

**MICROCOPY**

**976**

**ROLL**

**63**

**NATIONAL ARCHIVES MICROFILM PUBLICATIONS**

Microfilm Publication M976

RECORDS OF THE DEPARTMENT OF STATE  
RELATING TO POLITICAL RELATIONS  
BETWEEN CHINA AND JAPAN, 1930-1944

Roll 63

1930-39

793.94/15351-15561  
Aug.-Dec. 1939



**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.

0001

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

491

**TELEGRAM RECEIVED**

TMT

This telegram must be closely paraphrased before being communicated to anyone. (br)

Tel drafted  
+ Tokyo

Tokyo

FROM

Dated September 6, 1939

Rec'd 7:45 a.m., 7 file B

FAR EASTERN

SEP 7 - 1939

Secretary of State,

Washington.

463, September 7, 6 p.m. (SECTION ONE)

One. The Department's 276, September 6, 6 p.m. was not received until after my appointment with the Minister for Foreign Affairs and is not yet completely decoded. As the British Ambassador had informed me this morning that he proposed to express only the conventional remarks set for occasions of this character, I concluded not to make the statement to the Foreign Minister outlined in our number 459, September 6, 5 p.m. paragraph numbered 3.

Two. As the Minister for Foreign Affairs received all the chiefs of mission in turn this afternoon my interview along with the others was necessarily very brief. The Minister regretted that the relations between Japan and United States are not marked by that mutual confidence and friendship which he would wish them to be; he regretted that there had occurred incidents which had aroused

American feeling against Japan notwithstanding the efforts being made by the Japanese Government to prevent the doing

of

793.94/15351

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

492

TMT -2-463, September 7, 7:45 a.m.

of (\*) to American interests in China; and he said that  
it would be his sincere endeavor to improve relations  
between our two countries. Referring to the notes com-  
municated on September 5 by the Japanese Government to  
the belligerent powers,

(END SECTION ONE)

DOOMAN

KLP

(\*) apparent omission

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

RFP

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

TELEGRAM RECEIVED

Tokyo  
Dated September 7, 1939

Rec'd 10:03 a.m.

Secretary of State

FROM

Washington

463, September 7, 6 p.m. (SECTION TWO)

The Foreign Minister said that he wished to emphasize the determination of Japan not to become involved in the European war and at the same time to do what it could to prevent the enlargement of the hostilities to include the Far East. He added that Japan would be glad to cooperate with other nations equally animated by desire that the war be confined to the present belligerents.

Three. I replied that I would not fail to report to my Government the observations which the Foreign Minister had just made. I said that it had been our endeavor to cooperate with Japan as with other nations in promoting peace in the Far East; that the difference in objectives and policies of our two nations were militating against such cooperation, which was particularly unfortunate at this time when mutual trust and friendship between the nations not involved in the European war were so badly needed for the bringing to an end of the war in Europe as soon as possible.

Repeated

493

700

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

RFP -2- #463, September 7, 6 p.m. (SECTION TWO) from Tokyo

Repeated to Shanghai. Shanghai please repeat to 494  
Chungking and Peiping.  
(End of message.)

DOOMAN

CSB



793.94/15351

TRANSFERRED TO 893.0146/722

GT 277 TOKYO  
SEPT. 7, 1939

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

0002

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

CJ

**TELEGRAM RECEIVED**

GRAY  
LONDON

Dated September 7, 1939

FROM

Rec'd 2:08 p.m.

FOR EASTERN AFFAIRS

Secretary of State,

Washington.

1502, September 7, 7 p.m.

CONFIDENTIAL.

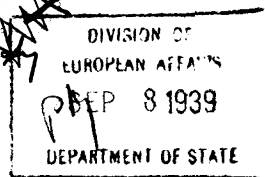
Your 813, September 6, 6 p.m.

The Department's inquiry was discussed informally at the Foreign Office today. They hope in the immediate future to be in a position to exchange views with us. It was stated informally, however, that in the last analysis the position that Great Britain would have to take will, in view of existing circumstances, have to depend on what the position of the United States is to be.

KENNEDY

PEG

British policy in the Far East



FILED  
SEP 13 1939

7004  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15137

CJ

GRAY

LONDON

Dated September 7, 1939

Rec'd 2:08 p.m.

Secretary of State,  
Washington.

1502, September 7, 7 p.m.

CONFIDENTIAL.

Your 813, September 6, 6 p.m.

The Department's inquiry was discussed informally at the Foreign Office today. They hope in the immediate future to be in a position to exchange views with us. It was stated informally, however, that in the last analysis the position that Great Britain would have to take will, in view of existing circumstances, have to depend on what the position of the United States is to be.

KENNEDY

PEG

British policy in the Far East

703.04/15352

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

CJ

GRAY

LONDON

Dated September 7, 1939

Rec'd 2:08 p.m.

Secretary of State,  
Washington.

1502, September 7, 7 p.m.

CONFIDENTIAL.

Your 813, September 6, 6 p.m.

The Department's inquiry was discussed informally at the Foreign Office today. They hope in the immediate future to be in a position to exchange views with us. It was stated informally, however, that in the last analysis the position that Great Britain would have to take will, in view of existing circumstances, have to depend on what the position of the United States is to be.

KENNEDY

PEG

British policy in the Far East

0005  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

CJ

GRAY

LONDON

Dated September 7, 1939

Rec'd 2:08 p.m.

Secretary of State,  
Washington.

1502, September 7, 7 p.m.

CONFIDENTIAL.

Your 813, September 6, 6 p.m.

The Department's inquiry was discussed informally at the Foreign Office today. They hope in the immediate future to be in a position to exchange views with us. It was stated informally, however, that in the last analysis the position that Great Britain would have to take will, in view of existing circumstances, have to depend on what the position of the United States is to be.

KENNEDY

PEG

British policy in the Far East

DECLASSIFIED: E.O. 11652, 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 OF THIS MESSAGE  
SENT TO C. I. A. D.  
SEE

### TELEGRAM RECEIVED

NC

A portion of this telegram must be closely paraphrased before being communicated to anyone. (BR)

HANKOW VIA N. R.

Dated September 7, 1939

Rec'd 6 a.m. 8th

Secretary of State

Washington

229, September 7, 5 p.m. Depart

(GRAY) Acting Japanese Consul General has just

supplied this office with translation of separate memoranda which he has presented to British and French consular authorities here requesting that their respective national authorities "refrain from any such measures as may prejudice Japanese position in regard to China which are under control of Japanese forces, lack of evidence apprehended that the presence therein of troops and warships of countries taking part in the European war may give rise to untoward incidents and situations not in keeping with Japanese policy of non-involvement. The Japanese Government, therefore, consider it necessary to offer friendly advice to the British gunboats, they be voluntarily withdrawn". In memorandum delivered to French Consul it was advised that the French gunboat and garrison troops in Hankow be withdrawn. Both memoranda stated that upon withdrawal of the armed forces named "the Japanese authorities are prepared to exercise

793.94/15353

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

NC -2- #229 from Hankow, September 7, 5 p.m.

exercise their utmost effort for the protection of  
lives and property" of the nationals of the two countries  
named (END GRAY)

The British and French consuls are referring the  
matter to their Foreign Offices.

The Commander of USS OAHU here states that the  
Japanese naval authorities have reported that they have  
requested the British and French naval vessels to leave  
Hankow or disarm.

Repeated to Chungking, Peiping, Shanghai.

SPIKER

DDM



DECLASSIFIED: E.O. 11652, 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

ConfidentialP A R A P H R A S E

A telegram (no. 229) of September 7, 1939, from the American Consulate General at Hankow reads substantially as follows:

The Consulate General has just been supplied by the Acting Japanese Consul General with translation of separate memoranda which he has presented to British and French consular authorities here requesting that their respective national authorities "refrain from any such measures as may prejudice Japanese position in regard to China which are under control of Japanese forces, lack of evidence (?) apprehended that the presence therein of troops and warships of countries taking part in the European war may give rise to untoward incidents and situations not in keeping with Japanese policy of non-involvement. The Japanese Government, therefore, consider it necessary to offer friendly advice to the British gunboats, they be voluntarily withdrawn". In memorandum delivered to French Consul it was advised that the French gunboat and garrison troops in Hankow be withdrawn. Both memoranda stated that upon withdrawal of the armed forces named "the Japanese authorities are prepared to exercise their utmost effort for the protection of lives and property" of the nationals

of

0012

DECLASSIFIED: E.O. 11652, 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-

of the two countries named. The matter is being referred by the French and British consuls to their respective foreign offices.

