^{but in close paraphrase reading} QUOTE The American Government is gratified to have the benefit of this information direct from the Japanese Government as communicated by the Vice Minister for Foreign Affairs. The situation to which it relates has from its inception ~~commanded~~ ^{had} the interest and careful attention of the American Government. This Government has naturally observed with concern the alarming and sensational reports which have appeared in the press in the United States and other countries, and therefore appreciates sincerely the initiative taken by the Japanese Government in acquainting this Government with information contributory toward an understanding of the present state of relations between Japan and China.

The American Government is especially gratified to receive

Enciphered by

Sent by operator M., 19.

548-7

795.94/8218

0785

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

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
\$

TELEGRAM SENT

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Department of State

Washington,

- 2 -

the assurance that the Japanese Government desires to obtain a solution of the issues lying between Japan and China by diplomacy. This Government will follow developments in the situation as it unfolds with solicitude and it would be helpful if the Japanese Government would from time to time and as circumstances make such such action useful, continue to give this Government information toward clarifying the situation. Unquote.

Two. Ballantine should not repeat not leave with the Vice Minister a copy of the statement, which should be regarded as an oral one.

Three. Report by cable when action has been taken.

Four. The developments reported in your telegram under reference and this reply obviate the need of the Embassy taking action at this time along the lines contemplated in the Department's 127, October 2; 9 p.m.

~~Five. Repeat to Beijing for its confidential information.~~

Free

FE: mmh/ehd

FE
7.22.75

Enciphered by

Sent by operator M., 19.....

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

548-8

0786

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

1-138
PREPARING OFFICE
WILL INDICATE WHETHER

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Charge Department
OR
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\$

TELEGRAM SENT

Department of State

1-138
TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

TELEGRAM SENT

Washington,

U
A portion of this telegram
must be closely paraphrased
before being communicated
to anyone. (B)

October 4, 1936

2 p.m.

AMEMBASSY

PEIPING (CHINA)

235

793.94
(GRAY) With reference to Tokyo's 203, ⁸²¹⁸ October 3, 7 p.m.
to Department. Following message to Tokyo repeated for your
confidential information. (END GRAY)

(QUOTE NO. 128, OCTOBER 4, 2 p.m. TO TOKYO)

HULL

793.94/8218

Enciphered by

Sent by operator M., 19.....

Index Bu.—No. 50.

U. S. GOVERNMENT PRINTING OFFICE: 1922 1-138

548-9

0783

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

MJP

GRAY

1-1336

Tokyo

FROM

Dated October 4, 1936

Rec'd 4:19 a. m.

793-94
Secretary of State,
Washington.

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

Division of
FAR EASTERN AFFAIRS
OCT 5 - 1936
Department of State

204, October 4, 1 p. m.

One. Press gives wide publicity to an interview yesterday between the Minister for Foreign Affairs and Chinese Ambassador. Arita is said to have emphasized the importance of the present negotiations for adjusting Sino-Japanese relations and to have expressed the conviction that Japan's true intentions would become known when Kawagoe meets Chiang Kai Shek.

Two. There has been no recent allusion in press to any interview on Sino-Japanese relations by the Foreign Office with any other diplomatic representative.

Three. Press states that Prime Minister left yesterday for Hokkaido to report developments in Sino-Japanese situation to the Throne.

Repeated to Paiping.

DICKOVER

KLP

793-94/2219
FILED
NOV 3 - 1936

549-1

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

LMS

TELEGRAM RECEIVED

Hankow via N. R.

October 3 1936

1-1336

FROM

Dated October 3, 1936

Rec'd 5:40 p. m.

Secretary of State,
Washington.

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

Division of
FAR EASTERN AFFAIRS
OCT 5 - 1936
Department of State

October 3, 8 p. m.

Hankow is quiet but there is considerable nervousness among the Chinese. Officials regard the situation as ~~very~~ ^{very} grave and are preparing for a possible conflict. Troops continue to arrive and to move north through Hankow, their ostensible destination being Shensi, Kansu and the anti-Communist front. Large consignments of silver have been shipped from Hankow during the past few days to places of greater safety.

Two. The Japanese landing party has been increased to about 300 men. In addition there are several hundred reservists among the local residents. There are two Japanese destroyers and one gunboat here now.

Three. Changsha is reported to be undisturbed.

Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

KLP

FILED
NOV 3 - 1936

F/EG

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

U

1-1336

FROM

Nanking via N.R.

Dated October 5, 1936

Rec'd 7 a.m.

Secretary of State
Washington

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



293, October five, 1 p.m.

The Chinese press October 3, carried long statement over the names of numerous prominent Chinese newspapers. There follow two excerpts from translation published by Central News Agency under date October 2nd: (first excerpt). "For China's present foreign relations are in no way similar to those of several years ago. Once she breaks off with another country, it would be tantamount to gambling the existence of the nation to the last straw and there is no way of re-tracting.

Should a rupture occur between China and Japan the situation would be as serious as just pictured. Once hostilities were started, and should China be forced to surrender, it would ^{mean} ~~mean~~ her endorsing a pledge of giving up her own independence. In that event, ^{potentially} ~~China possibly~~ would be left to suffer and the chances of a national revival would be nil.

It is therefore imperative that we should consider the rupture of diplomatic relations as the last resort.

Meanwhile,

793.94/8221

F/FG

0790
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

U -2- #293, Oct. 5, from Nanking

Meanwhile, we should still entertain the hope that some satisfactory solution to the deadlock may be reached. But should the last resort fail, the whole populace would not hesitate to lay down their lives for their fatherland."

(Second excerpt) "Mincing no words, the Nanking and Shanghai dailies remind their Nipponese colleagues that should no efforts be made to fundamentally readjust the Sino-Japanese relations, gravity of the future situation would far exceed that of the Shanghai war and the Great Wall fighting.

Driven to desperation, China would have to make her last sacrifice in a last effort to maintain her independence. Chinese public opinion, it says, has reached the ~~same~~ *point* whereby it will not tolerate the government accepting humiliating terms in order to preserve peace. China might have to suffer untold sacrifices but could Japan escape from such a disastrous whirlpool in the Orient?"

PECK

RR

551-2

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

TELEGRAM RECEIVED

U

1-1338

FROM SPECIAL GRAY

Nanking via N.R.

Dated October 5, 1936

Rec'd 7 a.m.

Secretary of State

Washington

294, October 5, 2 p.m.

The Statement quoted in my 293, October 5, 1 p.m. was drafted by the Chinese Ministry of Foreign Affairs and was approved by General Chiang Kai Shek. The first intention was to publish it as an official communique but considerations of policy later prompted its issue as a statement by the Chinese press.

RR

PECK

China's foreign relations.

COPIES SENT TO

FOR EASTERN N.I. AND M.I.D.

OCT 5 - 1936

Department of State

793.94/8222

FILED
NOV 3 - 1936

F/FG

552-1

2

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

1-1336

LMS

FROM

GRAY

Nanking via N. R.

Dated October 5, 1936

Rec'd 1:12 p. m.

Secretary of State,
Washington.

295, October 5, 4 p. m.

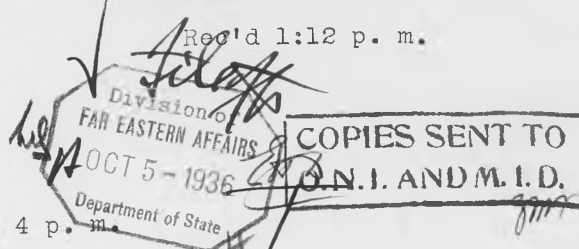
General Chiang Kai Shek arrived Nanking this afternoon. No interview with the Japanese Ambassador arranged as yet so far as can be learned. Kuwajima, special emissary of the Japanese Foreign Office, to the Japanese Ambassador, is expected in Nanking morning of October 6.

Sent to the Department and Peiping.

TECK

KLP:CSB

253-1



795.94/8225

NOV 3 - 1936
FILED

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

NO. 296. THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA



AMERICAN CONSULATE GENERAL
Tientsin, China, August 27, 1936.

CONFIDENTIAL

SUBJECT: Importation of Ammunition by the Japanese
Military for the 29th Route Army.

The Honorable
Nelson Trusler Johnson,
American Ambassador,
Peiping.

Division of
FAR EASTERN AFFAIRS
OCT 6 - 1936
Department of State

Trade For	By	6-11-MID
In U.S.A.		

I have the honor to report that the Consulate General has been informed that the Japanese military authorities have recently brought to Tientsin from Mukden under military pass two hundred and eight cases containing five hundred thousand rounds of rifle ammunition for the 29th Route Army. This ammunition is the regulation Italian service ammunition, and was originally brought from Italy to Mukden for sale to the Northeastern Army, for use in Mannlicher type service rifles, of which the Northeastern Army had a considerable number. It was found, however, that while the cartridges could be fired in these rifles the ejector would not work and the Northeastern Army authorities therefore would not accept them.

The

793.94/8224

F/FG

- 2 -

The importers, finding themselves with this ammunition on their hands in Mukden, arranged to deliver it in Tientsin to be used by the 29th Army in Italian service rifles which had been supplied some twelve years ago to certain military units around Peking and Paotingfu. After negotiations between the dealers and certain Japanese Army officers, the Japanese Army has brought five hundred thousand rounds of the ammunition to Tientsin and delivered it to the dealers in the Japanese concession, whence it has been delivered to the 29th Army.

Negotiations, which are understood to be making favorable progress, are now taking place between the dealers and the Japanese with a view to having the latter bring in the nine hundred thousand rounds remaining in Mukden.

This information was obtained from one of the foreign importers of the ammunition who has been engaged in arms deals in North China and Manchuria for a number of years, principally with the former Chinese regime in Manchuria. For obvious reasons this information and its source must remain confidential.

Respectfully yours,

J. K. Caldwell,
American Consul General.

820
DCB:mhp

Copy to Embassy, Nanking.
Five copies to Department.

A true copy of
the signed original.
vmm

0795
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

October 13, 1936.

~~MSM:~~
~~MMH:~~

Hankow's despatch No. 191, August 31, 1936, reports in regard to the Chengtu incident of August 24, 1936. The despatch points out that there had been popular agitation in Szechuan, particularly at Chungking, against the reopening of the Japanese Consulate at Chengtu. In Chengtu there was anti-Japanese demonstrations (Japanese reports) or riots (Chinese reports) on August 24 during which two Japanese were killed and two wounded. Reports from Chengtu state that two Chinese who participated in the attack on the Japanese have been executed.

The despatch concludes that:

"Although all the details of the affair are not yet known and will probably not be known until the investigations by Chinese and Japanese officials are concluded, and may even then be in dispute, it is difficult to resist the conclusion that these violent acts were the outgrowth of the agitation against the re-opening of the Japanese consulate in Chengtu, which was steadily increasing and

reached

0795
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

- 2 -

reached its peak with the arrival of Mr. Iwai in Chungking and which, up to the time of the incident of August 24th, the Szechuan Government did little or nothing to check
* * *."

The despatch also states that conditions in Szechuan have "deteriorated steadily since the departure, eleven months ago, of General Chiang Kai-shek, and the process has recently been hastened by the withdrawal of practically all the Central Government forces for service in Kweichow, Hunan and the Southwest."

T25
JCV/VDM

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

No. 191.

RECEIVED
DEPARTMENT OF STATE



1936 OCT 5 8 AM
AMERICAN CONSULATE GENERAL

Hankow, China, August 31, 1936

Subject: Attack on Japanese travellers
in Chengtu, Szechuan

The Honorable

The Secretary of State,
Washington.

Grade	For	To be filed in U.S.A.	Yes	No
	9		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Jarvis			OVI-MID	

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

Sir:

I have the honor to transmit herewith, for
the information of the Department, five copies
of my despatch No. 330 of today's date addressed
to the Embassy, Peiping, in regard to an attack
on Japanese travellers in Chengtu, Szechuan.

Respectfully yours,

R. Y. Jarvis
Consul

Enclosure:

1. Despatch No. 330 to Embassy, Peiping,
dated August 31, 1936.

Original and 4 copies to Department.

800

RYJ/MYH

793.94/8225

FILED
OCT 17 1936

F/FG

No. 330.

AMERICAN CONSULATE GENERAL

Hankow, China, August 31, 1936

Subject: Attack on Japanese travellers
in Chengtu, Szechuan

The Honorable Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

In continuation of my telegram of August 29, 12 noon, I have the honor to report that on August 24th four Japanese travellers were attacked by a mob in Chengtu. Two of the Japanese were killed and two were injured; the latter are expected to recover.

The victims of the attack were: Mr. Keiji Fukagawa, of the staff of the Shanghai "Mainichi", and Mr. Konamuro Watanabe, staff correspondent in Shanghai of the Osaka "Mainichi" and the Tokyo "Nichi-Nichi", who were killed; and Mr. Takeo Tanaka, of the Shanghai office of the South Manchurian Railway Company, and Mr. Shoichi Seto, described as a Hankow merchant, who were injured. The three Japanese from Shanghai arrived at Chungking on August 17th, were joined by Mr. Seto, and left on August 21st for Chengtu, where they put up at the Tachuan Hotel,¹ the leading hotel in the place.

Travelling

¹ Demel, Hankow, August 25. Chinese reports give August 24th as the date of their departure from Chungking.

-2-

Travelling to Chungking in the same ship with the three Shanghai Japanese was Mr. Eiichi Iwai,² a chancellor of the Japanese Embassy in Shanghai, who was recently commissioned by his Government to proceed to Chengtu and re-open the Japanese Consulate General there. It is not known whether Messrs. Fukagawa, Watanabe and Tanaka formed part of Mr. Iwai's entourage. The re-opening of a Japanese consular office in Chengtu has not been sanctioned by the Chinese Government and is strongly opposed by civic organizations, students' groups and other public bodies professing to voice Szechuanese opinion. The Chinese authorities are reported to have refused to visa Mr. Iwai's passport for Chengtu.³ The day after he arrived in Chungking 200 representatives of various organizations met and resolved to make representations to the authorities, to appeal to the country for aid and support, and to take effective measures to stop the Japanese consul from going to Chengtu.⁴ On August 19th 500 persons divided into six groups called at six official organizations in Chungking, all of which are said to have agreed to transmit their protests to Nanking.⁵ Pressure was brought to bear upon shipping, aviation and bus companies to withhold accommodation from Mr. Iwai,⁶ who was still in Chungking on August 25th.⁷

It

² Domei, Nanking, August 25.

³ Domei, Nanking, August 25. Commanding Officer, U. S. S. PALOS, Chungking, August 25.

⁴ Szechuan Weekly Bulletin, No. 86/86, issued by Chungking branch, Bank of China.

⁵ Id.

⁶ Id.

⁷ Commanding Officer, U. S. S. PALOS, Chungking, August 28.

-3-

It is not yet possible to form a clear picture of what happened in Chengtu. Martial law is reported to have been declared there⁸ and communications are said to be restricted.⁹ Information from foreign sources in Chengtu and Chungking is meagre and conflicting. Nearly all the information available here emanates from the Japanese and Chinese semi-official news agencies, Domei and Central.

The Japanese reports state that on Monday, August 24th, a public demonstration against the re-opening of the Japanese consulate was held in the Hsiao Cheng Park in Chengtu, that the crowd dispersed in the afternoon, and that later, at about 6 o'clock in the evening, a mob of several thousand people proceeded to the Tachuan Hotel, forced their way in, dragged the Japanese out of the hotel and set upon them in the street. Mr. Tanaka and Mr. Seto were found injured after the hotel has been rushed and were taken to Pacification Headquarters for safety and medical attention.¹⁰ The bodies of Mr. Fukagawa and Mr. Watanabe were found later near the city wall.¹¹ Chinese despatches report that a riot took place in Chengtu on the 24th at about 6 o'clock in the evening during the course of which the Tachuan Hotel and several shops were raided and wrecked and a number of soldiers, police and rioters were killed and wounded and

⁸ Reuter, Shanghai, August 24.

⁹ Source confidential (American pilot of C.N.A.C. plane which flew to Chengtu August 24th and back to Shanghai August 27th).

¹⁰ Domei, Nanking, August 25; Domei, Tokyo, August 26; Domei, Chungking, August 27.

¹¹ Reuter, Shanghai, August 27.

-4-

and that in the fracas four Japanese were assaulted, two succumbing to their injuries and two being rescued by the police. Chinese reports make no mention of any demonstration against the re-opening of the Japanese consulate but blame the disorders on elements which oppose, and desire to increase the diplomatic difficulties of, the Central Government.¹² An American returning from Chengtu told me that the mob wrecked the hotel in which the Japanese were staying and the premises of the Chaotung Company and a number of other shops suspected of selling Japanese smuggled goods.¹³

On August 25th, the day following the affray, the Chungking office of the China National Aviation Corporation was asked to hold the aeroplanes scheduled to leave that day for Chengtu for the Chief of the Japanese Consular Police in Chungking and a doctor who would be proceeding to Chengtu. The aeroplane was held but the two Japanese did not arrive at the field until after 6 in the evening; it then being too late to reach Chengtu before dark, the trip was postponed, and

¹² Central, Nanking, August 26. A Chinese version current in Chungking, based on private letters from Chengtu, stated that the four Japanese were staying at the Tachuan Hotel guarded by 20 plain-clothes police, that several hundred Chinese picketed the hotel, that an attempt was made to escort the Japanese to police headquarters for their own protection, that while en route in rickshaws they were attacked by a mob which police could not control, and that one of the Japanese was killed in the assault, another died from injuries, and the others were seriously hurt. (Commanding Officer, U. S. S. PALOS, Chungking, August 27).

¹³ Source confidential (See note 9).

-5-

and the Japanese flew to Chengtu next day in the Shanghai-Chengtu aeroplane.¹⁴

General Chang Chun, the Foreign Minister, who was staying in Kuling, returned to Nanking on August 26th.¹⁵ Mr. Chaucer Wu (Wu Tse-siang), the Special Delegate for Sikang and Szechuan of the Ministry of Foreign Affairs, flew to Chengtu from Chungking on the same day,¹⁶ and on the 28th the Ministry despatched two of its officials, Mr. Yang Kia-cha and Mr. Cha Yulin, from Nanking to Chengtu by 'plane to investigate.¹⁷ The Executive Yuan on the 26th telegraphed to General Liu Hsiang, Chairman of the Szechuan Provincial Government, reminding him of the Central Government's instructions to cultivate friendly relations with other countries, deploring the assault on foreigners in Chengtu and the failure to take adequate precautions against it, and directing the punishment of the military and police officials responsible for the failure to afford effective protection.¹⁸

The departure by 'plane for Chengtu of various Japanese officials and newspaper men from Shanghai and Nanking is also reported.¹⁹ The Japanese gunboat HIRA arrived at Chungking on August 27th to replace the HOZU; the latter, however, is remaining at Chungking for the time being.²⁰

The

14 Source confidential (American pilot of C.N.A.C. 'plane on Hankow-Chungking run).

15 Central, Nanking, August 26.

16 Commanding Officer, U.S.S. PALOS, Chungking, August 27. Central, Chengtu, August 26.

17 Central, Nanking, August 27. They passed through Hankow on August 26.

18 Central, Nanking, August 26.

19 Central, Shanghai, August 28.

20 Domei, Hankow, August 27.

-6-

The execution of two men, who are described as having participated in the attack on the Japanese and having been apprehended on the spot, is reported from Chengtu.²¹

(1) Although all the details of the affair are not yet known and will probably not be known until the investigations by Chinese and Japanese officials are concluded, and may even then be in dispute, it is difficult to resist the conclusion that these violent acts were the outgrowth of the agitation against the re-opening of the Japanese consulate in Chengtu, which was steadily increasing and reached its peak with the arrival of Mr. Iwai in Chungking and which, up to the time of the incident of August 24th, the Szechuan Government did little or nothing to check," intensified by the campaign, which the Central Government sponsored and encouraged, against smuggling and the traffic in smuggled goods from North China, and possibly assisted by the increasing lawlessness in Szechuan. The position in that province has "deteriorated steadily since the departure, eleven months ago, of General Chiang Kai-shek, and the process has recently been hastened by the withdrawal of practically all the Central Government forces for service in Kweichow, Hunan and the Southwest." The old war lords are re-asserting their influence, General Liu Hsiang at Chengtu, General Liu Wen-hui at Yachow and Kiating, and the province is rapidly returning to the feudal state from which the Generalissimo momentarily lifted it. This incident may cause the Generalissimo

to

²¹ Central, Chengtu, August 27.

-7-

to interest himself again in conditions in Szechuan, which cannot but benefit from a renewal of his attention. General Liu Hsiang's loyalty to Nanking has not been unquestioned. He has suffered frequently during the past year from illnesses, real or diplomatic, which among other things prevented him in July from obeying a summons from Chiang Kai-shek to proceed to Nanking and report on conditions in his province.²² It will also be recalled that when the intention of Japan to re-open the consulate in Chengtu was announced it was explained, by Mr. Iwai in an interview with the Domei News Agency, that although no Japanese resided in Chengtu there were some 2,000 Chinese in the province who had studied in Japan, among them the Governor, General Liu Hsiang.²³

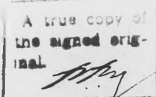
Respectfully yours,

R. Y. Jarvis
Consul

Original to Embassy, Peiping;
5 copies to Department (despatch No. 191 of August 31, 1936);
1 copy to Embassy, Nanking;
1 copy to Consulate General, Shanghai.

800

RYS/MYE



²² Instead he sent Mr. Teng Ming-chieh, Chief Secretary to the Szechuan Provincial Government, who left Chengtu for Kuling on July 30.

²³ Domei, Tokyo, July 8.

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 690

Peiping, September 10, 1936.

Subject: Japanese Military Advisers in Kwangsi.

793.94
not
893.20

RECEIVED
DEPT OF STATE
OCT 5 1936

1936 OCT 5 AM 11 19

DIVISION OF
COMMUNICATIONS
AND RECORDS



For Distribution-Check			
Grade	X	To field	Yes
For		In U.S.A.	No
			<input checked="" type="checkbox"/>

O N I - M I D

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

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

I have the honor to enclose a copy of a memorandum of a conversation which Second Secretary George Acheson, Jr. had on September 3, 1936, with Dr. Eugene A. Rodier, late Technical Adviser to the Kwangsi Provincial Government on Animal Industry, during which Dr. Rodier stated that he knew that a number of Japanese military advisers had been employed by the Kwangsi military leaders, that he had seen on October 10, 1935, at a review of Kwangsi troops 37 Japanese wearing the uniforms of Kwangsi military officers, that he had seen

some

793.94/8226

F/EG

0806
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Quisenberry NARS, Date 12-18-75

- 2 -

some Japanese military advisers leave Wuchow by plane about a month ago, and that he was strongly of the opinion that some Japanese military advisers still remain on duty in Kwangsi.

It is not quite clear how Dr. Rodier could be positive of the nationality of the 37 men wearing the uniform of Kwangsi military officers mentioned above.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson

✓
Enclosure:

Memorandum of conversation,
September 3, 1936.

Original and three copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

801-H

LES-SC

MEMORANDUM OF CONVERSATION.

CONFIDENTIAL.

Nanking, September 8, 1936.

Subject: Japanese Military Advisers in
Kwangsi.

Dr. Eugene A. Rodier, late Technical Adviser to
the Kwangsi Provincial
Government on Animal Industry.

Mr. Atcheson.


During a call at the Embassy this morning Dr. Rodier stated that, while he possessed no intimate acquaintance with military affairs in Kwangsi Province, he did know that the Kwangsi military leaders had employed a number of Japanese military advisers, who were apparently connected with all branches of the military organization. He said that on October 10, 1933, General Li Tsung-jen had invited him to attend a review of some of the Kwangsi troops and on that occasion he had counted thirty-seven Japanese wearing the uniforms of Kwangsi military officers.

Dr. Rodier said that about a month ago he had seen some of the Japanese military advisers leave Nanchow by plane but he was strongly of the opinion that some Japanese military advisers still remain on duty in Kwangsi. While he did not think that the Japanese Government or Japanese interests had actually lent money to the Kwangsi military leaders, he was convinced
that

0808
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Huston NARS, Date 12-18-75

- 2 -

that the leaders had been given considerable credits; he, himself, had seen Japanese planes in the Kwangai service, numerous articles of agricultural machinery from Japan, and large shipments of Japanese cement.


George Atcheson, Jr.,
Second Secretary of Embassy.

Original for files
Six copies to Peiping
Copy to Canton.

CAJ:RGE

A true copy of
the signed original
mm

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 694

Peiping, September 10, 1936.

Subject: Anti-Japanese Attitude of the
Mayor of Tsinan.

CONFIDENTIAL

For Distribution-Check		Yes	No
Grade	M		<input checked="" type="checkbox"/>
For	admission	<input checked="" type="checkbox"/>	
To field In U.S.A.			



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

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to forward a copy of despatch
No. 62 of September 8, 1936, addressed to the Embassy
by the Consul at Tsinan, in which he reports the anti-
Japanese attitude of the Mayor of Tsinan, Mr. Wen
Ch'eng-lieh, which the Consul regards as of some sig-
nificance inasmuch as he has recently been promoted in
rank, presumably at the instance of General Han Fu-chu,
the Chairman of the Shantung Provincial Government.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson

793.94

RECEIVED
SEP 11 1936
DEPARTMENT OF STATE
COMMUNICATIONS
AND RECORDS

DEPARTMENT OF STATE
OCT 10 1936
ASSISTANT SECRETARY
OF STATE

793.94/0227

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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. Quastgen NARS, Date 12-18-75

- 2 -

✓
Enclosure:

Copy of Tainan's despatch
No. 62, September 8, 1936.

Original and 4 copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

710

LES-SC

4 Carbon Copies
F.P.

No. 62.

1694

American Consulate,
Tainan, China, September 8, 1936.

Subject: Anti-Japanese Attitude of Mayor
of Tainan.

CONFIDENTIAL

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

I have the honor to report below the substance of remarks made recently by the Mayor of Tainan, Wen Ch'eng-lieh, at a dinner given for him at the Consulate. The remarks were prompted by a question as to whether or not the Mayor had met the new Japanese Consul General.

After stating that he had met Mr. Arino and that the reports of his exceptional ability in speaking Chinese were true, Mayor Wen went on to say, in a very heated manner, that he believed war between China and Japan was inevitable. He stated that while much of the anti-Japanese talk heard from the Kwangsi element was an excuse for action against the Nanking Government, nevertheless there was a strong feeling among the people that Japan was pressing China too far and that war

was

0812
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Quisenberry NARS, Date 12-18-75

- 2 -

was the only honorable solution. The Mayor was extremely emphatic in his statements and several times in the course of a few minutes he repeated that war was inevitable.

While it is probable that the Mayor's remarks were based only upon his personal feeling and not upon any information he may have had as to the future policy of the Provincial or National Government, it is believed that they are significant in showing that high local officials still feel free to express themselves as being actively opposed to Japanese penetration into North China. It will be recalled that in May of 1935 it was reported that the local Japanese officials demanded that General Han dismiss Mayor Wen because of his anti-Japanese attitude. In this connection it is interesting to note that on September 3rd, the local press reported that Mayor Wen had been promoted to the rank of Lieut.-General in the Army by the National Government. This promotion, which was undoubtedly made upon the recommendation of General Han, is some indication of the high regard in which the Mayor is held by the Provincial authorities.

It is the opinion of the Consulate that, if the Mayor of Tsinan, who is known to be very close to the Chairman of the Provincial Government, feels that he can make rabidly anti-Japanese statements in the presence of a foreigner and Chinese who are not connected with his office, the reports emanating from certain quarters that General Han has reached an understanding with the Japanese are slightly premature.

Respectfully

081
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Qualen NARS, Date 12-18-75

- 3 -

Respectfully yours,

John M. Allison,
American Consul.

800
JMA:kes

Original and 5 copies to Embassy, Peiping.
Single copy to Embassy, Nanking.
Single copy for information of consulates,
Tsingtao and Chefoo.

A true copy of
the signed orig-
inal. *KAC*

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. **691**

Peiping, September 10, 1936.

Subject: Views of Mr. S. G. Cheng on
Sino-Japanese relations.

793.94



1936 OCT 5 AM 11 44

OF
COMMUNICATIONS
AND RECORDS

For Distribution to:		Date:	
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COPIES SENT TO
O.N.I. AND W.D.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

1/
I have the honor to enclose a copy of a memorandum of a conversation which I had on September 4 with Mr. S. G. (Hsi-keng) Cheng, formerly representative of the Ministry of Foreign Affairs stationed at Peiping and recently appointed a member of the Treaty Commission of that Ministry. Mr. Cheng arrived a few days ago from Nanking.

Mr. Cheng stated during the conversation that there is now lacking in central China the interest in armed

resistance

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OCT 12 1936

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0815
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

- 2 -

resistance to Japan which existed some months ago,
that people and officials in central China are in
favor of some settlement of the North China situation,
perhaps a more complete control over this area, and that
the Japanese seem inclined to be more conciliatory, al-
though there is still considerable sentiment in the Kwan-
tung Army for complete independence of this area.

Respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson

✓
Enclosure:

Copy of memorandum,
September 4, 1936.

Original and four copies to Department.
Copy to Embassy Nanking.
Copy to Embassy Tokyo.

710

LES-SC

Memorandum of Conversation.

1691
Peiping, September 4, 1936.

Mr. S. G. Cheng and Mr. Johnson.

Subject: Situation in North China.

In the course of a visit to-day from Mr. S. G. Cheng, who has been in the hospital being treated for diabetes, he stated that he found the atmosphere in Shanghai and Central China much different from what it had been; notably that there was now lacking the great interest in armed resistance to Japan which characterized the atmosphere some months ago. He said that the attitude among the people and officials there now was in favor of some settlement of the local situation in North China.

He explained that while no concrete ideas had been suggested, he thought that this interest was in the direction of assuming a more complete control over this area. He stated that he believed the Japanese were hesitating here because of financial reasons, and felt that they were inclined to be more conciliatory than they had been, although he recognized that in the Kwantung Army there was still considerable sentiment in favor of the complete independence of this area, along with the five-province idea. Mr. Cheng seemed to feel that the financial question would make it difficult for the Japanese to do much in this area, and he felt that the attitude of the Kwantung Army would make it very difficult for the Chinese to achieve

0817
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

- 2 -

achieve their desire, namely, to bring this area back under the control of the National Government.

Mr. Cheng expressed some doubt as to whether Mr. Wang Keh-min could achieve much success here because of his connection with Nanking. He also stated that he thought the Japanese would be loath to get rid of the present Chinese authorities here because they had no one to substitute for them.

Nelson Trusler Johnson,
American Ambassador.

NTJ:EA

0818
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Quisenberry NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

October 13, 1936.

~~MEM:~~

~~1000:~~

~~XX~~
Shanghai's despatch No. 382, September 12, 1936, reports that "Japanese diplomatic and consular officers in Shanghai have been subjected to strong and continuous pressure from the local Japanese community and from the press to adopt vigorous measures" as a result of the Chengtu, Pakhoi and other anti-Japanese incidents. The task of the diplomatic and consular officials in restraining the Shanghai Japanese community is made doubly difficult by the fact that Japanese military and naval officers and certain of the "younger diplomats" have given encouragement to the Japanese residents and press in their agitation for "positive action".

JCV

JCV/VDM

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

NO. 382

AMERICAN CONSULATE GENERAL,

Shanghai, China, September 12, 1936.

1936 OCT 5 AM 11 57

COMMUNICATIONS
AND RECORDS

Division of
FAR EASTERN AFFAIRS
OCT 6 - 1936
Department of State

SUBJECT: Sino-Japanese Relations: Local
Japanese Reaction to Chengtu-
Pakhoi Incident.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

1/ I have the honor to enclose a copy of a self-
explanatory despatch of today's date from this
Consulate General to the Embassy at Peiping in regard
to the subject above mentioned.

Respectfully yours,

C. E. Gauss,
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate
General despatch No. 373.

800
EFS MB

In Quintuplicate.

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

793.94/8229

FILED
OCT 17 1936

F/FG

0821
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Huxford NARS, Date 12-18-75

No. 373

AMERICAN CONSULATE GENERAL

Shanghai, China.

September 12, 1936.

Subject: Sino-Japanese Relations: Local
Japanese Reaction to Chengtu-
Pakhoi Incident.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Feiping.

Sir:

I have the honor to report that the resentment and anger felt by the local Japanese community over the Chengtu incident, which resulted in the murder of two well known local newspaper men, has been further seriously exacerbated by news of the murder at the hands of a Chinese mob of a Japanese residing in the port of Pakhoi.

The local Japanese press is becoming increasingly outspoken in its denunciation of the Chinese authorities and its advocacy of the adoption of strong measures. Thus the Shanghai MAINICHI in its issue of September tenth voiced the following sentiments:

"The murder of two Japanese by a Chinese mob at Chengtu is a direct consequence of the anti-Japanese agitation fostered by the Nanking Government and the Kuomintang. Ambassador Kawagoe will open negotiations with the Nanking Government in a few days.

Now

0821
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

-2-

Now another Japanese has been killed by an anti-Japanese body of Chinese at Pakhoi at the instigation of the 19th Route Army. Affairs have now reached such a point that the anger of the entire body of Japanese residents in China may explode at any moment. All Japanese strongly feel that determination must be shown in dealing with the situation. The Nakayama and the Kayau cases, the Changsha, the Chengtu and the Pakhoi incidents have followed one after the other and none of them has yet been settled in a satisfactory manner. All this constitutes the strongest proof that the Nanking Government is insincere over the suppression of anti-Japanese activities and unless our Government exerts strong pressure upon the Nanking Government further acts of anti-Japanese terrorism may be expected.

Japanese residents in Shanghai have resolved to call a mass meeting to decide the attitude to be taken in the face of all these incidents. The Pakhoi incident has aggravated the feelings of the Japanese residents who are fully resolved to support their government at any cost."

Japanese diplomatic and consular officers in Shanghai have been subjected to strong and continuous pressure from the local Japanese community and from the press to adopt vigorous measures. While Mr. Wakasugi, the Acting Japanese Consul General here, has thus far successfully restrained the local Japanese community, it is understood that there is constant agitation among the more extreme elements in the community to convene a monster demonstration of Japanese residents with a view to taking "resolute action." It is believed that the Japanese Ambassador and the more conservative diplomatic and consular officials are sincerely desirous of restraining the local community and of preventing any mass demonstrations which might lead to open clashes with the Chinese. Their task has been made doubly difficult by the fact that Japanese military and naval officers present

in

-3-

in Shanghai have given definite encouragement to both the local press and the Residents' Association to voice strongly their sentiments and continuously to urge their consular and diplomatic representatives to take "positive action." A further instance of pressure being brought to bear upon the more conservative Japanese officials is reported by the Shanghai MAINICHI which in its issue of September tenth published an item to the effect that a group of younger diplomats, naval and military officers met at the Japanese Club for a frank exchange of views regarding the Nakayama, Kayau, Chengtu and Panhoi incidents and came to the conclusion that the "Chinese authorities are insincere; and since they are powerless to suppress the anti-Japanese movement, further discussion with the Chinese is useless; force must be used to protect our legal rights." The MAINICHI added that this decision had been sent to the Japanese Ambassador and that the "firm and unprecedented decision reached by the younger officials, who constitute the 'brain trust' of the Japanese authorities in China, indicates the gravity of the situation."

According to the official Japanese news agency, Domei, the Japanese Ambassador has now been instructed formally to warn the Nanking Government that Japan will not tolerate further mob outbreaks against Japanese in China and that should the Chinese authorities fail to provide adequate protection to Japanese residents the Japanese Government will assume that Nanking lacks the strength to carry out its pledges and will take

such

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

-4-

such measures for the protection of Japanese lives and interests as may be appropriate. It is understood that in pursuance of these instructions Mr. Wakasugi, Acting Japanese Consul General here, called on Mayor Wu Te-shen yesterday afternoon and requested that every precaution be taken to prevent the occurrence of any untoward event involving Japanese residents in Shanghai. It is understood that Mayor Wu assured Mr. Wakasugi that the strictest orders had been issued to the police and gendarmerie to give the utmost protection to Japanese lives and property and to prevent any "incidents."

Respectfully yours,

C. E. Gauss,
American Consul General.

800
BF: MB

In Quintuplicate to Department
by despatch No. 382 of even date.

Copy to Embassy, Nanking.

A true copy of
the signed original.

0824
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

October 8, 1936.

~~SEC:~~
~~MSM:~~
~~MMH:~~

Tokyo's despatch No. 2041 dated September 17, 1936, and drafted by Ballantine, is a very interesting and informative review of recent developments in Sino-Japanese relations as reported by the Japanese press.

The despatch calls for no particular comment as it, except for the last paragraph, is narrative in form. This interesting and readable despatch indicates the manner in which recent problems affecting Sino-Japanese relations have been presented to the Japanese people.

793.94/8230

EHD/DLY

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 FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Tokyo, September 17, 1936.

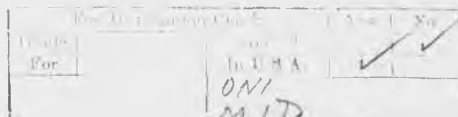
No. 2041

SUBJECT: SINO-JAPANESE RELATIONS



1936 OCT 5 AM 11 34
DIVISION OF
COMMUNICATIONS
AND RECORDS
The Honorable

The Secretary of State,
Washington



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

793.94/8230

Sir:

I have the honor to submit the following report on
Sino-Japanese relations supplementing that contained in
despatch No. 1959 of July 23, 1936.

With the collapse of the Canton faction's opposition
to Nanking and the growing pre-occupation of Chiang Kai-
shek with strengthening the influence of the Central Govern-
ment in North China Japanese opinion began to emphasize
the importance of re-orienting Japan's China diplomacy.
There was, however, a division of opinion on Chiang's at-
titude toward Japan and on how the new situation in China
might best be met. The OSAKA MAINICHI affirmed that Chiang

was

F/FG

- 2 -

was persisting in a policy of resistance against Japan, which prompted the journal to disclaim any idea on the part of Japan of encroaching upon China's sovereignty in connection with its efforts to promote economic interdependence in North China. The OSAKA ASAHI on the other hand expressed the view that Japan's apprehensions in connection with the Generalissimo's efforts to bring North China under his sway were misdirected, as there was reason to believe that he was really desirous of improving relations with Japan and developing an economic rapprochement.

On August 9 the DOMEI news service reported that the Japanese Government was determined not to forsake the political and economic advantages it had gained in North China and was preparing to force the Nanking Government to recognize Japan's special interests there. DOMEI also stated that Ambassador Kawagoe was being despatched to North China in order to determine whether there was need for any marked change in Japan's tactics.

The TOKYO NICHU NICHU, commenting in its issue of August 15 on the change in Japan's China policy, questioned whether Japan was warranted in regarding Chiang's northward move with hostility, as it seemed only natural that after having pacified the Southwest he should proceed with the unification of all China, and noted that it had not been established that he would be unwilling to come to terms with Japan in regard to the Hopei-Chahar political Council, which Japan had created as a preliminary step to developing a field in North China for Sino-Japanese-"Manchukuoan" economic co-operation.

The

- 3 -

The next development in Japan of significance in this relation was a number of apparently inspired items which appeared in various vernacular dailies on August 18 and which were to the effect that a deadlock had been reached in diplomacy vis-a-vis China due to interference in diplomatic affairs by the Japanese military in China. It was pointed out that nothing had been accomplished in regard to smuggling in North China, the question of the personnel of the Hopei-Chahar Provincial Council, or of the amalgamation of the East Hopei regime with that Council as well as in regard to other pending questions. The Foreign Office was credited with being convinced that there was no hope of accomplishing any of the objects of Ambassador Kawagoe's visit to Tientsin and Peiping, namely, measures for Sino-Japanese economic co-operation, the transfer to the local regime of the Maritime Customs revenue in that area, and other projects, so long as the interference by the Japanese military authorities in China prevented the diplomatic authorities from executing smoothly the policy on which there was now complete unity between the Foreign Office and the War Department. It was further indicated in these press items that the view was steadily gaining ground in the Foreign Office that the only way out of the deadlock was the elimination of this military interference and the resumption by the diplomatic authorities of complete charge of execution of China policy.

A few days later, that is on August 23, the KOKUMIN, which usually reflects military opinion, reported that the

Japanese

- 4 -

Japanese Government, as a result of its study of the reports of Ambassador Kawagoe and representatives of the War and Navy Offices, who had been despatched on inspection trips to North China, had come to the conclusion that its China policy, which had reached a deadlock on account of the changes in the China situation following the collapse of the southwest faction and on account of Japan's failure to understand the new situation, was in need of revision. The Japanese Government, the report continued, had, therefore, now decided to co-operate with Chiang Kai-shek's regime in political and economic measures in relation to North China as well as Central China so long as that regime did not purposely obstruct Japan's advance. The report went on to explain that the origin of this change in policy was to be sought in the circumstances that on account of Chiang's opposition it had become impossible to establish Wang Ko-min as Chairman of the Hopei-Chahar Political Council in accordance with Japan's desires and, furthermore, it had become clear that the Nanking Government was sincere in its intention not to oppose friendly co-operation with Japan so long as Japan did not encroach upon China's sovereignty. In conclusion, the KOKUMIN observed, Japan made this new policy conditional upon China's abandonment of its alleged past policy of relying upon European and American powers when dealing with Japan in relation to North China.

At this point, however, there occurred the Chengtu incident, followed two weeks later by the Pakhoi incident, with the result that the attention of the authorities became focused on their settlement to the exclusion of consi-

deration

- 5 -

deration of broader issues.

The Chengtu incident grew out of the insistence of the Japanese Government upon the re-opening, in spite of the objection of the Chinese Government, of a consulate at Chengtu, capital of Szechwan. Mr. Iwai, the Japanese Consul arrived at Chungking on August 13 en route to his post in company with four Japanese travelers, two of whom were Japanese newspaper correspondents. The Consul was held up there allegedly by obstructive tactics on the part of Chinese officials, but the other Japanese having completed various travel formalities proceeded to Chengtu on August 21. On August 24 the Tashen Hotel at Chengtu, where they were staying, was attacked by a mob and two of the Japanese were killed and the other two wounded.

The incident aroused widespread indignation in Japan. The Foreign Office was reported to be dissatisfied with the statement made by the spokesman of the Nanking Government on August 26 on the ground that he appeared to minimize the seriousness of the incident and to attribute it to the activities of communists. The press credited the Japanese Government with the intention of making the settlement of this incident the occasion for "eliminating at a stroke" all the evils underlying present Sino-Japanese relations, as the Government was convinced that it was time for resolute measures to end the anti-Japanese atmosphere prevailing throughout China, which was held to be the underlying cause of these and similar incidents. The Japanese Army and Navy circles were the chief proponents for the demand that China take thorough-going measures for purging the country of anti-Japanese propaganda and activities. It was even suggested

- 6 -

gested that the National Government be asked to do away with the Kuomin Tangpus or, failing this, that China formally acknowledge Japan's right to use force to deal with future incidents that might be instigated by the Kuomintang. Undoubtedly a motive underlying the emphasis on this point was the hope that pressure on this point would serve to undermine Chiang Kai-shek's power.

Conversations were held by the Foreign, War, and Navy Offices in regard to the course of action to be followed but final decision appears to have been postponed pending the result of an enquiry which consular and diplomatic officers had been charged with conducting on the spot. On September 4 the Japanese Foreign Minister submitted a report to the Cabinet in which, according to the TOKYO NICHU NICHU, he noted that the reports of the officers who had made the enquiry at Chengtu as well as those from Consul General Suma at Nanking indicated that both the National Government and the Szechwan provincial authorities were lacking in sincerity in that the latter had failed to suppress the disturbances that led to the outrage, had remained indifferent to it, and had even obstructed the official investigation. It was apparently upon the basis of decisions reached at this Cabinet meeting that Ambassador Kawagoe was instructed to proceed to Nanking to enter into conversations with the Waichiaopu in regard to a settlement of this incident.

At this juncture belated news was received of the killing at Pakhoi on September 3 of one Nakano, a Japanese druggist, by a mob, which had staged an anti-Japanese demonstration in connection with a welcome celebration for General

Tsai Ting-kai.

- 7 -

Tsai Ting-kai, Commander of the 19th Route Army. This incident created a fresh wave of indignation in Japan and demands for drastic action were renewed. The War Office on September 10 issued a statement which reads as follows:

"The Japanese army regrets greatly the occurrences of the Pakhoi incident on the heels of the Chengtu incident, casting more gloom over Sino-Japanese relations. The Imperial policy of endeavoring to establish peace in the Far East and thereby to contribute to the peace of mankind has been followed consistently and not once has been neglected. The National Government of China, however, which rose with the cry of national revolution more than a dozen years ago, started its career, it cannot be disputed, with a serious defect inherent in its guiding spirit and activities. It has to this day been wandering in the maze of a false path. Japan's action on each occasion was motivated by its desire for ultimate peace. All that has been done so far regarding the Chengtu and Pakhoi incidents has been of this nature. The army is convinced that the Government will demand that the National Government of China shall adopt firm measures in settling these incidents, but what is essential is that the National Government abandon its false path and return to the true road in order that peace may be established in the Far East. Unless by this means the light of true Sino-Japanese co-operation can be seen, fundamental eradication of such incidents cannot be realized."

As to specific measures to be taken the press again emphasized the urgency of eliminating anti-Japanese activities in China. The CHUGAI SHOGYO for example gives the following as being what it understood to be Japan's policy for the settlement of the two incidents:

1. Though the anti-Japanese movements rampant throughout China are caused by anti-Japanese racial feeling that runs deep in the hearts of the Chinese masses, it cannot be denied that there has been systematic agitation aiming at adding fuel to the anti-Japanese fire.
2. The Nanking Government must thus be urged to uproot all anti-Japanese sentiment in China that has been created by anti-Japanese education among the people. At the same time leaders of the local branches of the Kuomintang and of the press that has been spreading anti-Japanese propaganda must be

- 8 -

be impeached.

3. The Nanking Government has issued decrees for control of the anti-Japanese movements, but if these do not suffice to safeguard the lives and property of Japanese residents and if anti-Japanese crimes are committed Japan will have no other course than to take the matter of protecting Japanese lives and property into its own hands and thus induce Nanking to reflect on the situation."

As the first step in connection with the settlement the Japanese Government decided to send consular officials from Canton to Pakhoi to conduct a first hand investigation of the case; at the same time representations were made to the Chinese authorities to co-operate by affording protection and other necessary facilities to the investigators, who were proceeding to Pakhoi on the Japanese gunboat SAGA. According to press telegrams certain Cantonese officials who had reached Pakhoi in advance of the Japanese investigators met the latter upon their arrival outside Pakhoi harbor and reported to them that the 19th Route Army had refused the Japanese permission to land. This reported action of the 19th Route Army served to intensify feeling in Japan, and there was a widespread demand voiced in the press that if the National Government could not give adequate assurances of protection the Japanese armed forces take matters into their own hands "in self defense". It is difficult to gauge to what extent this agitation in Japan was inspired for the purpose of producing an effect in China with a view to breaking down the resistance of the

National

- 9 -

National Government to whatever demands the Japanese Government proposed to make, or already had made, in connection with the two incidents. However, the opinion was expressed in Navy as well as other circles that if Japan attacked the 19th Route Army it would be fighting Chiang Kai-shek's battles for him and that the better course was to exhaust every effort to make the National Government assume the responsibility for affording protection to the Japanese investigators and to insist upon Nanking's taking action for bringing about the evacuation of the 19th Route Army from the Pakhoi area so that the Japanese investigation might proceed.

Press reports from China indicate that Ambassador Kawagoe, in pursuance of instructions issued from Tokyo, began his conversations with the Foreign Minister at Nanking on September 15. The CHUGAI SHOGYO says that it has been reliably informed that the following matters were discussed: (1) settlement of the Chengtu incident, (2) eradication of the anti-Japanese atmosphere, (3) adjustment of Sino-Japanese relations as a whole, and (4) removal of all obstructions to the Japanese investigation at Pakhoi. In regard to the four usual conditions governing settlement of incidents, namely punishment of offenders, apology by the National Government, compensation and future guarantees no difficulties were encountered in their application to the Chengtu affair. The journal states that the Chinese Foreign Minister assured the Ambassador that the Chinese Government had issued instructions

- 10 -

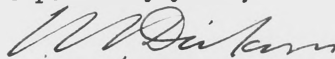
instructions to the local authorities and that appropriate measures were being taken to enable the Japanese investigation at Pakhoi to proceed. Ambassador Kawagoe, the journal adds, then, after requesting that the 19th Route Army be evacuated from Pakhoi, pointed out that although the Chinese Government had declared that it would control anti-Japanese activities in China, its measures had so far been entirely ineffective, and he therefore urged the importance of the complete eradication of these activities as a condition precedent to the adjustment of Sino-Japanese relations. General Chang Chun is reported to have replied that repeated instructions had been sent to local authorities to curb anti-Japanese activities and that a commission was now studying the question of revising anti-Japanese school texts. Finally, the CHUGAI SHOGYO says, the Ambassador expressed a desire, in view of the gravity of the situation, to hold discussions directly with Chiang Kai-shek at the earliest possible moment, in response to which the Foreign Minister promised to communicate this request immediately to Chiang. The newspaper understands that following the general discussions the questions at issue were scheduled for discussion in detail in future conversations.

At this writing the prospects of a peaceful settlement of these two incidents would seem to be good, not only because the more moderate elements in Japan appear to be in control of policy, but also in view of the geographical situation

- 11 -

7 [tuation of Chengtu and Pakhoi. Especially would it seem that the proximity of Pakhoi to British and French spheres of interest might render it undesirable to invite possible complications with two leading European powers. The situation is nevertheless fraught with danger, as Japan is not unlikely to back down on its insistence upon a Japanese investigation at Pakhoi, so that in case the Nanking Government finds itself powerless to compel the 19th Route Army to withdraw and the latter persists in its intransigent attitude Japan may feel itself compelled to take independent action. Furthermore with the approach of the anniversary of the Mukden incident, (September 18), there are apprehensions that this may be a signal for fresh outbreaks of popular feeling against Japan in China. Should such outbreaks occur leading to the loss of more Japanese lives it might be difficult to avert military action.

Respectfully yours,



E.R. Dickover
Chargé d'Affaires ad interim

710.
JWB:g

Copy to Embassy, Peiping.

x

0835

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

TELEGRAM RECEIVED

RB

A portion of this telegram
must be closely paraphrased
before being communicated
to anyone. (B)

Tokyo

Dated October 6, 1936

Rec'd 7:36 a. m.

Secretary of State
Washington.

206, October 6, 3 p. m.

One. Instructions contained in Department's 128
October 4, 2 p. m. carried out at two o'clock this
afternoon. Vice Minister made no comments; he informed
Ballantine, however, that there were no further develop-
ments in the situation.

Two. (GRAY) Chugai says that the Foreign Office
authorities made the following announcement yesterday
in connection with a Domei London report that the British
Ambassador here has made representations to the Japanese
Government in regard to its China policy:

"Recently in response to a request by British
Ambassador Clive for information regarding Sino-Japanese
negotiations Foreign Minister Arita gave him an explanation
of the present status of Sino-Japanese relations. The
Ambassador's request was not based upon instructions from
his Government but was on his own initiative. Consequently
it is not true that the British Government has made any
representations

Division of
FAR EASTERN AFFAIRS
OCT 6 - 1936
Department of State

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

EXCPT 1st Paragraph
18218

93.94/8251

25421

1837
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

RB

-2-#206 October 6, 3 p.m. from
Tokyo

representations to the Imperial Government regarding
Chinese questions. Furthermore, the Foreign Office
authorities made to a member of the American Embassy a
similar explanation; no representations have been made
by the American Government."

The other newspapers publish similar reports.

Repeated to Peiping.

DICKOVER

KLP

254-2

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 pertinent portion of a telegram (No. 206) of October 6, 1936, from the American Embassy at Tokyo reads as follows:

CHUGAI says that the Foreign Office authorities made the following announcement yesterday in connection with a Domei London report that the British Ambassador here has made representations to the Japanese Government in regard to its China policy:

"Recently in response to a request by British Ambassador Clive for information regarding Sino-Japanese negotiations Foreign Minister Arita gave him an explanation of the present status of Sino-Japanese relations. The Ambassador's request was not based upon instructions from his Government but was on his own initiative. Consequently it is not true that the British Government has made any representations to the Imperial Government regarding Chinese questions. Furthermore, the Foreign Office authorities made to a member of the American Embassy a similar explanation; no representations have been made by the American Government."

The other newspapers publish similar reports.

793.94/8231

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554-3
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 mmN

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

JR

1-1336

FROM

GRAY

Peiping via N.R.

Dated October 6, 1936

Rec'd 7 a.m.

Secretary of State,
Washington.

479, October 6, noon.

A Reuter's statement dated Tokyo, October 5,
published here in this morning's press, reads in part
as follows:

"At a press conference this morning Mr. Eiyamau,
the Foreign Office spokesman, was questioned regarding
reports that Britain had made representations to the
Japanese Government regarding the Sino-Japanese situation.
The spokesman replied, "It is not true. Britain has
made no representations at all." He added that Japan
had heard nothing at all about the attitude of the powers
toward the present Sino-Japanese situation."

Repeated to Tokyo.

KLP

JOHNSON

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O.N.I. AND M.I.D.

793.94/8232

FILED
NOV 3 - 1936

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

RB

1-1236

This telegram must be closely paraphrased before being communicated to anyone. (A)

FROM

Nanking

Dated October 6, 1936

Rec'd 9:20 a.m.

Division of
FAR EASTERN AFFAIRS

OCT 6 - 1936

Department of State

Secretary of State

Washington.

296, October 6, 4 p. m.

One. Franklin Ho, director of the political department of the Executive Yuan, questioned by me today gave the following considered views regarding Sino-Japanese relations:

Two. Negotiations ended on September 23 with complete deadlock. This deadlock can not be broken unless Kuwajima, who arrived in Nanking this morning, brings instructions to the Japanese Ambassador to be more conciliatory.

Three. Chinese informed popular opinion is that further yielding to Japan would be futile because Japan is never satisfied. Not only do the military classes and academic circles advocate armed resistance unless the Japanese demands are greatly modified but even banking circles which would feel the destructive effect of warfare most quickly and disastrously. Informant admits that the Government is

not

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793.94/3235

556-1

084

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

RB

-2-#296 October 6, 4 p.m. from
Nanking

not financially equipped to wage war with Japan but he believes that the government could not retain its authority if it capitulated to the Japanese demands. With apparent sincerity he expressed the opinion that it would be preferable for the government to meet a glorious end rather than consent to the gradual dismemberment of the country.

Four. Informant felt some hope that the Japanese would realize that China had been pushed to the last extremity and would moderate their demands because he could not see what advantage Japan could expect to gain from a complete overthrow of the National Government with ensuing chaos in China.

Five. Informant naturally inquired what the attitude of the American Government was toward this crisis. I replied that I had no information about this but I recalled that the Washington Conference and other past events showed the hope of the American Government that a strong and independent China would emerge. Informant observed that the present crisis calls for thoughtful and far seeing statesmanship in other countries as well as in China.

Six. Sent to the Department and Peiping.

PECK

KLP

556-2

0842

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)

P A R A P H R A S E

STRICTLY CONFIDENTIAL

A telegram (No. 296) of October 6, 1936, from the American Embassy at Nanking reads substantially as follows:

Questioned by the Counselor of the American Embassy in regard to relations between China and Japan the Director of the Political Department of the Executive Yuan (Franklin Ho) on October 6 gave his considered views on the subject as follows:

On September 23 negotiations between the two countries ended in a complete deadlock which cannot be broken unless Kuwashima (who reached Nanking on the morning of October 6) brings to the Japanese Ambassador instructions to adopt a more conciliatory attitude.

Popular opinion among informed Chinese is that it would be futile to yield further to Japan as that country is never satisfied. Not only academic circles and military classes are in favor of armed resistance unless the Japanese Government modifies greatly its demands but even banking circles which would most disastrously and quickly feel the destructive effect of warfare advocate armed resistance. Ho believes that the Nanking Government could not retain its authority if it acceded to the Japanese demands although he admits that the Government is not prepared financially to carry on warfare with Japan, and he expressed the apparently sincere opinion that, rather than agree to the gradual dismemberment of the country, it would be better for the Government

356-3

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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

- 2 -

STRICTLY CONFIDENTIAL

ernment to meet a glorious end.

As Ho could not see what advantage the Japanese could hope to gain from a complete overthrow of the Nanking Government with the chaos which would follow in China, he was somewhat hopeful that Japan would realize that China had been pushed as far as possible and would modify its demands.

As a matter of course Ho asked what the attitude of the United States Government toward the crisis was and the Counselor replied that he was not informed in this regard but recalled that past events, including the Washington Conference showed the hope of this Government that a strong and independent China would come forth. Ho remarked that in other countries as well as in China the present crisis calls for far-seeing and thoughtful statesmanship.

793.94/8233

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X-6-36

FE

256-4

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

CONFIDENTIAL

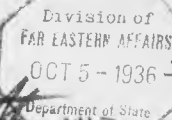
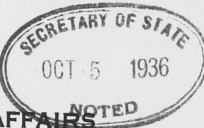
October 3, 1936.

Subject: The Situation in China.

S:
Mr. Secretary.

An ominous state of tension in Sino-Japanese relations continued throughout the week in review. Although negotiations at Nanking between the Japanese Ambassador and the Chinese Foreign Office have been suspended due to the rejection by the Chinese of certain Japanese "demands", factors which indicate a possibility that conversations looking toward a diplomatic settlement might be resumed are as follows: (1) the apparent anxiety of both the Chinese and the Japanese Governments to avoid an open rupture; (2) reports that Chiang Kai-shek is coming to Nanking soon probably to participate in the conversations; (3) the statement of the Director of the Asiatic Bureau of the Japanese Foreign Office (Kuwashima) that he is proceeding to Nanking presumably to assist in the negotiations; and (4) the statement made by the Japanese Foreign Minister in strict confidence to the British Ambassador at Tokyo that the Japanese "demands" were not unconditional but were subject to discussion.

However, the delay in the negotiations tends to magnify feeling and suspense, and there is the ever-present threat of another anti-Japanese incident increasing the seriousness



793.94/8234

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- 2 -

seriousness of the situation.

Our Minister to Switzerland has been informed at Geneva by the Chinese Ambassadors to Great Britain and France that the Japanese "demands" are as follows: (1) autonomy of the five northern provinces; (2) economic cooperation with the whole of China; (3) joint measures for defense against communism; (4) appointment of Japanese advisers to the Chinese Government; (5) establishment of air communications between Japan and China; (6) a special or preferential tariff agreement; and (7) complete suppression of anti-Japanese propaganda in China. The Chinese Government made counter-proposals as follows: (1) abolition of the Tangku Truce (which in 1933 provided for the demilitarization of certain areas of Hopei Province); (2) dissolution of the Eastern Hopei autonomous regime; (3) cessation of Japanese smuggling into China; and (4) cancellation of the Ho-Umezu agreement of 1935 which compelled the withdrawal of Chinese Government troops from Hopei and Chahar Provinces.

With regard to the Japanese "demands", the press reports that Kuwashima (Director of the Asiatic Bureau of the Japanese Foreign Office) considers the important items in the negotiations with China to be the suppression of anti-Japanese activities and the recognition by China of "the special position of north China". Kuwashima stated that Japan does not intend to settle all pending questions immediately

0845
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

- 3 -

immediately but mentioned communications and tariffs which vitally affect Japanese interests as matters which presumably would require early attention.

The American Ambassador to China and our Charge in Tokyo have informed the Department that they believe a direct approach by the American Government to the Japanese Government in regard to the Sino-Japanese situation would not serve any good purpose. Our Ambassador to China also stated that an approach to the Chinese Government would accomplish no useful results.

In a telegram of October 2 our Ambassador at Peiping described the situation as "definitely and increasingly alarming".

In Shanghai, the situation has undergone no material change during the week. Japanese marines continue to patrol the Hongkew section of the International Settlement and sections of the adjacent Chapai (Chinese) district, and Japanese naval strength at Shanghai has been further increased.

M. W. W.

JCV
FE:JCV/VDM

JCV
but

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

TELEGRAM RECEIVED

JR

1-1336

FROM GRAY

Peiping via N. R.

Dated October 7, 1936

Rec'd 7 a.m.

Secretary of State,
Washington.

Division
FAR EASTERN AFFAIRS
OCT 7 - 1936
Department of State

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O.N.I. AND M.I.D.

486, October 7, 3 p.m.

Embassy's 479, October 6, noon. / 8232

Central News despatch from Tokyo published here this morning, after giving the substance of the announcement reported in paragraph two of Tokyo's 206, October 1, 4 p.m., adds that "seniofficial circles" allege that Japan's attitude on Japanese dispute remains unchanged and that she will persist in her refusal to permit any third party to intervene in questions which affect China and Japan, maintaining that these issues should be solved by the two countries alone.

By mail to Tokyo.

RR

JOHNSON

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NOV 3 - 1936

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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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

~~For~~

~~MSN~~

~~MAH~~

~~SKH~~

October 8, 1936.

A very interesting +
informative account
from Soviet sources of
goings on in Mongolia.

This well worth
reading.

MD

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 1896

Moscow, September 17, 1936.

Subject: Japanese Policy toward Mongolia

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793.94
note
893.01 Inner Mongolia

For Distribution Check		Yes	No
Grade	For		

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DEPARTMENT OF STATE

1936 OCT 6 PM 3 38

OF
COMMUNICATIONS
AND RECORDS



793.94/8236

The Honorable
The Secretary of State,
Washington, D. C.

Sir:

1/ I have the honor to submit herewith in translation an article described as "a letter from Ulan-Bator" which appeared in the Moscow PRAVDA No. 250, of September 10, 1936, concerning "Japanese Plans to seize Inner Mongolia". This article reviews the progress of what Moscow considers to be a General Japanese program for the encircling of Outer Mongolia and the creation of a "White-Mongolian" buffer state between that territory and North China.

The view is expressed that the Japanese have

encountered

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

-2-

encountered considerable difficulties in the realization of this program. The shooting of the Mongol leaders in the new Khingan province, in Manchuria, is said to have split the Mongol population on the territory of "Manchukuo" and to have aroused the suspicions of the chieftains in Inner Mongolia. This in turn is said to have caused the Japanese to fall back--as a last resort--on the services of Li Shoy-Sin, whom they were employing for the conquest of the province of Suiyuan.

Respectfully yours,

Loy W. Henderson
Loy W. Henderson,
Chargé d'Affaires ad interim.

Copy A - m
✓
List of Enclosures:

No. 1. Article translated from the Moscow PRAVDA,
No. 250, of September 10, 1936.

File No. 710

In Quintuplicate to Department.

GPK:wec

Copy to RIGA.

Copy to Peiping.

Copy to Tokyo.

0851
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. 1896 of September 17, 1936,
from the American Embassy,
Moscow, U.S.S.R.

(FULL TRANSLATION.)

SOURCE: PRAVDA, No. 250 (6856), Moscow
September 10, 1936.
(Organ of the Central Committee
of the All-Union Communist
Party (of Bolsheviks)).

JAPANESE PLANS TO SEIZE INNER
MONGOLIA.
By
Karric.

(A letter from Ulan-Bator.)

The invasion of the eastern part of the province
of Suiyan by the troops of Japanese agent Li Shoy-sin,
the movement in the same direction of the troops of
another Japanese agent--Chzhan Khai-pyn and at the same
time the movement into North Chakhar and the Kalgan
district of purely Japanese military detachments--all
of these go to form a new stage in the Japanese con-
quests in North China and Inner Mongolia.

The goal of this aggression is not only the further
conquest of Chinese territories but also the prepara-
tion of a place d'armes for a "big war" against the
U.S.S.R. The next task of the present stage of Japanese
aggression, with the performance of which Li Shoy-sin
and Chzhan Khai-pyn have now been charged, is the sur-
rounding of the Mongolian People's Republic.

The eastern and southern frontiers of the Mongolian
People's Republic border on the territory which,
ethnologically speaking, is usually called Inner

Mongolia.

-2-

Mongolia. This is a territory with a mixed population, racially speaking: nomadic stock-herding Mongolian tribes live here side by side with the settled Chinese population of town and country. The policy of the Japanese war dogs here has for a long time consisted in turning these nationalities the one against the other, in drawing to their side the Mongolian princes by the ruse of slogans of "pan-Mongolism" while, at the same time, under the pretext of creating "autonomy for the North-Chinese provinces," buying off and completely subjecting to themselves the semi-feudal Chinese generals--factually, in establishing Japanese rule here.

Since the creation of Manchukuo this policy has been carried out persistently, systematically and with the brutality for which the Japanese war dogs have become "famous." An important practical step toward the carrying out of this policy was the removal in March 1933 from the number of the districts of eastern* Manchukuo of a territory some 300,000 square kilometers in area, on which was formed a new Khingan province, divided into four districts headed by important Mongolian feudal princes. On this territory the Japanese restored the ancient Mongolian system of administration, resting upon the princely heads of Mongolian tribes and supposed to represent the "national self-government of the Mongols" within the boundaries of Manchukuo.

How

*This is obviously a mistake. It should probably read "western Manchukuo". (Translator's note.)

-3-

How illusory this "self-government" is, however, is evident from the fact that when the Mongolian princelings of the largest of these districts (Bargi) took it into their heads very mildly to object to the compulsory drafting of Mongols into the Manchukuoan army, against the seizure of Mongolian grazing lands by Japanese land speculators, et cetera--the leaders of this "Mongolian government" were immediately arrested by the Japanese and in April 1936, shot. The communiqué of the Staff of the Kwantung Army informed the whole world of "the discovery of a plot among high members of the Mongolian administration of the province of North Khingan to separate that province from Manchukuo and unite it to the Mongolian People's Republic!"

Such an issue to the "national policy" of the Japanese with regard to the Mongols on the territory of Manchukuo was of course inevitably bound to hinder the penetration of Japanese influence in Inner Mongolia. Japanese agents have long been working actively either to tear Inner Mongolia away from China and unite it with Manchukuo, or to set it up as an "independent Mongolian state." One of the results of this "work" was the June 1933 conference of Mongolian princes of Chakhar and Suiyuan which demanded of the Nanking Government the grant of "a high degree of Autonomy" to Inner Mongolia and created in Bato-Khalkhe a government headed by a Japanese hireling--Prince De Van.

The attempts of prevail upon De Van and others, to "bring them to their senses", yielded no real results.

In 1934

-4-

In 1934 and 1935 the Japanese with the support of De Van pushed the work of "appropriating" Inner Mongolia: at the princes' military headquarters appeared Japanese military instructors and advisors, landing fields for airplanes were cleared, fuel bases were established, arms bases were set up and endless clashes between defense detachments of the Mongolian princes and the Chinese armies were provoked. And when at the end of 1935 the Japanese war dogs had strengthened their hold upon the Tientsin--Peiping--Kalgan district the question of the separation of Inner Mongolia from China was sharply raised. Upon Prince De Van was put the mission of convoking at Bato Khalkhe a new congress of Mongolian princes and of formulating the declaration of "independence" of Inner Mongolia. Thus the execution of the task of surrounding the Mongolian People's Republic and the creation of a buffer between it and China in the form of a "White Mongolian State" is now a question of the near future.

But here great difficulties have unexpectedly appeared. What the Nanking ministers could not attain by persuasion has been accomplished by the Japanese themselves: for two years they have sat firmly on the necks of the Mongolian princes and the latter have become convinced that if they now agree to declare Inner Mongolia "independent," they will find themselves in undivided and complete dependence on the Japanese generals. The sobering of some of the princes of Inner

Mongolia

-5-

Mongolia was furthered also, on the one hand by the shooting of the leaders of the Mongolian "self government" in Barga and on the other hand by the victorious resistance which the People's Revolutionary Army of the Mongolian People's Republic has offered to Japanese attacks upon the latter's frontier. This resistance has convinced many Mongolian princes of the incorrectness of their conception of the Japanese army as "the cat, than which there was no stronger beast."*

This also explains the fact that De Van, in spite of all his efforts, did not succeed in getting the Mongolian princes to assemble at Bato-Khalkha to declare the "independence" of Inner Mongolia. Convinced of his isolation, De Van himself fled under the wing of the Japanese to Zapsyr.

The Bato-Khalkha Government actually collapsed: half of its army revolted and went away to the west where, farther from the Japanese neighbors, at Guikhua, the princes opposed to De Van had established their political center. They have received from Nanking full powers to govern all the Mongolian "banners" located in the province of Suiyuan. Thus two competing centers have been created--the one at Zapsyr closely connected with the Japanese but deprived of influence in the Mongolian masses, the other at Guikhua oriented toward cooperation with the Nanking Government and Chinese General Fu Tszo-i to whom the province of Suiyuan is subject. The influence of

this

*An old Russian proverb. (Translator's note)

-6-

this latter center is growing thanks to the fact that among the broad masses of the population he is considered to be anti-Japanese, in spite of his half-way and hesitant stand.

The possibility of such a turn of affairs was evidently foreseen by the Japanese military command and therefore, while putting its stake on Prince De Van, it at the same time reinsured itself by creating still another force as an instrument of its policy in Inner Mongolia. We have in mind the notorious Japanese agent Li Shoy-Sin. This gangster-General long since won miserable notoriety by his "exploits" in Zhelke and in the "demilitarized zone" of North China, specializing in arranging "uprisings" in return for Japanese money. Back in the middle of 1935, troops of Li Shoy-Sin, armed by the Japanese, were introduced into northern Chakhar, later a "Mongolian Corps" headed by a petty prince named Chzhotybachzhab was formed within these troops. Simultaneously still another "Mongolian Government" was hastily set up in Chzhanbe, this one announced that it intended "to exercise authority over all the Mongolian tribes in Chakhar and in the five districts of East Suiyuan."

Meanwhile, however, the Japanese command was hoping to come to terms with the Suiyuan princes. Li Shoy-Sin was kept in the background and acted slowly and carefully. The collapse of the Bato-Khalkha Government and the revolt within its troops hastened the dénouement. The Japanese command

threw

-7-

threw off its mask and openly launched Li Shoy-Sin (having reinforced his army with Manchukan troops under the command of Chzhan Khai-pyn and Japanese detachments) into the conquest of the province of Suiyuan. At the same time troops were also sent to Kalgan to strengthen Japanese militaro-political control over the Peiping--Kalgan railway and to prevent assistance from reaching General Fu Tszo-I and the Mongolian center at Guikhua with which he is connected, now defending Suiyuan against the Japanese invasion.

Chakhar having been already "gobbled up" by the Japanese war dogs the fate of the province of Suiyuan depends first of all on the issue of the struggle now in progress.

AGB:wec

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 893.00 P.R./100 FOR # 29

FROM Tsinan (Allison) DATED Sept. 5, 1936.
TO NAME

REGARDING: Visit of Japanese Ambassador to Tsinan with new Japanese
Consul General and Japaneses Military representative.

793.94/ 8237

- 1 -

II. FOREIGN RELATIONS

A. Relations with the United States.

Nothing to report.

B. Relations with Other Countries.

1. Japan

(a) Visit of Japanese Ambassador.

79394
(pg 1-4)
The Japanese Ambassador, Mr. Kawagoe, arrived in Tainan the morning of August 25th, and in company with the new Japanese Consul General and the Japanese military representative, called upon General Han Fu-chu at 10 a.m. He was entertained by General Han at luncheon and then left for Tsingtao by the early afternoon train.

According to an interview published in the Tainan Jih Pao, local Japanese owned paper, Ambassador Kawagoe stated that the purpose of his trip was merely to pay his respects to General Han who was an old friend. The Ambassador went on to say that he had not been entrusted with any special mission on this occasion. While in the city the Ambassador made a speech to local Japanese residents during which he said, according to the above mentioned paper, that while the situation in Shantung could not be compared with that in Hopei, there was no need for pessimism. "As soon as the right opportunity presents itself conditions here will be brought up to the mark and various enterprises will be carried out without the necessity of negotiating with the Central Government but simply as a result of discussion between Chinese and Japanese local authorities. I firmly believe that time is not remote." he concluded.

Local

- 2 -

Local rumors were to the effect that Japanese demands had been presented to General Han and that some understanding had been reached. According to information given the Consulate by an American journalist from Tientsin who interviewed the Japanese Consul General shortly after Ambassador Kawagoe's visit, no specific demands were presented. However, Mr. Arino told the correspondent that the Ambassador had taken the opportunity to impress on General Han two important points. The first was the usual Japanese contention that territorial propinquity and the fact that the Japanese had special knowledge of the needs of North China made it advisable for China to look to Japan rather than elsewhere for assistance in economic rehabilitation. Secondly, the Ambassador pointed out that ever since the World War when Japan had driven the Germans out of Kiaochow, the Japanese people had felt a special sentimental interest in Shantung Province and had felt that they had acquired special rights and privileges which could not be ignored.

(b) Arrival of New Japanese Consul General.

108
Mr. ^{Manabe} Arino, the new Japanese Consul General, arrived in Tsinan on the morning of August 31st, took charge of the Consulate General and paid an official call upon General Han. He left the same day for Tientsin to take part in the Japanese Consular Conference held in that city. He returned to Tsinan on the 25th. Mr. Arino is a quiet, reserved man who gives the impression of being very conservative in attitude and cautious in action. A local Chinese official who has known Mr.

Arino

- 3 -

Arino for many years and who participated with him in the negotiations for the rendition to China of Japanese interests in Tsingtao after the Washington Conference, stated to the writer that Mr. Arino is a very shrewd negotiator and that his mastery of the Chinese language is practically perfect.

In conversation with the writer Mr. Arino stated that Japan has at present no concrete plans for the economic exploitation of Shantung but is trying to get the principal of cooperation with Japan adopted by the local authorities. He went on to say that no definite steps can be taken in Shantung until the situation in Hopei and Chahar becomes more satisfactory.

✓ (c) Visit of General Matsumuro.

General Matsumuro came to Tsinan on August 1st and spent three days here during which time he entertained and was entertained by General Han. His visit was not believed to have any special significance. (See the Consulate's despatch No. 57 of August 7th, "Rumored Resignation of Han Fu-chu")

There is one section of opinion in Tsinan which believes that some agreement has been reached between General Han and the Japanese. Color is given to this theory by the report published by Domei, Official Japanese News Agency, from Changchun on August 30th, that Lieut. General Itagaki, Chief of Staff of the Kwantung Army, had issued a statement that, "Japan will not tolerate the removal of General Han Fu-chu, Chairman of the Shantung Provincial Government, by the Nanking authorities just because he is friendly to the Japanese."

It

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It is the personal opinion of the writer, based upon conversations with local Chinese officials and others that the public Japanese statements, such as the one made by Ambassador Kawagoe, mentioned above, that the time would not be far distant when Shantung would cooperate wholeheartedly with Japan, and the Domei despatch with regard to General Han, are somewhat optimistic and that they are made either for home consumption in Japan or in an effort to force the issue locally. In a private conversation Mr. Arino stated that General Han was very skilful at keeping in the middle of the road, as between Nanking and Japan, and he gave no indication that General Han was likely to be easily persuaded to go along with Japan.

It is believed that General Han's main objective at present is to avoid trouble and that he will therefore be willing to cooperate in many ways with the Japanese. But he will not give way completely to Japanese domination except as a last resort.

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Department of State letter, August 10, 1972
By Milton D. Huston 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

DOCUMENT FILE

NOTE

SEE 893.00 P.P. Tsingtao/102 FOR # 142

FROM Tsingtao (.....Sokobin.....) DATED Sept. 3, 1936
TO NAME 1-1127

REGARDING: Japanese Ambassador, Mr. S. Kawagos, visited Tsingtao
twice. Mr. Kawagos bears no great reputation among
Japanese and Chinese in that city.