The Japanese Navy authorities have reported that they asked the French and British warships to disarm or to withdraw from Hankow, according to the commanding officer of the U.S.S. Oahu.

793.94/15353

*Asc*  
FE:ASC:HJN  
9/9

*YRP*  
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

## DISTRIBUTION

S  
 U  
 C  
 A-M  
 A-S  
 A-B  
 SA  
 LE  
 PA/H  
 PA/D  
 EA  
 FEIS  
 EU  
 FE  
 FULLER  
 RA  
 NE  
 PI  
 TA  
 CI  
 FA  
 FP  
 DA  
 DP  
 A-M/C  
 CO  
 CR  
 FBO  
 SAVAGE  
 IC  
 MA  
 ED  
 PR  
 RP  
 TD  
 VD  
 RC  
 IN  
 CSA  
 FULL

NC  
 This telegram must be  
 closely paraphrased  
 before being communicated  
 to anyone. (br)

PARIS

Dated September 8, 1939

Rec'd 12:55 p.m.

Secretary of State

Washington

1842, September 8, 1 p.m.

I communicated the contents of your 818, September 7,  
 7 p.m. to Leger this morning. He replied that the

information reached him most opportunely since ~~it~~ <sup>he had received</sup>

this morning from the British Foreign Office

a statement of the views of the British Government on  
 this subject.

He gave me briefly the gist of the British position  
 which was: that unless the Government of the United  
 States prepared to take an energetic position with  
 regard to this matter the British Government would  
 feel obliged to withdraw all British troops from China  
 giving as an excuse the need for such troops in Europe.

Leger expressed his profound gratitude for the  
 information which I had been able to give him.

BULLITT

GW:CSB

(\*) Apparent omission

793.94/ 15354

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese conflict, June, 1939.  
Situation report on-

For the original paper from which reference is taken

See #826 to Embassy, Peiping  
(Despatch, telegram, instruction, letter, etc.)

Dated July 5, 1939 From Tientsin (Caldwell)  
To \_\_\_\_\_

File No. 893.00 P.R. Tientsin/134

793.94/15355

15355

3. Relations with Other Countries.

1. Japan.

743.94  
a. Restrictions on Trade, imposed by the Japanese military either directly or through their Chinese puppets, were continued. The local Japanese-controlled press reported toward the end of June that control measures would be extended to all export commodities from July 10. This report was confirmed by the Japanese Manager of the Foreign Exchange Department of the Federal Reserve Bank in Tientsin in a conversation with a foreign exporter. (1-5)

The American exporters of furs and skins from Tientsin to the United States negotiated with the Japanese military in Tainan during the month, regarding shipments of fur skins from Shantung and from points in southern Hopei through Shantung to Tientsin. It is understood that the Japanese military agreed to permit the shipment of furs under permits issued by themselves after examination of the cargo. (6-9)

b. Guerrilla Warfare between the Japanese  
military

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-

military and Chinese partisans in the interior continued, with the Japanese-controlled press laying particular stress on their extensive campaigning and universal successes in Shansi Province. The Japanese reports of successes were not confirmed by American and other non-Japanese sources in Shansi.

Raids by small bands of guerillas were made in the 1st Special Area and the western suburbs of Tientsin at the end of June. It was reliably reported that some 300 guerillas participated in the latter raid and in both cases a certain number of Chinese police were killed and the arms and ammunition at district police headquarters taken away by the guerillas. A detachment of Chinese troops in the Japanese service numbering more than 200 was reliably reported to have killed their Japanese officers and gone over to the 8th Route Army near Langfang toward the end of the month.

c. Monopolia. Fighting between the Japanese and "Manchukuoans" on the one side and the Outer Mongolians assisted by the Russians on the other, along the "Manchukuo"-Outer Mongolian border near Lake Suir was reported in the local press to be continuing throughout the month of June with the Japanese making extravagant claims of successes.

d. Anglo-Japanese Friction in Tientsin, which was reported in this office's political summary for May, continued throughout June and resulted in a semi-blockade of the British Concession by the Japanese military beginning June 14. Although the blockade was  
 stated

-3-

stated by the Japanese to be aimed only at the British, it applied also to the French Concession. All traffic was drastically restricted. Cargo traffic in and out of the concessions was permitted only through the International Bridge and Race Course Road barriers where it was confined to motor trucks and burden coolies. Passenger motor cars, bicycles, and pedestrians were permitted to pass these two barriers and five others, but all traffic with the exception of foreigners other than British was subjected to long delays. A limited number of passes were issued by the Japanese authorities to the officers and employees of this Consulate General and the managerial staffs of various American firms. Holders of these passes were permitted to pass promptly on exhibition of the passes but other Americans were required to alight from their motor cars and pass through the examination sheds where the searches were, however, in most cases perfunctory. While the Japanese authorities stated repeatedly that the restrictions were aimed only at the British, nevertheless Americans were greatly handicapped in the conduct of their business affairs by difficulties in connection with the movement of cargo in and out of the British and French Concessions, delays in the passage of Americans and their employees through the barriers and the practical impossibility of Chinese employees, who generally live outside the British Concession, passing the barriers within any reasonable length of time. While the Japanese Consulate General was apparently very willing

DECLASSIFIED: E.O. 11652, 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-

willing to assist in overcoming these difficulties as much as possible, their efforts were not always successful and the difficulties arising from the Japanese restrictions made it necessary for this office to take up with the Japanese Consulate General one or more cases almost every day during the latter half of June (10-26)

At the end of the month Anglo-Japanese negotiations regarding the situation in Tientsin were scheduled to begin in Tokyo on July 4, but a general air of pessimism pervaded the local scene while the local Japanese military were most truculent in their attitude towards any settlement which did not involve a yielding on all points by the British.

In addition to the restrictions imposed at the land entrances to the British and French Concessions, the Japanese military also interfered seriously with shipping on the river by halting and searching all vessels, which made navigation particularly difficult for tugs towing lighters which cannot safely be stopped on the river. The Japanese patrol boats also prevented native craft from carrying supplies of fresh vegetables to the Concessions.

British nationals were subjected to indignities at the barriers, a number of men and one woman being stripped, allegedly for searching, and the men being slapped by Japanese sentries on several occasions. In no case would it appear that there was any provocation for such treatment. The Japanese military showed great



-5-

great resentment that these indignities were reported, particularly in the American and British press, but when asked by American and other newspapermen for their version refused to give any and stated that the incidents could not have occurred and that no investigations would be made. Apparently as a result of adverse comment abroad, however, the Japanese sentries at the barriers seemed to be dealing somewhat more leniently with British subjects at the end of the month. (27-34)

While the immediate cause of anti-British action by the Japanese in Tientsin was the refusal by the British authorities to hand over four Chinese accused by the Japanese of being implicated in the murder of one of their puppets, S. G. Ch'eng, in the British Concession in Tientsin on April 9, at the end of June the Japanese were asserting that no settlement of the Tientsin situation could be reached until Great Britain had made changes in her policy towards Far Eastern affairs which would involve practically a reversal of the policy pursued by the British for the past two years and in effect bring the British into the Sino-Japanese "Incident" as allies of the Japanese, in addition to handing over practical control of the Tientsin British Concession to the Japanese and their Chinese puppets.

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese conflict: developments of June, 1939.

For the original paper from which reference is taken

See #607  
(Despatch, telegram, instruction, letter, etc.)

Dated July 6, 1939 From Hankow (Jarvis)  
To \_\_\_\_\_

File No. 893.00 P.R. Hankow/144

793.94 / 15356

15356

2. Japan.

(a) Course of hostilities.

19394  
No offensive operations of any magnitude were undertaken by either side in central China. The Japanese

- 
- 1 Telegrams, June 18, 10 a.m.; June 14, 10 a.m.;  
No. 136, June 19; No. 145, June 26; No. 147, June 29;  
and June 30, 11 a.m.  
2 Telegram No. 146, June 28, 3 p.m.  
3 Telegrams, No. 134, June 19, 3 p.m. and No. 140,  
June 21, 10 a.m.