793.94/
8238

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II. FOREIGN RELATIONS

A. Relations with the United States

Nothing to report.

B. Relations with Japan

Of primary interest were the two visits to Tsingtao of the Japanese Ambassador, Mr. M. Kawagoe, on August 14 to 17 and 25 to 27. Mr. Kawagoe bears no great reputation among Japanese and Chinese in this city. He is a silent man whose taciturnity is regarded in some quarters as concealing an incapacity for really effective work. The Japanese population of Tsingtao, it may be said, are not fond of him.

The Ambassador in a press interview stated that the economic development of North China could be first achieved by the extension of communication (railway) facilities. He emphasized the importance of the cotton textile industry in relation to agriculture and industry in North China, and in reply to a question regarding the high Chinese import duties on rayon, sugar and marine products, Mr. Kawagoe indicated that the Peking Government would probably take action favorable to the Japanese. The Ambassador declined to comment on political matters.

At a dinner given to Mr. Kawagoe by several Japanese groups, the chairman presiding at the social function indicated that Tsingtao Japanese would appreciate assurances in regard to (1) maintenance of order in Shantung; (2) the safeguarding of Japanese

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Japanese mercantile interests following the possible redemption of the 40 million yen in treasury notes pledged by the Tsingtao-Tsinan Railway*; (3) adjustment of the high rates for cable messages between Tsingtao and Japan,** among other matters. The Ambassador avoided any definite statements and his reply was regarded as unsatisfactory because of its abstract nature.

When Mr. Kawagoe returned to Tsingtao from Tientsin on August 25, he is reported to have stated that General Hung Cho-yuen "is a man of will and reason and is performing his duties satisfactorily" and that General Han "is the very man for the post".

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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. Hankow/112 FOR #194

FROM Hankow (Jarvis) DATED Sept. 8, 1936
TO NAME 1-1127 ...

REGARDING: Development of the month which may produce serious repercussions in Sino-Japanese relations, was the outburst of mob violence in Changtu on August 24, 1936, resulting in the death of two Japanese newspapers men and the serious injury of two other Japanese.

793.94/8239

2. The Chengtu Incident.

193.94
The most dramatic development of the month and one which may produce serious repercussions in Sino-Japanese relations, was the outburst of mob violence in Chengtu on August 24, 1936, resulting in the death of two Japanese newspapermen and the serious injury of two other Japanese.¹

When Mr. Iwai, the newly-appointed Japanese Consul General, arrived in Chungking on August 17th, he was unable to obtain transportation facilities for continuing his journey to Chengtu. However, a group of four Japanese journalists and business men who had accompanied the consular party on the trip up river proceeded to Chengtu by aeroplane on August 24th. On arrival they put up at the Tachuan Hotel. Here they were attacked about 6 o'clock in the evening by a mob of rioters. Mr. Keiji Fukagawa and Mr. Kozaburo Watanabe were dragged into the street and brutally beaten to death by the mob. Mr. Takeo Tanaka and Mr. Shoichi Seto were seriously injured.

During the course of the rioting, the mob raided and wrecked several Chinese shops suspected of selling smuggled Japanese goods; and some Chinese reports state that order was not restored until a number of soldiers,

¹ Despatch No. 330, August 31, 1936.

Political report
August 1936
Hankow, China

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soldiers, police, and rioters were killed and wounded.

The local authorities were prompt in expressing their regrets and showing solicitude over the welfare of Mr. Tanaka and Mr. Sato, and two alleged ring-leaders of the riot were executed on August 26th. Soon after news of the incident reached the outside world, a number of high-ranking Chinese and Japanese officials arrived in Chengtu to investigate the details and make reports. The bodies of the two journalists were cremated and their ashes removed to Shanghai. Mr. Tanaka and Mr. Sato recovered sufficiently to be able to leave Chengtu on September 1st.

On the 26th the Executive Yuan issued a mandate ordering the Szechwan Government to punish the authorities who were responsible for not having preserved peace and order. The mandate recalled the Executive Yuan's earlier mandate for the protection of foreigners, and admitted that although the incident of August 24th was entirely unexpected there could be no denial of the lack of preventive measures. To help straighten their position, the Chinese have contended that the riot was instigated and led by Communists agitators for the purpose of embarrassing the National Government. The prevailing Japanese view, however, as reflected in the Japanese press, holds that the incident was the natural outgrowth of anti-Japanese agitation instigated by the Kuomintang and tolerated by the National and Provincial Governments. Negotiations leading to a settlement of these opposing views are being awaited with much anxiety.

3. Hankow

Political report
August 1936
Hankow, China

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3. Hankow Press Fixes Responsibility for Attack
on British Soldiers in Peiping.

In keeping with its bold anti-Japanese policy, the HANKOW HERALD (Chinese-owned, English language daily) published a two-column editorial on August 26 intimating strongly that the Japanese are responsible for the malevolent firing on British soldiers in Peiping on the night of August 24th.

The following excerpts from the editorial entitled "It's No Mystery" show the tenor of the editor's remarks and his thinly-veiled insinuation:

"The whole incident, however, is no mystery. In spite of the fact that the gunmen have not been identified, it is safe to say that they are not Chinese....

"Who, then, could be the attackers? Since we possess no definite evidence, we shall refrain from mentioning names or accusing the nationals of any country. All we wish to say is that it is probably a case of attempted revenge. It will be recalled that not long ago the British soldiers in Peiping were accused of having beaten to death a person of a certain nationality. As a result of the accusation several British soldiers were put on trial, but finally, owing to the lack of incriminating evidence, they were acquitted..... The incident which occurred on Monday, therefore, might have been an attempt on the part of certain quarters to 'get even' with the British soldiers....

"The British Embassy is entirely justified in making representations to the Chinese authorities and requesting adequate protection for British life and property, since Peiping is Chinese territory and the Chinese Government is responsible for the protection of the nationals of all countries. Nevertheless, there is one fact which must not be lost sight of: that is, because of the preponderant influence of a certain nation in North China, because of the multifarious activities of her diplomats, military officers and ronin, the Chinese authorities are in many ways handicapped in their jurisdiction.... Unless China is respected as an independent sovereign state and the Chinese authorities can exercise their powers unhampered by foreign aggression, the world need not be surprised even if worse incidents should break out in the future."

C. Relations

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 893.00 P.R. Harbin/93 FOR Dead #396

FROM Harbin (Adams) DATED Aug. 6, 1936.
//110// NAME 1-1137 ***

REGARDING: Relations between China and Japan: Gives high-lights
of -, during the month of July, 1936.

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793.94/8240

2. Japan.

79394
(a) February 26 Incident: There was no editorial comment upon the sentences pronounced by the Tokyo Court Martial on July 5 against the persons involved in the Tokyo assassinations of February 26, but the HARBIN NIKKINICHI of July 7 gave evidence of the keen interest of the Japanese population in Harbin in the matter by the somewhat noteworthy action of issuing an extra edition devoted entirely to the sentences.

(b) Change of Consular Personnel: Mr. Soro Uchida, Japanese Consul at Tsitsihar, has been promoted to the grade of Consul General to Pouchou, China. His successor at Tsitsihar is Mr. Sotaro Tanaka, now consul at Kinkiang.

(c) "Manchukuo" Time: The "Manchukuo" State Council has decided, as of January 1, 1937, to place "Manchukuo" upon the same time basis as Japan, according to the north Manchurian press. This change will advance clocks in Harbin by one hour.

(d) Japanese Police in Lunghiang Province: During July twenty policemen of Japanese nationality, who had been undergoing a special course of training, were distributed among the various halens in Lunghiang Province. (龍江省).

(e) Japanese Consul General at San Francisco: A Kokutsu news item dated Tokyo, July 13, 1936, stated that Mr. K. Shiozaki, newly appointed Japanese Consul General in San

- Francisco -

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Francisco and former director of the first section of the American Bureau of the Tokyo Foreign Office, would leave Tokyo on July 18 for an inspection tour of "Manchukuo" prior to his departure for San Francisco.

(f) Assassins of Inukai: Mr. S. Namura, aged 24, after having served his prison sentence inflicted for complicity in the murder of Premier Inukai, has been appointed an officer in the "Manchukuo" army. Also Mr. H. Yagi, M. Ishizaki and M. Nakajima, who completed prison sentences on June 1, 1936, for complicity in the murder of Premier Inukai, departed for Peking from Japan on July 11 to become "Manchukuo" army officers.

(g) Japanese Prince: The press reports that His Imperial Highness Prince Takeda, who is student in the Military Staff College in Tokyo, will receive practical training in the Kawamura Army Division stationed in Tsitsihar.

3. Outer Mongolia.

The only Outer Mongolia border incident coming to the attention of the Consulate General during July was the reported invasion of "Manchukuo" territory by an Outer Mongolian aeroplane. It is alleged that this plane landed at a point four kilometers west of Mandakaya (ハダカヤ) on July 13 and that its occupants questioned local inhabitants with respect to the positions of Japanese and "Manchukuo" troops in that region.

"Manchukuo" and Outer Mongolian controversies on the subject of a joint border commission continued during July without any modification of the position of the two "governments".

- 4. Soviet Russia. -

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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./121 FOR 228

FROM China(Nanking) (Atcheson) DATED Sept. 3, 1936.
TO NAME 1 127 070

REGARDING: Murder of two Japanese newspaper correspondents at Chengtu.
Killing of a Chinese Policeman attempting to protect
Japanese.

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793.94/8241

2. Japan:

a. General:

(See Peiping's monthly review;

b. North China:

(See Peiping's monthly review;

c. Murder of two Japanese news correspondents at Chengtu:*

193.96
An incident which may be of considerable significance in Sino-Japanese relations occurred in the murder on August 24 at Chengtu of two Japanese newspaper correspondents. Reports concerning the incident, both as to background and circumstance, were conflicting at the close of August. Chinese versions tended to the contentions that the agitation was communistic in origin and also that it was directed against the smuggling of Japanese goods into China. The Japanese version, which observers here are inclined to believe the more correct, was that the agitation was directed against the proposed reopening of the former Japanese Consulate at Chengtu. According to Japanese officials, a Japanese consular office functioned at Chengtu (which is not a treaty or open port, for 16 years prior to the Mukden Incident of September 18, 1931, following which the Chengtu and four other Japanese consulates were closed. Recently notification was given the Chinese Foreign Office that the Chengtu Consulate would be reopened and while the Chinese press, including the semi-official and presumably inspired Central News Agency, voiced considerable protest

* Hanking's telegrams Nos. 250, August 26, 12 noon, and 253, August 31, 11 a.m.

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protest over the plan, no official objections were raised by the Chinese Government. A Japanese consular officer assigned to Chengtu reached Chungking August 17; he was refused transportation to Chengtu by commercial airplane; a garage which had contracted to store his motor car refused this service; he was stoned in the streets. On August 24 two Japanese newspapermen*, a Japanese employee of the South Manchuria Railway and a Japanese merchant visited Chengtu, all bearing properly vised passports and a mob which had gathered at about 3 p.m. attacked them at 6 p.m. The railway employee and the merchant escaped or were rescued by police after suffering injuries said to be serious. The two newspapermen either (1) fled from the hotel and were caught by agitators and killed or (2) were taken from the hotel by members of the mob and killed, presumably by beating. Their bodies were found August 25 some distance from the hotel.

The Japanese Consul at Chungking proceeded on August 26 to Chengtu to investigate, as did also the Chinese Commissioner of Foreign Affairs for Szechwan and Sikiang. Two alleged ringleaders of the mob were executed August 26 by the Chinese authorities at Chengtu. A section chief and an "expert" of the Chinese Foreign Office flew on August 26 to Chengtu together with a third Secretary and a chancellor of the Peking Japanese Embassy. Chiang Kai-shek and Kung (Vice President of the Executive Yuan) telegraphed August 27 to Szechwan Chairman Liu

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* Keiji Fukagawa, reporter of the "Shanghai Mainichi", and Kozaburo Watanebe, correspondent of the "Osaka Mainichi" and the "Tokyo Nichi-Nichi".

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Hsiang instructions to investigate the incident, apprehend and punish the culprits, protect foreigners and maintain peace and order. The National Government issued on August 29 a mandate again prohibiting hostile acts or utterances tending to stir up international ill feeling.

Contrary to press reports, both Chinese and Japanese official spokesmen denied that any demands were presented to the Foreign Office by the Japanese Embassy in connection with the incident. Presumably the Japanese continue at the end of the month to await the results of investigation before formulating their official attitude. Foreign Office officials were, however, frankly worried over the probability that a strong Japanese demarche might result. This anxiety was supported by press reports that the Japanese Foreign Minister announced August 26 to the Diet that the incident was not one which might be settled by an exchange of notes, but required a fundamental readjustment of Sino-Japanese relations.

Meanwhile the Chinese authorities appeared to have quickly and with some care laid a foundation for possible diplomatic settlement in case the Japanese should be disposed to be reasonable. The form which the Chinese version seemed to be taking at the end of the month was that the agitation was primarily communistic and reactionary and that the Japanese brought the attack upon themselves by (1) taking photographs of the mob raiding a Chinese shop said to be dealing in smuggled goods, or (2) interfering with Chinese agitators who were putting up anti-smuggling posters in public places. (There has previously been no indication that smuggling had become an acute problem in Chechuan.) According to Chinese Government sources, one

Chinese

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Chinese policeman was killed defending the Japanese victims and the Japanese survivors later signed a statement countersigned by the Chungking Japanese Consul to the effect that the local police and gendarmes did everything in their power to protect the Japanese victims. (This statement was not published during August.) The Japanese version appeared at the close of the month to be shaping toward a contention that the agitation was organized by the local Party Headquarters.

As regards the circumstances of the incident it appeared factual that the mob had gathered some three hours before the attack and it consequently seemed that the police and gendarmes had sufficient warning to enable them to take adequate precautions to control the agitators.

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 393.00 P.R./122 FOR # 689

FROM China (Johnson) DATED Sept. 11, 1936.
TO NAME 1-1127 000

REGARDING: Japanese activities in China and general relations between
the two countries during the month of August.

793.94/8242

1. Japan:

793.94
(pp 1-10)

Progress in Sino-Japanese affairs in August again waited on conferences and the possibly shifting loyalties of Chinese leaders, while the disturbed conditions in Suiyuan, the intransigence of the Kuangai militarists, and the renewal of the communist threat in northwest China continued to influence the situation.

a. The Japanese Ambassador's visit to North China: ¹

Whereas Mr. Wang H'eh-min's visit to North China and the question whether he would assume the role of principal Chinese negotiator for Sino-Japanese cooperation had been during July the chief points of interest in Sino-Japanese relations, the visit to North China of the new Japanese Ambassador, Mr. Shigeru Kawagoe, was predominant during August.

(Mr. REBE)

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1. Embassy's telegrams 410, August 21, 4 p.m., and 422, August 23, 11 a.m.

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(Mr. Wang K'eh-min remained during August in central China, his intention with regard to the future being still unknown, although press reports appeared during the last few days of the month that Mr. Wang would proceed shortly to North China.)

The Japanese Ambassador was in Peiping from August 18 to August 23, where he met General Sung Che-yuan, the Chairman of the Hebei-Shanhai Political Council; he visited Tientsin from August 23 to August 24, where there were held concurrently meetings of Japanese diplomatic, army, and navy officers, with an officer from each of the three Ministries at Tokyo concerned in attendance and then Mr. Kawagoe returned to Shanghai, stopping on the way at Tsinan, where he saw General Han Fu-chu, the Chairman of the Shantung Provincial Government, and at Tsingtao. Upon his return to Shanghai, Mr. Kawagoe conferred with Japanese diplomatic officers stationed in central and south China.

It was understood that he did not attempt while he was in North China to enter into agreements with the Chinese authorities but that his principal purposes were to study the situation in North China in preparation for future negotiations with General Chiang Kai-shek and to gain the support of the Japanese military in respect to his policies. Presumably he wished to persuade the Kuangtung Army to postpone action with regard to Suiyuan Province as such action would handicap him in negotiations with General Chiang. That he succeeded was doubtful; and it was said that, although he gained the understanding of the Commander of the Japanese North China

Garrison.

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Garrison, the Kwantung Army's suspicions of his policies and intentions were not allayed, indicating that unity of policy had not yet been achieved by Japan's militarists and diplomats, notwithstanding frequent public allegations to the contrary.

b. Mr. Kawagoe and Sino-Japanese economic co-operation:

It was learned on good authority, however, that the Japanese military had approved Mr. Kawagoe's program for Sino-Japanese economic cooperation in North China which he had evolved while he was Consul General at Tientsin. This program was in outline allegedly of three phases, the first being the building of two east-west railways in North China, the second being the development of agriculture, including the production of cotton, and the third being the development of mining, principally coal and iron, and possibly gold.

Progress in economic cooperation continued during August to be so slight that it could hardly be satisfactory to Japanese. Final agreements with regard to the two east-west railways - the Shihkiachwang-Taangchow and the Tainan-Shuntah - awaited allegedly Mr. Kawagoe's conversations with General Chiang Kai-shek, and it was understood that the route of the first-named railway might be altered to run directly from Shihkiachwang to Tientsin. The development of cotton-growing appeared to be still in an elementary stage, a decision having been reached to establish experimental stations next spring at T'ungchow, near Peiping, and at Tientsin. The development of mining continued in a stage of investigation, with the Japanese apprehensive that the Chinese

authorities

- 4 -

authorities of Henan Province, where the vastly more important mineral (coal) deposits of North China are located, would offer difficulties than the Japanese desired to enter into agreements for the exploitation of these deposits.

In short, the only apparent new and definite developments in Sino-Japanese economic cooperation during August were: ² (1) the purchase by Japanese interests of the fifth of the seven cotton mills in Tientsin and (2) the organization on August 2nd by the China Development Company (Kochu Kung Koshi in Japanese and Hsing Chung Kung Su in Chinese), a subsidiary of the South Manchuria Railway Company, of a new organ at a capitalization of \$8,000,000 (Chinese currency), named the Sino-Japanese Electric Company, Limited, for the purpose of developing electrical enterprises in Tientsin. (The China Development Company was organized in December 1935 and an office was opened in Tientsin in the spring of this year.)

c. Difficulties in the way of cooperation:

Sino-Japanese economic cooperation continued to be hampered by such factors as lack of capital, the attitude of the Japanese military as well as that of General Sung Cho-yuen's army, the threatening situation with regard to Suiyuan Province, the occurrence of new incidents, especially the killing of two Japanese at Chengtu in Szechuan Province, and perhaps the proposed new tariff scheme for smuggled goods in North China.

d. The attitude of Japanese and Chinese military:

Not only was it understood, as mentioned above, that

elements

2. Tientsin's "Economic Survey" of September 4.

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elements of the Japanese military were apprehensive with regard to the intentions of the Japanese Ambassador and that the Kwantung Army was in a state of irritation, but Japanese military officers continued to express dissatisfaction with the situation existing in North China and elsewhere. A fresh indication that the Kwantung Army had not divorced itself from North China affairs was the visit near the end of August to Suiyuan, Peiping, T'ung-chow (Yin Fu-sheng's "capital"), and Tientsin of Lieutenant General Seishiro Itagaki, Chief of Staff of the Kwantung Army. It was noted that he ignored General Sung Che-yuan during this visit. Following the Chengtu incident of August 24, the attitude of the Japanese military in general became more obviously menacing, reflecting their apprehension of the growing strength of General Chiang Kai-shek.

Meanwhile there continued to be evidence of anti-Japanese feeling on the part of General Sung Che-yuan's troops, indicated by a fresh incident involving them at Fengt'ai, near Peiping, by General Sung's frequent visits to his troops, his private statements, and by the alleged desire of the pro-Japanese Ch'en Chung-fu, Chairman of the Foreign Affairs Committee of the Hopei-Shanhai Political Council, to resign as a result of aspersions made by General Sung with regard to his loyalty, which reminded observers of the transfer in office in July of the pro-Japanese P'an Yu-kwei, disliked by General Sung's military subordinates.

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c. The threat to Suiyuan Province:

The Kwantung Army continued to consolidate its position in Chahar Province north of the Great Wall, apparently in preparation for eventual extension of control westward in Suiyuan Province. Semi-bandit Chinese troops, formerly under such disloyal leaders as Shih Yu-san, Liu Hsuei-t'ang, and Sun Tien-ying, gathered in western Chahar and eastern Suiyuan, where they reputedly received money and arms from Japanese. Presumably it was the hope of the Kwantung Army that other such semi-bandit groups would swell these numbers, that a leader would evolve from among them, and that they would be the vanguard in westward expansion, to be followed by Mongol and "Manchukuo" forces, of which there were understood to be several thousand in Chahar. It was doubted, however, whether these three varieties of forces would be successful unless supported by Japanese troops, of which there were apparently none in Chahar in August. A trial was made of the strength of the provincial troops in Suiyuan by some of the semi-bandit forces in early August (and perhaps in late July) without success, and subsequently the provincial authorities continued to strengthen their defenses. The actual attitude, however, of General Fu Tao-yi, military leader of Suiyuan, was not known; nor was the tenor known of his conversation at the end of August with the Chief of Staff of the Kwantung Army.

It was understood that Mongols in conference at Prince Teh's capital, decided, at Japanese instigation, to order all foreigners, other than Japanese, to leave Mongol territory.

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3. Embassy's 399, August 10, 3 p.m.; 404 August 17, 3 p.m.; and 429, September 1, 2 p.m.

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F. Sino-Japanese incidents, including that at Chengtu:⁴

Japanese feeling toward China was exacerbated by the continuing failure of the Chinese satisfactorily to settle incidents which had occurred in previous months and by the occurrence of fresh incidents, especially the killing on August 24 of two Japanese and the wounding of two others by a Chinese mob at Chengtu, the capital of Szechwan Province. The Chengtu incident was primarily the outcome of (1) agitation against the imminent opening without Chinese permission of a Japanese consulate in that city and perhaps (2), to some extent, agitation against Japanese economic penetration and (3) a growing suspicion of foreigners in general, as well as (4) the increasing lawlessness in Szechwan, where the situation has steadily deteriorated since the departure of General Chiang Kai-shek from that province near the end of 1946. There were rumors that the incident had been instigated by persons who believed that a serious incident would increase the difficulties confronting General Chiang, such persons being variously named as communists or Szechwan provincial authorities. Some Japanese accused the Kungmintang of having engineered it. No demands were presented by the Japanese by the end of August, as they were apparently awaiting the outcome of investigations; but it seemed that the Japanese military welcomed the incident and intended to make use of it to forward their own aims with respect to China and to strengthen their position vis-a-vis Japanese moderates. The incident threatened to negate future efforts of Mr. Kawagoe and General Chiang Kai-shek to arrive at a satisfactory understanding.

Other

4. Hankow's despatch to Embassy, 30, August 31; and
Nanking's Monthly Report for August.

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Other incidents which occurred during August included: (1) the stabbing on August 21 at Feng'ai of a Korean cook of a Japanese cafe by soldiers of General Sung Che-yuan's army; (2) the accidental explosion of a bomb on August 14 at Shanghai, which, according to the Japanese Domei news agency, had been manufactured by Koreans intending to bomb the Japanese Consulate General and a Japanese theatre at Shanghai; and (3) the arrest on August 27 at Tientsin by Chinese police of a Korean smuggler of sugar, which the Japanese consular authorities claimed was an infringement of Japanese extraterritorial privileges.

5. Proposed Chinese tariff on Japanese smuggled goods⁶

Reports appeared in the press at the close of August that an organ to be named the "Inspectorate General of the Hopai-Shahar Political Council" was to be inaugurated September 1 (inauguration did not take place as scheduled) for the collection of a "consumption tax on special goods" and that that organ would collect one-eighth of the amounts fixed by the Chinese Customs tariff on smuggled goods for the benefit of the local regime. Details were not obtainable.

It was understood that the local Chinese authorities were divided in opinion as to the advisability of the scheme, that the National Government was opposed to it, and that Japanese were in favor of it as it would facilitate the distribution of Japanese smuggled goods which were stored up at Tientsin and other places and would effect a further separation of General Sung's regime from the National Government. It was thought that the carrying out of the scheme

might

5. Tientsin's despatch to Embassy 301, September 3.
6. Embassy's telegram 431, September 3, 4 p.m.

- 2 -

might depend upon the rapidity with which General Chiang Kai-shek settled the Southwest question and could turn his attention to North China.

B. Relations of General Chiang Kai-shek with northern leaders:

Whatever serious situation may have developed during July in the relations of General Chiang Kai-shek and General Han Fu-chu, the Chairman of the Shantung Provincial Government, some satisfactory, even though perhaps temporary, understanding appeared to be reached in August, presumably as a result of meetings at Tsingtao of General Han with General Chiang Ho-ch'eng, the personal representative of the Generalissimo, General Chang Ch'un, the Minister for Foreign Affairs, and Mr. T. V. Hoong, the President of the Bank of China.⁷ General Chiang Kai-shek's continued preoccupation with the southwestern situation and Japanese-expressed opposition to any change not to the interests of General Han Fu-chu were also presumably factors in the situation.

General Sung Che-yuan, Chairman of the Hopei-Chahar Political Council, seemed to maintain during August his previous relationship with General Chiang, although that relationship was threatened near the close of the month by General Sung's adoption of a non-committal attitude rather than an attitude of opposition toward the proposed scheme for a "consumption tax" on smuggled goods.

General Yen Hsi-shan, the military leader of Shanai Province, according to Japanese sources continued to come

NOTE

7. Embassy's telegram 405, August 17, 4 p.m.

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more definitely under the influence of General Chiang Kai-shek and the National Government and to show less inclination to "cooperate" with Japanese.

There was not evident during August concrete progress toward the formation of the five-province regime desired by some Japanese elements.

1. The smuggling of Japanese products:

The decrease in the amount of Japanese goods smuggled into North China which was apparent during July was even more evident during August. The decrease was believed, however, to be primarily due to the difficulties of distributing goods previously smuggled and not to any abandonment by interested Japanese of smuggling as a policy; and, in fact, the situation became more threatening with the evolving of the plan, already described, to legalize the distribution and sale of smuggled goods in Hopei and Chahar Provinces.

0890

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 894.00 P.R./105 FOR # 2046

FROM Japan (Dickover) DATED Sept. 18, 1936.
TO NAME 1-1127 ***

REGARDING: Developments in relations between China and Japan due to smuggling. Efforts of Chinese authorities to prevent reopening of Japanese Consulate at Chengtu. Killing of two Japanese newspaper correspondents and two other Japanese injured by anti-Japanese mob in Chengtu.

793.94/8243

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

II. RELATIONS WITH OTHER COUNTRIES.

(a). China.

793.94
(PP (3-6))
Sino-Japanese relations, which had been none too good during the four previous months owing to the smuggling imbroglio in North China, became even more tense during the month under review. The smuggling in North China

decreased

- 4 -

decreased considerably but this was due not to the efforts of the Japanese but to the efficient preventive measures taken by the Chinese authorities and to the over-stocking of the market by the smugglers.* Japanese authorities continued to profess the belief that the fundamental solution of the smuggling situation lay in the lowering of the Chinese tariff rates. On August 30 the Hopei-Chahar Political Council, the pseudo-autonomous regime partially controlled by the Japanese, established its own customs offices and imposed consumption taxes on goods imported from East Hopei of about one-eighth of the customs duties charged by the Nanking Government.

Chiang Kai-shek's success in Southwest China continued to be viewed with apprehension by the Japanese on the ground that the General planned to assert the Central Government's authority over the Hopei-Chahar Political Council and the Eastern Hopei Autonomous Government, and to weaken the pro-Japanese regime of General Han Fu-chieh in Shantung. Several Japanese newspapers commented on General Chiang Kai-shek's alleged plans in a threatening vein and asserted that the Japanese Government was firmly resolved to block any efforts that might be made to restore Nanking's influence over North China.

Meanwhile, it was reported by the JIJI and the NICHU NICHU of August 18 that in the opinion of certain Foreign Office circles interference by the local Japanese military authorities must be eliminated if the various problems affecting Japan were to be settled.

At

* Embassy's telegram No. 169 of August 17, 1936.

- 5 -

At the end of the month it appeared that serious repercussions might follow an incident which occurred at Chengtu in Szechwan Province on August 24. According to Japanese sources, the Chinese authorities attempted to prevent the reopening of the Japanese Consulate at Chengtu on the ground that Chengtu was not an open port and also to impede the journey to Chengtu of the newly appointed Japanese Consul, Mr. Eiichi Iwai. As stated in the Japanese newspaper versions of the matter, Mr. Iwai was held up at Chungking on August 17 as a result of obstructive measures taken by the local Chinese authorities, while his travelling companions proceeded to Chengtu: Koza-buro Watanabe, Shanghai correspondent of the OSAKA MAINICHI; Keiji Fukagawa, correspondent of the SHANGHAI MAINICHI; Takeo Tanaka, an employee of the Shanghai office of the South Manchuria Railway Company; and Naoshi Seto, a Hankow merchant. According to Domei despatches from Shanghai, on August 25 an anti-Japanese mob attacked the hotel in Chengtu in which the Japanese were staying, killing the two newspaper correspondents and injuring the other two Japanese.

This action was vigorously condemned by the Japanese Foreign Office, Army, Navy, and press and the blame for it was assigned to the Nanking Government. It was reported by the press that the Japanese Foreign Office was not satisfied with the statement made on August 26 by a spokesman of the Chinese Foreign Office to the effect that the anti-Japanese act had been plotted by Communists.

While the expected Japanese protest was not filed with the Chinese Government before the end of the month, the press reported that the Japanese Army and Navy were

insistent

25

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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

- 6 -

insistent in their demands that the Chengtu incident be
utilized as a means of bringing pressure to bear on China
for the elimination of all anti-Japanese movements in that
country.*

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 893.00 P.R. Shanghai/95 FOR 377

FROM Shanghai (Gauss) DATED Sept. 8, 1936.
TO NAME 1-1187 ***

REGARDING: No serious incident occurred in Shanghai during first half of August to aggravate Japanese feelings. Local Japanese press continued to keep alive the Nakayama and Kayau cases.

793.94/8244

0896

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. Relations with Other Countries. Japan.

Local Sino-Japanese Relations. No serious incident

793.94
(pp 5-8)

occurred in Shanghai during the first half of the month to aggravate Japanese feelings. The local Japanese press continued to keep alive the Nakayama and Kayan cases. In connection with the former, the Court was charged with intentional dilatoriness and pointed reference was made to the fact that no decision has yet been rendered by the Court. With reference to the latter, the Chinese authorities were openly accused by the Japanese

Press

Telegram of August 5, 5 p.m. Despatch No.
336 of August 13, 1936.

-6-

press with insincerity and fear of powerful Chinese secret societies. Emphasis was laid on the fact that no clues have been unearthed and no arrests made.

The murder on August 24 at Chengtu of two local Japanese newspaper men during the course of a mob attack on a group of four Japanese journalists and business men deeply stirred and aroused the local Japanese community. Many Japanese associations convened emergency indignation meetings to consider the incident. Numerous resolutions were passed urging local Japanese officials and the Japanese Government to hold the National Government entirely responsible. A typical petition addressed by the Japanese Chamber of Commerce to the Prime Minister, the Ministers of Foreign Affairs, War, Navy and Commerce, and to Japanese officials in China, is quoted below:

"The Chengtu incident is unpardonable from the viewpoint of humanity and international relations. Anti-Japanese feeling is growing stronger day by day, although the Chinese Government is pretending to promote Sino-Japanese relations. The Chengtu incident reveals the true situation as regards anti-Japanese feeling in China. The Nakayama and Kayau cases are due to the same cause, namely, the wrong guidance of the people by the Nanking Government. For this reason such incidents are liable to recur and Sino-Japanese relations will be permanently endangered should this evil not be eradicated in time. Our Imperial Government should adopt drastic measures to exterminate the anti-Japanese feeling that is deeply rooted in the hearts of the Chinese officials and people in order to establish good relations between the two countries."

Local Japanese officials appear to have been equally aroused, judging by the statements attributed to them by the local Japanese press. The Japanese Military Attache is reported to have stated, "I am highly indignant over

the

-7-

the death of these two reporters. We must take revenge. If we can prevent a recurrence of such incidents their deaths will not have been in vain and their spirits will be consoled." The Acting Japanese Consul General is reported to have expressed determination "to deal with this incident in a manner that will be satisfactory to the Japanese people."

On August 29 the Japanese Ambassador convened a conference at his residence to discuss the Chengtu incident. Present were the Japanese Military and Naval Attaches and the Consuls General at Shanghai and Nanking. No details of the conference or of the decisions reached are available but the Japanese press in reporting the conference stated that the officials present were of the opinion that the "double faced policy" of the National Government was responsible for the incident and intimated that Sino-Japanese relations would be broken off should the National Government fail to abandon this policy.

Japanese Diplomatic and Consular Conference. A three day conference of Japanese diplomatic and consular officers was convened in Shanghai on August 27. The Japanese Ambassador and officers of the Embassy conferred with the Japanese Consuls General from Canton, Hankow, Nanking and Shanghai. It is understood that the conference, which was arranged some time ago was called to enable Japanese consular officials to report personally to the Ambassador on conditions in their respective districts. A general discussion regarding political problems and policies also took place. However, the conference was overshadowed by the Chengtu incident, which was most thoroughly discussed, including

0899

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

-2-

including a detailed report made by Consul General Suma of his long conversation with the Minister of Foreign Affairs regarding the Chengtu riot.

Anti-Japanese Activities. The National Salvation Association of Shanghai, through a so-called Anti-Smuggling Propaganda Group, engaged in considerable anti-Japanese and anti-smuggling propaganda. Small groups visited shops in various parts of the Chinese city and the Settlement and advised shop keepers to refrain from dealing in smuggled goods. Booklets and leaflets bearing on this question were also distributed. On August 9 some two hundred members of the association held a meeting at which the speakers denounced smuggling and adopted various resolutions urging the people throughout the country to organize an anti-smuggling league, and shouted anti-Japanese slogans.

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

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TELEGRAM RECEIVED

Nanking via N.R.

1-1236

FROM

Dated October 8, 1936

Rec'd 10:40 a.m.

Secretary of State

Washington

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

297, October 8, 2 p.m.

My 296, October 6, 4 p.m. (SECTION ONE)

One. Interview between the Japanese Ambassador and General Chiang Kai Shek occurred October 8, 10 a.m. Results have not been ascertained. Social exchange of visits will take place between the British and Japanese Ambassadors this afternoon and between the British Ambassador and Chiang tomorrow.

Two. An American news correspondent states that Suma this morning emphatically denied reports attributed to Chinese sources that the visit of the Japanese Ambassador this morning was purely social. He asserted that it was a "business interview". Suma protested against nature of American press despatches which describe the present negotiations as mainly concerning "Japanese demands". He stated that the only fundamental requirement of Japan is the eradication of the ungovernable causes of the recent outrages against Japanese and he minimized the social proposals. (SECTION TWO FOLLOWS BY CABLE)

PECK



793.94/8245

F/FG

555-1

TELEGRAM RECEIVED

U

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

Nanking

Dated October 8, 1936

Rec'd 9:45 a.m.

Secretary of State

Washington

of paraphrase in confidence
COPIES SENT TO
O.N.I. AND M.I.D.
gmc

297, October 8, 2 p.m. (SECTION TWO)

Three. Leighton Stuart, President of Yen Ching University informs me that he has consulted extensively with Chinese intellectuals in this area during the last few days and had half hour discussion with Chiang Kai Shek yesterday. Stuart told Kai Shek yesterday he felt that if the National Government under Japanese pressure segregated North China there would be a strong movement there to declare independence on the ground that if the North is to be abandoned to Japan it can obtain the best terms either by resistance or by its own independent negotiations. Stuart expresses the belief that the most prevalent Chinese popular sentiment advocates resistance to Japan on the ground that yielding would be more disastrous than even unsuccessful resistance. Another view, held by a minority whose typical representatives are bankers, advocates conciliation, for example, by regarding North China as differentiated from China in general though constituting an inseparable part of the country. This view envisages even
the

255-2

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

U -2- #297, Oct. 8, 2 p.m. Sec. 2 from Nanking

the possibility that Manchuria might again coalesce with China in a similar status. The minority advocating conciliation of Japan are influenced by the belief that unless the hands of the civilian element in the Japanese Government are strengthened the imperialistic element among the younger military officers aided by profound economic discontent among the soldiers and the masses will seize control and bring about disaster possibly to both countries. Stuart says that Chiang is much harassed by proponents of these two policies in his entourage. Among his personal advisers his wife and W. H. Donald are strongly urging resistance and the other group is thought to include Chang Kia Ngau former banker, present Minister of Railways and Wu, Nanking Manager of the Bank of China. Stuart inclines to the belief that a preliminary conference between Japanese and Chinese representatives yesterday agreed upon some forms of compromise (SECTION THREE FOLLOWS BY NAVAL RADIO)

PECK

CSB

255-3

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

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1-1336

FROM GRAY 30 228

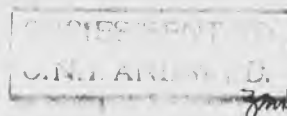
Nanking via N.R.

Dated October 8, 1936

Rec'd 8:05 a.m.

Secretary of State

Washington



297, October 8, 2 p.m. (SECTION THREE)

Four. LONDON TIMES editorial released by Reuter's and NORTH CHINA DAILY NEWS editorial yesterday have strongly pro-Chinese tone in the present controversy.

Five. Sent to the Department and Peiping. (END MESSAGE.)

PECK

WVC

255-4

(CONFIDENTIAL)

PARAPHRASE

Section two of a telegram (No. 297) of October 8, 1936, from the American Embassy at Nanking, reads substantially as follows:

The Counselor of the Embassy has been informed by the President of Yen Ching University (Leighton Stuart) that he (Stuart) had a half hour talk on October 7 with General Chiang Kai-shek and has had extensive conversations with Chinese intellectuals in the Nanking area during the past few days. Mr. Stuart expressed to Chiang his feeling that if, as a result of pressure from Japan, the Nanking Government segregated North China a strong movement to declare independence would develop in that area on the ground that if North China is to be abandoned to the Japanese better terms can be obtained by the North by its own independent negotiations or by resistance. It is Mr. Stuart's belief that popular sentiment most prevalent among the Chinese is in favor of resisting the Japanese on the ground that even unsuccessful resistance would be less disastrous than yielding. A minority whose typical representatives are bankers favors conciliation, for example, by looking upon North China as set apart from the country in general although constituting an inseparable part thereof. This view contemplates the possibility even that Manchuria might join again with China in a similar status. The minority group which favors conciliation is influenced by the opinion that the younger Japanese military officers

helped

255-5

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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

- 2 -

helped by deep seated economic discontent among the masses and the soldiers will seize control and cause disaster possibly to both China and Japan unless the hands of the civilian group in the Japanese Government are strengthened. Mr. Stuart states that proponents in his entourage of the two policies mentioned above harass General Chiang greatly. Mme. Chiang and W. H. Donald, among the General's personal advisers, are strongly urging him to resist. It is thought that the other group includes Wu, Manager of the Bank of China at Nanking, and Chang Kia-ngau, Minister of Railways and formerly a banker. It is Mr. Stuart's belief that some form of compromise was reached at a preliminary conference on October 7 between Chinese and Japanese representatives.

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

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
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TELEGRAM SENT

Department of State
DEPARTMENT OF STATE

Washington,

936 OCT 9 AM 11 21 October 9, 1936.

AMEMBASSY,

LONDON (England).

DIVISION OF
COMMUNICATIONS
AND RECORDS

369 Embassy Nanking telegraphs that recent LONDON TIMES
editorial in regard to the present Sino-Japanese situation,
released by Reuter's, has pro-Chinese tone. Please cable
Department brief resume of British editorial opinion in
regard to this situation and send more complete report by
mail.

Huel
Care, Acting

793.94/8245

Oct. 9 1936.

FE:MMH:REK

FE

Enciphered by _____

Sent by operator _____ M., _____, 19____

D. C. R.—No. 50

1-1482 U. S. GOVERNMENT PRINTING OFFICE

10/9-11:10
TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTIAL
PLAIN

793.94/8245

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

TELEGRAM RECEIVED

LMS

1-1336

FROM

GRAY

Shanghai via N. R.

Dated October 8, 1936

Rec'd 2:10 p. m.

Secretary of State,
Washington.

535, October 8, 4 p. m.

A renewed and heavy exodus of Chinese from the Hongkew and Chapei districts of Shanghai commenced yesterday and continues unabated today. It is reported that this exodus is due (1) to special measures by Chinese Government approximating martial law in districts around Shanghai, (2) to spread of wild rumors, (3) to continued precautionary measures on the part of Japanese landing party and (4) to the rumored gradual penetration of peace preservation units, wearing civilian clothes and avoiding business centers, into Chapei and the Chinese native city. Situation otherwise quiet.

Repeated to Peiping and by mail to Nanking.

GAUSS

CSB

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795.94/8246

FILED
NOV 3 - 1936

557-1

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

TELEGRAM RECEIVED

JS

1-1326

Gray

FROM
HANKOW (VII. N R)

Dated October 9, 1936

Rec'd 7 a.m.

Secretary of State,
Washington, D.C.

October 9, 10 a.m.

A bomb, apparently a "dud" was found in a Japanese shop in special administrative district number 3, Hankow, yesterday evening. The Chinese authorities are investigating.

Sent to the Department, Peiping, Nanking, Shanghai.

JARVIS

JS

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O.N.I. AND M.I.D.

Division of
FAR EASTERN AFFAIRS

OCT 9 - 1936

Department of State

793.94/3247

FILED
NOV 3 - 1936

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

U

This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

Nanking

Dated October 9, 1936

FROM REC'd 1:05 p.m.

Secretary of State

Washington

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

Division of
FAR EASTERN AFFAIRS

OCT 9 - 1936

Department of State

298, October 9, 4 p.m.

Embassy's 297, October 8, 2 p.m. from Nanking. 8245

One. I saw Donald this morning who informed me that Japanese Ambassador at his interview with Chiang Kai Shek on October 8, 10 a.m., mentioned outrages against Japanese subjects but that this was the only concrete question discussed. He stated that Chiang had assured Kawagoe of China's willingness to settle these cases in accordance with international law but added that there were various other matters outstanding between China and Japan and that he would instruct the Chinese Minister for Foreign Affairs to be ready to resume negotiations with the Japanese Ambassador for a settlement of these issues on the basis of regard for China's territorial and administrative sovereignty.

Two. Donald stated that he had urged Chiang to bring up question of Japanese violation of China's sovereignty but that Chiang had replied to Donald in a sense permitting the inference that he was convinced that the Japanese wished to moderate their position and that he did not wish to do anything

793.94/8248

FILED
NOV 3 1936

558-1

U -2- #298, Oct. 9, 4 p.m. from Nanking

anything which might make this difficult for the Japanese. Donald said he did not know how Chiang had reached this conviction but that there could be no doubt that he was so convinced.

Three. I saw the Minister of Foreign Affairs this morning who described the position of his Government saying that on ~~account of the political developments~~ ^{September 23} the discussions with Kawagoe reached a deadlock. He commented on the arrival of Kuwajima stating that it was believed that he was sent by Tokyo to give ~~the Consul General~~ ^{revised} instructions intended to moderate the previous attitude of the Japanese Ambassador and that China was now waiting for the Japanese Ambassador to discover the nature of this alleged new attitude. The Minister for Foreign Affairs confirmed Donald's description of the interview between Chiang and Kawagoe and stated that no concrete proposals were brought up by Kawagoe. REK

Four. The Chinese Minister for Foreign Affairs asked me pointblank whether the American Embassy in Tokyo had approached the Japanese Ministry of Foreign Affairs and discussed the Sino-Japanese negotiations. I replied that no such approach had been made. Replying to his question regarding my personal reaction and regarding the American Government's reaction to the current situation I stated that it was difficult to determine just what was taking place in view of the confusion of information

available

258-2

U -3- #298, Oct. 9, 4 p.m. from Nanking

available concerning surface as well as inner considerations involved. I said that in so far as the American Government was concerned its attitude in regard to matters here in the Far East was well known from statements which have been made in the press by responsible American authorities and that this attitude and policy had not changed. At conclusion of the conversation I thanked the Minister for the information which he had given me regarding developments up to date and stated that concerned as it was over the situation my Government welcomed any information which either side might volunteer to give it in regard to the course of events.

Five. In subsequent interviews either with the Minister for Foreign Affairs or with the Vice Minister I propose to make use of the opportunities offered to pursue the line laid down in the Department's No. 65⁸²¹⁶ of October 7, 7 p.m.

Six. Sent to the Department and Peiping.

JOHNSON

CSB

558-3

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

U

1-1336

FROM GRAY

Tokyo

Dated October 9, 1936

Secretary of State
Washington



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

208, October 9, 4 p.m.

One. According to JAPAN TIMES Foreign Office spokesman denying a report published today in a leading daily purporting to give details of Japanese demands presented yesterday stated that nothing was disclosed to the press outside the communique issued in Nanking on Thursday.

Two. There has been considerable speculation in press regarding prospects of the negotiations in Nanking. YOMIURI judges from the atmosphere which prevailed yesterday that pessimism regarding successful outcome need not be entertained. JIJI regards prospects good for China's agreeing to eliminate objectionable text books, the employment of Japanese advisers and the lowering of China's tariff but believes Japan will not be satisfied regarding China's earnestness for peace in the Far East unless it meets Japan's demands for the clarification of the North China situation and the establishment of common defense against Communism. KOKUMIN anticipates that although various

pending

793.94/3249

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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

U -2- #208, Oct. 9, 4 p.m. from Tokyo

pending questions will be settled difficulty will be encountered in reaching any concrete arrangement regarding the settlement of the North China question and regarding common defense against Communism.

Repeated to Nanking.

DICKOVER

KLP:WWC

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
September 29, 1936.

Mr. Secretary:

There is attached a memorandum prepared by Mr. Dooman on the subject "Far Eastern situation: what action, if any, should be taken by this Government?". I believe that you will wish to read the memorandum and the annexed telegrams in full.

M.M.H.

FE:MMH:EJL

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

September 28, 1936

Far Eastern situation: what action, if any, should be taken by this Government?

[Reference: Shanghai's telegram No. 517, September 28, noon.]

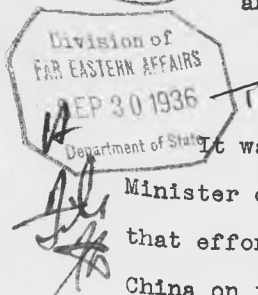
It was announced by Mr. Hirota, the present Prime Minister of Japan, when he was Minister for Foreign Affairs, that effort would be made to adjust Japan's relations with China on the basis of three principles, as follows:

1. Recognition de facto, if not de jure, by China of "Manchukuo";
2. Cooperation between Japan and China in economic matters;
3. Japan to cooperate with China in military measures to be directed toward eradication of communist elements.

Official despatches from the Far East bear out press reports affirming that certain proposals have been made by the Japanese Government to the Chinese Government. The correspondent at Shanghai of the NEW YORK TIMES states that he has learned from an unimpeachable source that these proposals consist of seven items, three of which were disclosed, as follows:

1. Japanese troops to be brigaded with all Chinese military units operating against communist forces;
2. Japanese advisers to be appointed to all branches, both civil and military, of the Chinese Government;
3. The

CONFIDENTIAL



DCR
FE

793.94/3250

F/FG

- 2 -

3. The five provinces of North China to be separated, for administrative purposes, from the rest of China, and to be placed under an autonomous régime.

The first of the three reported proposals above outlined would appear to indicate the method which would most effectively implement that one of the so-called Hirota principles which relates to Japanese military cooperation for the eradication of communism.

With regard to the second item: the desire of the Japanese that Japanese advisers be appointed to each of the principal agencies of the Chinese Government is one of long standing. Expression of that desire was given in the Twenty-One Demands presented to China in 1915. Acceptance by China of this item alone would go far toward bringing China under the authority of Japan, and coupled with acceptance of any other proposal which would extend Japanese military influence in China would effectively establish Japan's paramountcy in China.

With regard to the third item: the report appearing in a Japanese newspaper in Tokyo that the Japanese army "has decided to insist that the National Government be pressed at this opportunity for the settlement of the question of the autonomous regime in the five northern provinces", lends plausibility to the report by Abend, the correspondent of the NEW YORK TIMES, that the Japanese Ambassador to China has presented to the Chinese Government a demand, among others, that an independent régime be set up in North China.

Whenever

- 3 -

Whenever a situation has arisen in the Far East seriously prejudicial to the interests of the United States, it has been the consistent practice of this Government to make clear to all concerned its attitude and views with regard to such situation. If confirmation is received of the report that the Japanese Government is seeking to bring about any change in China which would be violative of the principles set forth in the Nine Power Treaty, it would be unwise, in my opinion, for this Government to depart from its consistent practice whenever situations of this character have arisen. Our endeavors have been directed during the last few years toward maintaining unchanged the position of the United States vis-à-vis problems arising out of Japanese actions in China violative of the principles set forth in the Nine Power Treaty, and failure of the United States to make clear its attitude in the circumstances which are likely to arise would be widely construed as indicative of a basic change of attitude on the part of the United States.

In giving consideration to the question, What action, if any, should be taken by this Government in the event of the situation arising that is anticipated by Abend (among other correspondents)? it is to be earnestly hoped that the most careful examination will be made of the character and tone of any declaration which this Government may decide to make. Between September 18, 1931, and the end of that year, there were made by this Government to the Japanese Government

at

- 4 -

at least eleven communications, both written and oral, which were apparently calculated to divert Japan from a course which it had elected to follow with regard to relations with China, or to persuade Japan to retreat from such course. These communications not only failed in the attainment of the desired objective but excited in the Japanese people increased animosity toward the United States. The next communication, that of January 7, 1932, was of an entirely different character: it was confined to a clear statement of the position and attitude of the United States with regard to the problems arising out of the controversy between China and Japan.

Declarations of this Government designed to censure or admonish the Japanese Government can be calculated in the anticipated circumstances to have adverse effects, not only on relations between the United States and Japan, but also on relations between Japan and China.

The British Government may approach this Government in order to ascertain the views of this Government with regard to impending developments in the Far East. In such an event opportunity would be afforded of determining whether diplomatic action on parallel lines could be taken by the American and the British Governments.

The American Embassy at Tokyo was informed by the Japanese Foreign Office that the Japanese Government expected to proceed with deliberation in the present negotiations

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

- 5 -

with the Chinese Government. However, the Japanese Foreign Minister in a statement which he handed to foreign press correspondents on September 28 declares inter alia that

"The outcome of the present negotiations can be in one of two ways only. Chino-Japanese relations will be either much better or much worse. In the existing situation, they shall not be permitted to drift ambiguously as in the past."

The indications are that the Japanese Government is prepared to take a strong stand. The Japanese Government evidently desires that General Chiang Kai-shek return from Canton to Nanking to conduct negotiations in person, and the most recent reports from China indicate that Chiang Kai-shek will arrive shortly at Nanking.

Mr. Peck's telegram No. 285 of September 29, 2 p. m., from Nanking reports in regard to the proposals put forward by the Japanese to the Chinese and the Chinese response thereto. Ambassador Johnson's telegram No. 470, September 29, 4 p. m., from Peiping, gives a thoughtful analysis of the seriousness of the situation. Copies of these two telegrams are attached and it is believed that they should be read in full.

EB:EHD:MMH/REK

FE X

U
This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

Nanking

Dated September 29, 1936

Rec'd 10:35 a.m.

Secretary of State

Washington

285, September 29, 2 p.m.

My 282, September 26, noon. CONFIDENTIAL

One. This office has obtained from an authoritative source not in the Foreign Office the following partial account of the interview between the Minister for Foreign Affairs and the Japanese Ambassador on September 23:

Two. The Japanese Ambassador recapitulated measures which the Japanese Government believed it would be necessary for the Chinese Government to take if Sino-Japanese relations were to be materially improved including (one) elimination of anti-Japanese sentiments from Chinese text books and the suppression of indications of anti-Japan feeling (in this connection the Japanese Ambassador expressed the belief that the dissolution of the Kuomintang would ultimately be necessary but he would not press this at the moment): (two) cooperation of Japanese with Chinese military forces in the suppression of Communist armed forces: (three) the use of Japanese advisers in many departments of the National Government: (four) establishment of direct air communication between Japan and Shanghai.

(Informant

U -2- #285, Sept. 29, 2 p.m. from Nanking

(Informant did not confirm or deny the report I mentioned to him that the Japanese Ambassador demanded creation of completely autonomous government for maintaining the northern provinces, -see Shanghai's September 28, Noon to Peiping).

Three. The Minister for Foreign Affairs replied that the suppression of communist armed forces was an internal matter which China could handle itself and, moreover, the problem had practically disappeared and that the establishment of air communication with Japan was a matter of routine business which should be discussed with the Ministry of Communications and not made a matter of diplomatic negotiations.

Six. The Minister for Foreign Affairs then said that in the view of the Chinese Government the improvement of Sino-Japanese relations required the taking of certain measures by the Japanese Government including (one) the cancellation of the Shanghai military agreement of May, 1932 and of the Tangku truce of May 30th, 1933; (two) elimination of the East Hopei autonomous government; (three) Japanese support of Chinese measures to check smuggling activities in North China; (four) cessation of indiscriminate flights by Japanese air planes over Chinese territory, and (five) cessation of Japanese interference in east Suiyuan and Inner Mongolia generally.

Five.

192

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

U -3- #285, Sept. 29, 2 p.m. from Nanking

Five. The Japanese Ambassador appeared deeply incensed at these counter-proposals and said that evidently there was no use in continuing the interview. The atmosphere was very strained when the two officials parted.

Six. Informant said that Chiang Kai Shek flew from Canton to Kuling yesterday and may come to Nanking today.

Seven. Sent to the Department, Peiping, Shanghai.

PECK

WMC

192

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

FE X

FS

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (B) & (C)

Peiping

Dated September 29, 1936

Rec'd 9:15 a. m.

Secretary of State,

Washington.

470, September 29, 4 p. m.

Assassination of a Japanese sailor in the Hongkew
area, reported in Shanghai's 509, September 24, 11 a. m.,
is the ninth incident of its kind since the fall of 1935
when it was announced that Hirota would seek an understand-
ing with Nanking generally based upon three points
mentioned in my telegram from Nanking, No. 80, November
15, 3 p. m., 1935.

Peck's recent messages from Nanking, notably his 279
of September 24, 2 p. m., and 281 of September 25, noon,
indicate his growing conviction that Japanese are deter-
mined to use incidents as leverage for compelling an
agreement along the lines of Hirota's three points.

I believe that sentiment of Chiang Kai Shek and
his supporters and of Chinese in general would be opposed
to any agreement along this line. The fact that both
sides fear publicity regarding demands indicates this.

Situation is still uncertain. I do not believe
that either Chinese or Japanese want war.

It is

FS 2-No. 470, September 29, from Peiping

It is ~~not probable~~ ^{probable}, however, that events have gone beyond the control of the Japanese. Continued Japanese pressure has increased the suppressed hatred toward the Japanese among intellectuals and orthodox members of the Kuomintang to the point of desperation. There is a widespread hatred directed against Chiang Kai Shek, because of his ambition to become dictator, and because he continues to temporize in the Government's relations with the Japanese. There is also a strong radical element in the country, including the so-called Communists who have been harried by Chiang, who would stop at nothing to accomplish Chiang's downfall, that it would appear that Chiang has by no means succeeded in completely eliminating the ambitious General Pai Chung Hsi from the political picture in South China, who is and has been prepared to capitalize the anti-Chiang and anti-Japanese sentiment in the country for the purpose of accomplishing Chiang's downfall. Japanese demand for Chiang's presence in Nanking at this time is either unwittingly or purposely playing into the hands of Chiang's enemies.

Facts outlined in preceding paragraph lead me to believe that Chiang's hands may be forced, or further incidents involving Japanese may occur, thus forcing the hands of the Japanese. Whichever eventuality results from present

0925
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

FS 3-No. 470, September 29 from Peiping

present negotiations at Nanking, I feel that present situation is more serious than any which we have thus far had, and will require great self-control on both sides if actual hostilities are to be avoided.

Repeated to Tokyo.

CSB

JOHNSON

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

CORRECTED COPY

U

1-1336

FROM

GRAY

Canton via N.R.

Dated October 6, 1936

Rec'd 8:55 p.m., 9th

Secretary of State

Washington

October 6, 4 p.m.

[Reliable information received that large portions of Chinese Government silver reserves are being transferred on American steamships from Shanghai to vaults of Hong Kong and Shanghai Banking Corporation in Hong Kong.]

Government controlled and other Canton vernacular press have uniformly printed editorial carried by numerous northern newspapers appealing for peace but urging firmness and no concessions.

Concern of Chinese authorities is indicated by a statement made confidentially by local official that Nanking has directed abandonment of all official celebrations of double tenth anniversary for which preparations were already made.

Sent to the Department, Peiping, Nanking.

LINNELL

HPD

OFFICE OF THE SECRETARY OF STATE
OCT 13 1936
DEPARTMENT OF STATE

Portion as marked sent to Treasury
Division of Far Eastern Affairs
OCT 12 1936
Department of State

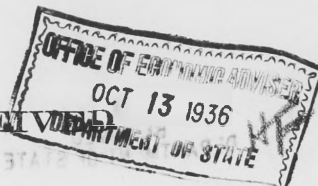
COPIES SENT TO
O.N.I. AND W.I.D.

790.94/8251

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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

TELEGRAM RECEIVED



U

1-1336

FROM GRAY

Canton via N.R.

Dated October 6, 1936

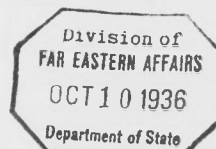
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*See
Corrected
copy*

Secretary of State

Washington

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Sent to the Department, Peiping, Nanking.

LINNELL

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note
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793.94/8251

F/HG

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

U

London

A portion of this telegram
must be ~~carefully~~ ^{carefully} paraphrased
before being communicated
to anyone. (C)

Dated October 10, 1936

Rec'd 8:55 a.m.

Secretary of State

Washington

474, October 10, noon.

(GRAY) Department's 369, October 9, noon.

Such an editorial appeared in the TIMES of October 7,
copy of which went forward to Hornbeck by pouch of same
date.

The closing sentences are representative of the tone
of the whole editorial: "War between China and Japan would
be tragic folly. Japan's present policy is leading her
towards it (though not at present rapidly towards it);
and Japan's present policy is bringing her few rewards
of any sort. The West will judge her by her ability to
modify that policy--to correlate the spirit of her deeds
with the letter of her protestations, to give China a chance.
This country in particular is not unmindful of or indifferent
to Japan's peculiar needs and difficulties; but Japan can
expect little sympathy, and nothing more concrete than
sympathy, until her much vaunted altruism towards Asia is
shown to be something better than a perfunctory disguise".

The only other editorial to appear in the London
press was in the MANCHESTER GUARDIAN of October 9th and is
of



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

U -2- #474, Oct. 10, from London

of no special importance: it begins by stating that another crisis in the Far East is over and ends by suggesting that the course of the promised negotiations will be well worth watching. (END GRAY)

In discussing Far Eastern situation at Foreign Office on October 8th, I was shown a Foreign Office telegram dated September 29 in which the British Embassy at Washington was instructed to inform the State Department of the sense of the British Ambassador's telegram from China. I was also shown two telegrams from the British Ambassador in Tokyo, one dated October 1 and one dated October 6, in both of which Ambassador Clive stated he had kept the Charge d'Affaires in Tokyo fully informed.

From well informed journalist I understand that the TIMES leader referred to in Department's 369, October 9, noon, had its inspiration from Foreign Office sources.

BINGHAM

GW:KLP

0930

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

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10/12-4115

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
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TELEGRAM SENT

TO BE TRANSMITTED
☒ CONFIDENTIAL CODE
☐ NONCONFIDENTIAL CODE
PARTIAL
PLAIN

Department of State
DEPARTMENT OF STATE

Washington,

936 OCT 12 PM 4 53

October 12, 1936.
5 P

AMEMBASSY,

DIVISION OF
COMMUNICATIONS
AND RECORDS

LONDON (England).

This cable was sent in confidential Code.
It should be carefully paraphrased before
being communicated to anyone. C

372
✓

Your 474, October 10, noon, penultimate paragraph.

Copies of memoranda of conversations held here are
being forwarded to you by pouch.

Hall
Sick

793.94/8252

OCT 12 1936 PM
WB

793.94/8252

mmh.
FE:MMH:REK

FE

10/12/36
amw

Enciphered by

Sent by operator M., 19.....

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

1936 OCT 12
CONFIDENTIAL



Conversation of
TIONS

Copies sent to London, Tokyo, & Peking (Nanking)
October 6, 1936
Division of
FAR EASTERN AFFAIRS
OCT 13 1936
Department of State
File

Mr. V. A. L. Mallet, Chargé d'Affaires ad interim
of Great Britain,

and Mr. Hornbeck.

Subject: The Sino-Japanese Situation.

The British Chargé called by appointment and stated that he had received instructions to inform the Department of the report which the British Ambassador at Tokyo had made to the British Government in regard to the British Ambassador's conversation on October 1 with the Japanese Minister for Foreign Affairs and to say that the British Government felt that the "time for concerted action had not yet arrived". The Chargé then proceeded to read the report of the British Ambassador's conversation with the Japanese Foreign Minister which may be summarized as follows:

On October 1 the British Ambassador called on the Japanese Minister for Foreign Affairs and referred to a previous conversation wherein the British Ambassador had said that the British Government would, he was sure, without in any way attempting to act as mediator in the Sino-Japanese situation, be glad to impress upon the Chinese Government the danger of anti-Japanese incidents in China. The British Ambassador then said that he wished to inform the Japanese Foreign Minister, under instruction, that the British Government desired to see Sino-Japanese relations

established

793.94/8254

F/F/G

- 2 -

established on a peaceful basis and that the British Ambassador in China was speaking to the Chinese Government in regard to attacks on Japanese nationals in China. Continuing, the British Ambassador said that, speaking personally, he wished to point out to the Foreign Minister that if the Japanese pressed the Chinese too hard the Japanese would force the Chinese to resist. The Foreign Minister said that the Japanese Army realized that the Chinese might possibly offer armed resistance as well as the danger of pushing the Chinese too far. The Foreign Minister commented that the part of the Kuomintang in which Feng Yu-hsiang was outstanding, which part had communistic tendencies, was a dangerous factor in the situation and responsible for much of the anti-Japanese agitation in China. The British Ambassador then remarked that in view of these factors it would seem that the Japanese Government would not wish to press Chiang Kai-shek too hard. The Foreign Minister then referred to Chang Hsueh-liang and said that this general was very active in anti-Japanese agitation. The British Ambassador commented that one could hardly blame a defeated Chinese general for attempting to "save his face" by now being active in anti-Japanese agitation; also that there were usually two sides to every quarrel. The Foreign Minister replied "somewhat ominously" that "the Japanese could not be expected to give consideration to the Chinese point of view". The Foreign Minister said that Japan was determined to make North China safe for "Manchukuo". He denied that Japan's proposal with regard to North China provided for separate customs and separate currency for North China. He also said that Japan's proposals were not unconditional demands but were subject to discussion. The British Ambassador requested that the Japanese give no publicity to his call on the Japanese Foreign Minister and the Japanese Foreign Minister in turn requested that the Chinese Government not be informed of the British Ambassador's approach to the Japanese Foreign Minister.

Mr. Hornbeck said that he would like to have

Mr. Hamilton hear the substance of the information which the British Chargé was communicating and upon Mr. Hamilton's entry the Chargé read again the substance of the cablegram

which

559-2

- 3 -

which he had received from the British Foreign Office.

Mr. Hornbeck then handed the British Chargé the Department's aide memoire of October 6, informing the British Embassy of the interchange of communications between the American Embassy at Tokyo and the Department subsequent to the morning of October 3. Mr. Hornbeck also handed to the Chargé, to read, Tokyo's telegram No. 206, October 6, 3 p. m.

There then followed a brief discussion of the general situation, wherein Mr. Hornbeck commented that it seemed apparent that the Japanese Government wished to keep from the Japanese people the fact that representations, even of a very informal character, had been made by the British and the American Governments; that it might be just as well that the Japanese Foreign Office was taking this attitude; and that the record revealed that the Japanese Government had made to the Chinese Government certain proposals or demands which it did not intend to reveal to the British or to the American Governments. When the Chargé asked whether it would seem that the control of the military in Japan was lessening, Mr. Hornbeck replied in the negative.

m.m./d.
MMH/REK

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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

(Original handed by Mr. Hornbeck
to the British Chargé, October 6,
1936.)

2 CR

793.94

STRICTLY CONFIDENTIAL.

AIDE-MEMOIRE

On October 3, the British Chargé was informed by telephone that the Department had cabled the American Chargé at Tokyo authorizing him to let the Japanese Government know by means of informal conversations that the American Government is watching the Sino-Japanese situation with interest and concern; and that, to this end, the Department had suggested to the Chargé that he take occasion as soon as practicable and speaking as on his own initiative to ask the Vice Minister for Foreign Affairs to comment in regard to the accuracy of the press reports of the differences between the Chinese and the Japanese Governments.

793.94/8254

On October 3, prior to the receipt by the Chargé of the Department's instruction mentioned in the foregoing paragraph, a senior officer of the American Embassy called

upon

159-4

0935

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

- 2 -

upon the Vice Minister for Foreign Affairs at the Vice Minister's request and was informed by the Vice Minister, with the request that the information be given to the American Government, that Japan desires that China take effective steps to eradicate anti-Japanese activity in China and that Japan, with a view to clearing up other questions, which were not disclosed to the American Embassy, had presented to China certain Japanese desiderata -- not unconditional demands -- to be attained by discussion. With reference to press reports, the Vice Minister denied that Japan is requesting rights in north China involving diplomatic, fiscal and administrative autonomy or the right to station troops along the Yangtze River.

The Department has replied directing the Chargé to inform the Vice Minister for Foreign Affairs orally, as under instruction, that the American Government is gratified to have direct from the Japanese Government the information as communicated by the Vice Minister, especially the assurance that the Japanese Government desires a diplomatic solution of the issues with China; that the American

Government

259-5

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

- 3 -

Government has observed with concern the reports which have appeared in the press in regard to Sino-Japanese relations; that the American Government will follow solicitously developments in the situation; and that it would be helpful to the American Government if the Japanese Government would continue to give this Government from time to time information which would clarify the situation.

Department of State,

Washington, October 6, 1936.

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see m.v.*
FE

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sent

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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. Hunt NARS, Date 12-18-75

October 15 1936

No. 276

STRICTLY CONFIDENTIAL.

To the American Ambassador,
Peiping.

The Secretary of State refers to recent correspondence in regard to relations between China and Japan and encloses for the strictly confidential information of the American Ambassador copies, as listed below, of various documents on this subject.

793.94/8254

Enclosures:

- Memorandum of conversation of September 30, between the British Chargé d'Affaires and Mr. Hamilton and Mr. Grew;
- Aide-Memoire of September 30, from British Embassy;
- Memorandum of conversation of October 2, between the French Ambassador and Mr. Hamilton;
- Memorandum of conversation of October 5, between the French Ambassador and Mr. Hamilton;
- Memorandum of conversation of October 6, between the British Chargé d'Affaires and Mr. Hornbeek;
- Aide-Memoire of October 6, to the British Embassy;
- Memorandum of conversation of October 10, between the French Ambassador and Mr. Hornbeek.

OCT 14 1936 PM

A true copy of the signed original.

Copy to Nanking.

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FE:ECC

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[Handwritten signatures and initials: J, E, S, K, H, etc.]
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a.m.w.

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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

10/13-11450
10/13-3120
10/14-12115

October 15 1938

No. 1123
STRICTLY CONFIDENTIAL.

To the American Chargé d'Affaires ad interim.
Tokyo.

The Secretary of State refers to recent correspondence in regard to relations between China and Japan and encloses for the strictly confidential information of the American Chargé d'Affaires copies, as listed below, of various documents on this subject.

793.94/3254

Enclosures:

- Memorandum of conversation of September 30, between the British Chargé d'Affaires and Mr. Hamilton and Mr. Grew;
- Aide-Mémoire of September 30, from British Embassy;
- Memorandum of conversation of October 2, between the French Ambassador and Mr. Hamilton;
- Memorandum of conversation of October 5, between the French Ambassador and Mr. Hamilton;
- Memorandum of conversation of October 6, between the British Chargé d'Affaires and Mr. Hornbeck;
- Aide-Mémoire of October 6, to the British Embassy;
- Memorandum of conversation of October 10, between the French Ambassador and Mr. Hornbeck.

OCT 14 1938 PM

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 A true copy of the signed original.
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0939

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

No. 1509
STRICTLY CONFIDENTIAL.

OCT 13 1938

To the American Chargé d'Affaires ad interim,
Paris.

The Secretary of State encloses for the strictly
confidential information of the American Chargé
d'affaires copies, as listed below, of various documents
in regard to relations between China and Japan.

793.94/8254

Enclosures:

Memorandum of conversation of
October 2, between the French
Ambassador and Mr. Hamilton;
Memorandum of October 3;
Memorandum of conversation of
October 5, between the French
Ambassador and Mr. Hamilton;
Memorandum of conversation of
October 10, between the French
Ambassador and Mr. Hornbeck. ?

OCT 14 1938

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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

October 15 1936

No. 1462

STRICTLY CONFIDENTIAL.

To the American Ambassador,
 London.

The Secretary of State refers to his telegram
 No. 372 of October 12, 1936, and encloses for the
 strictly confidential information of the American
 Ambassador copies, as listed below, of various documents
 in regard to relations between China and Japan.

793.94/3254

Enclosures:

Memorandum of conversation of
 September 30, between the British
 Chargé d'Affaires and Mr. Hamilton
 and Mr. Grew;
 Aide-Memoire of September 30, from
 British Embassy;
 Memorandum of conversation of October 2,
 between the French Ambassador and
 Mr. Hamilton;
 Memorandum of conversation of October 5,
 between the French Ambassador and
 Mr. Hamilton;
 Memorandum of conversation of October 6,
 between the British Chargé d'Affaires
 and Mr. Hornbeck;
 Aide-Memoire of October 6, to the
 British Embassy;
 Memorandum of conversation of October 10,
 between the French Ambassador and
 Mr. Hornbeck.

OCT 14 1936 PM
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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

JAPAN

A correspondent told the Secretary that he had received a despatch from London this morning stating that the British Government is bringing strong diplomatic pressure to bear on Japan to prevent further Japanese encroachment in China and that the United States Government is being informed by the British Government of each step they take. He asked if the Secretary could comment on this report. The Secretary replied that, naturally, this Government observes closely any developments in which it is interested that may be taking place in other parts of the world. In that connection this Government naturally assembles any and all information that relates to the developments which are under observation. He concluded that that was about all he had in mind on this subject at present. The correspondent asked if this Government is join-

RECEIVED
OCT - 7 1936
DIVISION OF
COMMUNICATIONS

Press Conference
October 3, 1936

793.94/8255

FILED
OCT 12 1936

793.94/8255

793.94/8255

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

DOCUMENT FILE

NOTE

SEE 893.01 Inner Mongolia/84 FOR Tel#492, 5pm

FROM China (Merrill) DATED Oct 9, 1936
TO NAME 1-1137 ***

REGARDING: Sino-Japanese negotiations :-

Political status of North China considered to be one point of focus, with the Japanese objective being the detachment of the five northern provinces from the authority of the National Government. Substantial difficulties are seen in the way of the Japanese program.

FRG.

793.94/ 8256

8256

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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GRAY AND SPECIAL GRAY

Peiping

Dated October 9, 1936

Rec'd 8:50 p.m.

NOTE
79394

Secretary of State
Washington

492, October 9, 5 p.m.

Embassy's 429, September 1, 2 p.m. /78

Reports appearing in the Chinese press for the past few days indicate a possible renewal of warlike activities on the Chahar-Suiyuan border. According to this information a conference began at Chapsur on October 5 between the important Chahar military leaders Teh Wang, Pao Yueh Ching, Li Shou Hsin, Wang Ying and others, in regard to important questions affecting Chahar and Suiyuan. Previous reports alleged that an airdrome and a wireless station have recently been established under Japanese initiative and control at Tingyuanying, northwest of Ninghsia, but that a similar project at Paotow was halted under pressure from Fu Tso Yi, Suiyuan chairman, and the interested Japanese forced to withdraw to Kalgan. The current press reports now allege that additional military forces, presumably Mongol or Manchukuo in complexion, have moved into Chahar from Jehol, and that Wang Ying's units at Shangtu have been strengthened in numbers and in addition furnished with four airplanes and four tanks; minor clashes are stated

893.01 Inner Mongolia/84

0948

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

U -2- #492, Oct. 9, 5 p.m. from Peiping

stated in the press to have been occurring in the past few days between these troops and the regular Suiyuan forces on the Chahar-Suiyuan border, and more important developments are alleged to be impending.

The SHANGHAI SHENPAO of October 5 in a lengthy analysis of the current Sino-Japanese situation considers the political status of North China to be one point of focus, with the Japanese objective being the detachment of the five northern provinces from the authority of the National Government. The newspapers believe that overt action will temporarily be withheld pending the conclusion of the conversations between Chiang Kai Shek and Kawagoe, but that the Japanese will appeal to force if necessary to achieve their ends in Hopei, where the expulsion of the 29th Army is desired, and in Suiyuan; the force applied would so far as possible wear a Chinese aspect to avoid unfavorable reaction in China and abroad. The newspapers conclude, however, that the spirit of the troops of the 29th Army and the close relationship between Suiyuan and Shansi, qualified as these factors would inevitably be by the character of the National Government's policy, put substantial difficulties in the way of the Japanese program in North China. This supposition is supported by a report obtained by the Consulate General at Tientsin from a source having connections in Inner Mongolia to the effect that the silingol Mongols and those from the west are opposing the present

0945
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

U -3- #492, Oct. 9, 5 p.m. from Peiping

present forward move in Suiyuan, and that any fighting will have to be done with Jehol or other Manchukuo Mongols or by "bandit" Chinese groups.

The Embassy considers that (one) the potentialities of the Suiyuan situation may largely be viewed as a threat which the Japanese (?) will use in the present negotiations (?), (two) important developments will probably be postponed pending the reaching of an agreement or a breakdown in the negotiations, but that (?) "demonstrations" may be staged in an effort to influence those negotiations, and (three) in the event of such breakdown, the Suiyuan situation may logically be expected to take on a more threatening aspect.

By mail to Tokyo.

MERRILL

GW:KLP

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

793.94

DOCUMENT FILE

NOTE

SEE 841.00 P.R./460 FOR #2560

FROM Great Britain (Atherton) DATED Oct. 5, 1936
TO NAME 1-1127 090

REGARDING: The London Press has devoted very little space
to the recent Sino-Japanese Incidents. Comments
by other newspapers regarding-

mb

793.94 / 8257

8257

094
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Hunsicker NARS, Date 12-18-75

Japan and China.

It is interesting to note that very little space has been devoted in the London press to the recent Sino-Japanese incidents. The MORNING POST, in an editorial entitled "The Lone Wolf", urges that by "working in friendly cooperation with Japan, Britain could help rehabilitate China and so bring peace, prosperity and contentment back to the Far East", while the MANCHESTER GUARDIAN regards the situation as critical and comments somewhat irrelevantly that "the historically minded will not be reassured by the memory that in 1931 the Japanese chose to strike in Manchuria at the very moment when the British Government was deciding to leave the gold standard".