Political report  
June 1939  
Hankow, China

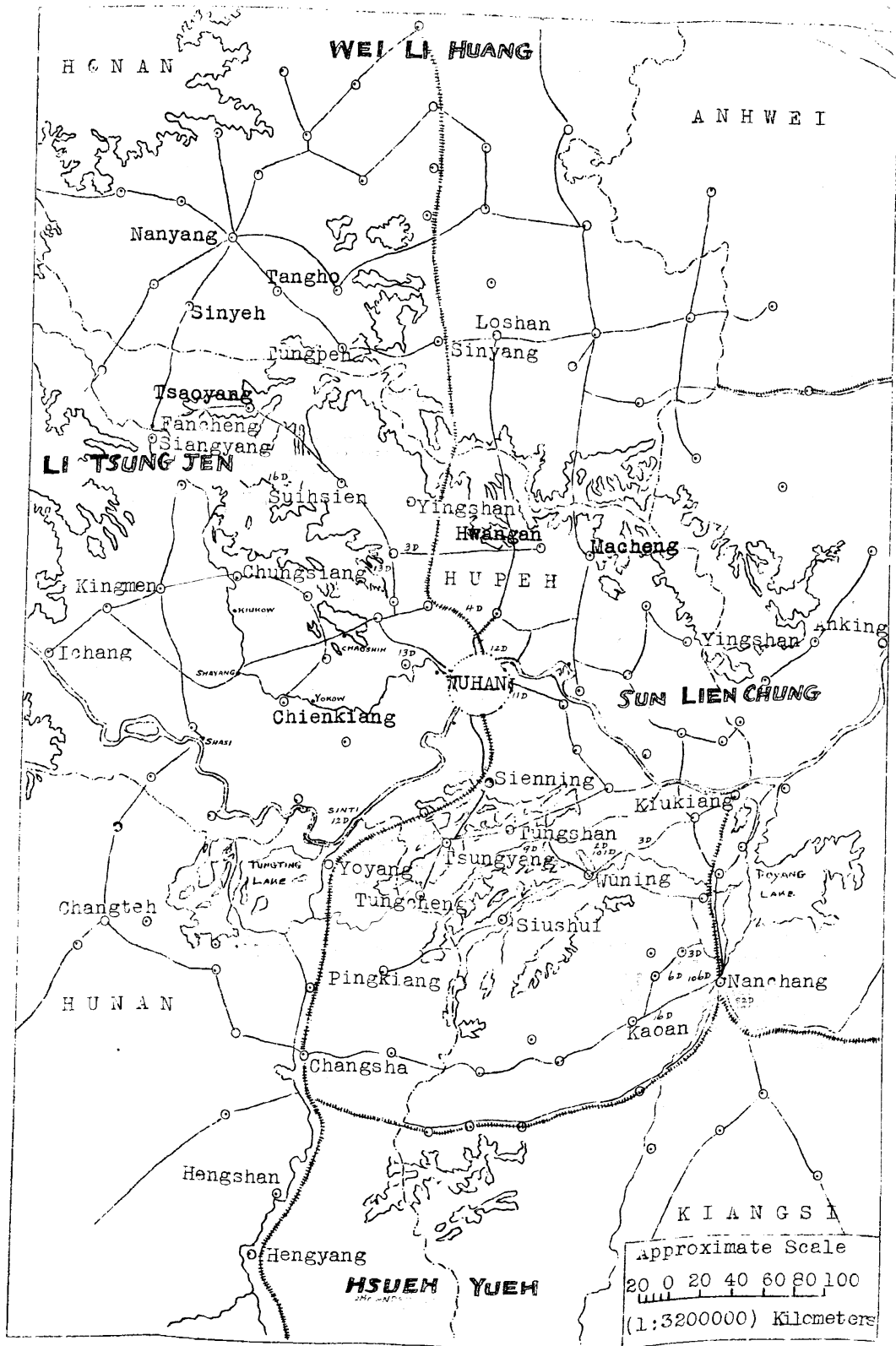
-4-

shortened their lines in northwestern Hupeh, partly as a sequel to their unsuccessful operations in that area during the previous month and partly in view of the diminished number of men available in that sector. No further progress was made beyond the Han River towards Shasi and Ichang or south of the Yangtze towards Changsha.<sup>1</sup>

Evidence began to accumulate of a deterioration in morale, particularly among Japanese units in the western Hupeh sector, which caused the Japanese military authorities concern without as yet seriously embarrassing them.<sup>2</sup>

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

Blue and Green: Chinese  
Red: Japanese



702

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Developments in Sino-Japanese hostilities during  
June: report on subject.

793.94/15357

wb

For the original paper from which reference is taken

See #2162  
(Despatch, telegram, instruction, letter, etc.)

Dated July 22, 1939 From China (Lockhart)  
To

File No. 893.00 P.R./159

793.94  
15357

DECLASSIFIED: E.O. 11652, 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 -

a. Summary:

1. The military situation:

The most important military operations during the month took place in Kansai Province - the first was an attempt by the Japanese to secure Yellow River crossings in western Kansai with the possible objective of advancing on Yenan, Kansai, head quarters of the 8th Route Army, and the second was a Japanese campaign to clear Chinese troops and guerrillas out of the Chungtiao mountains area. Both of these Japanese efforts were defeated with heavy losses. In southern Shantung, the Japanese made a drive against Chinese military-guerrilla concentrations, but at the end of the month had not succeeded in materially reducing the number of armed Chinese in that area. The Japanese occupation of Tientsin June 21 was not considered by military observers as of much military importance and may have been carried out by the Japanese only for the purpose of expanding their economic control over all coast cities. There were no particularly important operations elsewhere, and the end of the month found the Japanese stalemated after nearly two years of fighting, more or less stalemated over an extended area in China.

b. Operations in western Kansai:

During the first week in June Japanese troop concentrations near several Yellow River crossings in western Kansai indicated that an attempt might be made to invade Kansai, perhaps with the intention of capturing the 8th Route Army headquarters at Yenan. On June 4 a force of some 10,000 Japanese troops from Lishih, 30 miles from the Yellow River, and Chungyung, was reported to be

attacking

- 10 -

Luolin, an important Chinese military base about 40 miles from the Yellow River crossing at Chantu, while other columns were reported to be advancing on the northeast of Haikowchen, the first Yellow River crossing north of Chantu. Luolin was occupied June 9 and Chantu June 11, but the Japanese advance was checked June 12 when the Chinese attacked and drove them back; Chantu was recaptured by the Chinese June 12 and Luolin June 13, whereupon the Japanese fell back to their starting points at Hsishih and Chungyang.

Commenting on these operations, the American Military Attaché at Peking stated that "as in northern Szechwan the month before, the Japanese had lost much in men and positions and then retired without having anything to show for their losses. The Chinese had concentrated on the Japanese flanks and lines of communications and the Japanese strength had proved not sufficient to guard against these tactics and at the same time to hold what they had taken, let alone continue their advance".

c. Operations in southern Shensi:

Japanese troops were reported early in June to be attacking large Chinese forces in the Chungtiao Mountains in southern Shensi. The Japanese press reported the capture June 8 of Singlu, on the north bank of the Yellow River, but on June 12 the Chinese counter-attacked and recaptured Singlu; the Japanese thereupon retreated to Chengtienchen and from there to Yuncheng, on the Chungpu railway. The Japanese also suffered a severe reverse in the Chungtiao Mountains east of Hsishahien. It is understood that during these operations in southern Shensi

from

25. Situation report No. 9734, July 14, 1959, from American Military Attaché, Peking.

- 11 -

From June 9 to 19 the Japanese casualties amounted to at least 8,000 men; it is reported that the heavy flow of Chinese casualties from Hsuei resulted in the suspension of normal traffic on the Shanghai railway for several days.

Japanese reinforcements began to arrive in the Yangtze-Wei area June 19 and on June 21 the Japanese announced they drove in 10,000 Chinese troops in the Yangtze-Wei area. The Japanese reported the occupation June 21 of Yungkuo, an important Chinese supply base on the Yellow River, and claimed June 24 that the Chinese troops had been driven from the Yangtze-Wei highway into the Yangtze Mountains. This claim proved to be over-optimistic, for Chinese troops which had been withdrawn attacked the Japanese on the highway and forced them back to Wei June 26, recapturing Yungkuo the same day. This ended in failure the ninth Japanese attempt to clear the Yangtze Mountains area of Chinese troops. Japanese and Chinese casualties during these operations (June 21 to 26) were reported to be heavy.