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

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

U
1-1336
This telegram must be
closely paraphrased
before being communicated
to anyone. (A)

FROM

Nanking

Dated October 14, 1936

REC'd 7:37 a.m.

Secretary of State

Washington

300, October 14, 11 a.m.

My 298, October 9, 4 p.m. / 8248

One. Sino-Japanese situation remains calm and probability is that present lull will continue. Hsu Mo informs me that at yesterday's preliminary conversation between Suma and Kao Tsung Wu, chief of the Asiatic Affairs section of the Foreign Office, the latter explained to Suma the Chinese attitude which he presumed Kawagoe was communicating to his Government and that now they were awaiting further approach from the Japanese.

Two. Hsu Mo states that present negotiations differ radically from those which characterized the presentation of the twenty one demands in that whereas in that case the demands were specific in this case the Japanese have laid down general principles subject to diverse interpretations. He informed me that the Chinese had asked the Japanese to bring to them a detailed statement of their desires, explaining to me that certain of these general principles were on the surface innocuous. He said that there was no truth

in

795.54/8258

 F/FG

0945
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

U -2- #300, Oct. 14, 11 a.m. from Nanking

in published reports that the Japanese desired to station troops along the Yangtze or that the Japanese demanded the independence of North China. With reference to North China he said that the Japanese had merely asked the Central Government to give the local authorities a free hand in negotiations there but that the Chinese Government hesitated as it was unwilling to give blanket authority. He said that the Japanese had objected to the preponderance of European and American foreign advisers over Japanese advisers and that the Chinese Government in reply had indicated willingness to use Japanese advisers in technical lines if it were left free to hire and discharge Japanese at will as it had been free to do in the case of advisers of the other nationalities. Mr. Hsu expressed himself as feeling that the situation was dangerous as there was no leadership in Japan able to control ambitions of military who apparently were committed to a program intended to place China under the complete control of Japan.

Three. In concluding our conversation Hsu Mo asked whether I had any information from the Department or from our Embassy at Tokyo in regard to our attitude in these matters. I said to Hsu Mo that our interest in conditions here in the East was crystal clear; that it had been amply covered and explained in times past and that there was no

change

260-2

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

U -3- #300, Oct. 14, 11 a.m. from Nanking

change in attitude now. I said we were deeply interested in developments and that I would be grateful to him if he could keep Mr. Peck and myself currently informed in order that we might adequately inform the American Government.

Four. To the Department, copy to Peiping by hand of the Ambassador.

JOHNSON

KLP

560-3

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)

P A R A P H R A S E

STRICTLY CONFIDENTIAL

A telegram (No. 300) of October 14, 1936, from the American Ambassador at Nanking, reads substantially as follows:

It is probable that the present lull in the Sino-Japanese situation will continue. The American Ambassador has been informed by the Vice Minister for Foreign Affairs (Hsu Mo) that at the preliminary conversation on October 13 between the Chief of the Asiatic Affairs Section of the Foreign Office (Kao Tsung-wu) and the Secretary of the Japanese Embassy (Suma) Kao explained the Chinese attitude which it was assumed the Japanese Ambassador (Kawagoe) was communicating to the Japanese Government and that further approach from the Japanese was now awaited by the Chinese.

According to the Vice Minister, there is a radical difference between the negotiations going on now and those which characterized the presentation of the twenty-one demands. In the present case the Japanese have laid down general principles subject to various interpretations, whereas at the time of the twenty-one demands the demands were specific. Explaining that certain of these general principles laid down by the Japanese were on the surface innocuous, Hsu Mo informed the American Ambassador that the Chinese had asked the Japanese to bring them a detailed statement of Japanese desires. Hsu Mo stated that there was no truth in published reports to the effect that Japan demanded

560-4

0952

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

- 2 -

STRICTLY CONFIDENTIAL

demanding the independence of North China or wished to station troops along the Yangtze River; that the Japanese had merely asked the Nanking Government to give the local authorities in North China a free hand in negotiations there but that as the Chinese Government was unwilling to give blanket authority it had hesitated; and that, in reply to Japan's objections to the preponderance of American and European advisers over Japanese advisers, the Chinese Government had indicated its willingness to employ Japanese advisers in technical lines if left free to hire and discharge Japanese advisers at will as it had been free to do in the case of other foreign advisers. Hsu Mo felt that, as there was in Japan no leadership capable of controlling the ambitions of the military clique which seemingly was committed to a program planned to put China completely under Japan's control, the situation was dangerous.

793.94/8258

eg.c.
FE:EGC

X-15-36

FE
m.m.N.

260-5

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

PREPARING OFFICE
WILL INDICATE WHETHER

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Charge Department

TELEGRAM SENT

Department of State
DEPARTMENT OF STATE

TO BE TRANSMITTED
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☐ NONCONFIDENTIAL CODE
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The Charge Department is confidential
in its communication with the
other Charge Department
The Charge Department is confidential
in its communication with the
other Charge Department

1936 OCT 17 PM 1 07

Washington,
October 16, 1936.

AMEMBASSY,

PEIPING (China).

DIVISION OF
COMMUNICATIONS
AND RECORDS

For the Ambassador.

Your 298, October 9, 4 p.m., and 300, October 14,
11 a.m., from Nanking.

The particular occasion of your visit to Nanking was the diplomatic reception on October 10. In the telegrams under reference you report in regard to three conversations held by you while there. Department would appreciate having reports by radio or cable of attendance on the diplomatic reception and on any additional conversations which you may have had with other representative persons, of whatever nationalities, the substance of which would be of interest to Department, on such subjects as, for instance, the views of Chinese officialdom in regard to British or other foreign diplomatic endeavors in regard to present Sino-Japanese relations; Chinese income tax law, the Hukuang and Chicago Bank loans, American claims against China, your detailed estimate of the present situation between China and Japan, etc. Department assumes

793.94/8258

Enciphered by _____

Sent by operator _____ M., _____, 19 _____

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

260-6

0952

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

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
\$

TELEGRAM SENT

Department of State

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PARTAIR
PLAIN

Washington,

- 2 -

that you are sending some reports by mail, but Department
needs summary reports for current purposes.

Handwritten signature

8258
793.94/0018
MMH
FE:SKH/REK

Handwritten initials
FE

Handwritten initials
OCT 17 1938
Handwritten initials

Enciphered by 5144

Sent by operator M., 19

D. C. R.—No. 60

1-1462 U. S. GOVERNMENT PRINTING OFFICE

260-7

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 893.00 P.R. Amoy/108 FOR #101

FROM Amoy (Dick) DATED Sept 5, 1936
TO NAME 1-1127 ***

REGARDING: Sino-Japanese relations: Visit of Japanese fleet to Amoy, Aug 5; anticipated elevation in rank of the Japanese Consul to a Consulate General; several cases of assault by Formosans upon police and Customs Officers in connection with smuggling; other cases of assault perpetrated upon Chinese; the Chinese police having no power over Formosans; appearance of Japanese fishing vessels in Chinese waters protested.

FRG.

793.94/8259

8259

Japan

793.94
1. The Japanese fleet comprising 68 vessels of all classes, under Admiral Takahashi, arrived at Amoy on August 5, 1936, and sailed the following day. The Japanese Consul entertained in honor of the Admiral and his officers at tea.

No significance was attached to the visit except possibly to impress the Chinese with the might of the Japanese navy.

2. Notice has been received that funds have been provided for the elevation in rank of the Japanese Consulate to be a Consulate General. No date, however, was given for the change to become effective.

The Consul, Mr. Yamada, thinks that his promotion, if it comes, will be the latter part of the year. It is not known how this will affect the status of the Foochow office.

3. Several cases of assault by Formosans upon police and Customs Officers were recorded in connection with smuggling. Formosans attacked tax

- 4 -

tax farmers selling at public auction a seizure of smuggled sugar and then overpowered the police and took away their pistols, which weapons have not yet been returned by the Japanese Consular police.

Other cases of assault occurred on the steamers "CANTON MARU" and the "FUKIEN MARU", where 42 silver bars worth about \$2,000 were seized from several women passengers on the former vessel, and a quantity of undeclared fountain pens were seized on the latter vessel.

Several Customs Officers were wounded before five Formosans were arrested by the Japanese police.

4. Formosans, taking the law into their own hands, arrested a dock coolie for non-payment of a loan at a usurious rate of interest. Before his release by the police he had been tortured and forced to liquidate his indebtedness.

They also seized a boy for a loan of \$2.40, locked him up and beat him. He was allowed to escape after paying \$3.30.

A Formosan butcher, suspecting two Chinese employees to be thieves, caught them and tortured them in his shop. Their cries of agony brought the Amoy police, who called the Japanese police to rescue the victims.

The Chinese police have no power over Formosans.

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

- 5 -

5. The Japanese police arrested Mr. Chi Lin (紀林), ex-inspector of the Amoy tax office, and imprisoned him for ten days in the Japanese jail on Kulangsu. He is reported to have been beaten to extract his confession that he had assaulted a Formosan. His case was referred to the Mayor of Amoy for possible settlement.

6. Chinese fishermen are greatly perturbed because of the appearance of Japanese fishing vessels in their waters. Vigorous protests have been made to the Minister of Industry in hopes of preventing further depredations.

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

OCT 1 1936

October 2, 1936.

STRICTLY CONFIDENTIAL.

Subject: Call of the Chinese Ambassador
at 3:00 p. m. today.

S:
Mr. Secretary.

At the time of his call on you today the Chinese
Ambassador will take up with you, under instruction from
his Government, two questions:

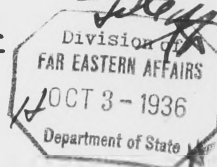
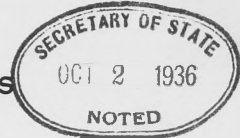
1. The Chinese Ambassador will urge
that the American Government take action
similar to that taken by the British Govern-
ment at Tokyo, namely, ask the Japanese Gov-
ernment to be moderate and conciliatory
toward China;

2. If there should unfortunately be a
clash, what would be the attitude of the
United States.

In commenting on the first question, there should be
avoided, in the light of Tokyo's telegram No. 200 of
October 1, 10 p. m., communicating to the Chinese Ambassador
the fact that we know that the British Ambassador at Tokyo
has approached the Japanese Government. We suggest that
you also avoid telling the Chinese Ambassador definitely
whether we will or will not make an approach to the
Japanese Government. You might make to him a general
statement along the lines of the attached draft.

With regard to the second question, it is suggested
that you emphasize the interest of the American Government
and of the American people in peace and express the earnest

hope



793.94/8260

CONFIDENTIAL FILE

F/FG

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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

- 2 -

hope that both the Chinese and the Japanese Governments
will follow a moderate and patient course.

mmh

MMH/REK

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

October 2, 1936.

DRAFT OF SUGGESTED STATEMENT TO BE MADE ORALLY
BY THE SECRETARY TO THE CHINESE AMBASSADOR.

We are following the present state of developments in relations between China and Japan with care and solicitous interest. We realize that the situation is serious. We wish to take all appropriate and practicable steps toward safeguarding the rights and interests of the United States and toward carrying out our obligations. At the same time we wish to avoid action which would be likely to have a harmful rather than a good effect. We earnestly hope that an impasse will not be reached in relations between China and Japan and that counsels of patience and moderation will prevail to the end that difficulties may be adjusted in a mutually satisfactory manner and with due regard to the rights and interests of all concerned.

From the inception in 1931 of the controversy between China and Japan, the United States took a position of leadership in clarifying the principles which were involved, which were of concern not only to China and Japan but to other countries as well. No effort is now being spared to determine what can usefully be done toward further clarifying these principles and toward making any appropriate contribution to careful observance by all of those principles.

Your

096
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

- 2 -

Your Government's communication will have our
most careful attention.

m. m. p.

MMH/REK *LMH*

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

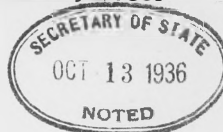
DIVISION OF FAR EASTERN AFFAIRS

CONFIDENTIAL

October 10, 1936.

Subject: The Situation in China.

8:
Mr. Secretary.



As a result of a meeting in Nanking on October 8 between General Chiang Kai-shek and the Japanese Ambassador, it appears that Sino-Japanese negotiations, suspended for several weeks, will be reopened, but whether or not those negotiations will result in a diplomatic settlement remains a matter for speculation and concern.

Press reports from both China and Japan indicate that Japan's desires with regard to the status of north China will probably constitute the most difficult issue in the negotiations because, on the one hand, the Japanese Army may be insistent upon a settlement granting to north China a degree of autonomy which will give the Army greater freedom to carry out its plans in that area, whereas, on the other hand, the probability of strong Chinese popular reaction against any further curtailment of Chinese sovereignty in north China makes it unlikely that the Chinese Government will accede to Japanese desires.

There are indications that the Japanese Government is prepared to modify its desiderata in regard to Japanese advisers to the Chinese Government, Sino-Japanese military cooperation

793.94/3261

FILE/FG

- 2 -

cooperation against communism, economic cooperation, tariff revision, and air service between China and Japan, provided satisfactory "arrangements" in regard to north China are reached. Reports indicate that the Chinese Government is prepared to consider modified Japanese desiderata but that it is opposed to granting any further degree of autonomy to north China. Hence, a general settlement would appear to depend largely upon a solution of the north China question.

While there is ample cause for misgiving concerning the possibility of success of the Sino-Japanese negotiations, the apparent anxiety of the Japanese Foreign Office and the Chinese Government to reach a diplomatic settlement at least warrants an optimistic belief that the negotiators will exert every effort to reach a compromise agreement in regard to the status of north China, and other matters.

In Shanghai, the situation underwent no material change during the week in review. In Hankow, the placing of a "dud" bomb in a Japanese shop by an unidentified person has caused a new wave of Japanese excitement. The incident indicates the instability of the situation which, although for the moment comparatively quiet, might readily become again acute should there occur in China further anti-Japanese incidents of a serious character.

JCV.
FE:JCV/VDM m.m.H.

SKH

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

OFFICE OF EMPLOYMENT ADVISER
DEPARTMENT OF STATE OCT 18 1936
DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
DIVISION OF STATE October 5, 1936.

Conversation.

Major Arthur Bassett, British-American Tobacco Company, Shanghai,
and Mr. Hamilton.

Subject: Conditions in China.

Major Bassett called and talked with Mr. Hamilton for about half an hour in regard to various aspects of the situation in China. During the course of the conversation he made comments in regard to various subjects as follows:

1. With regard to the situation in "Manchukuo", he said that, whereas as Japanese had previously functioned in the "Manchukuo" regime as advisers, Japanese were now being given many substantive appointments in governmental bureaus. He said that the British-American Tobacco Company had incorporated its firm doing business in Manchuria under "Manchukuo" law; that the enterprise was doing well and that he thought that it would continue to do so for a number of years, but that eventually the "Manchukuo" regime would force them out of the field.

2. With regard to the present state of relations between China and Japan, Major Bassett said that in his opinion Japan was, by making sweeping demands, laying down a barrage or smoke screen under cover of which Japan would proceed

793.94/3262

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0966

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

- 2 -

proceed to gain in North China an additional degree of autonomy and separation from Nanking. He said that while the Chinese talked a great deal about opposing Japanese aggression by armed resistance, he did not think that the Chinese would fight for a long time.

898-515 | 3. With regard to the present currency situation in China, Major Bassett said that he had no confidence in the present currency and financial arrangements.

124.93 | 4. Major Bassett expressed the view that the American Ambassador to China should spend a large portion of his time at Nanking. He said that a word from the Ambassador to a high-ranking Chinese official was much more effective in accomplishing results for American interests than any number of written communications which were turned over to subordinates for handling. Mr. Hamilton remarked that the Ambassador had during the past two years spent about half of his time at Nanking and that it was our understanding that the Ambassador would continue to divide his time between Peiping and Nanking in accordance with the needs of the general situation.

MMH/REK

0967

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

No. 271
CONFIDENTIAL - STAFF USE ONLY.

October 12 1936

To the American Ambassador,
Peiping.

The Secretary of State encloses for the confidential information of the American Ambassador a copy of a memorandum of a conversation of October 5, 1936, between Major Arthur Bassett, of the British-American Tobacco Company, Shanghai, and an officer of the Division of Far Eastern Affairs, in regard to conditions in China.

795.94/8262

Enclosure:

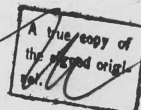
Memorandum of conversation.

Copy to Nanking.

FE:ECC

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OCT 10 1936
CR 1507

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0968

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

No. 1121
CONFIDENTIAL - STAFF USE ONLY.

October 12 1936

To the American Chargé d'Affaires ad interim,
Tokyo.

The Secretary of State encloses for the confidential information of the American Chargé d'Affaires a copy of a memorandum of a conversation of October 5, 1936, between Major Arthur Bassett, of the British-American Tobacco Company, Shanghai, and an officer of the Division of Far Eastern Affairs, in regard to conditions in China.

793.94/8262

Enclosure:

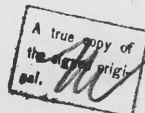
Memorandum of conversation.

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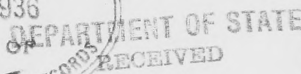
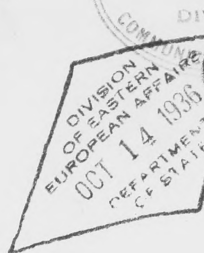
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OCT 10 1936



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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



OFFICE OF THE SECRETARY

Woods Hole, Mass.,
October 9, 1936.

My dear Secretary:

I have run across one or two things which may possibly interest you. In any event I ask your permission to pass them on.

I have recently had several visits with Dr. Hu Shih, the outstanding philosopher of China, who has been up at the Harvard celebration. In speaking about the situation at home he brings out one encouraging note: that the pressure and menace of the Japanese, so intense and so widespread in China, has had the salutary effect of uniting China as she has never been united before, a great and immensely valuable service. Social progress is going along fast in many ways, the old war lords have all vanished and their armies have been turned over to the central government. Chiang Kai-shek is in excellent health and is supported by a coalition government with all the people solidly behind him.

In Russia there are signs that Stalin is cracking and it is quite unthinkable that any Jew, Georgian, or representative of the minor nationalities can succeed him. So we may soon be witnessing the return of the Russian people to the control of their own government, a situation to be constantly watched.

I am glad to see that you are able, from time to time, to escape from the burdens of official pressure and say something to the people on your own account. It is highly important that you should.

With warm personal greetings,

Charles R. Crane

The Honorable
Cordell Hull,
Secretary of State,
Washington, D. C.

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FILED

0970

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

October 14 1936

Dear Mr. Crane:

I have your letter of October 9 and I appreciate
your thoughtfulness in passing on to me comments in
regard to the situations in China and in the Soviet Union.

With cordial good wishes, I am,

Sincerely yours,

Cordell Hull

793.94/8263

The Honorable

Charles R. Crane,

Woods Hole, Massachusetts.

10/13/36
FE:MMH:EJL

10/12/36

FE

EE

OCT 13 Rec'd



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

*Transcribed in strict
confidential*
COPIES SENT TO
O.N.I. AND M.I.D.
Jack

LMS

1-1236

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (A)

FROM

Nanking

Dated October 16, 1936

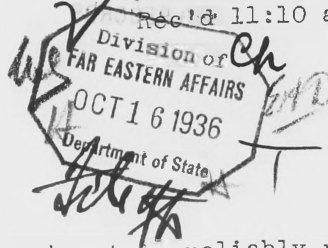
Rec'd 11:10 a. m.

Secretary of State,

Washington.

304

October 16, 7 p. m.



One. Government Department is reliably reported to be
packing archives preparatory to removal of the Government
from Nanking possibly to Changsha.

Two. Responsible officers of the Government have
just informed me, however, that although minute plans have
been prepared to effect removal when hostilities seem un-
avoidable this crisis does not seem imminent. One of these
informants stated that in the most recent conversations
between Suma and the Director of the Asiatic Department
the former has strongly insisted on joint military opera-
tions against communistic menace in Hopei-Chahar and Suiyuan
and on joint economic activities in Shantung, Shansi and
Suiyuan and has placed lessened emphasis on the other pro-
posals. The other informant did not think the Japanese
would press negotiations to the point of open break at this
moment possibly because of unstable condition of the Japa-
nese Cabinet but he asserted that "anything might happen".
It is confirmed that Han Fu Chu is arriving at Hangchow

October

793.94/8264

F/FG

561-1

0972
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

LMS 2-From Nanking, October 16, 7 p. m.

October 17 to confer with Chiang Kai Shek.

Repeated to Peiping, by mail to Tokyo.

PECK

CSB

561-2

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

(STRICTLY CONFIDENTIAL)

STRICTLY CONFIDENTIAL

P A R A P H R A S E

A telegram of October 16, 1936, from the American Embassy at Nanking, reads substantially as follows:

According to reliable information, a department of the Government is packing the archives in anticipation of the removal, possibly to Changsha, of the Government.

The Counselor of the Embassy has been informed by responsible Chinese Government officials, however, that although detailed plans have been made to move the Government when hostilities seem unavoidable such a crisis does not appear to be likely to happen immediately. According to one of the Counselor's informants, the Secretary of the Japanese Embassy (Suma), during the course of his latest conversations with the Director of the Asiatic Department, insisted strongly on joint economic activities in Shansi, Suiyuan and Shantung and on joint military operations against the communists in Suiyuan and Hopei-Chahar, placing lessened emphasis on the other proposals. The Counselor's other informant, although asserting that "anything might happen", was of the opinion that, possibly on account of the unstable condition of the Japanese Cabinet, the Japanese would not push negotiations to the point of an open break just at this time. A report that Han Fu-chu will come to Hangchow on October 17 for a conference with General Chiang

793.94/8264

FE:EC

X-17-36

FE

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

TELEGRAM RECEIVED

LMS

This telegram must be closely paraphrased before being communicated to anyone. (A)

FROM

Nanking

Dated October 16, 1936

Rec'd 1:10 p. m.

Secretary of State,

Washington.

305, October 16, 9 p. m.

My October 16, 7 p. m. /8224

CONFIDENTIAL. It is learned that General Chiang Kai Shek telegraphed instructions late this afternoon to the National Health Administration to collect personnel and prepare for transfer with full equipment including tents. Presumably this is merely a precautionary measure necessitated by the uncertainty of the situation.

Repeated to Peiping.

PECK

KLP

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



0975

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

(STRICTLY CONFIDENTIAL)

P A R A P H R A S E

STRICTLY CONFIDENTIAL

A telegram (No. 305) of October 16, 1936, from the American Embassy at Nanking, reads substantially as follows:

According to information received by the Embassy, the National Health Administration was telegraphically instructed by Chiang Kai-shek late in the afternoon of October 16 to get the personnel together and make ready to transfer with complete equipment including tents. It is assumed that the uncertainty of the situation has necessitated this step merely as a precautionary measure.

793.94/8265

eg.C.
FE:EGC

FE

X-17-36

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

October 2, 1936.

~~CONFIDENTIAL~~ 37

Conversation.
COMMUNICATIONS
AND RECORDS

Mr. André de Laboulaye, the French
Ambassador,

and Mr. Hamilton.

Subject: The Sino-Japanese Situation.

The French Ambassador, Mr. André de Laboulaye, called by appointment. He said that this morning he had received a cable from his Government stating that the French Government had been informed in London that the British Government had made an informal approach in Tokyo to the Japanese Government urging that the Japanese Government adopt a moderate and conciliatory attitude in its present relations with China. The Ambassador said that his cable asked him to call at the Department and inquire, in the light of the circumstance that the American Government was the "custodian" of the Washington Conference treaties, as to the attitude of the Department of State in the matter and whether the American Government planned to make an approach to the Japanese Government. The Ambassador said further that this cable indicated that the receipt of information in regard to the attitude of the American Government would be helpful to the French Government in itself reaching a decision in the matter.

Mr. Hamilton

793.94/8266

F/FG

0977
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 -

Mr. Hamilton said that we were of course following developments in the situation with especial care and concern and that we were endeavoring to assemble all possible information which would be helpful to us in adequately understanding the situation. Mr. Hamilton said that the Ambassador would realize that due to the position of leadership which the American Government took in the Sino-Japanese controversy in 1931 and the immediately ensuing years, in relation to a situation where there were involved rights, interests and obligations common to this and many other Governments, the American Government now, in order that any approach made by it to the Japanese Government might not have an adverse rather than a good effect, had to move perhaps more circumspectly than other governments: at least the American Government had to weigh very carefully the question whether any diplomatic action which it might take would be likely to do more harm than good.

The Ambassador stated that if and when the Department should reach a decision whether to make an approach to the Japanese Government, he would appreciate being informed of the nature of the decision. Mr. Hamilton said that he would be glad to do this.

W. W. W.

MMH/REK

562 - 2

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

October 3, 1936.

1936 OCT 16 PM 1 32

CONFIDENTIAL.

DIVISION OF
COMMUNICATIONS
AND RECORDS

Subject: The Sino-Japanese Situation

Division of
FAR EASTERN AFFAIRS
OCT 6 - 1936
Department of State

DCR

Copy sent to Paris

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793.94

1. Mr. Hamilton telephoned the French Ambassador and, referring to the French Ambassador's call on October 2 in regard to the Sino-Japanese situation, informed the Ambassador that the Department, following consultation with the American Charge at Tokyo and pursuant to a suggestion made by him, had cabled the Charge authorizing him to let the Japanese Government know by means of informal conversations that the American Government is watching the situation constantly with interest and concern; and that to this end the Department had suggested to the Charge that he take occasion as soon as practicable and speaking as on his own initiative to ask the Vice Minister for Foreign Affairs to comment in regard to the accuracy of the press reports of the differences between the Chinese and the Japanese Governments. Mr. Hamilton informed the Ambassador that we desire to avoid publicity and that we requested that the foregoing information in regard to the Department's instruction to the Charge at Tokyo be regarded by the French Government as strictly confidential. The Ambassador said that he would, in communicating this information to his Government, so inform it.

Mr. Hamilton

793.94/3267

F/FG

7

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

- 2 -

Mr. Hamilton said that we would be interested in receiving information as to whether the French Government would make an approach to the Japanese Government.

2. Mr. Hamilton also telephoned the British Chargé and, referring to the British Chargé's call on September 30, communicated to him for transmission to his Government the same information as that communicated to the French Ambassador. In talking with the British Chargé Mr. Hamilton stressed the fact that we desired that the information in regard to the Department's instruction to the American Chargé at Tokyo be treated as strictly confidential. The British Chargé stated that he would, in communicating with his Government, lay stress on this aspect.

m. m. H.

MMH/REK

C

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

Copies sent to London, Paris, Peking (Nanking), + Tokyo
DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

October 5, 1936.

Conversation. PM 1:30

Mr. André de Laboulaye, the French Ambassador
and Mr. Hamilton.

793.94
Subject: The Sino-Japanese Situation

Following a preliminary telephone conversation

Mr. Hamilton called on the French Ambassador and, referring to the information which Mr. Hamilton had communicated to the Ambassador on October 3 in regard to the instruction which the Department had cabled the American Chargé at Tokyo authorizing the Chargé to let the Japanese Government know by means of informal conversations that the American Government is watching the Sino-Japanese situation with interest and concern, Mr. Hamilton orally informed the Ambassador substantially as follows:

On October 3, prior to the receipt by the Chargé of the Department's instruction, the Japanese Vice Minister for Foreign Affairs asked a senior officer of the American Embassy to call, at which time the Vice Minister referred to press reports and denied that Japan was requesting rights in North China involving diplomatic, fiscal and administrative autonomy or the right to station troops along the Yangtze River. The Vice Minister stated further that Japan desired that China take effective steps to eradicate anti-Japanese activity in China and that at the same time Japan wished to clear up other questions which he could not enumerate but that Japan's desires in connection with these other questions were not unconditional demands. The Vice Minister stated also that Japan desired to obtain a solution of issues by diplomatic means and he requested that

the

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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

- 2 -

the Embassy inform the American Government in regard to the matter.

In the light of this development the Department has cabled the Chargé to inform the Vice Minister for Foreign Affairs orally, as under instruction, that the American Government is gratified to have direct from the Japanese Government the information as communicated by the Vice Minister, especially the assurance that the Japanese Government desires a diplomatic solution of the issues with China; that the American Government has observed with concern the reports which have appeared in the press in regard to Sino-Japanese relations; that the American Government will follow solicitously developments in the situation; and that it would be helpful to the American Government if the Japanese Government would continue to give this Government from time to time information which would clarify the situation.

Mr. Hamilton requested that the Ambassador and his Government regard the information communicated to the Ambassador as strictly confidential. The Ambassador said that he understood that the information was confidential and that he would so inform his Government. He also thanked Mr. Hamilton for communicating the information to him.

MMH/REK

Sitt

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

U 1-1836

This telegram must be closely paraphrased before being communicated to anyone. (A)

FROM

Nanking

Dated October 17, 1936

Rec'd 7:16 a.m.

Secretary of State

Washington

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

DIVISION
FAR EASTERN AFFAIRS

OCT 17 1936

Department of State

308, October 17, 3 p.m.

My 305, October 16, 9 p.m. / 8265

One. The Director of the Publicity Department of the Foreign Office this morning informed me that Suma and the Director of the Asiatic Department have had two conferences since October 8th preparatory to another meeting between the Japanese Ambassador and the Chinese Minister for Foreign Affairs. He said the Ambassador had received fresh instructions from Tokyo since the visit of Kuwajima and that another meeting will almost certainly take place next week. Informant seemed to withhold much information and was obviously constrained.

Two. The confidential aide to the Minister of this morning assured me that the present obscure situation would be clear to me "in a very short time". A German military adviser told an officer of the Embassy last night that the Chinese military are considering the possibility of an attempt by the Japanese to provoke a decisive campaign in the Shanghai-Hangchow-Nanking area the object

of

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F/F/G

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098

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

U -2- #308, Oct. 17, 3 p.m. from Nanking.

of which would be to crush the pick of the Chinese forces. Informant was of the opinion that the Chinese would accept such a challenge if made, counting on difficult terrain to counteract Japanese tanks. The Chinese alternative strategy would of course be to revert to their former plan of abandoning this area in order to conduct protracted guerrilla warfare in the interior.

Three. Sent to the Department and Peiping.

PECK

WSB

263-2

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

(STRICTLY CONFIDENTIAL)

P A R A P H R A S E

A telegram (No. 308) of October 17, 1936, from the American Embassy at Nanking reads substantially as follows:

According to information received by the Counselor of the Embassy from the Director of the Publicity Department of the Foreign Office, the Director of the Asiatic Department and the Secretary of the Japanese Embassy (Suma) have conferred twice since October 8 preparatory to another meeting between the Chinese Minister for Foreign Affairs and the Japanese Ambassador. The informant who was obviously constrained and appeared to withhold much information stated that the Japanese Ambassador had received, since the visit of Kuwajima, fresh instructions from Tokyo and that almost certainly there will be another meeting next week.

On the morning of October 17 the Counselor of the American Embassy was assured by the Minister of War's confidential aide that "in a very short time" the present obscure situation would be plain to him (the Counselor). On October 16 a member of the Embassy staff was informed by a German military adviser that the Chinese military is considering the possibility that the Japanese, with the object of crushing the pick of the Chinese forces, may try to provoke a decisive campaign in the Nanking-Hangchow-Shanghai area. It was the opinion of this informant that if such a challenge were made the Chinese, relying on difficult terrain to counteract Japanese tanks, would accept the challenge. Of course alternative strategy on the part of the Chinese would be to go back to their earlier plan of

giving

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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

(STRICTLY CONFIDENTIAL)

- 2 -

giving up the above mentioned area so that they might
be able to carry on in the interior of the country a
long drawn out guerrilla warfare.

793.94/8269

EGC.
FE:EDC

FE
my m. l. d.

X-19-36

263-4

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

CONFIDENTIAL

NOTED

September 26, 1936.

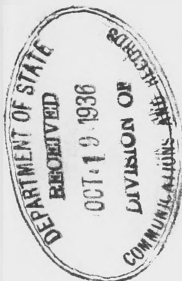
Subject: The Situation in China.

S:
Mr. Secretary.

The tension during the past month between China and Japan was further heightened on September 23 when a sailor in the Japanese Navy was fatally shot and two sailors were wounded in the International Settlement at Shanghai. Japanese naval patrols were landed immediately and later the Japanese marine detachment at Shanghai was increased by 500 men, bringing the total strength to about 2400. Anxiety concerning the situation has been somewhat allayed by recent reports that Shanghai is quiet, that Japanese patrols have been reduced, and that the tension in Shanghai has relaxed.

Additional Japanese marines have been landed in Hankow, where a Japanese policeman was shot on September 13, and Japanese marines are reported to have accompanied a Japanese party landing at Pakhoi to investigate the murder there on September 3 of a Japanese druggist. Japanese naval strength in China has been increased and the Japanese Minister of Navy has informed the Japanese Cabinet, according to the press, that preparations have been completed for the protection of Japanese lives in China.

However,



793.94/8270

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- 2 -

However, official and press reports indicate that the Japanese Foreign Office will continue to seek a diplomatic settlement with the Chinese Government and to this end the Japanese Ambassador to China is to continue his negotiations and an effort is being made to have General Chiang Kai-shek return to Nanking (from Canton) to participate in these negotiations.

The series of anti-Japanese incidents has without doubt strengthened the Japanese position in negotiations with China. In addition to obtaining a settlement of the various incidents and demanding assurances (possibly guarantees) from the Chinese Government that there will be a cessation of anti-Japanese activity in China, it is probable that the Japanese Government will seek political concessions along the lines of Sino-Japanese cooperation against communism in China; Sino-Japanese economic cooperation, with special reference to north China and to Chinese import duty schedules; and clarification of the north China situation with a view to an extension of the autonomous character of that area under Japanese influence.

Although the present situation contains a serious threat to continued peace between China and Japan, the Japanese Foreign Office and the Chinese Government give evidence of desiring to avoid an open rupture and to reach a settlement through negotiation. However, any
further

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

- 3 -

further incidents, or failure of processes of negotiation, may result in the use of force by the Japanese military services to compel a settlement along lines desired by Japan.

The seriousness with which the Japanese Government views the situation is emphasized by the fact that first the Japanese Navy Minister and later the Japanese Emperor cancelled plans to witness Japanese military and naval maneuvers now being held.

A telegram just received from Shanghai reports that the Japanese Counselor of Embassy has told our Consul General that "Japanese are taking a very strong attitude".

In this situation almost anything may happen. It appears now however that the chances are against there developing now at Shanghai a resort to hostilities.

JCV
FE:JCV/VDM

m.m.H.
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SKT

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

October 22, 1936.

MSM
MMH

Peiping's despatch No. 724, September 17, 1936, forwards a memorandum of conversation between the Commercial Secretary of the British Embassy, Peiping (Mr. Hutchison), and the Chief of the Finance Department of the Hopei-Chahar Council (Mr. Kuo), in regard to the reported organization of a (customs) Chief Inspectorate for Hopei-Chahar which was to collect duties on special (smuggled) goods at rates one-eighth of the regular Chinese customs duties.

Mr. Hutchison informed Mr. Kuo that he called to inquire, under instructions from the British Government in regard to this matter and to express British concern.

Mr. Kuo stated that the organization of a new Chief Inspectorate was necessary in order to deal administratively with the problem of smuggled goods. He did not know what the duty rate was to be.

(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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS


-2-

(The British Counselor had been informed that the full customs rate would be collected and that duties collected would be retained by the Hopei-Chahar Council.)

Our Embassy states that Mr. Kuo's remarks should be taken with considerable reserve.

(There have been no recent indications that the Inspectorate is to be established).

No action required.


FE:JCV:VCI

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



EMBASSY OF THE
UNITED STATES OF AMERICA

No. 724

Peiping, September 17, 1936.

Subject: Proposed "Consumption Tax" on Smuggled Goods.

CONFIDENTIAL

793.94 / 8123
8127
8133
8147

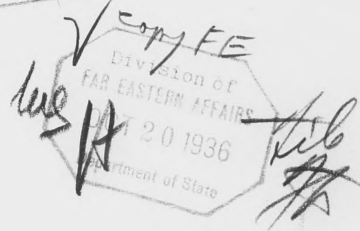


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DEPARTMENT OF STATE

1936 OCT 10 AM 11 39

DIVISION OF
COMMUNICATIONS
AND RECORDS

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For	In U.S.A.		



793.94/8271

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to refer to my telegram No. 449 of September 16, 9 a.m., and previous correspondence, with regard to the proposed "consumption tax" on smuggled goods within the jurisdiction of the Hopei-Chahar Political Council, and to enclose a copy of a memorandum of a conversation of September 3, 1936, between the Commercial Secretary of the British Embassy, Mr. J. C. Hutchison, and Mr. Kuo Chih-han, the Head of the Finance Department of the Hopei-Chahar Political Council, on that subject.

The

F/FG

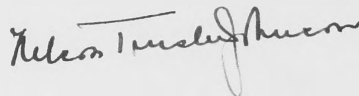
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Quastgen NARS, Date 12-18-75

- 2 -

The copy of the memorandum was supplied to the Embassy
by Mr. Hutchison in confidence.

Mr. Kuo's remarks should be taken with considerable
reserve.

Respectfully yours,



Nelson Trusler Johnson.

Enclosure:

- 1/ Copy of memorandum of conversation,
Mr. J. C. Hutchison and Mr. Kuo
Chih-han, September 3, 1936.

Original and 1 copy to the Department.
Copy to American Embassy, Nanking.

624.4

LES/rd

0993

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

CORRECT COPY
RD

MEMORANDUM

Yenshan-Tsangchow Smuggling Prevention Bureau
and
Special Consumption Tax on Contraband.

INTERVIEW

Commercial Secretary, Peking, with Kuo Chih-han (過之翰),
Head of the Finance Department of the Hopei-Chahar Political
Council.

Assistant Chinese Secretary also present.