#### 4. Occupation of Wutow:

Japanese military and naval forces, supported by airplanes, attacked and occupied Wutow June 21, meeting with but little Chinese resistance, and, after some fighting, captured Shaochow, 27 miles from Wutow, June 27, and Fengtai, 14 miles northeast of Wutow, June 30. With the occupation of Shaochow and Fengtai, probably to protect their position at Wutow, the Japanese advance halted.

The Japanese press hailed the occupation of Wutow

82



- 12 -

as a severe blow to the Chinese and as the blocking of an important inlet for Chinese military supplies. Actually, however, no large quantities of military supplies reached the Chinese through Canton, and it was generally considered that the occupation of that city would have no important effect on the war. Some observers, in fact, believed that the occupation would affect Hong Kong more than China, in view of the fact that Hong Kong is dependent on Canton for some of its food supplies and trade.

The Chung King Daily News declared that, having failed in their recent offensives in Luoh, Hunan and Shensi, the Japanese had decided to occupy Canton "in order to divert international and internal attention from recent failures on other fronts". In this opinion, many neutral observers concurred, but the probability is that it was but part of the plan to expand control so as to include all important coast cities.

a. Miscellaneous operations:

sporadic fighting took place in early June in the Hongkong-unshui-Monahan area south of Canton. Following the withdrawal of considerable forces of Japanese troops from the Canton area for use at Canton, the Chinese attacked in the region north of Canton and claimed June 27 to have recaptured Sunkai, 20 miles north of Canton on the Canton-Hankow Railway.

There were no important offensive actions in Central China in June. The Japanese shortened their lines northwest of Hankow and transferred large bodies of troops down river. Persistent circumstantial reports from

Hankow

27. Reuters, Chungking, June 23.

28. Canton's July 3, 6 p.m. to Embassy (Peiping)  
(monthly summary) repeated to the Department.

- 1. -

London indicated that certain Japanese statements were showing reluctance to continue fighting, but, although it was believed by foreign observers that these reports had some foundation in fact, it was not known to what extent the morale of the Japanese forces in that area was affected.

The Japanese authorities formally notified their intention June 27 to resume hostilities against Foochow and Amoy (see para 4 above). Early on, the island commanding the mouth of the Min River, was occupied by a small force of Japanese Marines June 27, but no attack on Foochow had been made by the end of the month. The Japanese occupied several islands in the vicinity of Amoy but had not taken that city by the end of the month. Japanese naval forces occupied Hsiao Island, and Kinmen, but made no attempt to occupy Taipo which remained partially open to shipping.

2. Aerial activities:

The Japanese air force continued active during June. According to Japanese reports, important raids were made on Ningpo, Ningbo (June 5); Anhui, Hsichuan (June 7); Hengyang, Hunan, and Kunming, Kwangsi (June 9); Chungking, Szechuan (June 9 and 11); Chengtu, Szechuan (June 11); Hsin, Shensi (June 21); Yuancheu, Southern Shensi (June 21); and Chungteh, Hunan (June 23). In addition, the Japanese air force supported the Japanese attack on Swatow and the operations in Shensi.

The Japanese air raids on Chungking during June caused comparatively few casualties, due to the evacuation policy and other measures enforced by the Chinese

authorities

29. Hankow's July 5, 8 p.m., to Embassy (Peking) only (monthly summary).
30. Foochow's July 5, 11 a.m., to Embassy (Peking) (monthly summary) repeated to the Department.

- 14 -

authorities as a result of the severe civilian casualties suffered during the raids in May.

31

According to press reports, confirmed by the British Embassy at Chungking, the Reverend A. J. Casswell and Mrs. Casswell, Canadian missionaries, were killed during the Japanese bombing of the Canadian Holiness Movement Mission at Chansten, Szechuan, on June 26. The damage sustained by American properties through Japanese air raids is heretofore reported.

The Chinese air force was not particularly active during June, although a few raids on Japanese troop concentrations and military depots in Kwangtung and Kiangsi were reported.

An exceptionally well informed foreign observer, who has witnessed nearly 70 Japanese air raids in various parts of China since the commencement of hostilities, recently made the following considered statement in regard to the raids, such as those on Chungking, indiscriminately carried out by the Japanese with the deliberate intention of terrorizing unarmed Chinese populations: "I feel that I can say without fear of contradiction that the only effect of this type of bombing has been to blast deeper the spiritual chasm that has been growing during the past two years between the Chinese and the Japanese nations, a chasm that will keep these peoples sadly apart for years to come, postponing the establishment of that peace which the Japanese have so often said was the object of their campaign on the continent. The effect of these bombings of undefended cities far behind the lines has been to unify the people and to build up in them a spirit of resistance

---

31. Reuters, Chungking, June 28.

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

- 15 -

32  
 resistance that was not there before".

3. Military operations in  
 the occupied areas:

The long-anticipated Japanese drive against Chinese military-guerrilla concentrations in southern Mantung, initiated by Prui to aggregate 80,000 men, was finally launched June 3, with the arrival of very heavy Japanese reinforcements. The Japanese subsequently reported a continuous series of victories, including the capture of Jami and Shusien, but a neutral observer at Tsinan stated that, notwithstanding the apparent military progress of the Japanese in southern Mantung, the number of armed Chinese in that region had not been materially reduced by the end of the month; the same informant reported that the unexpected Chinese strategy of disbanding large military units in the face of Japanese pressure had not facilitated the Japanese operations, and would also give free rein to guerrilla activities and permit of possible re-  
 33  
 organization when Japanese pressure relaxed.

The American Consulate General atientsin reported recently that, according to reliable information, Chinese guerrillas control 79 of the 139 districts in Hopei Province, while the Japanese exercise partial control over the remaining 60 districts which are mostly located along or near the railways; that even in such Japanese centers asientsin the guerrillas have recently made raids and that in very few places away from the railways is Japanese control complete, while anti-Japanese propagandists and anti-Japanese armed bands move freely about in every district of the province; that Central

Hopei

32. Chungking's 430, July 13, 12 noon.

33. Tsinan's July 3, 2 p.m., to Embassy (Peiping) only (monthly aumary).

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

- 16 -

hopei, between the Hientain-Hukow and Heping-Hukow railways, is controlled by the guerrillas, with the exception of Changfu and perhaps a few other towns where the Japanese maintain permanent garrisons; and that all of the most damaging results to the Japanese of the propaganda and other activities of the guerrillas has been the reduction in the production of cotton in hopei and the inability of the Japanese to obtain possession of cotton and other products which are held in the interior. The Consulate General stated that "the most important activity of the Chinese guerrillas is, however, the very extensive anti-Japanese propaganda work that they have done among the country people throughout the interior, arousing what is described by many Hukow men familiar with these people for many years as a remarkable spirit of resistance among the Chinese peasants and villagers".

Many commentators on the guerrilla question have been prone to adopt the conventional military view that the guerrillas have not been effective, due to their failure to interrupt the Japanese communications and to harass the Japanese in other conventional military ways. The Embassy remains of the opinion, however (see Embassy's political report for March), that, despite their comparative failure in many respects, it may fairly be said that the activities of Chinese troops and guerrillas in the occupied areas have in considerable measure prevented the Japanese from benefiting through the exploitation of those areas, and, in addition, have immobilized large Japanese forces which otherwise might have been employed

1a

34. Hientain's despatch No. 829 of July 14, 1939, to Embassy (Peiping) "The General Situation in the Japanese Occupied Areas of the Hientain Consular District" (copies sent to the Department).

- 17 -

in operations on the fighting fronts.

h. Political activities in  
the occupied areas: 35

The fifth meeting of the "United Council" of the Japanese controlled Peiping and Tientsin regions, scheduled to be held during June, was again postponed.

Yang Chia-wei, whose whereabouts and activities have been a matter of much speculation, arrived in Peiping June 27; during his one day's visit he conferred with Japanese military officials and with Yang Sheng-shin of the "Provisional Government", but Marshal Ma Wei-fu declined his invitation for a discussion. Informed Chinese sources reported that the Japanese military were attempting to organize some sort of loosely centralized government for the occupied areas, or possibly an amalgamation of the Peiping and Tientsin regimes, to be headed by Yang Chia-wei. It was also reported that the new regime would fly the Chinese national flag and would express adherence to the general principles of Sun Yat-sen. Some sources believed, however, that, before the inauguration of this new regime, a period of several months would be devoted to a campaign to prepare the Chinese people for "constructive change" in the form of government; and that during this period there would also be carried on a propaganda campaign to stress the deep desire of the Chinese people for peace. It was reported that, upon the conclusion of this preparatory period, a "popular convention" would be called to form a government under the chairmanship of Yang Chia-wei.

After his visit to Peiping, Yang Chia-wei proceeded

to

30. Embassy's (Peiping) 297, June 21, 4 p.m.; 312,  
June 28, 6 p.m.; 319, June 30, 3 p.m.

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

- 13 -

to Shanghai and Nanjing, but at the end of the month no definite developments had been announced. It was generally considered by competent observers that, in view of his activities during the past six months, his discredited status among patriotic Chinese, no arrangement of aid with the Japanese or the regimes controlled by them would have any important influence on the situation. These observers felt that he could perhaps be supported by various Chinese elements, including dissatisfied politicians, certain business and other interests who are weary of the continued hostilities, and renegades, but that he would not be welcomed or supported by the general Chinese public in the occupied areas.

The Japanese continued to be unsuccessful in their efforts to obtain the services of any influential or reputable Chinese military leader to aid in the pacification of the occupied areas; Marshal Fu Fei-fu was again approached, but he reiterated his refusal to come out of his seclusion except upon his own terms, which, as they are reported to include the withdrawal of all Japanese troops from the occupied areas, are not acceptable to the Japanese.

703

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Land transfers in areas of Hopei Province under  
Japanese occupation: copies of Tientsin's  
despatches #783 and 795 to Embassy and Embassy's  
instructions to Tientsin on above subject.

wb

793.94/15358

For the original paper from which reference is taken

See #2180  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 3, 1939 From China (Lockhart)  
To

File No. 893.52/470



DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations, July, 1939.

793.94/ 15359

For the original paper from which reference is taken

See #131, to Embassy, Peiping.  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug 3, 1939 From Tsinan (Hawthorne)  
To \_\_\_\_\_

File No. 893.00 P.R. Tsinan/119

15359

DECLASSIFIED: E.O. 11652, 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. Japan.

a. Military situation.

1. Southern Shantung.

793.94  
(44-59)

No further military progress was claimed by the Japanese in southern Shantung. That none had been made was indicated by reliable information that General Yu Hsueh-chung, who has been given command of all Chinese troops in southern Shantung, continued to maintain his headquarters at Feih sien. The fact is that, as previously reported, the Japanese were given no opportunity of attacking any large concentration of Chinese forces, which adopted guerrilla tactics in the face of the Japanese advance. Consequently Chinese troops were reportedly able to recapture certain towns behind the Japanese line of advance, including T'anch'eng, one of the bases from which the Japanese offensive in southern Shantung was launched.<sup>1</sup>

The only concrete results of the Japanese south Shantung expedition are therefore believed to have been the breaking up of large concentrations of Chinese troops; Yu Hsueh-chung's troops are now dispersed over a large area, from T'anch'eng in the south to the Taishan range of mountains in central Shantung, and fighting was reported to be

in

1. See Consulate's telegrams to the Embassy dated July 7, 3 p.m. and July 12, 12 noon, respectively.

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

- 8 -

in progress on July 30th near Tawenkow in which a detachment of General Yu's troops were involved. One contingent of Japanese troops has recently been withdrawn from the Menyvin area to the Taian region, indicating that the "mopping-up" campaign in the south has resolved itself into a game of hide and seek, in which no important military advantage appears likely to be gained by either side.

## 2. Western Shantung.

Japanese military headquarters in Tsinan announced the launching of "bandit suppression" operations in western Shantung on June 26th, against an alleged 81,000 Chinese troops in the Sinhsien-Ch'aoch'eng-Kwanoh'eng area (near the Hopeh border). However, the Japanese military appear recently to have been exaggerating the number of enemy troops opposing them, possibly as an alibi for their meager accomplishments. For example, the following table compares Japanese army estimates of Chinese troops in the areas indicated, with those of Domei:

	<u>Domei</u>	<u>Japanese Army</u>
South Shantung <sup>1</sup>	30,000	86,800
West Shantung	10,000	81,000
North Shantung	2,500	10,000

The Japanese troops participating in the operations in western Shantung are believed to have been withdrawn from Kaifeng and Kweitch, Honan, and Suchowfu, Kiangsu. The Japanese claimed the occupation of Ch'engwu on June 30th, Tingt'ao (erroneously shown on postal map as (Tangt'ao) on July 1st, Tsaochowfu (Hotseh on July 3rd,<sup>2</sup> Showchang and

Yangku

1. In early June.

2. See Consulate's despatch to Embassy no. 108 of July 6, 1939, file 800.

DECLASSIFIED: E.O. 11652, 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 -

Yangku (after considerable fighting) on July 5th, Fan-hsien on July 6th and Puchow on July 7th.<sup>1</sup> The occupation of the towns reported as captured between July 5th and 7th would establish the Japanese lines in western Shantung on a parallel with and some 10 miles from the Chinese troop concentrations in the Sinhsien-Ch'aoch'eng-Kwanoh'eng area, and it was thought that the capture of those towns would be the next Japanese objective. But no further progress in that sector was claimed by the Japanese during July.

### 3. Northern Shantung.

Chinese troops said by the Japanese military to number about 10,000 and to be commanded by Shih Yu-san are understood to have invaded northern Shantung from Hopeh and to have captured Loling, Tehping and Lingsien by July 9th.<sup>2</sup> The Japanese claimed the reoccupation of Loling on July 15th,<sup>3</sup> but sporadic fighting in northern Shantung continued throughout the rest of the month.

### 4. Conclusions.

The following points seem reasonably clear:

(1) that the Japanese are concentrating on the "pacification" of Shantung once and for all, for which purpose they have recently introduced into this province a considerable number of additional troops;

(2) that strenuous efforts are being made to increase still further the number of Japanese troops available for campaign duty in Shantung by replacing those on garrison duty with pro-Japanese Chinese militia and Japanese civilian volunteers;<sup>4</sup> and

(3)

1. See Consulate's despatch to Embassy no. 113 July 10, 1939, file 800.
2. See Consulate's telegram to Embassy dated July 12, 12 noon.
3. See Consulate's telegram to Embassy dated July 17, 12 noon.
4. See Consulate's telegram to Embassy dated July 21, 10 a.m.

- 8 -

(3) that, if persisted in, the tactics being employed by the Chinese commanders, as outlined in the Consulate's Monthly Political Report for June 1939 (pages 4 to 8), will render the Japanese task extremely difficult, if not impossible, of accomplishment, except by the use of a larger military force than may be spared from duty elsewhere.

b. Guerrilla activities.

An engagement between Japanese troops and guerrillas in which the Japanese lost 80 men and 2 officers, while the Chinese suffered only 20 casualties, was reported to the Consulate. This is said to have occurred during the first week in June near the village of Chiao-chuang about 17 miles west of Yuch'eng on the Tsingpu line. Upon the withdrawal of the guerrillas the Japanese are said to have massacred the entire remaining population of the village (numbering about 90 people), save one child who, being hidden by the corpses of his family and friends, escaped.<sup>1</sup>

Guerrillas were reported to be particularly active in northwestern Shantung in July, where they frequently clashed with Japanese patrols attempting to guard the dykes of the Wei River and Grand Canal against sabotage. The destruction of the Wei River dykes near Taming, Hopoh, was carried out by guerrillas in a partially successful effort to flood the Japanese occupied town of Kwantao, Shantung.<sup>2</sup>

Guerrilla activities along the Hsiao Ch'ing River are preventing the lucrative Japanese-controlled salt trade between Yangkiokow and Tsinan, except on a small scale

since

---

1. See Consulate's despatch to Embassy no. 111 of July 10, 1939, file 800.  
2. See Consulate's despatch to Embassy no. 127 of July 26, 1939, file 848/881 (page 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

- 9 -

since transportation of salt is only possible under heavy military escort.<sup>1</sup>

The continued presence of guerrillas in the vicinity of Tsinan was confirmed by the special precautions adopted locally by the Japanese military on July 7th, the anniversary of the Lukucchiaio incident,<sup>2</sup> and by the audibility of intermittent firing during the last few days of July,

c. Japanese military's treatment of the Chinese people.<sup>3</sup>

Notwithstanding the public holding of hands indulged in locally in the characteristic Oriental manner by Japanese soldiers and puppet police, and other outward manifestations of Sino-Japanese friendship and solidarity, no improvement has been reported in the relations of the Japanese soldiery with the Chinese people in the interior. In this connection it was stated in the Consulate's despatch to the Embassy no. 111 of July 10, 1939, file 800 (page 2) that "the Chinese naturally resent having their women folk raped or intimidated into satisfying the lusts of the Japanese soldiery. These and other unnecessary indignities and cruelties to which the Chinese people are being daily subjected by the Japanese military certainly do not constitute the kind of treatment likely to win their confidence and friendship."