3rd. September 1936.

I told Mr. Kuo that I had called today on
instructions from His Majesty's Chargé d'Affaires to make
certain enquiries of him regarding reports which had appeared
in the press to the effect that the Tsanghsien-Yenshan Coastal
Inspection Bureau, which had been established in April 1936,
was to be reorganised as the Chief Inspectorate of the Hopei-
Chahar Council to control a new system for the collection of a
"consumption tax" on contraband goods. I explained that we had
seen reports in the vernacular press from time to time to the
effect that the former Tsanghsien-Yenshan Coastal Inspection
Bureau had been collecting a tax on contraband goods enter-
ing the area in the neighbourhood of Chikou which was at the
rate of 1/8 of the Maritime Customs import duties, but that
the Customs Preventive Service, and the measures taken by the
Central Government to prevent distribution of contraband on
the railways, had proved so effective as to limit to very small
quantities the import of smuggled goods into that area. I

/ added

- 2 -

added that recent reports which had appeared in the local Japanese, Chinese, and foreign press were to the effect that the new Chief Inspectorate of the Hopei-Chahar Council, which was to be under the control of Wang Hung-en and Yuan Ch'ung-t'i, the former Chief and Assistant Chief of the old Bureau, would open offices at Peking, Tientsin, Kalgan, Paoting, Kaoyang, Tsanghsien, Shihchiachwang, Potou and Chikou, and would levy a "consumption tax" at the rate of 1/8 of the Customs Import Duties on contraband goods in Hopei and Chahar, after which such goods would be entitled to the protection of the provincial authorities and no longer subject to seizure by the Customs.

At this point Mr. Kuo interrupted me to say that he knew all about this matter and would give me full particulars. He stated that the Bureau which had been established in April had functioned merely on the coast near Chikou as auxiliary to the Customs Preventive Service, but that contraband, (in spite of the activities of the Bureau, the Customs Preventive Service, and the measures taken by the Chinese Government to prevent distribution on the railways), had found its way in large quantities into the interior. The Central Government had invoked the assistance of the Chambers of Commerce in all the larger towns in the interior in their attempts to prevent the sale of contraband goods, and an elaborate system had been set up of Customs passes and sub-passes to cover duty-paid goods to their destination. The expansion of the Bureau into the new Chief Inspectorate was necessary in order to deal administratively with this problem of

/contraband

- 3 -

contraband stocks in the interior. The whole question had been discussed by the Council with a Mr. Li Yu-wan (or Li Ching-hsüan), an adviser to the Minister of Finance, who had returned to Nanking two days ago.

Mr. Kuo's own suggestion had been to re-establish a system of barriers similar to those which had been in force under the likin system and to confiscate at these barriers all goods which were not accompanied by a pass to show that they had paid regular import duty. Mr. Li, however, had considered this impracticable, and had preferred the scheme now about to be put into force. Under this new scheme all persons now in possession of contraband were, within a given limit of time (as yet undetermined), to report their holdings of contraband to the offices of the Inspectorate and on payment of "Customs duty" (to an amount as yet undetermined) the goods would be released. Non-duty-paid goods, not reported within the time limit prescribed, would be confiscated.

Mr. Kuo stated categorically, and more than once in the course of the conversation, that the former Bureau had never levied a "consumption tax" of any kind, and that there was no intention that the new Inspectorate would levy a "consumption tax" of any kind. With regard to the "Customs Duty" which was to be levied by the Inspectorate on existing contraband duly reported, Mr. Kuo said that he did not know whether this was to be equal to the normal Customs import duty, that the amount had not yet been fixed, and that this was a matter which would be dealt with by the Inspectorate who would report their proposals as to the amount of "Customs Duty" to the Council for approval.

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- 4 -

were. I said that the whole question was one which we regarded as being of the greatest importance, for, not only did it affect directly British firms established in this area and British goods imported into it, but also it would obviously have serious reactions on the Customs revenues on which British loans were secured, if

There will be reactions, even if the full amount of "customs duty" is levied that he did not know what amount would be fixed for the if part or whole of "Customs Duty" to be levied by the Inspectorate on contra- that amount accrues to the Council and not to the Customs.
A.L.S.

band by the new Inspectorate were to be anything less than the normal Customs import duties. Mr. Kuo repeated that he did not know what amount would be fixed for the "Customs Duty" to be levied by the Inspectorate on contra- band. He went on to explain that the measures contemplated were merely in the nature of a temporary expedient to liquidate the very serious situation which had arisen owing to the vast amount of contraband now in stock in Tientsin and the interior. This contraband was in the country, sooner or later it would find its way at very low prices to consumers, and, meanwhile, not only had the price of all such goods fallen to an uneconomic level, but regular importers found themselves unable to do any business: from the point of view of legitimate traders it was obviously better, (as it were), to cut their losses and clear the market which was at present cluttered up with contraband; even if the "Customs Duty" levied by the Inspectorate should be less than the normal Customs import duties it would still add something to the prices of contraband goods, and consequently narrow the margin between their prices and those of legitimate imports. So far as foreign loans secured on Customs revenues

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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

November 4, 1936.

~~RHD:~~

~~MSM:~~

~~MMH:~~

SKH to note summary on pp 10-11. H
This despatch, written by Mr. Ballantine, is an excellent resumé of Sino-Japanese relations for the two-week period ended September 30.

Although you are probably familiar with the events and tendencies described therein you may wish to glance through the despatch. Note the summary on pages 10-11.

It is suggested that you glance through the appended press clipping of an interview between Mr. Arita and press correspondents.

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A/c



No. 2061.

AMERICAN EMBASSY
Tokyo, October 1, 1936.

SUBJECT: SINO-JAPANESE RELATIONS.

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

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Division of
FAR EASTERN AFFAIRS
OCT 20 1936
Department of State

END

The Honorable

The Secretary of State,
Washington.

Sir:

I have the honor to submit the following report upon Sino-Japanese relations, supplementing that contained in Embassy's despatch No. 2041/8230 of September 17, 1936.

The apprehensions which had prevailed in Japan that the anniversary of the September 18 incident in Mukden might be made the occasion for further attacks upon Japanese in China were realized when there occurred in close succession the Swatow, Fengtai, Hankow and Shanghai affairs.

On

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On September 17 at Swatow a hand grenade was thrown into a restaurant owned by a Japanese which led the Japanese consul to demand the arrest and punishment of the perpetrator of the crime.

The Fengtai incident of September 18 was precipitated when a Chinese soldier in a company of Chinese soldiers which was passing a Japanese body of troops struck the horse of a Japanese trooper. The Japanese demanded and received an apology of the Chinese and the troops involved were ordered removed from the Fengtai barracks.

On the same day two incidents occurred in Hankow. A "Manchukuo" official of Korean nationality was molested on a train by a mob and some of his valuables taken away. The other incident was the killing by Chinese of a Japanese consular policeman while patrolling the border of the Japanese concession at Hankow which led to Japanese bluejackets being landed and special guard orders enforced.

On September 23 in Shanghai Japanese bluejackets were fired at by Chinese from a running bus with the result that one was killed and two wounded.

Each of these incidents aroused a wave of popular feeling in Japan against China and resulted in a further stiffening of Japan's attitude. After the Hankow incident the Japanese Government, according to ASAHI, decided to combine this case with the Chengtu and Pakhoi incidents and to bring home to the Nanking Government as forcefully as possible its responsibility for them. The ASAHI added that the Minister of Foreign Affairs had reached

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reached the conclusion that it should be pointed out to China that the systematic anti-Japanese movement guided by the National Government and the Kuomintang was not only a violation of Sino-Japanese friendship but was contrary to the interests of China itself and that China should be urged to awaken to the realities and come forward for the fundamental readjustment of Sino-Japanese relations in all sincerity.

Various accounts have been published in the vernacular press regarding the progress of the negotiations at Nanking and the nature of the Japanese demands. The following is a summary of that published on September 29 by the YOMIURI, a journal of good standing said to have the third largest circulation in Tokyo:

"Sino-Japanese negotiations at Nanking are practically in suspense due to the ambiguous attitude of Chiang Kai-shek regarding the question of his return to Nanking. The reason for Japan's request that he return from Canton to conduct the negotiations personally is that Japan realized from a reply given by Chang Chun to Japan's demands at an interview with Ambassador Kawagoe on September 23 that further negotiations with the Foreign Minister would be futile. At the interview between the two on September 15 and at subsequent ones between Consul General Suma and Mr. Kao, Japan, in addition to making the usual demands incidental to the settlement of the Chengtu incident, asked as a means of improving Sino-Japanese relations (1) that the National Government formally recognize the autonomy of the Five Northern Provinces; (2) that the present high customs tariff be revised; (3) that China agree to conclude an agreement relating to communications between China and Japan and (4) that China engage Japanese advisers.

"The National Government promptly despatched Kao to Canton with the demands, and on September 23 Chang Chun made to the Japanese Ambassador a reply which had apparently been dictated by Chiang Kai-shek. The reply stated that the National Government was fully

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- 4 -

fully cognisant of Japan's special rights in North China, and was prepared to grant the Five Northern Provinces a certain measure of autonomy, but as China could not accede to demands which might lead to the impairment of its sovereignty, further details were requested regarding Japan's proposals relative to autonomy in respect to foreign relations, internal administration and finance. The reply further pointed out that China could not agree to the establishment of such a regime as that in East Hopei. In regard to the question of the revision of the Chinese customs tariff the reply observed that technical points were now being studied by representatives of the two parties and that a satisfactory issue might result from the continuance of the negotiations. The reply finally stated that in regard to a communications agreement and the employment of Japanese advisers the National Government was prepared to consider them sympathetically".

The YOMIURI goes on to say that the Japanese Foreign Office is of the opinion that the Japanese Government in rejoinder to the foregoing reply should point out to China that since the breakdown in the negotiations between Lt. Gen. Tada and General Ho Ying-chin the North China question has remained a cancer in the relations of the two countries, that China's reference in its reply to its inability to accept demands affecting China's sovereignty indicated that China would reject Japanese demands for an autonomous North China by invoking the Nine Power Treaty; and that China was evading responsibility for the Chengtu and other incidents and not meeting Japan's desire to adjust and improve relations.

Turning back to the situation at Pakhoi, the navy continued to manifest a strong attitude in demanding that the National Government take steps to evacuate the 19th route army and in threatening to take matters in its own hands if such evacuation were not completed by a definite date to be arranged with Nanking. Fortunately, however, the

19th

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

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19th route army evacuated Pakhoi on the 21st, which enabled the Japanese investigators to land at Pakhoi on the following day and thus tension in relation to this phase of the situation was relieved.

At this point it is worth mentioning that owing to the proximity of Pakhoi to the island of Hainan there has been some speculation over possible Japanese objectives in that direction. The Tokyo NICHU NICHU published an article from its special correspondent in Shanghai on Hainan, describing its strategic and potential economic value. Although the article referred to French influence there, it made no mention of the non-Alienation Agreement of 1897 between France and China of which, according to American newspaper correspondents in Tokyo, the French Ambassador has taken occasion to remind the Japanese Foreign Minister.

On September 21, the Navy Department announced that as the situation in China had developed to a point that it could no longer rely wholly on the Chinese authorities to protect Japanese nationals in China it had decided to organize a special landing force to be despatched to China to augment the naval forces there. The Embassy was subsequently informed that this landing force 500 strong was disembarked from a naval transport at Shanghai on September 25.

On September 24, following the Shanghai incident, the Navy Department, according to DOMEI, held a conference the upshot of which was a decision for the execution of which sanction was obtained from the Emperor just prior to his

departure

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departure that morning to attend the maneuvers in Hokkaido. No authoritative announcement has been made regarding the nature of this decision nor has it yet apparently led to any action which would seem to have made Imperial sanction necessary. The Navy Department further issued an announcement to the effect that in view of the gravity of the situation the projected trip of the Minister of the Navy to attend the maneuvers in Hokkaido had been cancelled.

The HOCHI reported on September 24 that the reaction in Foreign Office circles to the Shanghai affair was that it was regarded as a deliberate challenge to Japan's fighting services, that this and previous incidents were judged to be premeditated outrages, that because there seemed to be no end to them it was most urgent that Japan take steps to protect Japanese lives and property, and that a turning point had been reached in Japan's formal negotiations which would now be forced to undergo a new shift.

On September 25, the JAPAN ADVERTISER reported that according to DOMEI it had been decided at a conference of representatives of the Foreign Office and the Navy and War Departments to continue the negotiations at Nanking and to press the Chinese authorities to make clear their final attitude towards the adjustment of Sino-Japanese relations proposed by Japan, and that if Foreign Minister Chang Chun continued to be evasive to demand the return of Chiang Kai-shek from Canton to Nanking. Reports in other vernacular papers also were

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to the effect that there was no change in Japan's fundamental policy towards China, a statement which was confirmed to the Embassy that day by the Vice Minister for Foreign Affairs.

On September 25, all of the press reported that the Minister for Foreign Affairs, Mr. Arita, had sent for the Chinese Ambassador on the previous day and told him that in the three conversations so far held between Ambassador Kawagoe and Foreign Minister Cheng Chun no progress had been made, from which the Japanese Foreign Minister gained the impression that the National Government did not really appreciate the situation. Mr. Arita said that, as a reaction to this, public opinion in Japan had stiffened and there was talk in some quarters that the negotiations should be broken off as quite useless. He expressed his belief that the time had come for General Chiang Kai-shek, the supreme authority in China, to return to Nanking and to undertake himself the negotiations with Japan and to decide upon China's attitude towards Japan's demands. It is further reported that Ambassador Hsu replied by promising to convey the Foreign Minister's wishes to Chiang Kai-shek.

1/ On September 28, the Minister for Foreign Affairs invited foreign press correspondents to the Foreign Office and read to them a prepared statement in regard to China policy. There is enclosed a clipping from the JAPAN ADVERTISER of September 29 containing the statement together with a report of the press conference following the delivery of the statement.

In

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In that statement the Foreign Minister, after referring to his efforts since assuming office to adjust Sino-Japanese relations which he said had achieved no tangible result and to the gloomy atmosphere caused by the fact that outstanding questions had remained unsettled, cited the various recent incidents which had occurred and which he ascribed to anti-Japanese education and instigation inspired by the National Government and the Kuomintang. Mr. Arita argued that a decisive forward step should be taken by China to eradicate the fundamental cause of these incidents. He affirmed that although it was in this spirit that the Japanese Government was conducting negotiations with the Nanking Government and although it was Japan's sincere desire to achieve through diplomacy the stability of East Asia, the negotiations were making no progress. Referring then to the opinion which he said was steadily gaining ground among Japanese that further negotiations with China were useless, the Foreign Minister explained that if the negotiations were so terminated the lives and property of a large Japanese population in China could not be left exposed to further danger and it would be necessary to consider the steps to be taken. Mr. Arita therefore emphasized that negotiations could not be left to drift and that China was now at the crossroads where it must decide whether or not to shake hands with Japan. He concluded with the hope that China would grasp Japan's hand in friendly response whatever difficulties she might have to surmount.

It will be noted that no mention was made in the Foreign Minister's statement of the nature or scope of

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

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the demands which the Japanese Government had made or proposed to make to the National Government. In fact in replying to an inquiry of a correspondent as to whether it could be assumed that political relations must be solved before economic questions could be taken up, Mr. Arita said that he was not now reviewing the whole of the Chinese question but only the aspects arising from the Chengtu affair. To another correspondent who asked if a settlement of the North China question was linked with the present negotiations, the Foreign Minister said he was sorry but that he could not go into the nature of the negotiations.

The circumstances surrounding the issuance of the statement to the foreign correspondents would seem to indicate, in the opinion of many observers, that the Japanese Government has decided to make a determined effort to secure through diplomatic means a settlement in the way it desires of pending questions with China before deciding upon any further course of action. The purpose of the statement would thus seem primarily to be in the nature of a warning to China. This opinion is borne out by the fact that no further local developments in the Sino-Japanese situation have transpired, as it would appear that it is the purpose of the Japanese Government to wait and see what effect this statement will have in China.

Summary

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Summary.

The developments in Sino-Japanese relations during the past two weeks have served to gain support in Japanese political circles for the advocate of a strong China policy and to strengthen the force of public opinion behind them. Japan's objectives in addition to the immediate settlement of the incidents appear to be (1) the eradication by China of anti-Japanese activities which would incidentally have the effect of embarrassing Chiang Kai-shek with the Kuomintang and weaken his position; and (2) the creation of an autonomous regime under Japanese influence in North China. There would appear to be also other minor objectives, such as the reduction of China's customs duties and the appointment of Japanese advisers to the National Government. In this connection, it is well to bear in mind Hirota's three points which underlie Japan's objectives in China.

There are evidences that it is Japan's policy to press China to give in to the Japanese demands, as far as can be done short of resort to outright military coercion, using to the best advantage the leverage afforded by the series of incidents that have occurred. Should China refuse to accede to the demands relating to the suppression of anti-Japanese activities, there will probably be an increase in the naval protection for Japanese residents in port cities. If Nanking refuses to give way to the demands relating to North China, the Japanese army will probably pursue a policy
of

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of slow and steady penetration advancing towards
the goal as opportunities present themselves.

Respectfully yours,

E. R. Dickover

E. R. Dickover
Chargé d'Affaires ad interim.

Enclosure: Clipping from the JAPAN ADVERTISER of
September 29.

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Copy to Embassy, Peiping.

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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. 1, to despatch
No. 2061, dated Oct. 1, 1936.
from the Embassy at Tokyo.

The Japan Advertiser.

Tokyo, Tuesday, Sept. 29, 1936.

RELATIONS WITH CHINA TO GROW MUCH BETTER OR MUCH WORSE, ARITA TELLS CORRESPONDENTS

Foreign Minister Says Nanking
Must Decide Whether
to Shake Hands

PEACEFUL SOLUTION HOPED

If Negotiations Fail, Steps to
Protect Japanese Lives Must
Be Considered

DEMANDS REMAIN SECRET

Sino-Japanese relations can only become "either very much better or very much worse" as the outcome of the negotiations at Nanking for settlement of the situation created by the series of anti-Japanese incidents in China, Foreign Minister Hachiro Arita declared in a statement he read to foreign newspaper correspondents assembled in his official residence yesterday afternoon.

China is at momentous crossroads, he also said. It must decide whether or not to shake hands with Japan. Whatever difficulties it may mean, he hoped that it will shake hands.

Reviewing the situation, Mr. Arita pointed out that in the past 10 months there have been more than a dozen "outrages of unspeakable violence" against Japanese at the hands of Chinese agitators. They are regarded as logical consequences of various forms of anti-Japanese policy practised for many years, for which the Nanking Government and the Kuomintang cannot evade responsibility.

Settlement Not Enough

Mere settlement of the incidents is not enough, he continued. Anti-Japanese agitation must be effectively controlled by China, and Sino-Japanese relations must be improved drastically to eradicate the cause of anti-Japanese trouble. If necessary, consideration must be given to measures to meet the Communist menace. These are the aims of negotiations which have been going on with Nanking, but no appreciable progress has been made.

Japan desires, said the Foreign Minister, "that a settlement may, as far as possible, be peaceably reached through diplomatic negotiations." Opinion is steadily growing, however, that further negotiations are useless. If the negotiations break down, consideration will have to be given to steps to protect Japanese lives and property in China.

Questioned following the statement, Mr. Arita declined to reveal what demands are being made at Nanking. Nor would he confirm press reports that settlement of the North China problem is being linked with settlement of the incidents.

Statement Given

The Foreign Minister's statement follows:

"I had occasion, in our interview on April 25 last, to explain to you at some length the foreign policy of my country.

"Since assuming the office of Minister for Foreign Affairs, I have been endeavoring to adjust the relations between Japan and China as prerequisite to stability in East Asia. Unfortunately, however, our endeavor has yielded no tangible result. On the contrary, various questions having been left unsettled, there has been created a gloomy atmosphere lowering upon the relations of our two countries. It so happened that, at Chengtu on August 24, two Japanese were ruthlessly slaughtered and another two Japanese very seriously injured by a lawless Chinese mob. The negotiations on this affair had scarcely commenced at Nanking when a succession of untoward occurrences came to pass at Pakhoi, Swatow, Hankow and Shanghai, the victims being Japanese soldiers, officials and residents.

"The Chinese authorities have, on more than one occasion in the past, issued statements or made pledges, undertaking to control the anti-Japanese agitations in China, but these undertakings have been without avail. In fact, Japanese in China have repeatedly suffered outrages of unspeakable violence at the hands of Chinese agitators, over a dozen cases of this nature, to count the principal ones only, occurring in the short space of the last 10 months. Thus the lives and property of the many Japanese in China are gravely threatened, and a feeling of profound unrest is naturally prevalent among them.

Fruit of Policy

"All these unfortunate incidents may rightly be said to be the logical consequences of the anti-Japanese education, anti-Japanese instigation and other forms of anti-Japanese policy practised for many years, for which the Nationalist Government and the Kuomintang cannot evade their responsibility. Even if some of the incidents may, as is maintained on the Chinese side, be possibly attributable to Communist attempts to alienate Japan and China, they should not be settled in the same manner as ordinary cases of murder and of assault and battery are disposed of in China. The mere settlement of the incidents themselves is not enough. A decisive step forward should be taken to strike at the root of the trouble in order to prevent the recurrence of any such in-

- 2 -

cidents. On the one hand, China should carry out an effective control of anti-Japanese agitations. In this connection, let it be remembered that no number of edicts exhorting friendship with Japan serves any useful purpose, as it evidenced by the existing state of affair. On the other hand, more constructive efforts should be made to improve drastically the relations between Japan and China, eradicating once for all the fundamental cause of the anti-Japanese trouble. And, if necessary, consideration has also to be given to measures to meet the Communist menace.

Progress Lacking

"In the spirit of what I have just said, the Japanese Government are conducting negotiations with the Nanking Government with respect to the settlement of the respective incidents and to the adjustment of the relations between Japan and China. The negotiations, however, are making no appreciable progress, and in the meantime fresh incident of the same unfortunate character are cropping up.

"It is the sincere desire of Japan that a settlement may, as far as possible, be peaceably reached through diplomatic negotiations, and that the stability of East Asia may be genuinely assured. However, as you are aware, opinion is steadily gaining ground among the Japanese public and among the Japanese in China that any further negotiations with China are useless. Should the negotiations be so terminated, the lives and property of the large Japanese population in China could not, of course, be left exposed to any further danger. It will, therefore, be necessary to consider the steps to be taken in case of that eventuality.

"The outcome of the present negotiation can be in one of the two ways only: either very much better or very much worse will be the Japanese-Chinese relations. In the existing situation they shall not be permitted to drift in the ambiguous state of affairs as has been prevailing in the past. China is now at the momentous crossroads, to decide whether or not to shake hands with Japan. I very earnestly hope that China will grasp our hand in friendly response, whatever difficulties she may have to surmount."

Questions Asked

After reading the statement, the Foreign Minister was asked a number of questions. One correspondent inquired about the purpose of the statement and asked whether it was addressed to China as a warning. He was told that it was to make explicit to the world in general the position of the Government in the current Sino-Japanese situation.

If the situation worsens, another asked, what steps are being considered? Mr. Arita replied that he is bent on achieving results through diplomatic negotiations. But if they fail? He asserted that he was not thinking of failure.

Asked if he thought China would offer its hand in friendship, the Foreign Minister said that he is fervently hoping that China will respond to the friendly attitude of Japan and will extend its hand. He pointed out, however, the assertion in his statement that China is believed to be at the crossroads and again voiced that it will shake hands with Japan.

What steps, a correspondent inquired, should Nanking take to eliminate anti-Japanese agitation? So far, said Mr. Arita, Japan has not anticipated any definite program. It is expected that China will initiate a plan.

Asked if he had faith that the diplomatic negotiations will be successful he replied that he was still hoping. Mention was made by a correspondent of the recent request that General Chiang Kai-shek return to Nanking from Canton to undertake the negotiations with Japan personally. Mr. Arita explained that as General Chiang has settled the Southwestern situation it is thought that the time is ripe for him to return to Nanking to negotiate.

Capability Questioned

Is it believed that Nanking is capable of ending anti-Japanese agitation? It all depends on determination, the Foreign Minister said. If Nanking is determined, it is hoped that it can control the agitation.

A correspondent inquired whether hundreds of Chinese have not already been punished by the Nanking Government for their anti-Japanese agitation. Mr. Arita said he had heard nothing of such punishment. He knew, of course, that Nanking had issued many orders exhorting friendship with neighboring countries, but he knew nothing of punishment of hundreds of Chinese.

Asked what "constructive efforts" mentioned in his statement—he had in mind for improvement of Sino-Japanese relations, the Foreign Minister stated that he meant solution of the anti-Japanese agitation issue, which is hanging over relations like a dark cloud.

Who is responsible, a correspondent inquired, for this agitation? Mr. Arita said that there must be many varieties of agitators, some agitating against General Chiang Kai-shek and others of Communist inclination bent on making trouble between Japan and China, but the actions of most of them are based on misunderstanding of Japan's policy. This is partly a product of the revolutionary foreign policy of the Kuomintang, he added.

When asked if settlement of the North China question is linked with the present negotiations, the Foreign Minister said, he was sorry but he could not go into the nature of the negotiations.

Means Available

If the situation becomes worse and danger increases, what can be done to safeguard Japanese residents in China? There are a number of means.

These are a number of means. In essence they are only two: one is to evacuate them deeply, and the other is to protect them. These two qualities, if we examine them, are only two: one is to evacuate them deeply, and the other is to protect them. These two qualities, if we examine them, are only two: one is to evacuate them deeply, and the other is to protect them.

A Decorative Art

For example, in the Momoyama period of great war lords, artists rounded the palace halls with the most gorgeous works of decorative art. These elements, appearing on the side and silent on the sides, the gorgeous and exciting sense of the decorative again has been dispensed to their life. The decoration of ornamentation to synthesize the sense of the decorative again has been dispensed to their life. The decoration of ornamentation to synthesize the sense of the decorative again has been dispensed to their life.

sence of all reference to Sino-Japanese economic questions in the statement and was asked if it could be assumed that political relations must be solved before these can be taken up. Mr. Arita said that he was not now reviewing the whole of the Chinese question but only the aspects arising from the Chengtu affair.

The matter of General Chiang Kai-shek's ability to control anti-Japanese agitation was raised, and the Foreign Minister repeated what he had said about Nanking's ability, namely that it all depends on determination and that if there is determination control is possible.

In what way to satisfy the Japanese, it was asked, could China show determination? By suppression of the agitation, Mr. Arita replied.

He said that he was in no position to make any observation when attention was called to the fear that if Japan's pressure is too great General Chiang may be overthrown and his regime replaced by a Communist one.

In connection with the assertion in the statement that relations cannot be permitted to drift, is it possible that Japan will set a time limit? The Foreign Minister stated that he was not thinking of a time limit, but Japanese lives cannot be left in danger. There is a limit to patience, he added, and patience may be worn out.

Has Nanking no determination at present to suppress Communism and anti-Japanese agitation? Not sufficient determination, Mr. Arita replied.

Statement Held Whole

Do you want to announce to the world that Japan does not want a clash like that in Shanghai in 1932? Generalities are always misleading, the Foreign Minister said, advising that his statement be taken as a whole.

Are you optimistic? Mr. Arita replied that he was not in a position to say whether he was optimistic or pessimistic. He could only say that he was anxious to improve relations between Japan and China because he was entrusted with conducting the foreign relations of the country.

It was asked whether he had consulted with the army and the navy on the protection of Japanese lives and property in China and whether they are prepared to take necessary steps. The army and the navy, especially the latter, protect Japanese lives and property abroad, he answered, and it is taken for granted that the navy is prepared to take necessary measures even without consultation with it.

A correspondent wondered on what his faith and hope that the Chinese will shake hands were predicated. The Foreign Minister replied that as a Minister he could not say otherwise than that he had faith and hope.

Do you think, he was asked, that responsible Chinese leaders appreciate the dangers in the way relations are drifting? He confessed to fears that the Chinese Government is not really awake to the situation and said that in his talks with the Chinese Ambassador he had tried to point out its gravity. Press reports from China arouse fear, however, that the gravity is not yet realized and that mistakes and blunders may result. Again he asserted that the Chinese are at the crossroads.

Can the Nanking Government act, a correspondent inquired, without regard for public opinion? There are many kinds of public opinion, Mr. Arita said, and in some countries it is often manufactured.

If the situation becomes worse, another asked, would war or hostilities of some kind result? The word war is not in the vocabulary of diplomats, the Foreign Minister answered.

- 2 -

cidents. On the one hand, China should carry out an effective control of anti-Japanese agitations. In this connection, let it be remembered that no number of edicts exhorting friendship with Japan serves any useful purpose, as it evidenced by the existing state of affair. On the other hand, more constructive efforts should be made to improve drastically the relations between Japan and China, eradicating once for all the fundamental cause of the anti-Japanese trouble. And, if necessary, consideration has also to be given to measures to meet the Communist menace.

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"The outcome of the present negotiation can be in one of the two ways only: either very much better or very much worse will be the Japanese-Chinese relations. In the existing situation they shall not be permitted to drift in the ambiguous state of affairs as has been prevailing in the past. China is now at the momentous crossroads, to decide whether or not to shake hands with Japan. I very earnestly hope that China will grasp our hand in friendly response, whatever difficulties she may have to surmount."

Questions Asked

After reading the statement, the Foreign Minister was asked a number of questions. One correspondent inquired about the purpose of the statement and asked whether it was addressed to China as a warning. He was told that it was to make explicit to the world in general the position of the Government in the current Sino-Japanese situation.

If the situation worsens, another asked, what steps are being considered? Mr. Arita replied that he is bent on achieving results through diplomatic negotiations. But if they fail? He asserted that he was not thinking of failure.

Asked if he thought China would offer its hand in friendship, the Foreign Minister said that he is fervently hoping that China will respond to the friendly attitude of Japan and will extend its hand. He pointed out, however, the assertion in his statement that China is believed to be at the crossroads and again voiced that it will shake hands with Japan.

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Capability Questioned

Is it believed that Nanking is capable of ending anti-Japanese agitation? It all depends on determination, the Foreign Minister said. If Nanking is determined, it is hoped that it can control the agitation.

A correspondent inquired whether hundreds of Chinese have not already been punished by the Nanking Government for their anti-Japanese agitation. Mr. Arita said he had heard nothing of such punishment. He knew, of course, that Nanking had issued many orders exhorting friendship with neighboring countries, but he knew nothing of punishment of hundreds of Chinese.

Asked what "constructive efforts" mentioned in his statement—he had in mind for improvement of Sino-Japanese relations, the Foreign Minister stated that he meant solution of the anti-Japanese agitation issue, which is hanging over relations like a dark cloud.

Who is responsible, a correspondent inquired, for this agitation? Mr. Arita said that there must be many varieties of agitators, some agitating against General Chiang Kai-shek and others of Communist inclination bent on making trouble between Japan and China, but the actions of most of them are based on misunderstanding of Japan's policy. This is partly a product of the revolutionary foreign policy of the Kuomintang, he added.

When asked if settlement of the North China question is linked with the present negotiations, the Foreign Minister said, he was sorry but he could not go into the nature of the negotiations.

Means Available

If the situation becomes worse and danger increases, what can be done to safeguard Japanese residents in China? There are a number of means, Mr. Arita replied.

One of the correspondents sought elucidation of the assertion in the statement that mere settlement of the anti-Japanese incidents in themselves is not enough and that a "decisive step" forward should be taken to eliminate the source of incidents. He was told that if the incidents were handled as ordinary ones, the usual diplomatic formula of demands for punishment of those responsible, indemnification, an apology and guarantees for the future would be applied, but apart from these Mr. Arita is convinced of the necessity of eradicating once and for all the fundamental causes of the incidents and adjusting relations between the two countries, making them more cordial than ever.

It was pointed out to the Foreign Minister that correspondents here are at a great disadvantage in replying to alarming reports sent from China regarding the demands Japan is making at Nanking because of the absence of definite information about the demands. He replied that he regretted the circulation of erroneous reports abroad but could not reveal at this moment what demands or requests are being made except to say that Japan wants the anti-Japanese movement eradicated and Sino-Japanese relations adjusted.

A correspondent asked what was meant by the reference in the statement to the "Communist menace," measures to meet which may have to be considered. In the early stages of the Chengtu negotiations, Mr. Arita answered, the Chinese said that the incident had resulted from Communist agitation. It is well known that there are Communist activities in Manchukuo and China with the pernicious aim of affecting peace and order and Sino-Japanese relations. If it is true that Communists were behind the Chengtu and other incidents, Japan is prepared to take some measures, but

sence of all reference to Sino-Japanese economic questions in the statement and was asked if it could be assumed that political relations must be solved before these can be taken up. Mr. Arita said that he was not now reviewing the whole of the Chinese question but only the aspects arising from the Chengtu affair.

The matter of General Chiang Kai-shek's ability to control anti-Japanese agitation was raised, and the Foreign Minister repeated what he had said about Nanking's ability, namely that it all depends on determination and that if there is determination control is possible.

In what way to satisfy the Japanese, it was asked, could China show determination? By suppression of the agitation, Mr. Arita replied.

He said that he was in no position to make any observation when attention was called to the fear that if Japan's pressure is too great General Chiang may be overthrown and his regime replaced by a Communist one.

In connection with the assertion in the statement that relations cannot be permitted to drift, is it possible that Japan will set a time limit? The Foreign Minister stated that he was not thinking of a time limit, but Japanese lives cannot be left in danger. There is a limit to patience, he added, and patience may be worn out.

Has Nanking no determination at present to suppress Communism and anti-Japanese agitation? Not sufficient determination, Mr. Arita replied.

Statement Held Whole

Do you want to announce to the world that Japan does not want a clash like that in Shanghai in 1932? Generalities are always misleading, the Foreign Minister said, advising that his statement be taken as a whole.

Are you optimistic? Mr. Arita replied that he was not in a position to say whether he was optimistic or pessimistic. He could only say that he was anxious to improve relations between Japan and China because he was entrusted with conducting the foreign relations of the country.

It was asked whether he had consulted with the army and the navy on the protection of Japanese lives and property in China and whether they are prepared to take necessary steps. The army and the navy, especially the latter, protect Japanese lives and property abroad, he answered, and it is taken for granted that the navy is prepared to take necessary measures even without consultation with it.

A correspondent wondered on what his faith and hope that the Chinese will shake hands were predicated. The Foreign Minister replied that as a Minister he could not say otherwise than that he had faith and hope.

Do you think, he was asked, that responsible Chinese leaders appreciate the dangers in the way relations are drifting? He confessed to fears that the Chinese Government is not really awake to the situation and said that in his talks with the Chinese Ambassador he had tried to point out its gravity. Press reports from China arouse fear, however, that the gravity is not yet realized and that mistakes and blunders may result. Again he asserted that the Chinese are at the crossroads.

Can the Nanking Government act, a correspondent inquired, without regard for public opinion? There are many kinds of public opinion, Mr. Arita said, and in some countries it is often manufactured.

If the situation becomes worse, another asked, would war or hostilities of some kind result? The word war is not in the vocabulary of diplomats, the Foreign Minister answered.

1012

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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Under Consideration

When pressed as to whether he was not yet ready to indicate what measures might be taken against Communism in China, he said that it was indicated in his statement that the matter is only under consideration. His attention was drawn to the ab-

TELEGRAM RECEIVED

KLP

1-1336

FROM

SPECIAL GRAY

Peiping via N. R.

Dated October 19, 1936.

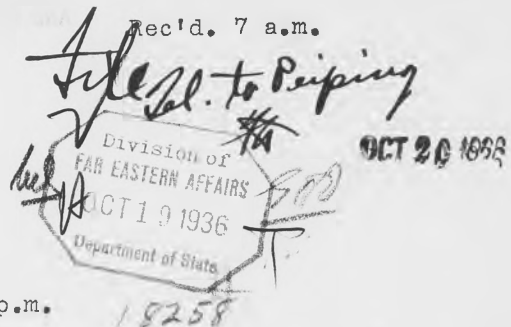
Rec'd. 7 a.m.

Secretary of State,
Washington.

507, October 19, 3 p.m.

Department's telegram 248, October 17, 2 p.m.

One. I arrived in Nanking about midnight October 8 and on morning of October 9 I called upon Minister and Vice Minister for Foreign Affairs. I attended diplomatic ~~reception~~ ^{reception} given by President at 11 a.m. October 10. Twenty-one nationalities were represented, including the Soviet, Italian, American, French, Japanese and British Ambassadors; the Polish, Dutch and Brazilian Ministers. Others were represented by Charges. The President received us formally in groups and conversed informally with each group individually. This was followed by refreshments attended by all of the high officials of the Government present in Nanking, including Chiang Kai Shek and Feng Hsiang and H. H. Kung and Wang Chung Hsu. The conversation was general and informal after drinking to the prosperity of the



1012
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 -

507 from Peiping

of the Government. In the evening of October 10th the
Minister for Foreign Affairs gave a state dinner to the
diplomatic representatives who were present at the
reception in the morning.

(SECTION TWO FOLLOWS)

JOHNSON

RR

CSB

265-2

TELEGRAM RECEIVED

KLP

Peiping

This telegram must be
closely paraphrased be-
fore being communicated
to anyone. (A)

FROM

Dated October 19, 1936.

Rec'd. 10 a.m.

Secretary of State,
Washington.

507, October 19, 3 p.m. (SECTION TWO)

CONFIDENTIAL.

Two. My telegram referred to in Department's telegram under acknowledgement reported conversations with Donald, Minister of Foreign Affairs and with Vice Minister Hsu. I had no conversations with anyone regarding Chinese income tax law the Hukuang and Chicago Bank loans or American claims against China.