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Developments in Sino-Japanese relations in Swatow district during July, 1939: report on subject.

793.94/15360

wb

For the original paper from which reference is taken

See #62  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 5, 1939 From Swatow (Young)  
To

File No. 893.00 P.R. Swatow/140

793.94  
/15360

104

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

(b) Relations with Japan.

Subsequent to the comparatively easy occupation of Swatow on June 21st and 22nd, the Japanese forces continued on Chaochowfu through Ampo so that the narrow strip of territory linking three places was held by Japanese at the beginning of the month under review. It is reported that the number of Japanese troops is so small that an enlargement of the zone of occupation cannot be attempted for the time being.

Reports filter through from Chaochowfu from time to time and indicate that the first half of July was fairly quiet, but that fighting started on the 16th and continued for four days between Chinese and Japanese soldiers both inside and in the neighborhood of the city. It has been estimated that more than one thousand Japanese soldiers were killed and an equal number of Chinese by a conservative estimate, but from the civilian population it is estimated that two thousand were killed. At the end of July the city remained in Japanese control with only sporadic fighting in the vicinity.

During the month under review the walled town of

Ching



304

DECLASSIFIED: E.O. 11652, 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-

Ching Hai (澄海), approximately ten miles northeast of Swatow, was victimized in an unfortunate manner, according to local rumors. It is stated that a group of Chinese bandits from the neighborhood demanded the payment of CN\$9,000 "protection money" from the residents of Ching Hai. This being refused they seized the opportunity to attack a small number of Japanese soldiers who had been inspecting the town and who were returning to their billets. Thinking that this was a concerted attack promoted by the Ching Hai townspeople, Japanese troops entered the town in numbers and killed an estimated one thousand of the civilian population as a means of retaliation. The town is now being governed by a local Chinese Peace Maintenance Commission under Japanese sponsorship and all Japanese troops are reported withdrawn.

At the close of the month military operations had reached a standstill with the exception of daily air raids conducted by Japanese naval planes on areas adjacent to their lines. It is apparent that these aerial manoeuvres are being used to supplement the small number of Japanese troops left to hold the thirty-mile territory and that it is only by bombing and machine-gun activity that Chinese military units can be kept at a safe distance.

704  
DECLASSIFIED: E.O. 11652, 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 693.4112/35 FOR #2197

FROM China (Lookhart) DATED Aug. 9, 1939.  
TO NAME 1-1127 070

REGARDING: Local anti-British demonstrations.

Encloses copy of British Embassy's note to Japanese  
Embassy; translation of posters; photographs of  
English-Chinese placards; and translation of  
editorial, in connection with -.

FF

793.94/15361

15361

7 0 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

793.94

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Germany and Soviet Union pressing Japan hard to accept an offer of a free hand in China in return for a guarantee of Soviet frontiers: Press despatch by Edgar A. Mowrer, CHICAGO DAILY NEWS correspondent reports -.

793.94/15362

For the original paper from which reference is taken

See Tel. #271, 8pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 31, 1939 From |  
To | Japan

File No. 762.94/434a

U. S. GOVERNMENT PRINTING OFFICE 1-1540

hr

15362

7 0 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

793.94  
CROSS-REFERENCE FILE

NOTE

SUBJECT Spirit of anti-Communism, adopted by the "legitimate" Kuomintang, to put forth its efforts for readjustment of relations between Japan and China, according to manifesto issued by the "Sixth National Congress of the Kuomintang".

For the original paper from which reference is taken

See Tel #784; 7pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug 31, 1939 From Shanghai (Gause)  
To

File No. 893.00/14425

793.94/15363

15363

DECLASSIFIED: E.O. 11652, 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

PAP

GRAY AND PLAIN

SHANGHAI VIA N.R.

Dated August 31, 1939

Rec'd 8 p.m.

NOTE  
 743.74

Secretary of State

Washington

784, August 31, 7 p.m.

(GRAY) A so called "Sixth National Congress of the Kuomintang" was held at Wang Ching Wei's Shanghai headquarters on August 28 to 30. Two hundred and forty "delegates" are reported by the Japanese controlled newspapers to have attended the Congress; actually these "delegates" are understood to have been Wang's friends and adherents. The Congress set up a "legitimate" Kuomintang Party organization, elected Wang Chairman of the Central Executive Committee and decided to convene a national congress for the purpose of establishing a "constitution". A lengthy manifesto was issued which is summarized as follows in a Domei press release: (END GRAY)

1939.08/14425

"The legitimate Kuomintang, adopting the spirit of anti-Communism as its fundamental principle and basing its measures upon it, would put forth its efforts for readjustment of relations between Japan and China and restoration of normal intercourse between the two countries as soon as possible,

1048

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

PAP -2- 784, August 31, 7 p.m. from Shanghai via N.R.

possible, the manifesto stated.

'In response to the nation wide wish for peace and national salvation, a national meeting will be called for the purpose of establishing a constitutional government, the statement said.

'The Congress was held here with the vigorous support of those who are in sympathy with the peace movement of Mr. Wang, former Deputy General Executive of the Chungking Kuomintang.

'In view of the fact that the Chungking Kuomintang, committing a number of blunders under the mistaken guidance of General Chiang Kai Shek, recently lost its right to function by submitting to the pressure of the Chinese Communist Party and thus completely becoming its puppet, the manifesto declared, the legitimate Kuomintang has decided upon its fundamental attitude of regarding as void all the resolutions adopted and orders issued by the Central Executive and Supervisory Committee of the Chungking Kuomintang, and of disbanding the Central Party organs until it reforms them in the near future.

'As for those members of the Fifth, Central, Executive and Supervisory Committees, however, who at heart have the same convictions as the members of the legitimate Kuomintang but have not been able to release themselves from the yoke

of

7 0 4 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

PAP -3- 784, August 31, 7 p.m. from Shanghai via N.R.

of the Chungking Kuomintang to their own regret, due to the harsh pressure of the regime of General Chiang which is in collusion with the Communist Party, the legitimate Kuomintang has no antagonism whatever against them, but on the contrary, is planning to invite them to Shanghai to cooperate with it in peace promotion and national salvation movements.

'The organic law of the Kuomintang has been revised to abolish the executive general system and provided for the assumption of that office by the chairman of the Central Executive Committee, to which post Mr. Wang was unanimously elected by the National Congress of Kuomintang delegates, the statement said.

Though the members of the Fifth, Central and Executive Committee and auxiliary members were regarded as reelected as such it had been decided that thirty eight additional members and twenty auxiliary members of the Central Executive Committee and twenty six members and sixteen auxiliary members of the Central Supervisory Committee would be elected for the management of party business, the manifesto stated.

'There would be formed a Central Political Committee composed of several members of the Central Executive Committee who are nominated by Mr. Wang, and other sympathetic and enlightened people outside the Kuomintang, and this committee would engage in activities for a settlement of the present situation from the standpoint of the new state of  
of

105  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

PAP -4- 784, August 31, 7 p.m. from Shanghai via N.R.

of affairs, according to the statement.'

(GRAY) The compromise also adopted a 28 point platform dealing with diplomacy, politics, military affairs, economics and education. It is rumored locally that the "constitutional government" proposed by Mr. Wang and his adherents is to be inaugurated in October. The so-called Congress was held in the greatest secrecy but the sudden publicity given to its activities appears to be arousing little interest in local Chinese circles.

Repeated to Peiping, Chungking, Nanking. By airmail to Tokyo.

GAUSS

PEG



705  
DECLASSIFIED: E.O. 11652, 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  
CROSS-REFERENCE FILE

NOTE

SUBJECT Political and military summary for August, 1939: Chefoo Consular District.

Submits-,

793.94/15364

For the original paper from which reference is taken

See Tel # -; Noon  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept 1, 1939 From Chefoo (Roberts)  
To

File No. 893.00/14427

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

AC

GRAY

Chefoo via N.R.

Dated September 1, 1939

Rec'd 3:05 p.m.

Secretary of State

Washington

September 1, noon.

Political summary for August.

One. Military situation unchanged by Japanese sorties from Chefoo. Guerrilla attacks on Panglai August 12th driven off by airplanes and warships bombing and shelling Chinese forces.