Three. On October 12, 13 and 14 I called upon or had visits from Sun Fo, C. T. Wang, the Minister of the Navy, the Minister of War, Wang Chung Hui and Dr. Lo Chia Lun. Conversations were general and nothing developed which seemed worthy of reporting. C. T. Wang and Wang Chung Hui expressed an interest in the attitude of the United States and Russia. But all left me with an impression that the Government was, and is, prepared to meet Japanese force with force and is resigned to the consequences being convinced

that

265-3

- 2 -

507 from Peiping (Section two)

that to concede all that Japan appears to wish would mean complete Japanese domination and elimination present Chinese Government. Military disposition to that end was being made including concentrations between Hangchow and Shanghai and despatch of Central Government forces into Shantung and into Shansi. Orders had apparently been issued and were being complied with to remove all silver to points of safety and all agencies in Nanking were acting upon instructions to prepare to remove valuable documents and records away from ^{Nanking} ~~Nan~~ in the direction of Hunan.

Four. Chiang left Nanking October 10 for Hangchow. He was to have been accompanied by H. H. Kung. I was informed by Mrs. Kung and by Donald that Kung is ill and was trying to resign. Mrs. Chiang is on the verge of a nervous breakdown. Chiang was not returning to Nanking, but according to Donald was to go shortly to Sianfu and the northwest.

JOHNSON

RR:CSB

(*) ~~Omission~~

265-4

1017

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

PREPARING OFFICE
WILL INDICATE WHETHER
Collect
Charge Department
OR
Charge to
\$

TELEGRAM SENT

Department of State
DEPARTMENT OF STATE

Washington, *Sp. Gray*
October 20, 1936. *Amal Radio*

1936 OCT 20 PM 6 28

DIVISION OF
COMMUNICATIONS
AND RECORDS

AMEMBASSY,

PEIPING (China). *Via NR*

✓ 251
Your 507, October 19, 3 p. m. / 8273

The Department finds your telegram under reference

Very
~~exceedingly~~ helpful.

Hull.

(226)

793.94/8273

793.94/8273

mmh
FE:MMH:REK

FE
FE

Enciphered by

Sent by operator M., 19.....

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

265-5

1018
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 FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

No. 2066.

AMERICAN EMBASSY

Tokyo, October 2, 1936.

SUBJECT: TRANSLATION OF NEWSPAPER REPORT OF MAJOR
GENERAL TADA'S STATEMENT OF SEPTEMBER 24,
1935.

For Distribution-Check		Yes	No
Grade	1		
For	To field In U.S.A.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Peking Embassy

793.94
7294
7295
7301
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7522
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7829
7850
8163

Commercial Office (A-O/C)

To

Peking
10/20/36

Copy in FE

Division of
FAR EASTERN AFFAIRS

OCT 20 1936

Department of State

The Honorable

The Secretary of State,
Washington.

Sir:

I have the honor to transmit to the Department
2/ herewith the Embassy's translation of an article which
appeared in the KEISHIN NICHI NICHI, a Japanese daily
newspaper published at Tientsin, issue of September 25,
1935, reporting views of Major General Hayao Tada on
the subject of fundamental ideas underlying Japan's

China

F/FG

-2-

1/ China policy. The Embassy transmits also the original newspaper copy, received on September 8, 1936, from the Embassy at Peiping with its letter of August 25, 1936, from which the translation has been made. In forwarding the newspaper the Embassy at Peiping stated: "The Department directed that you be informed that it requests that the report contained therein of Major General Hayao Tada's statement be translated and forwarded with a copy in translation to the Department."

In despatch No. 292, ⁸¹⁶³ August 18, 1936, to the Embassy at Peiping, the Consulate General at Tientsin stated: "The Japanese military suppressed the issue of the KEISHIN NICHI NICHI containing the summary, and even called on subscribers to return their copies, so that it is almost impossible to obtain a copy of this issue." The importance of this report of the Tada statement can be inferred from this stringent suppression.

Respectfully yours,

E. R. Dickover

E. R. Dickover,
Chargé d'Affaires ad interim.

✓
Enclosures:

1. Japanese newspaper
KEISHIN NICHI NICHI SHIMBUN,
Tientsin, September 25, 1935.
2. Embassy's translation of an
article in the same entitled
"Japan's Basic Ideas Toward
China."

710.

CC:a

現華北情勢に直面して

停戰協定以來錯雜を極めた北支那事態はその禍根を爲してゐた國民黨部並に不逞團體の撤去に依つて近時漸く平靜に歸し茲に我が對支第三次工作の端緒が開かれるに至つた、即ち右に關して我々駐莊屯司令部官多田曉少將は我が對支基礎的觀念として大要次の如く意見を述べた

多田軍司令官は語る

[illegible]

斯くの如き善舉の半は實に民國以來の爲政者たる將介石一派の東京收帳の致す所にて彼等の政策たるや對内のみには皆成と成功以外而物もなく對外のみは日英達成の爲手段を遷はす徒に「以夷制夷」の愚策を弄し自ら愚策を撰りてあり、殊に日本に對しては其平素の生存に依りて幸ひんとすに巨國の劃分或は其管理に依る茫亡を免れ得ざる状態を惹き反つて之を以敵視し我々國に正當なる權を蹂躪するのみならず陰に陽に列國と相謀りて帝國の危機に乗じて之を陥入せんとする陰謀を「抱腕」あるに非りては言語同斷と云はざるべからず。

(中略)

以上天賦の二大使命は以て帝國日本の負擔すべき當然なる義務にして帝國は先に滿洲建國、國聯聯盟の股派と對等條約の廢棄等を履行し已に其實に第一步を踏出したるなり

×

此の女學生は帝國に在する國聯建國上に於て支拂はるべきに非ざるのみならず支那自體に於ても日支間に屢々不協なる事件を惹起し殊に排日貨の結果は民衆の苦惱を増加せしに過ぎざりしなり

×

即ち彼等は日本にして自ら存在し得ざる理を悟らずして東來運動にして自ら存存する理を悟らず

然りて而て帝國日本が能く天啓の大使命を果さんとせば先日本自らが強く正しく保持せざるべからず、舊し日本自身を公正にして焉そ他を省みるを得んや、而も其力なくや公平なるにあらざるしげいかでか永續的に發展するを得んや。

如上の觀察に基けば帝國の對支態度は必然的に我國是れ使命を照應せざるべからず、即ち帝國の大陸政策の根本方針は日本自身の發展を計ると共に東洋に於ける被壓迫民族を解放救済して之に安居樂業を與へ各々人民

斯く觀じ來れば帝國の對支政策の根本は此等兩權を徹底的に安堵する共に支那人民を救済し之を對照して兩國の非常時を以て吾人を力を外に割くを得んやと然れ共對支政策の進行は方法により必ずしも一様な犧牲を必要とせず、或る支那支那に對する我改革の良否が

蘇聯と手を握り

日本との提携を回避

東京廿四日發、聯
合一盧山會議以來
な筋へ情報に依れば蒋介石
も共產軍同

實

日大使の歸任に依り何等かの形に於
 政治的進出を抑制すべしとの強
 硬意見を吐くもの多き著く
 東京、二十四日

蘇聯邦加入

に立脚し個人を相手とすることなく、其人の考へ又は
はんとする事柄の善惡適否其物を對象となし個人的感
情を起はれること持て肝要なり

口入卿南京到着

東京廿四日發「大東」英國政府最高經濟顧問リ
 ス。ス卿は廿一日午前七時カダガン大使帶同國府
 要人等多數の出迎へを受け人京直に中山門外の孔
 祥熙氏別邸に入り午後は行政院長汪精衛、財政部

ところあつた、南京には二、三日滞在し

於て其本國に對する負擔を増大するの不利あるを以て、
 相當考慮を要する問題とせられ、以上の諸問題を
 綜合して判斷する事、（即ち）各國の利益を損傷せず、
 を企圖するは却つて本國の力を薄弱ならしむる所以に
 薩洲建國に當り獨立不可分なる新原則を採用せらる

を排除する公明正なる主張を理解せしむ
町並なり

五、支那軍閥の盛なり。時代には其時代の要人を捉へ、人的關係に振はるるは、非々々々の要するを要す。之を掌握するを以て對支政策施す上最も便利なる方法を以て果して幾何の成果を得たりや往昔に於ける失敗は多く過度に個人の力を信じて一般の利益を無視し暴を助けて暴をなすの愚を演じ却つて民衆の怨恨を

も個人の私利を助けて民衆の福利に反
てを没却するものにして従前の失敗を繰

日本人の情に厚き點は日常の往復頻繁となるに従
往々にして相手に對し親疎好惡の別を生し不知不識
の間に誤を犯し甚きは彼等の先天的巧妙なる外之に
而せられぬは彼等の代辯を勤めて彼等の非違を掩蔽
するに利用せしむる或は書寫により異なる判斷を下

に立脚し個人を相手とすることなく、其人の
はんとする事柄の善惡適否其物を對象とな
て提はれざることを特に肝要なり

六、(省略) 七、職業的親日派を排撃すべし 又それは日本留學生出身にして日本語をよくし金儲け之に生活の資とせんとする自稱親日家の一團あり。諸等の親日家は國民政府當局と日々との間に介在して如何にも兩國の國々を調整し親善提携を謀る如く粧ひ帝

四 國民黨部及蔣介石
に對する認識

以上の如き公正なる方針を以て支那に臨むに當り之實_二を阻害するものは實に國民黨支部及特介石政權存在なりとす、然るに近時特介石の悔悟反省又は親轉換説等頗に傳へられ其實現の可能性ある如く信ずるものあり、之れ特介石の中央集權が某程度に成功せ

ものにあらざるが、素より數學にあらざる抽象が悉く一致することなきは自然にして他を強ふるざるも、結論の前提たる條件に對する認識を欺る

國民黨成立以來其主張する所の不平等條約の撤廢帝
 方針を統一上當に努力すべき要件なりとす、故に茲
 蔣介石國民黨に日本と兩立せざる所以につき論究し
 考に資せんとす

られしのみならず却つ 國土の大喪失に依り完
面目を失墜するに至れり 之れがため黨部の指導
に致命的打撃を被むるに至り其怨恨如何に深刻な

は想像に難からず、尙將介石自身も再び日本に背負
投を喰はされたりと一特に濟南事件以來は日本と全
相容れざる白黒に立つに至りしものと錯覺を有した
は事實なり、而して又現在の國に露部は將介石の數
に亙り實施せし滿蒙運動により既に完全に將介石の
黨化したものなるに拘らず今尙該個の存在の如く

山 東 名 産

肉の華は

内地への御土産には非常な珍品として
俄然好評を博して居ります

◎山東名産肉の華

一編 二〇〇仙

製法は牛肉を薄く切り之に味を付けや
わらかく乾したるものにて老若は勿論
御酒の御肴には又となき珍品で御座い
ます

内地への御土産には甘栗と共に是非

皆様の

甘栗 太郎

電話 二〇二八
三六八三

クラウン下前分店

電話 二二三八

AMAKURHARD
以て 中華
其業太郎
土産

25日のサービス品
『お誂シャツ』
秋向縞シャツ地が澤山参りました
イニシャル入りお誂にて
一枚 銀四弗均一
(但し仕立上りまで三日間の御猶豫願ひます)
旭街
鐘紡サービス
ステーション
電話二三七一三

酒 芙蓉 〇〇〇〇 ルービ はキリシ

旅行の……秋
故國へのお土産に！

清水が學生の努力を傾けて天津甘栗の原料として、
簡潔に精製した、
長期保存證付

栗羊羹を

◎ 最好適品として、御推薦車上げます
◎ 其他當地での贈物として

小倉、煉、柚、宇治、栗の
五匹詰合入りも御座います

◎ 包装は一本一本美觀なるサツタ
其上五本兩詰として眞に垢抜けの
〇日方百五ヶ付一本 三十仙
五本詰合兩一、二六五

◎ 此より安い

清水洋行

路鐵車
着發表
間

(特別急行) 前八四四 同三六 同二五〇 同〇四四 同二三九 同三九四 同五四〇
(急行) 後一五五 後四三九 後四四五 後五五三 同八〇八 同二九四 同五四〇
(普通) 後四三〇 同七二五 (天津止)
(奉天特急) 後八八五 同二五五 同二五五 同〇五八 同三二二 同七〇〇

(特別急行) 前九四五 同三三九 同五四〇
(急行) 後一五五 後三三三 同五四〇
(普通) 後四三〇 同七二五 (天津止)
(奉天特急) 後八八五 同二五五 同二五五 同〇五八 同三二二 同七〇〇

北京天津線
1等 6.30
2等 4.20
3等 2.10
天津站
1等 2.10
2等 1.40
3等 0.70
天津站
1等 12.70
2等 8.25
3等 4.25
天津站
1等 31.60
2等 21.10
3等 10.65

毛糸大賣出し
北支唯一
毛糸専門店
須磨洋行
電話 二八〇四
新着致しました

天津新聞

朝刊
本紙は天津の主要新聞として、毎日朝刊と夕刊を出版する。内容は国内外のニュース、経済動向、社会問題などについて詳しく取り上げる。

歐洲政局異變と 爲替市場への影響

伊工紛争が何故銀強固安の 現象を誘致して居るか

【本紙記者東京二十日電】ヨーロッパの政局は、最近大いに動揺を來して居る。その中でも、イタリアの労働争議が、金相場に大きな影響を與へて居る。イタリアの労働争議は、最近大いに激化して居る。その結果、イタリアの金相場は、急激に下落して居る。これは、イタリアの労働争議が、金相場に大きな影響を與へて居ることを示している。

アソシエーション 創立發起人會

【本紙記者東京二十日電】アソシエーションの創立發起人會は、二十日午後、東京市会館で開かれた。この會合には、發起人の多くが出席し、創立の目的と方針について話し合った。發起人は、この組織を通じて、アジアの経済発展に貢献することを目的としている。

和協工作失敗を 聯盟に正式報告か

【本紙記者東京二十日電】和協工作の失敗を、聯盟に正式に報告するかどうか、という問題が、二十日の會合で議論された。一部のメンバーは、報告をすべきであると考えているが、他のメンバーは、報告をしない方が良いと考えている。

ト英大使 首相と會見

【本紙記者東京二十日電】ト英大使は、二十日午後、首相と會見した。この會見では、ト英大使は、ト英の最新情勢について首相に報告し、首相は、ト英の政策について意見を述べた。

美濃部問題 一部では倒閣に利用

【本紙記者東京二十日電】美濃部問題は、一部では倒閣に利用されている。これは、美濃部が、倒閣の手段として利用されていることを示している。

政友會挽回す

【本紙記者東京二十日電】政友會は、二十日の選挙で、挽回に成功した。これは、政友會の政策が、選民の支持を得たことを示している。

金銀相場
金 1000円 1000円
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米日為替
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和協報告書
内容を討議
理事會の三

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場所 東京馬場

萬國賽馬會
時間 九月廿七廿八廿九
場所 東京馬場

登瀛樓北號
法界四號路路北
電話 三三〇九

料理 羊羹 及 各種
材料 羊羹 及 各種

高級實用殺虫液
フマキラー
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特約店 元記洋行

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IMPERIAL HOTEL
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ホテル

料金低廉
電話 三三〇三
支那人 H. マツケ

料理 羊羹 及 各種
材料 羊羹 及 各種

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中島公

秋季大減價

三十天

九月七日起 同時舉行

總店 永盛銀號

福運附第拾三回洋服購買會

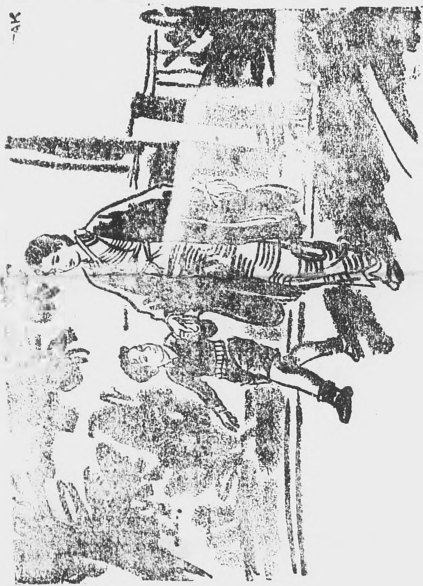
最新の流行
英國ハバースミント社
製品が多種類入荷
致しました

キバツクリニグ

洋服裁縫とクリーニング

(可認物便郵風三第)

音 非 重

[illegible][illegible][illegible][illegible]

日華九月十六日
 營口上海行
 春華號九月廿九日發
 上通亞米利加行
 倉庫
 保險
 火災
 電話
 東興倉庫
 電話三〇三三
 代理招徠
 山下洋行
 川崎重工業

國際運輸株式會社
 支店長 三三〇八
 電話 船部 三三三六
 話 車 三三五六
 佛 保通口 二六九
 支店長宅 三三〇八
 支店長宅 三三〇八
 大沽車着發
 州行
 日義丸 九月廿七日發
 日義丸 九月廿七日發
 大沽車着發
 北宋赤
 新興丸 十月六日發
 致馬丸 十月七日發
 同阿汽波共
 船

天津美發
大連麒麟滿洲行
長山丸 九月十一日 三十八日 日發
長山丸 十月十三日 上十日 日發
天津代理店
國際運輸株式會社
支店 電話 二三八八
船務部 二三八五
通商部 二六九
保單部 二六四
夜間問事所 二六四
支店 芝罘事務所 二〇三
切店 威海衛實所 二五〇
日里旭利程光島 二三八
大連汽船株式會社
天津支店

[illegible]

山西丸 九月廿八日發
山東丸 十月八日發
敦復新湯快水丸
河北丸 十月十一日發
河南丸 十月十一日發
大連發 (前十一時)
青島丸 九月廿八日發
大連丸 十月四日發
倉庫
佛界大連會
電話 三三〇九
三三〇九

[illegible]

大連煥瑋坊
(各醫院藥房均有)
朝龍丸 九月二十四日
日東丸 九月二十五日
志摩丸 九月二十六日
大連基隆高雄
中華丸 九月二十六日
大華丸 九月二十七日
羅列經由紐育
山陽丸 九月三十日 神戶 廣島
北海丸 十月一日 神戶 廣島
青島發 (請十一時)
門司神戶大阪
泰山丸 九月三十日 神戶 廣島
大連發 (前十時)
門司神戶大阪
亞米利加丸 九月三十日
吉林丸 九月三十日

[illegible][illegible]

北嶺丸 九月二十七日發
 南嶺丸 九月廿二日發
 東山丸 十月五日發
 大連橫濱行
 塘沽若發
 勝浦丸 九月二十六日發
 新瀉丸 九月廿八日發
 勝浦丸 十月十一日發
 新瀉丸 十月四日發
 長崎鹿兒島行
 大連發 九月十一時
 千歲丸 九月三十日發
 漢路丸 十月五日發
 門司宇品神戶大阪行
 青島發 午前二時
 日光丸 十月九日發
 日光丸 十月十一日發

網發行羅門戶泰運經

糖馬丸十月九日發
良丸十月十九日發
荷馬丸十月十九日發
山田丸九月九日發
錦綿丸九月十四日發
銀丸九月十九日發

長良丸十月十九日發

角豐北藥

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油ダラサ清日

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五時半、九時二分公開
に編みたる美文群の舞臺へ
開かれたゴールドデイズ
と題する舞臺。一九三五年
示してゐるのがこの映画
ナトラザース記作
九二五五年
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が、五、ゴロリアス
メン、カ、アリス、ラ
外、美、師、王、名！
料七十仙、一那、一那五十
赤の人氣を獨
ルの勝利とそ

天才シヤリー
役ランブル主演
『輝く瞳』
フックス総本作
再会この天才を我々は
断難忘し非徒隆装
飛鳥家遺孀となりて
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長城丸
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右諸船へ御乗船の
れば夜間にも切
露樹

[illegible]

「嫌 疑 者」
「生命の雑沓」
「日晝夜公開」

『ガール』
 本初の時、一日間
 時奉仕
 香べり織を囀る
 錦榮の奇藝實
 切日差替
 計本年探偵員探活劇篇
 一、オランダ、下ペリト
 ド、ウッド助演
 レス、チャレン探偵
 (出明珠)
 船切符
 長江丸、長安丸
 華山丸、嵩山丸
 (別方は電話)二六三三渡御車
 御船中上付き
 中日公
 電話二〇

大日本
大川内傳次郎
日清製油公司
大川

決 廿二日 一タスルオ・演主

冬心

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特別大作 二大巨匠

主演 八木 小八
四
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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 2 to despatch
No 2066 of Oct. 2, 1936 from the
Embassy at Tokyo;

JAPAN'S BASIC IDEAS TOWARD CHINA.

IN VIEW OF THE PRESENT NORTH CHINA SITUATION.

- - - - -

Since the signing in May 1933 of the Tangku truce between Japan and China the condition of North China has been chaotic, but as a result of the withdrawal of the Kuomintang and other unlawful organizations the situation has more recently been regularized. For the second time the way is therefore open for Japan to launch her China plans. Major General Hayao Tada, the Commander of the Japanese Garrison in North China, has expressed his views on the subject of Japan's basic conception with regard to China, the gist of which is given below.

- - - - -

I..Foreword.

Following the penetration of the influence of the western powers into the Far East, certain of those powers conspired for the partition of China, some advocated a joint control over China, and some occupied themselves with pushing their own special interests and the sale of their own industrial products. These aggressive methods have undergone change from time to time but the western powers have consistently sought opportunities to enrich themselves at the expense of China. In the midst of such aggressive methods Japan alone has emphasized the maintenance of the territorial integrity of China in accordance with the fundamental national policy and has been eager to promote

friendly

- 2 -

friendly relations with China on the basis of mutual profit. Nevertheless there were a few individual Japanese who, imitating the attitude of European powers and of the United States, advocated the annexation of China. As a consequence of their influence no unity was maintained among the Japanese people as regards Japan's policy toward China. Japan therefore encountered obstacles to the execution of her China policy, and the Chinese people came to entertain animosity toward Japan and the Japanese. Because anti-Japanese feeling is running high among the Chinese people at the present time, it is incumbent upon the Japanese especially to study the causes of this sentiment. It is deemed essential for Japan to resume her fundamental policy toward China.

x

(Omit). (Translator's note: this omission is not made by the translator, but is so noted in the Japanese newspaper text. The notation probably means that at this point a part of the statement of Major General Tada has been omitted from the newspaper account.)

x

It is highly necessary that Japan herself carry out the two great missions above mentioned. With the establishment of Manchukuo as a new state, followed by Japan's withdrawal from the League of Nations and the abrogation by Japan of the Washington Naval Treaty, Japan may be said to have launched forward toward the attainment

- 3 -

attainment of these two objectives.

x

For the satisfactory attainment of her two great missions, it is essential that Japan be both just and strong. Otherwise assistance to neighboring countries would be difficult. If Japan's strength is not based on justice and fairness her perpetual progress in all lines of activity would be rendered impossible.

x

Viewed in this light, Japan's attitude towards China should naturally accord with her fundamental national policy and with the two great missions above alluded to. Fundamental Japanese policy on the continent is aimed at the development of Japan herself and at the freeing of oriental peoples from oppression by the western powers. Such oriental peoples will thereby be enabled to pursue their respective interests with ease, dignity, and independence. In the pursuit of this policy Japan expects to establish with such oriental peoples close relations politically, economically, and in a military sense. This policy is in perfect accord with universal principles of justice and equity, both for domestic and foreign relations; it follows from Japan's determination to be guided by the laws of the universe.

x

In the pursuit of these two great missions, the Chinese people should assist in the freeing of these
oriental

- 4 -

oriental peoples now under foreign oppression for the purpose of bringing about eternal peace in the Far East. The Japanese people should proceed to carry out the re-script issued by Jimmu Tenno, the first emperor, who laid the foundation of the empire of Japan.

The solution of questions which lie between Japan and China is the test of the success of the two great missions. Already the first trial has been made in North China. Japan should step forward to release four hundred million Chinese people from distress and hardship. For the attainment of this object Japan need not abide by classic usages nor resort to trickery. Japan should study and carry into execution a just policy applicable to the Chinese masses, and in this purpose Japan should override all unlawful elements and barriers standing in the way.

x

For the guidance of those who are directly or indirectly occupied in the execution of this just policy, and to keep them from going astray in the pursuit of that policy, it is necessary to arrange and unify the ideas comprised in Japan's China policy.

x

II Fundamental Principles of Japan's Policy
toward China.

It is hardly necessary to point out that Japan's policy toward China is based on the fundamental national policy for the maintenance of permanent peace in the Far East, and at the same time is based on the great mission of emancipating certain oriental peoples who are now
groaning

- 5 -

groaning under oppression at the hands of the white man. There are other points also. Japan should carefully study the causes of the illnesses from which China suffers and should provide medical treatment. For six thousand years the Chinese people have suffered at the hands of administrators, land-owners, and the wealthy, all of whom have taken money from the poor, as is proved by history. The administrators have done practically nothing to promote the happiness and interests of the people, and it is natural that the people therefore place little confidence in the authorities. So true is this that the degree of forbearance on the part of the authorities from interfering with the peoples' living was looked upon as the measure of good administration.

x

At the present time the Chinese people are suffering more than ever from the exactions of the warlords since the establishment of the present National Government, and from the exactions of the new combination formed by Chiang Kai-shek, chairman of the military council at Nanking, and a group of financiers in Chekiang Province. The Chinese people have furthermore suffered year after year from the ravages of banditry and natural disasters. Generally speaking the agricultural population of China is hovering on the verge of bankruptcy and ruin, on the point of being driven from the land and possibly into banditry.

- 6 -

x

Chiang Kai-shek and his lieutenants, who form the National Government at Nanking, are mainly responsible for the distress of the Chinese people because the Government, in its internal administration, concentrates on extracting revenue, and in international relations resorts to its habitual practice of playing off various powers against Japan. This policy of the Nanking Government is plainly suicidal. The Nanking Government appears to have forgotten that it is the presence of Japan in the Far East which has saved China from partition or joint control by the powers. China now assumes an attitude antagonistic to Japan. The Nanking Government has not only violated Japan's legitimate rights and interests in China, but also it harbors plans (in common with other powers) to plunge Japan into ruin by reason of the emergency conditions existing in present-day Japan.

x

International morality does not condone this attitude of the Nanking Government toward her good neighbor Japan. China herself has suffered and will suffer, from the effects of unfortunate incidents which have arisen and will arise between Japan and China. Especially have the Chinese people suffered from the effects of the boycott of Japanese merchandise, and from other anti-Japanese agitations in China.

x

Chiang Kai-shek and his supporters do not understand that without Japan they are unable to remain as leaders of

China

- 7 -

China today. They are concerned merely with enriching themselves at the expense of the people. If morality and humanity have any meaning, Chiang ^{and} his party are enemies of Japan and of the Chinese people. The military group can no longer be trusted with the task of saving the Chinese people from distress. If the Nanking Government fails to save the four hundred million people of the country at the present time, it is not impossible that the population will be launched into a chaotic state from which there would be no salvation. In that event Japan as a neighbor would, of course, seriously suffer. Here lies a threat to the people of the Far East which must be of great concern both to China and to Japan.

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III. Japan's Attitude Toward China.

1. Be Fair and Upright.

The core of Japan's policy toward China, as stated before, is to save the Chinese people and to lay a firm foundation for the mutual existence and profit of the two nations. Japan should be guided by strict ethics and should maintain a candid and just attitude toward her neighbors. Japan should refrain from all actions which might cause other nations to become suspicious. Some of our countrymen rail against the trickery and machinations of the Chinese and nevertheless commit similar offenses themselves.

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Trickery or unscrupulousness is decidedly not the
method

- 8 -

method to be followed by any state or government which respects justice and righteousness. It is not the method to be followed by the Japanese empire, whose guiding principle is the strictest justice and morality. Nor are the Japanese by any means rivals to the Chinese in such practices. Only in a few unavoidable circumstances is craft justifiable. It is an extraordinary measure for extraordinary occasions. We Japanese must abide by the principles of justice and fairness and strike at the source of evil by drastic action in harmony with justice and righteousness. It should be remembered that justice is powerful, enduring, and eternal. Always keeping before our eyes the happiness and welfare of the masses of China, we must not tolerate any nation that obstructs Japan's advance on her way to the accomplishment of her mission. Even Japanese subjects who contravene justice and righteousness, the guiding principles of the Empire, shall not be tolerated.

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The movement for acquiring special privileges, the illegal manufacture and sale of narcotics, smuggling, or usurping passage on trains without payment, are often indulged in by Japanese and go a long way toward dishonoring and marring the prestige of the Japanese empire. The misdeeds often perpetrated by certain Japanese in China who commit crimes and other unlawful acts in disregard of the Chinese authorities, under cover of the dignity and influence of this Empire, cannot be too

severely

- 9 -

severely condemned. Such acts will not only undermine the reputation of the Japanese empire with its motto of justice, but they are also harmful in causing other nations to misunderstand Japan's true intentions and purpose toward China. Furthermore they may prove a source of incidents eventually involving the Japanese army and Japan in considerable difficulties. Rigorous control should be exercised over such conduct.

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In matters of politics any movements which are likely to be regarded as manipulations of the Japanese Government must be avoided. Such movements merely cause uneasiness on the part of the masses, are harmful to the standing of Japan, and invite suspicions on the part of other nations as to the activities of this Empire. This should be strictly borne in mind by all Japanese.

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2. Necessity of Employing Military Force.

In chastising obstinacy and obliterating sources of injustice and perfidy it is, of course, necessary to resort to the rightful use of armed force. This is particularly necessary in dealing with the intelligent classes of China who are devoid of moral sense and make craft their special business. It is nevertheless true that the use of military force must always be circumscribed by the utmost caution.

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It hardly need be said that the unlawful and unjustifiable use of armed force for any purpose which is not
justifiable

- 10 -

justifiable and reasonable is strictly to be avoided. Nor is the use of military force admissible as a threat to cause the Chinese to yield to unreasonable demands or unjustifiable claims. Such use of force on the part of the Japanese would plant in the minds of the Chinese the seeds of enmity and hatred which could take root and lead to racial strife between the two peoples, eventually becoming an insurmountable obstacle to the great and lofty mission of the Japanese empire. The movement among the Chinese for the abolition of the so-called unequal treaties and for the overthrow of imperialism is in part the notion of the misguided Chinese authorities, but in part it is to be ascribed to oppression by some of the advanced foreign powers which have nurtured a spirit of antagonism in the minds of the Chinese, culminating in a reactionary anti-alien movement. History affords in this connection many examples worthy of our serious reflection. This is the more important when we consider that the impelling motive of the Japanese empire is founded on the lofty ideal of the lasting peace of the world and that the ways and means of its accomplishment will directly bear upon the destination of many lesser nations of the world.

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To sum up, the principal use of military force may be likened to the sword of the God Fudo, never to be unsheathed without sufficient cause, used only when absolutely necessary in the cause of justice. Not a blade

merely

- 11 -

merely for show or for threat, military power should be used only in the greatest necessity, and then it should be used to the fullest effect. In such use Japan need have no hesitation.

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3. Profiteering Must be Replaced by the Principle of Giving.

The basic principle underlying economic co-operation between Japan and China is the mutual existence and advantage of the Japanese and Chinese nations. In realizing that basic principle we must first of all do away with profiteering. The profiteering principle is a survival of old-fashioned occidental capitalism, and it is obviously foolish to follow that outworn idea in these days when the material civilization of the west has long been outmoded. The great purpose of the continental policy of this empire is the relief of humanity the world over. In the pursuit of that policy Japan must follow methods conformable to the principle. She must, in other words, be guided by generosity.

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In order to save the people of China, now in extreme poverty and exhaustion, and practically doomed to starvation, they must first of all be given "medicine" and "nutrition". First they must be supplied with abode and funds, crafts, or occupations as means of living, enabling them to support themselves; and then they must be supplied with the means of enjoying life and the means of acquiring adequate purchasing power. When this policy is carried out and the multitudes of China are enabled

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- 12 -

to enjoy the happiness of life it is but natural that the relations between Japan and China will grow closer spiritually and economically and will eventually become inseparable. Then it is not impossible that China will be the great buyer of Japanese industrial and other products and the great supplier of raw materials for Japan, and that this relation will greatly contribute to the mutual happiness and welfare of both nations. If on the other hand this empire persists in the outworn practice of profiteering and the acquisition of special privileges in China, without awaking to the changing spirit of the age, she must eventually fall behind the world powers and ruin herself as other nations have. Nothing could be more misguided. But should Japan follow the high path indicated she will make herself the ideal of many small nations of the world and eventually find herself their leader.

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What we have termed the attitude suitable for a truly great nation is nothing but the magnanimous attitude of the giving principle without selfishness, tempered by a respect for the character of the other party. This attitude is the best policy for winning the affection and regard of other nations.

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4. Respect the Independence and Honor of Others.

The desire of each nation of the world to maintain and preserve its own honor and dignity and independence is most natural and instinctive. Many of the colonies

of

- 13 -

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of the European powers, having attained economic maturity, aspire to throw off the yoke and acquire independence. Conversely, some of the small nations, which came into existence through the world war, now realize their helplessness in economic independence and recognize the advisability of rational union - a problem requiring great deliberation and circumspection because of the heavy administrative and financial burden which union with them would entail. These are considerations which show that a policy of mere territorial expansion on the continent would be unwise for this empire because the addition of territory would be weakening to the national strength and would counteract the fundamental principle of the empire. Here lies the cause for the principle of independence as the keynote for the founding of Manchukuo. There should be no more thoughtless Japanese advocating the annexation or invasion of China, or dreaming such anachronistic ideas. Among uninformed Japanese there were some who stated that Manchukuo would become a second Chosen, and these shortsighted utterances did no small damage in the administration of Manchuria by exciting the suspicions of the inhabitants. The Chinese authorities still indulge in propaganda in the hope of instigating the ignorant Chinese against Japan. The Chinese, above all else, respect their personal and national honor, and it is highly important that the Japanese therefore bring them clearly to understand and appreciate the true intent and purpose of this empire. This can be done by a frank and unreserved explanation of the stand of this empire, endeavoring

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endeavoring to cause the Chinese to despise all such enemies of humanity and the harmonious cooperation of mankind as will dare to check this empire's efforts for the promotion of the happiness and welfare of the people.

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5. Rely on Direct Methods, not on Personal Approach.

At the time when the Chinese military party was at the peak of its power and influence it was believed expedient in the execution of Japan's policy toward China to come to control the influential Chinese officials of the day. But what good results came of this? The failures of the past can largely be traced to the error of the Japanese in placing too much confidence in individual power and personal influence. The Japanese made the mistake of assisting the violence and selfishness of Chinese officials in utter disregard of the welfare and happiness of the populace. We thereby incurred the enmity of the people, and there are many examples of this.

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Because the mission of the Japanese empire is for the advancement of mutual welfare and happiness of the Japanese and Chinese peoples, such measures as assist the interests of individuals in China at the expense of the people are contradictory to the fundamental principle of the Japanese policy and would simply be a repetition of a past mistake. The generosity of the Japanese is a national weakness. As personal relations between individuals grow closer there often arise differences in the degree of intimacy or friendship. The weakness of the Japanese leads them to be taken advantage of by their Chinese friends who are endowed with natural subtlety, and often the

Japanese

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Japanese unknowingly act as agents for Chinese in covering up unlawful actions of the Chinese. Sometimes the Japanese simply make mistakes in judgment on Chinese questions. These are matters which call for the particular attention of Japanese. Another point which should be noted is that personal relations are often changed by a change in the position of the Chinese concerned, necessarily affecting their attitude toward Japanese friends. In dealing with Chinese and in carrying out Japan's China policy it is of great importance to have continually in view the Chinese people and not simply a few Chinese individuals. In other words it is important to base our decisions on what the Chinese have in mind; we should not be fettered by personal sentiments.

6. (Omitted).

7. Professional Pro-Japanese Chinese.

In China there is a body of self-styled pro-Japanese Chinese who have studied in Japan, are well versed in the Japanese language, and support themselves by means of their Japanese language proficiency. Not a few of them inject themselves between the Japanese and the authorities of the National Government, courting Japanese goodwill in flattering language, and pretending to occupy themselves with the promotion of friendly relations between the two nations. They are actually nothing more than agents of the National Government entrusted with the mission of alleviating the Japanese attitude or with the mission of smelling out Japanese intentions. It is

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of no use to attempt to manipulate them in Japan's interest; any such attempt merely results in being misled as to Chinese purposes by sweet words and cajolery. Their knowledge of Japanese and Chinese institutions is simply a tool for their own selfish purposes or the purposes of their country. These self-styled Chinese friends of Japan are by no means true friends.

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It is the height of folly for Japanese officials and others to look upon them as saviors. Some Chinese declare that there is no actual division of Chinese into pro-European or pro-American or pro-Japanese, and this is quite true. As a matter of fact these Chinese who clearly understand the world situation and are aware of the importance of China's coming to terms with Japan are not limited to the so-called pro-Japanese group, but the same opinion is entertained by some who belong to the so-called pro-European and pro-American groups. This being true it is impossible for Japan, in dealing with China and the Chinese, to survey the problem in hand by the character of the individuals concerned. We must study the nature of the problem itself, and negotiations should be conducted in accord with a correct and unbiased judgment thereof. It is ridiculous to look thus through a colored glass and deal with Chinese according to such abstract distinctions as pro-Japanese, pro-European, or pro-American. Such an attitude on the part of the Japanese

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Japanese would be productive of no good results; it would simply provide the opportunity for the Chinese to carry their point.

Moreover most of the self-styled pro-Japanese are today the leftovers, so to speak, hardly comparable to the men classed as pro-European or pro-American, either in actual influence or in means. Most of them are employed by Chiang Kai-shek to manipulate the Japanese authorities and to mitigate their attitude.