Two. Anti-British movement characterized by virulent press articles and posters culminated August 11th in demonstration of 2,000 Japanese and Chinese before British Consulate who smashed windows and screens of Consulate. Since this outrage Japanese naval authorities appear to be restraining the movement. Also British shipping continues.

Three. Sending of radio messages except through Japanese controlled radio stations prohibited by Japanese naval forces.

Four. Fall in value of Chinese dollars led to heavy trading and speculation in commodities with marked increase in prices. Export business confined to shipments made under old orders approved by Federal Reserve

Bank

NOTE  
793.94

893.00/14427

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

- 2 - September 1, noon, from Chefoo

Bank. No export business possible at arbitrary link rate of  $8 \frac{1}{4}$  pence fixed by Federal Reserve Bank. Tight money market with scarcity of Federal Reserve Bank currency attributed to difficulties transferring funds from Tientsin reduced premium on Shanghai demand drafts from 32% to 12% in terms of new currency. Despite Japanese effort to force official rate United States Navy was able to obtain local money at current market rates.

Five. Typhoon swept Chefoo yesterday doing considerable damage to shipping and interrupting electric light telegraph and telephone communications.

Sent to Peiping. Repeated to Department.

ROBERTS

NPL

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Relations between China and Russia commented upon when the newly appointed Soviet Ambassador presented his credentials. Comment also upon the assistance rendered to China by Russia during the Chinese-Japanese conflict.

For the original paper from which reference is taken

See Tel #518, noon  
(Despatch, telegram, instruction, letter, etc.)

Dated September 3, 1939 From China (Chungking) Johnson  
To

File No. 701.6193/172

793.94 / 15365  
493.94  
15365

105

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

15738

## TELEGRAM RECEIVED

NC

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

FROM

PEIPING VIA N. R.

Dated September 9, 1939

Rec'd 5 a.m. 10th

Secretary of State

Washington

475, September 9, noon.

793.94

The Counselor of the Japanese Embassy called on me late yesterday afternoon and handed me a copy of the statement contained in Tokyo's #458 /15743 September 5, 7 p.m. to Department. The Counselor stated that the copy was furnished under instructions from his Government. He remarked that he hoped that it would be understood that the Japanese Government had no intention of taking advantage of the European situation and that the advice looking to the withdrawal of the British and French troops from the Concession and Settlement areas was intended as a precautionary measure against possible trouble between the Japanese and British and French. He remarked further that troops might get out of control as the result of some more or less minor incident. He stated that whereas difficulties between soldiers of the British and Japanese forces have heretofore been amicably settled (three having been settled by him during the past week) he was

SEP 11 1939  
not  
FID

793.94/15366

F/FG

705  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15739

NC -2- #475 from Peiping, September 9, 1939

not so certain that further incidents of this kind could be adjusted inasmuch as the new situation growing out of the war had made the soldiers less amenable to discipline and more apt to create disturbances. My only comment was that it seemed to me the responsible officers could be depended on to control their men and that both officers and men should be even more anxious than before to maintain peace and order in the neutral areas. He stated that the Japanese were quite prepared to guarantee the maintenance of peace and order and that there was no disposition to oppress Britain and France.

Repeated to Chungking, code by air mail to Tokyo.

LOCKHART

CSB

105

DECLASSIFIED: E.O. 11652, 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

15740

LAR

**TELEGRAM RECEIVED**

SPECIAL GRAY

Chungking via N.R.

Dated September 10, 1939

FROM Rec'd 5:00 a.m. *Ad. to Paris, and Chungking. Sept 12*

Secretary of State,  
Washington.



793.94  
893.24

523, September 10, 10 a.m.

Following is substance of a message which Rachman asked McHugh to send for him to Ambassador Bullitt. He informs Bullitt that he would be grateful if Mariel informed that Chiang Kai Shek is determined to resist and resents French diplomatic suggestion of compromise with Japan. Says it is important that supplies now at (?) and in transit reach interior as rapidly as possible. He presumes that arrangements conveyed through him still stand and that French Government is therefore ready to set up proposed transit Bureau. He is proceeding to Hanoi next week to meet Catrou and trusts that Catsamara has been authorized to discuss freely with him this and other questions which were arranged at time of his departure from Paris. Says apprehension exists here of a liquidating deal between allies and Japan which might result in difficulties over the further use of Burma and Indo-China routes and that this feeling is being exploited here by Soviet sympathizers and those other communists.

Says

793.94/15367

F/FG

7058

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

5741

LAR-2-523, September 10, 10 a.m. from Chungking via N.R.

Says that it is important that allies firmly reassure China on this point and affirm that they will not condone Japanese aggression. He points out that fresh supplies from the west must necessarily originate predominately from United States unless China is to be thrown exclusively on dependence upon Soviet Russia particularly since China aviation now depends largely upon Soviet pilots. Says Chinese leaders appreciate his sympathies.

We did not endeavor to communicate this message to Ambassador Bullitt, merely to send it to Washington there to be dealt with as Department considered fitting.

JOHNSON

EMB



0055

DECLASSIFIED: E.O. 11652, 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

TELEGRAM SENT

TO BE TRANSMITTED  
☒ CONFIDENTIAL CODE  
☐ NONCONFIDENTIAL CODE  
 PARTAIR  
 PLAIN

Collect { Full rate  
 Day letter  
 Night letter ..

Department of State

Charge Department:

Full rate  
 Day letter  
 Night letter

Charge to  
 \$.

1939 SEP 12 10 10 06

Washington, 12 A  
 September 11, 1939.

AMEMBASSY,

CHUNGKING (CHINA). PAH  
793.94/15367

170

Your 523, September 10, 10 a.m.

The Department has telegraphed Ambassador Bullitt at Paris a paraphrase of the message contained in your telegram under reference and has added two additional paragraphs of comment which are quoted for your information and guidance, as follows:

QUOTE We are informing Johnson that we have transmitted this message but are asking him to discourage the author from requesting any repetition of such use of our channels.

For your further information, we find both the Chinese and the Japanese Governments constantly seeking to convey by indirect routes or unofficial channels, and often by both, views and inquiries and suggestions which we feel should, so far as we are concerned, be communicated by them to us directly, if at all. It is our policy to discourage, of course tactfully and always with possible exception in the light of circumstances, such procedure. UNQUOTE.

FE:MMH:REK

FE

Enciphered by

77.77.77

Sent by operator

M.,

19

1-1402 U. S. GOVERNMENT PRINTING OFFICE

SEP 12 1939

793.94/15367

F/FG

0060

DECLASSIFIED: E.O. 11652, 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

1939 SEP 12 PM 3 06

Washington, 12 A  
September 11, 1939.

AMERICAN EMBASSY,

PARIS.

CONFIDENTIAL FOR THE AMBASSADOR, FROM HORNBECK.

One. Department has received today from Johnson, Chungking, a telegram communicating the substance of a message which Rachman asked McHugh to communicate to you, and which, under authorization, I am passing on.

Message, paraphrased:

Rachman would be grateful if you would inform Mandel that Chiang Kai-shek is determined to resist and is resentful of French diplomatic suggestion that he compromise with Japan. He emphasizes that supplies now in Indo China in transit should reach their destination in the interior as rapidly as possible. He assumes that the arrangements word of which was conveyed through him continue in effect and that French Government is therefore prepared to create the contemplated transit bureau. He is proceeding to Hanoi to meet certain individuals named and trusts that authorization has been given for them to discuss freely with him this and other questions which were dealt with at the time when he left Paris. He states

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19\_\_\_\_

793.94/15367

F/FG

0061

DECLASSIFIED: E.O. 11652, 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

## TELEGRAM SENT

TO BE TRANSMITTED  
 CONFIDENTIAL CODE  
 NONCONFIDENTIAL CODE  
 PARTAIR  
 PLAIN

Collect

Charge Department,  
OR

## Department of State

Charge to  
\$

- 2 -

Washington,

that apprehension exists at Chungking of a liquidating arrangement between the Allies and Japan a result of which might be difficulties over continuation of use of Indo China and Burma routes, and that Soviet sympathizers, etc., are exploiting that feeling. He emphasizes that Allies should reassure China on that point and affirm that they will not lend themselves to condoning of Japanese aggression. He points out that supplies henceforth from the Occident must originate principally in the United States or China be made dependent exclusively upon Soviet Russia, especially as China is already dependent in aviation largely upon Soviet pilots. He says that his sympathetic attitude is appreciated by Chinese leaders.