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In summary, it is the height of folly for the Japanese to confide in professional pro-Japanese of China in the expectation of promoting friendly relations or cooperation between the two countries. A wiser method for Japan is to keep in direct touch with those Chinese who have actual political power or influence or who hold responsible positions in the Government, and frankly exchange views with them, determining thereby the course to be taken by Japan. Self-styled pro-Japanese are to be compared to a buffer zone between the countries, and as such they are useful to China but of no benefit to this country. These self-styled pro-Japanese are to be found almost everywhere at the present time, and since they are convenient channels for the Japanese a majority of our countrymen unacquainted with the Chinese language employ them for personal convenience with the result that it

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is often our countrymen who are used as tools. This question deserves the special attention of Japanese unaccustomed to Chinese usages.

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8. Abandon the Illusion of Superiority.

Complaints are often heard concerning the indulgence by Japanese of a sense of superiority over and contempt of Chinese. It is only natural that our countrymen should feel superior to Chinese, but to vaunt this superiority and to treat Chinese with anything but respect is surely not the way to win their good will. It is highly displeasing to the Chinese, as to the people of any other country, to observe the actions of such irresponsible Japanese as are engaged in ill-legal activities, smuggling, and taking free passage on trains, at the same time behaving with utter arrogance toward the Chinese people. Such a narrow-minded attitude is not worthy of a great nation. A truly great and superior nation will maintain its high position and show its magnanimity by a proper respect and affection for an inferior people. This attitude will eventually command the spontaneous respect of the other nation which will naturally come to worship and to follow. If Japan takes this attitude in dealing with China it is inevitable that the Chinese will develop a respect for Japan and will follow in her footsteps. In the case of China this natural consequence is the more inevitable because of the marked disparity

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disparity of national strength. In view of the fact that the superiority complex of Japanese has proved so harmful to harmonious cooperation and friendly relations between the Japanese and the people of Manchuria, proving no small menace to the administration of Manchukuo, the Japanese people should give special attention to the thought that this ill-advised attitude, if not stopped, will prove a serious obstacle to the execution of Japan's continental policy.

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The fundamental idea on which is based Japan's policy toward China is, in the first place, to save the Chinese nation, abiding by Japan's great mission of the relief of the world; and in the second place to provide for the mutual existence and advantage of the two countries, thereby bringing about lasting peace in the Far East. Strongly determined to carry out these ideas, Japan must push on despite all obstacles. This is the way open to her in the execution of her continental policy.

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IV. The Kuomintang and Chiang-Kai-shek.

Japan's policy toward China as set forth in the foregoing section is just and frank but the Kuomintang and Chiang-Kai-shek's administration stand in the way of carrying that policy into effect. There have been persistent rumors recently that Chiang-Kai-shek has come, after serious reflection, to a change of attitude toward Japan, or even that he has decided upon a pro-Japanese policy to make amends for his past errors. Some Japanese, deceived by these wild rumors, are inclined to set store by this allegation. The illusion can be attributed to the misconception that political centralization by Chiang has been fairly successful; and it can be attributed in part to the vain hope that if Chiang, the principal leader of the Kuomintang, be induced to change his attitude, his followers and all the leaders of the Nanking Government will naturally follow suit and become friendly to Japan (like the proverb, if the fountain-head be clear, so is the stream). Those who listen to such rumors and hopes for change in the attitude of the Nanking Government are accepting illusion for fact. An abstract, non-mathematical, argument is not always conclusive; we may not be doing justice to another nation in forming a judgment on the basis of such an argument. But if we possess knowledge of the conditions from which a conclusion is to be drawn, we can reach a fairly correct conclusion ourselves. This point should be borne in mind in defining our policy toward China. We shall now briefly comment on the Kuomintang and Chiang-Kai-shek and

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make clear why it is that both are inconsistent with Japan's policy toward China.

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More than ten years have elapsed since the Kuomintang came into existence with its motto of abolition of the unequal treaties and overthrow of imperialism. That motto has come to be something like a faith in the minds of the rising generation of China (young patriots they are to the Kuomintang), accepted by the rising generation without weighing the purity or reasonableness of the motive of their movement. The success of the independence of Manchukuo has crushed their long cherished ideal of the recovery of lost territory, and the loss of the territory has ruined their standing by dealing the party's principles a fatal blow. It is not difficult to imagine how painful this blow has been to the party and its leaders. It is well-known that Chiang himself harbors bitter enmity toward Japan, considering himself betrayed several times by Japan and being, since the Tsinan affair, under the illusion that his relations with Japan are anomalous. On the other hand some Kuomintang party members still mistakenly believe that the party has an existence apart from Chiang-Kai-shek and indulge in an idle fancy of his overthrow notwithstanding the fact that as the result of repeated party purges Chiang now has the party completely under his personal control. No error could be more complete.

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The new military group, that is the combination of the Kuomintang party headed by Chiang and the Chekiang capitalists,

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is bleeding the 400,000,000 people of China to a degree quite without precedent. Obviously the policy of Japan, which aims at the happiness and welfare of the Chinese multitudes, is not welcomed by the Kuomintang and the Chiang administration, the oppressors of the Chinese people. Because Chiang is known as an opportunist some people incline to the thought that, finding himself in a difficult position, he will turn pro-Japanese. This notion is absurd because such a change of attitude would be tantamount to surrender, ruinous to his dignity and fame, and contradictory to his past policies. Taking into consideration the very close relation between Chiang and Sung, Kung, Chen, and others (who have acquired their influence through their wives) and on the other hand the Chekiang capitalists, and bearing in mind the close connection between the Chekiang capitalists and the British and American business interests (the greater portion of the private property of those influential Chinese being deposited with the British and American banks) -- taking these things into consideration it is out of the question for them to become friendly with Japan or to accept Japan's China policy. It is the height of absurdity to consider any possibility of capitulation. We should simply be deceiving ourselves.

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The above statements can be illustrated by recent occurrences. Consequent upon developments in North China the National Government issued orders directing Kuomintang leaders to change their stand and turn pro-Japanese. Nevertheless they still continue anti-Japanese activities as strongly as

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ever. In addition to the active anti-Manchukuo movement covertly carried on by the remnants of the Blue Shirt Society (organized by members of the Kuomintang) and by the Kun-shih-feu-hui (local military societies), even the authorities of the Ministry of Industry, the Ministry of Railways, and the Ministry of Finance of the Nanking Government are secretly directing measures to check the Japan-China rapprochement. Facts in corroboration of these assertions are many. This state of affairs has greatly disappointed both Japanese and Chinese in North China who were deceived into expecting that Sino-Japanese relations would improve. We realize of course that even if the Kuomintang should change front in favor of Japan it would be very difficult for the party abruptly to alter its "protective coloration", and it will take a long time to stamp out the anti-Japanese sentiments which have firmly taken root in the lower classes of China. When we review the evidences of anti-Japanese agitation organized by the Kuomintang in North China we are forced to admit, however reluctantly, that we fail to recognize in their attitude toward Japan any indication of sincerity.

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Unless their attitude becomes actually pro-Japanese any amount of outward profession will be of no use. In view of the evidences already mentioned, a change in professed attitude could safely be taken as nothing but a strategem to put Japan off guard. If they yield to Japan's insistence and recognize Manchukuo in return for some concession, or if they

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they meet Japan's rightful claims to smooth the tension, we must remember that whenever an opportunity for vengeance upon Japan presents itself with some turn in the international situation, they will not hesitate to return evil for good and side against Japan under their accustomed motto of the recovery of lost territory and the abolition of the unequal treaties. It is of course impossible to foretell the future and to state what will be their attitude toward Japan hereafter, but too optimistic or superficial a view would lay us open to risking the welfare and interests of the Empire. Relations between Japan and Chiang Kai-shek are so complicated that unless Japan gives in she must completely crush him. We are justified in believing that otherwise the relations between the two countries will never be mended.

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V. The Communist Movement in China.

Favored by the communist policy of the Kuomintang, the communist movement in China has spread throughout practically the entire country. Since 1927 Chiang Kai-shek has exerted himself to drive out the communists and to sweep the communistic element from the Kuomintang party also, but the communist idea is deeply imbedded in the lower ranking members. Although Chiang and other leaders of the party have shaken hands with the wealthy merchants of Chekiang and have degenerated into what is termed the new capitalist-military clique, there is nevertheless evident a resemblance between the Kuomintang and the communists in point of organization, structure, activities, et cetera. On this account the campaigns conducted by Chiang against communist rebellion for many years have failed to meet any success, so that now any effort in this direction is expected to result in failure. Like an attempt to explode a crushed rubber balloon, such efforts will fail to root out what is generally considered the communist influence. The communists have even gained ground meanwhile. These efforts have simply resulted in the thorough contact of propaganda and other activities of the communists in Szechuan, Kokonor, and Sinkiang into which areas it has long been the cherished idea of the Third International to effect an advance. It is doubtful if Chiang has been wholehearted in his anti-communist expeditions.

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The Chinese communists, and especially communist bandits, are quite different from their kind in Soviet

Russia

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Russia. The feature of the Chinese communists is that they are mostly from the agricultural classes. The communist rebels of China may be considered impoverished farmers reduced to a pitiful condition by the maladministration of the Kuomintang regime. These communist rebels and the anti-Kuomintang factions, with the assistance of the true communists, spread their ravages in search of an existence. As is but natural the Soviet communists support and assist the discontented Chinese with a view to implanting Soviet influence in the land. Should the maladministration of the Kuomintang regime continue long, the consequence will be further impoverishment of the agricultural classes and uncontrollable expansion of the communist rebels.

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Whether or not China will be communized has been a major question ever since the establishment of the Kuomintang. In China it has long been considered practically a natural right of the common people, on occasions of revolution or dynastic change or local civil war, to rise in revolt against the wealthy and plunder their properties, in the wake of looting troops. This primitive communist idea is common to the psychology of the Chinese. The fact that the leaders of the present communist rebels allow their subordinates and the local inhabitants to follow this primitive practice, themselves sharing in the spoils, indicates that they have already degenerated into the warlord type. It is only when there is no more loot to distribute that they will stop their activities and cease to be what they now are. The activities of the communists of Soviet Russia are maintained with difficulty even under the extremely despotic oppression of their political police

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and the red army, and are possible only in the Soviet Union. A well-conducted communist movement is hardly possible in China where circumstances so greatly differ. The blue shirt society policy of Chiang is a conspicuous example in support of this deduction. It is doubtful if a purely communist system of government could be established in China; and even granting that communism might once sweep the country, it would certainly not stand long, but would be destined to gradual decline and final disappearance. This can be deduced from the national character of the Chinese which is far from consistent with the communist idea. But meanwhile we cannot remain mere onlookers in the sight of the suffering and pitiful fate of the multitudes of our neighbor nation, borne during a period of chaos and practical anarchy, nor can we submit to the menace to our own Empire. This is particularly true in view of the determination of the Soviet Union to take advantage of the turbulent situation obtaining in China and to carry out aggressive designs against Japan with the intent eventually of crushing us.

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To mitigate the unbearable burden of the Chinese people, to bring an end to the pressure brought upon them

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by their present government, to assure the safety and well-being of the masses by checking the spread of communism, to relieve the pressure under which the whole nations suffers, fundamentally to reform the administrative system, to reorganize the ruling classes of present-day China -- these must be the common object of both the Japanese and Chinese nations. Because the Kuomintang very closely resembles the communists of the Soviet Union in organization and in principle, there is more possibility of eventual alliance with Russian communism than of support for pro-Japanese policy, however much the latter may be forecast by a certain section of thinkers in this country. Already there are traces of a plan of Chiang Kai-shek's to be friendly with Soviet Russia for the purpose of obstructing Japan's China policy. This calls for the special attention of the country.

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There is nothing to be feared from the communists themselves, but we must not and cannot overlook the activities of the Soviet communists who are making use of the Chinese in jeopardy of Japan and Japan's interests. It is very important to this country to give close attention to this matter and consider counter measures. The best way to check the spread of communism in China is to stop the Chinese from being converted to communism and this can best be effected by carrying out a fundamental reform of the poor administrative system of China under the Kuomintang.

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-29-

VI. (Omitted).

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VII. Conclusion.

When the first Emperor Jimmu Tenno founded this Empire and ascended the Throne as first head of the Imperial House 2596 years ago he proclaimed to the nation as follows:

"Hereby we respond to the august wish of our great Imperial ancestor who bestowed upon her grandson a gracious message commanding him to rule and govern the realm, and at the same time we conform to the desire of her Imperial grandson by observing and broadening respect for the principles of righteousness and justice which have been bequeathed to us. Having in mind this ideal, and observing the august instructions of our Imperial ancestors, we have developed the country in all its quarters and corners, and we hereby establish the seat of the Imperial capital. We trust that it will enjoy the approval of our great ancestors, and that we shall be justified in undertaking this enterprise."

It is thus seen that Emperor Jimmu, the founder of this Empire, made morality and justice the fundamental guide and principle of his administration, and made it his aim and purpose to propagate in the world that lofty ideal. The great principle underlying the founding of this empire was, therefore, to establish a high moral state within and to effect a moral unification of the countries of the world without. This lofty ideal is clarified in the Imperial Rescript of Emperor Jimmu and therein lies the national spirit as enshrined in the mind of every Japanese, the national spirit of the Japanese race. Looking backward, we find in the history

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of Japan several examples of the extension of Japanese activities beyond the limits of the country, but in most cases these attempts proved unsuccessful. The invasion of ancient Chosen by the Empress Jingo, the establishment in Mimana, the expedition to Chosen by Toyotomi Hideyoshi, and, in modern times, the Tsingtao campaign and the Siberian expedition can be cited as examples of this assertion. It is, however, useless to cry over spilt milk, and we must not count the failures of the past which can never be mended. What calls for our attention is that we should not repeat the failures of the past when we are engaged in establishing and developing Manchukuo and North China. To repeat the failures of the past would compel us to withdraw our hand from the continent, would endanger our destiny, and would retard our national expansion. It is consequently a matter of paramount importance carefully to study the causes of past failures and jealously to guard against their repetition. We shall not dwell on further details at this point; it will suffice to say that in the execution of our policy we must be strictly confined to the following principles as our immovable law:

(1) Both state and subjects shall be firmly resolved that, if their purpose be only just and upright, they need hesitate at nothing to reach their goal, valiantly defiant of any obstacles or opponents.

(2) It is impossible to realize the principle of mutual existence and mutual good if the power of self-criticism be lacking.

(3)

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(3) The universe is eternal and everlasting. The Japanese Empire is destined to flourish and prosper with the universe forever. We must not blindly seek immediate gains nor hastily rush into matters of temporary success.

(4) In effecting the expansion of this Empire, we must not attempt to jump to the heights as if on an elevator, but we should plan to proceed step by step steadily and surely, although there may be occasions for several steps at a time; and once risen to the heights, we should guard against the loss even of a single step, and push on our way higher.

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In brief, in carrying out our strong determination and belief, abiding by the great spirit on which this Empire is founded, the Japanese nation must be provided with patience, courage and power in the right.

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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
October 21, 1936.

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~~NSM~~
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There is transmitted with Tokyo's 2057 of October 3, 1936, a memorandum of a conversation between the British Ambassador and Ballantine during which Clive recounted to Ballantine the conversation which he (Clive) had had with Arita with regard to Sino-Japanese relations.

According to the ADVERTISER, a few days after the conversation between Clive and Arita a report allegedly emanating from official British sources stated that Japan would not use force to bring about acceptance by China of Japanese "desires". The report apparently further suggested that an assurance to that effect had been given Clive by Arita. There were charges by the Japanese press of a breach of confidence on the part of British officials, and Arita is supposed to have said that any suggestion that Japan would not use force was embarrassing. Whereupon the Counselor of the British Embassy called at the Foreign Office and gave formal assurance that the report above-mentioned had not been given out by any British official.

2057

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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

No. 2057.

AMERICAN EMBASSY

Tokyo, October 3, 1936.

SUBJECT: SINO-JAPANESE RELATIONS - CONVERSATION
WITH THE BRITISH AMBASSADOR

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on

Division of
FAR EASTERN AFFAIRS
OCT 20 1936
Department of State

Copy in FE
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The Honorable
The Secretary of State,
Washington.

Sir:

In reference to the Department's telegram No. 126,
September 30, 7 p.m., and to the Embassy's reply No. 200,
October 1, 10 p.m., I have the honor to transmit here-
with a memorandum of the conversation of First Secretary
Ballantine and the British Ambassador, Sir Robert Clive,

on

ASSISTANT SECRETARY
OF STATE
OCT 18 1936
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FILED
OCT 20 1936

793.94/8275

F/E G

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on October 1, 1936, in accordance with the Department's instruction.

Respectfully yours,

For the Chargé d'Affaires ad interim:

J. W. Ballantine
J. W. Ballantine,
First Secretary.

✓
Enclosure:

1. As stated above.

710.

CC:a

Copy to Embassy, Peiping.

1058
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 2057 of October 3, 1936, from the
Embassy at Tokyo.

Conversation

October 1, 1936.

The British Ambassador,
Mr. Ballantine.

Subject: Sino-Japanese Relations.

The British Ambassador told me that this morning he interviewed the Minister for Foreign Affairs at his home and stated that he had been instructed to express the concern of the British Government and the desire of the British Government to see Sino-Japanese relations established on a genuinely peaceful basis. The British Ambassador also told Mr. Arita that the British Ambassador in China was bringing to the attention of the Chinese Government the danger which would be likely to result from any alarmist attacks on Japanese nationals in China and to express the hope that if possible such developments will be prevented.

The British Ambassador then asked the Minister for Foreign Affairs' permission to express his own personal views which were not based upon any instructions from his Government. The Foreign Minister having assented, the British Ambassador stated that the public opinion in Great Britain was very much concerned over the developments in the situation in China. He stated that the Japanese Government often expressed its desire for the fullest cooperation with the British Government but that

any

- 2 -

any action on the part of the Japanese Government to push matters to the extreme in China would affect public opinion in Great Britain in such a way as to destroy the possibility of any cooperation with Japan. He said that in his opinion if Chiang Kai-shek was pressed too hard at this time, China would be driven in desperation to resist, which would result in consequences the seriousness of which no one could foretell. He said that he had gathered from some of the newspaper correspondents who were present at the conference given by Mr. Arita that Mr. Arita's statement was in the nature of an ultimatum to China and that Japan's demands were of an unconditional character. Sir Robert further alluded to press reports to the effect that the demands included the detachment of the five northern provinces involving separation of the customs administration and a separate currency. Such demands, Sir Robert said, were of such a far-reaching character that he did not think that Chiang Kai-shek could possibly accept them and it would render resistance on the part of China inevitable.

Sir Robert told me that Mr. Arita in reply denied that the demands made on China were unconditional and said that they were subject to discussion. He denied in rather vague terms and with some hesitation that the demands included the separation of the five northern provinces. Mr. Arita said that the difficulty in the northern China situation owed its origin to the difficulties of Chang Hsueh-liang for years and the Japanese felt it absolutely necessary as guarantors of the security
of

- 3 -

of "Manchukuo" that the border situation between "Manchukuo" and northern China should be stabilized. The Ambassador pointed out to Mr. Arita that the situation was a vicious circle and each action taken by Japanese inviting reprisals from the Chinese led to incidents.

The British Ambassador finally told me that the only argument which he thought was likely to influence Japan in connection with the China situation was emphasis on the probability that Japan's pressure on China would lead to resistance with all the serious consequences which that involved.

Mr. Arita earnestly requested the British Ambassador that no intimation of his interview either in connection with his official statement or his personal observations be given to the Chinese, to which Clive agreed. The Ambassador impressed upon me the importance of keeping the fact of his interview with Arita confidential, as its revelation to the Chinese Government might have most unfortunate results in influencing the Chinese to hold out against Japan.

JWB:s

1061
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

November 9, 1936.

~~EHD:~~
~~WCH:~~
~~SKH:~~

Tokyo's No. 2070 of October 3, 1936, discusses the proposed administrative reforms in the Japanese Government put forward by General Terauchi.

The proposed reforms are an outgrowth of the February 26 affair. The army having undertaken extensive reforms in its own organization now demands that the civilian government take similar action. The plan which was submitted on September 22 would entail consolidation of several departments of the government and of a number of bureaus which now report to the Cabinet. In presenting these proposals it was set forth that General Terauchi did so in the capacity of a minister of state, and that the plan was not sponsored by the Japanese army.

The civilian elements in the government have shown some evidence of disinclination to follow this plan of the military. In fact there has been a counter-proposal that the war and navy departments be united.

Events in China have over-shadowed the War Minister's plan, but in the opinion of the Embassy it will undoubtedly become a political question in the near future.

From

063
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

- 3 -

A Domei report of October 12 states that a tense political situation threatens to arise out of the difference of opinion between Hirota and General Terauchi over the latter's administrative reform plan. As the result of Hirota's conferences with his Cabinet colleagues, practically all of whom are unsympathetic toward the proposed plan, the Cabinet has decided to postpone consideration of the reform plan until after the closing of the next Diet session. The military are resolutely opposed to this proposed delay, and insist on effecting the changes in time for the inclusion of the cost of such changes in the budget now being formulated.

WTT/DLY

1063
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

- 3 -

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WTT/DLY

1064
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 FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

AMERICAN EMBASSY
Tokyo, October 3, 1936.

No. 2070.

SUBJECT: EXTENSIVE ADMINISTRATIVE REFORM PROPOSED BY
THE JAPANESE MINISTER OF WAR.

Classification
Yes ☒
No ☐
bui
m ID

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

Copy in FE
Division of
FAR EASTERN AFFAIRS
OCT 20 1936
Department of State
H
H

The Honorable

The Secretary of State,
Washington.

Sir:

793.94/8203a

I have the honor to refer to the Department's
telegram No. 125, September 30, 6 p.m., and to the
Embassy's telegram in reply No. 199, October 1, 9 p.m.,
both on the subject of recently proposed administrative
reform of the Japanese Government.

Administrative reform has been mentioned in general
terms in Japanese political discussions for many months,
particularly

793.94/8276

NOV 12 1936
FILED

F/EG

-2-

particularly since the February 26 Incident. The Embassy's despatch No. 1952, July 22, 1936, for example, noted the subject in the final paragraph of page 5. As a result of sifting out the basic national policies proposed by the various ministries, the Cabinet on August 25 approved seven such policies, the last of which was improvement and adjustment of administrative machinery. Having before him this approval by the Cabinet of the improvement and adjustment of administrative machinery as a matter of basic national policy, the Minister of War on September 22 apparently presented to the Premier a comprehensive plan of administrative reform. The most important part of this plan was the proposal that the various existing bureaus for investigation and coordination of legislation, which now report to the Cabinet, be consolidated under the control of a Cabinet Minister without Portfolio to be created. This new consolidated office would apparently have a broad function which might come to be of very great importance in coordinating the work of the Government and in work of national planning, as well as in passing upon large questions of policy. Other and less important points of the plan included the consolidation of certain departments of the Government. The plan would unite the Department of Agriculture and Forestry with the Department of Commerce and Industry, would also unite the Department of Communications with the Department of Railways, and would abolish the Department of Overseas Affairs.

On September 30 the Vice Minister of War in a statement to the press took occasion to assert that the plan of administrative reform proposed by the War Minister was proposed by him as a Cabinet member and could not be considered

as

-3-

as a plan put forward and advocated by the Japanese Army. The Vice Minister pointed out that the subject of administrative reform was under consideration by the Cabinet and that a Cabinet member was therefore in position, in the ordinary course of business, to make proposals on the subject. The Vice Minister stated that the War Minister would not make an issue of approval of the plan in its original form. By this last statement he seems to have desired to make clear that the War Minister has not reached a decision to force resignation of the Cabinet on this issue, and that he would listen to suggestions of changes in the plan in the course of its discussion.

That civilian elements in the Japanese Government are not at present ready to follow the military without question has been indicated by the fact that public discussion of the War Minister's plan of administrative reform has brought out a counter-suggestion that, in the consolidation of departments of the Government, the War Department be united with the Navy Department.

In the last few days news of developments in China has tended to occupy the public press to the exclusion of other questions and the War Minister's plan has sunk from notice. It will undoubtedly receive attention as a political question in the near future, but for the time being it appears not to have any significance as a project for the extension of centralized military control of the Japanese Government to make possible a new and stronger policy

1067
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

-4-

policy on the Continent in solution of existing Sino-Japanese difficulties.

Respectfully yours,



Erle R. Dickover,
Chargé d'Affaires ad interim.

800.2
CC:C

Copy to Embassy, Moscow;
" " " Peiping.

1068

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

No. 144

AMERICAN CONSULATE

Tsingtao, China, September 16, 1936

773-34

For Distribution Check		Yes	No
Grade	11		<input checked="" type="checkbox"/>
For	Hawthorne	<input checked="" type="checkbox"/>	
	ONI		<input checked="" type="checkbox"/>

lat

SUBJECT: Tsingtao Japanese Community Manifests
Uneasiness Over Chengtu and Pakhoi
Incidents, which they Attribute to
Anti-Japanese Education.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping, China.

Sir:

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

Division of
Far Eastern Affairs
OCT 20 1936
Department of State

793.94/3277

FLB
9

I have the honor to report that, according to the September 15th and 16th issues of the TSINGTAO SHIMPO, a local newspaper published daily in the Japanese language, the Japanese community of Tsingtao (numbering some 15,000) is manifesting considerable concern over the recent Chengtu and Pakhoi incidents, when certain Japanese nationals are alleged to have been murdered by Chinese mobs, which regrettable occurrences they attribute to the anti-Japanese nature of present day education in Chinese schools. Local Japanese apparently fear that similar incidents will occur in China with increasing frequency unless strong measures are taken by the Japanese authorities.

The Committee of the Tsingtao Japanese Residents' Association accordingly met on September 15, when a circular telegram was drafted and sent to the Japanese

Ambassador

F/FG

1065
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 -

Ambassador to China and to the Japanese Ministers of War, Navy and Foreign Affairs. A translation of the text of the telegram, as published in the above mentioned paper, is quoted below:

"Hope that resolute steps will be taken to deal with the Chengtu and Pakhoi incidents, which are outstanding examples of insulting anti-Japanese activities (in China), and with the general (sino-Japanese) situation.

Tsingtao Japanese Residents' Association"

Respectfully yours,

Carl O. Hawthorne,
American Vice Consul.

800
CCH/AD

Original to Embassy, Peking,
5 copies to Department of State.

A true
the signed
12-18-75
RD

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

Copy for Department of State.

No. 146

AMERICAN CONSULATE

Tsingtao, China, September 18, 1936.

SUBJECT: Tsingtao Japanese Community Manifests
Uneasiness Over Changtu and Pakhoi
Incidents, which They Attribute to
Anti-Japanese Education.

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

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping, China.

For Distribution-Check		Yes	No
Grade	AA		<input checked="" type="checkbox"/>
For	Handwritten: 671-MID	<input checked="" type="checkbox"/>	

Sir:

Supplementing this office's despatch no. 144
of September 16, 1936, on the above subject, I have
the honor to quote below a translation of the gist
of a petition which, according to the local Japanese
press, was today forwarded by the Tsingtao Japanese
Chamber of Commerce and Industry to the Japanese Pre-
mier, Ministers of Foreign Affairs, Navy and War, Am-
bassador to China, Japanese Garrison at Tientsin, the
Third Overseas Fleet, the Home Fleet, the Admiralty,
General Staff, and Japanese Chambers of Commerce and
Industry at Shanghai, Tientsin and Tsinan:

"Lasting peace in the Orient must neces-
sarily depend upon mutual cooperation between
Japan, Manchukuo and China. Occidental capital-
ism is cunningly invading China, yet China re-
gards Manchukuo and Japan as her enemies, in-
spires her people with anti-Japanese ideas, seems
to be ready to fight it out with Japan, and is

purchasing...

793.94/8278

F/FG

1071
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

- 2 -

purchasing enormous quantities of arms and am-
munitions. The recent most outrageous and cruel
incidents at Chengtu and Pakhoi are born of the
insulting anti-Japanese education in China.
Similar incidents are plentiful in Shantung Pro-
vince. Pressure is being placed on (pro-Japanese)
military officials and they are being openly bribed.
From an economic standpoint, an anti-Japanese high
tariff is being enforced and merchandise of Ja-
panese origin is frequently seized under the pre-
text of 'smuggling'. The noble sacrifices at
Chengtu and Pakhoi should be made the turning point
in Sino-Japanese relations--anti-Japanese actions
of whatever nature should be eradicated resolutely
and completely from the whole of China that peace
may reign in the Orient forever."

The mention of pressure being brought to bear upon
Chinese military officials is believed to refer to alleged
recent efforts on the part of Chiang Bo-ch'eng (蔣伯誠),
Chief Advisor to the National Military Council (軍事委員
會總參謀), to influence in favor of the National Govern-
ment by means of liberal bribes certain of General Han
Fu-chu's subordinates.

Respectfully yours,

Carl O. Hawthorne,
American Vice Consul

800
COM/CML

Original to Embassy, Peiping.
Five copies to Department of State.
Copy to Consulate, Tainan.

copy of
the original
filed
Carl

793.94/8271

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

MSM
M/H

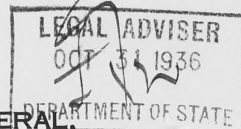
Oct 20

To note:
a brief commentary on
the course of judicial
proceedings in China.

The two defendants
in the Nakagawa case
were sentenced to death
on Oct 2.

JCV

NO. 391



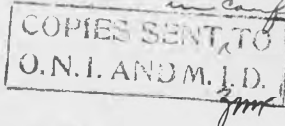
AMERICAN CONSULATE GENERAL

Shanghai, China, September 15, 1936.

793.94
Confidential.



SUBJECT: The Nakayama Murder Case.



THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



1/ I have the honor to enclose a copy of a self-explanatory despatch No. 378 of this date from this Consulate General to the American Embassy at Peiping in regard to the subject above mentioned.

793.94/8279

Respectfully yours,

C. E. Gauss,
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate General despatch No. 378.

BFS
800

FILED
NOV 2 - 1936

In quintuplicate.

4 Carbon Copies
Received

F/FG

378

September 15, 1936.

Confidential.

Subject: The Nakayama Murder Case.

The Honorable

Nelson Trusler Johnson,
American Ambassador,
Peiping.

Sir:

I have the honor to refer to my despatch No. 312 of July 31, 1936, and previous correspondence in regard to the trial in the First Special District Court of several suspects held in connection with the murder of Warrant Officer Nakayama. The Consulate General has now been reliably informed that according to confidential information received by the Assistant Municipal Advocate, who has been prosecuting the case, the Court will render a decision before the end of this month which will find two of the suspects guilty. One will be sentenced to death and the other to life imprisonment. It is further understood that instructions to this effect have been issued by Nanking to the Court within the past few days.

It may be conjectured that these instructions, which if carried out would effect a settlement of one

of

1075
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Quisenberry NARS, Date 12-18-75

of the cases in the prosecution of which the Chinese authorities have been charged with dilatoriness and insincerity, have been issued with a view to placating the Japanese and smoothing the course of Sino-Japanese negotiations.

Respectfully yours,

C. E. Gauss,
American Consul General.

800
EFS MB

In Quintuplicate to Department by
despatch No. 39 of even date.

Copy to Embassy, Nanking.

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

October 30, 1936.

MEM:

MEM: ~~SRH~~

Shanghai's despatch No. 404, September 25, 1936, reports in regard to the "Killing of Japanese Bluejacket in Hongkew District, Shanghai" on September 23 (the circumstances of the incident and of Japanese action immediately following the incident have been described in telegram from Shanghai). Shanghai states that the "incident is generally attributed locally to hired gunmen operating for political purposes and is believed to have been designed to increase the existing tension between China and Japan".

Jcv.
FE:JCV:VCI

FE

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

NO. 404

AMERICAN CONSULATE GENERAL,
Shanghai, China, September 25, 1936.

793.94

For Distribution Check			
Grade	G	Tab 11	Yes No
For	Stanton	In U.S.A.	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
ONI-MID			

SUBJECT: Killing of Japanese Bluejacket
in Hongkew District, Shanghai.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

1/

I have the honor to enclose a copy of a self-explanatory despatch of today's date from this Consulate General to the American Embassy at Peiping, in regard to the subject above mentioned.

Respectfully yours,

C. E. Gauss,
American Consul General.

Enclosure:

1/- Copy of Shanghai Consulate
General despatch No. 401.

800
EFS MB

In quintuplicate.

401

AMERICAN CONSULATE GENERAL.

Shanghai, China.

September 25, 1936.

Subject: Killing of Japanese Bluejacket
in Hongkew District, Shanghai.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping.

Sir:

In amplification of my telegrams of September 24,
1936, 11/8171 a.m. and 6 p.m./8174 I have the honor to report
that on the evening of September 23 at about 8:30 p.m.,
four Japanese bluejackets (not on duty), who were
looking into a shop window near the intersection of
Woosung and Haining Roads in the International Settle-
ment, were shot at by Chinese. One sailor was killed,
two were shot through the arms, while the fourth escaped
unhurt.

The shooting quickly brought to the scene Settle-
ment police, Japanese consular police and strong, fully
armed detachments from the Japanese Naval Landing Party.
The Japanese naval forces immediately threw a strong
cordon around the area and searched all pedestrians and
houses in the vicinity. Naval patrols, assisted by local
reservists who were called up, were posted throughout

the

-2-

the Hongkew district and in some sections of Chapai, in Chinese territory. The special police of the Settlement and the Russian regiment of the Volunteer Corps were ordered to stand by. One Chinese suspect was arrested by the Settlement police a few minutes after the shooting and a few yards away a Mauser type pistol was found in a sand box. This man was closely questioned by the Japanese but refused to say anything. He was subsequently turned over to the Shanghai Municipal Police who at first believed he was one of the assailants but now think his complicity doubtful. Two other suspects have been arrested and are also in the hands of the Settlement police but their connection with the crime appears to be equally doubtful.

Japanese naval units were almost in complete control of the Hongkew area during the night but the cordon was withdrawn early the next morning and many patrols were ordered back to headquarters. However, an additional five hundred and fifty sailors were landed from the troopship MUROTO, which arrived early on the morning of September 23, bringing the reinforcements ordered to China following the shooting of a Japanese police officer at Hankow.

This incident, which is one of a series in which Japanese have been done to death by Chinese, has greatly aroused the local Japanese community and officials who regard it as further proof of the inability of the Chinese authorities to control anti-Japanese activities. The Japanese Residents' Association met shortly after the
incident

-3-

incident and deliberated on the measures to be taken to safeguard Japanese residents. The Commander of the Japanese Naval Landing Party made a statement a few hours after the shooting which indicated that the Landing Party was prepared to "take armed measures for the protection of Japanese lives within and outside the Settlement according to its own judgment." A less alarming statement was issued by the Commander on the morning of September 24 in the form of a proclamation and reads in translation as follows:

"Notice is hereby given that the action taken by the Japanese Naval Landing Party is for self-defense and its main purpose is to protect Japanese lives and property. No mercy will be shown to those who regard our authorities and our people as enemies or who violate peace and order. We hope that all citizens of Shanghai will understand the true motive of the Naval Landing Party and go about their business in peace."

A statement made by a spokesman of the Japanese Embassy here expressed intense indignation at this latest outrage and declared "We can no longer trust Chinese assurances that anti-Japanese movements and activities will be suppressed and we must regretfully take upon ourselves the task of protecting the lives and property of our nationals in China by whatever means we consider suitable."

On the morning of September 24 Mr. Wakasugi, Japanese Counselor of Embassy, who is also functioning temporarily as Japanese Consul General, called on Mayor Wu of the Municipality of Greater Shanghai and requested the assistance of the Chinese authorities in apprehending those involved in the incident. Mr. wakasugi also requested Mayor Wu to take all possible measures for the protection

-4-

protection of Japanese lives and property, and is further reported to have reserved the right to present any new demands. In this latter connection it is understood that full reports have been forwarded to the Japanese Government and that instructions are being awaited. From the Secretary General of the Municipality of Greater Shanghai it has been learned that the Mayor assured Mr. Wakasugi that everything possible was being done both as to co-operation and protection. The Mayor also took occasion to refer to his protest, made earlier in the day, against the penetration of Chapel and the adjacent northern area by Japanese patrols and the provocative activities of these units. He pointed out that no attempt had been made to prevent such units entering Chinese territory the night of the incident but that their continued presence, and particularly in areas where no Japanese reside, was totally uncalled for. He again urged that these units be withdrawn immediately. However, Japanese detachments have not yet been withdrawn from Chinese territory, although they have been reduced in strength.

Mr. Wakasugi also called on the Chairman of the Council on the afternoon of September 24 and similarly urged that every effort be made to apprehend those responsible for the shooting and that measures be taken to protect Japanese lives and property in the Settlement. It is understood from officials of the Council that Mr. Wakasugi's attitude was surprisingly conciliatory. No unusual demands have been made upon the Council thus far, though it was reported that the night of the incident the Japanese

-5-

Japanese naval authorities proposed to ask the Council to declare a state of emergency. No formal request for such a declaration was made, however, and it is understood that local Japanese diplomatic and consular officers felt yesterday that no useful purpose would be served by such a request, which they perhaps foresaw might lead to objections and complications.

Both the Settlement and the Chinese authorities expressed their sincere regrets at the killing and wounding of these Japanese sailors and are unquestionably doing everything in their power to apprehend the assailants and to give the fullest protection to Japanese residents.

The situation, therefore, is that the Japanese thus far have not presented any unusual demands. The Japanese naval authorities probably favor drastic action but have shown restraint at least vis a-vis the Settlement authorities, with whose functioning in the Hongkew area they have not seriously interfered except for a few hours immediately following the incident. Their action in penetrating Chinese territory and continuing to maintain units in Chapei and adjoining areas is provocative but the situation in those areas has noticeably improved following a reduction in the strength of such units.

The incident is generally attributed locally to hired gunmen operating for political purposes and is

believed

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

believed to have been designed to increase the existing
tension between China and Japan.

Respectfully yours,

C. E. Gauss,
American Consul General.

800
EFS MB

In Quintuplicate to Department
by despatch No. ~~444~~ of even date.

Copy to Consulate General, Hankow.

Copy to Embassy, Nanking.

MICROCOPY

976

ROLL

33