Two. We are informing Johnson that we have <sup>trans</sup> submitted this message but are asking him to discourage the author from requesting any repetition of such use of our channels.

Three. For your further information, we find both the Chinese and the Japanese Governments constantly seeking to convey by indirect routes (or unofficial channels, and often by both, views and inquiries and suggestions which we feel should, so far as we are concerned, be communicated by them to us directly, if at all.

Enciphered by .....

Sent by operator ..... M., ..... 19 .....

0062

DECLASSIFIED: E.O. 11652, 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

- 3 -

Washington,

It is our policy to discourage, of course tactfully and  
always with possible exception in the light of circumstances,  
such procedure.

Hull  
D.K.

PA/H:SKH:ZMK

SKH

FE  
M.N.

EU  
PM

OR ✓  
SEP 12 1939 PM

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

September 6, 1939.

~~SA~~  
~~SEC~~  
~~WAA~~  
~~DCM~~  
~~DSG~~

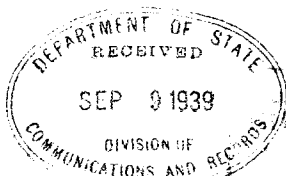
You may care to read sections on  
pages 3, 16, and 17-18 of attached  
report from the Tokyo M.A. on a  
recent trip to the Yangtze area.  
(marked with clips).

jk/2

SEP 9 1939

FILED

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



No. 9847

Subject: Report of Inspection Trip to Yangtze Valley.

To: The A. C. of S., G-2.

I. INTRODUCTION.

1. Travelling in accordance with permission granted by cable, the undersigned, together with a number of other attaches at this station, arrived at Shanghai on the afternoon of the 19th June, 1939. The other members of the party were as follows:

Group Captain Bryant, British Air Attache  
Major Stables, British Language Officer  
Colonel Radulesco, Rumanian Military Attache  
Major Figueredo, Brazilian Military Attache  
Captain Federici, Italian Assistant Air Attache

2. The above party was met at the docks by Japanese officers stationed in Shanghai and conducted to the Broadway Mansions, on the Japanese side of the Garden Bridge, where rooms had been reserved.

3. Upon arrival at the hotel it was announced that the schedule involved visits to the following places:

Hangchow  
Front lines in vicinity of Hangchow  
Army activities in and around Shanghai  
Naval " " " "  
Nanking  
Hankow  
Front lines north west of Hankow  
Kiukiang  
Kuling  
Nanchang

793.94/15368

F/FG 5368

SEP 9 1939

006

DECLASSIFIED: E.O. 11652, 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 actually carried out the schedule was as follows:

20th June - By rail to Hangchow. Calls, visits to places of interest, etc.

21st June - Visit to front lines in vicinity of Hangchow. Return to Shanghai by rail in afternoon.

22nd June - Calls, and visits to army activities in vicinity of Shanghai.

23rd June - Calls and visits to scenes of naval fighting in vicinity of Shanghai.

24th June - By air to Nanking. Calls on various officials.

25th June - Visits to points of interest and inspection of Military Academy of New Government.

26th June - Held in Nanking by bad weather. Visited various points of interest in vicinity.

27th June - Held in Nanking by bad weather. Visited airfields and newly established hospital.

28th June - By air to Wuchang. Crossed river to Hankow. Calls on officials.

29th June - Local trips in vicinity of Hankow.

30th June - Local trips in vicinity of Hankow.

1st July - Hankow to Kiukiang by boat.

2nd July - Kiukiang to Kuling by sedan chair and on foot. Reception for foreign residents.

3rd July - Inspections in and around Kuling.

4th July - Kuling to Kiukiang on foot. Kiukiang to Shanghai by air.

The trip to the front lines in the vicinity of the recent Han River campaign was omitted, the reason given being the time lost at Nanking made it necessary to get back on the schedule. The trip to Nanchang was omitted, the reason given being that conditions at that place were not suitable for landing. It had been planned to visit that place by air and there was no time to go by other form of transportation.

DECLASSIFIED: E.O. 11652, 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. In the course of the above travel no special effort was made to show the party anything of installations, or any active military activities. Many of the trips were given over to explanations of various battles on the actual ground upon which they had taken place, and in pointing out some of the broader aspects of operations as contrasted to any detailed inspection of current activities, methods, and so forth. Requests by members of the party to see various specific things were generally met with the explanation that there was not sufficient time although two such requests were granted in the form of the inspection of airfields and the visit to the hospital mentioned in the preceding paragraph.

6. In spite of this reticence, however, the mere presence of the party in and around the various places visited, made it possible to observe considerable of what was going on, various installations, and to get an idea of general conditions which, in the opinion of the undersigned, made it a trip well worth while.

7. The various observations made in the course of the trip are set forth below. In the interests of convenience, they have been arranged without reference to time or place, but rather under the broad headings of Military, Air, Political and General.

## II. MILITARY.

### 1. Occupation of territory.

a. The most surprising aspect of the occupation of the conquered areas lies in the apparent contradiction between the great number of the garrisons seen along the railways on one hand, and the small size of not only these railway guards but of the garrisons located at points off the railways.

b. Along the railway between Shanghai and Hangchow every station is garrisoned by units whose size varies with the size and importance of the place, some of the larger towns being held by what appeared to be about a company. The same condition applied to all bridges and culverts along the line with the guards varying from about a platoon in the case of some of the larger bridges, to a small detail of about a squad in the case of the culverts. All of these points were wired in and provided with a standard form of pill-boxes located so as to cover



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

approaches to the object being guarded. The troops engaged in this railwarding work are not part of regular units, but are "Shubital" (garrison or occupying troops) organized for this purpose. They are organized into companies, battalions, and regiments, and are provided with ordinary infantry equipment. In the vicinity of each of the pill-boxes mentioned above, a rough barrack building has been built or an existing building taken over for the housing of the garrison.

c. The garrisons of towns located off the railway were in very much the same condition as the railway guards. They were all wired in, pill-boxes and emplacements for various weapons had been constructed, and the troops were either living in specially constructed buildings or in local houses adapted to their use.

d. All of these local garrisons appeared to be quiet and, as far as could be seen, on easy terms with what Chinese were in the vicinity. Some of the troops were engaged in the normal routine of cleaning themselves and their surroundings, playing with Chinese children, swimming in the streams, and trying in various other ways to relieve what was obviously a rather monotonous existence. And in this situation lies the apparent contradiction mentioned in Par. a. above, for among what on the surface appear to be peaceful conditions, there is obviously an accompanying condition which renders necessary the use of the above mentioned barbed wire and other defenses. As to the severity of this latter condition, the small size and isolation of many of the garrisons leads to the suspicion that it is considered as no great threat from a military standpoint, and that in this region at least, Chinese military activities are passive in character.

e. Local garrisons seen at points as far distant as 40 kilometers from Hankow and Nanking, as well as those between Kiukiang and Kuling are a repetition of what has been described above. They are all very small, all are prepared for defense, and all apparently very much bored with life in small and out-of-the-way places.

## 2. Front line position near Hangchow.

a. The front line position inspected by the party was located near the town of Pingyaochen, (30 kilometers

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

north west of Hangchow). The country in this vicinity is characterized by rather rugged though not particularly high mountains, and the position was reached by a good motor road over which the cars of the party passed preceded by one truck with a detail of about twenty soldiers with a similar force bringing up the rear. There were racks containing rifles in all the cars occupied by members of the party. The road led through open country in which Chinese farmers were busily at work and which showed no great signs of damage. Japanese garrisons similar to those mentioned above were located in the towns and villages along the way.

b. The position which was visited is located on top of a hill some 300 feet high and in the midst of some higher points in the immediate vicinity. The garrison consists of about a platoon of infantry which is completely wired in, all emplacements are built, some of the weapons in place, and a large dugout to provide shelter for the men includes a storeroom for supplies, and a kitchen. As the approaches to the top of the hill are rather steep, the position is a strong one, with the wire excellently placed for defensive purposes.

c. The position faces west, though it is built for all around defense. With the exception of two soldiers on guard duty, the remainder of the garrison was busy overseeing a group of Chinese who were repairing portions of the road leading to the position. The two sentries were standing in plain sight on a small mound within the position with what was described as enemy territory on a mountain side some 300-400 yards away. During the inspection of this position no effort was made toward concealment.

d. Questioned as to neighboring units, the platoon commander pointed to a hill top about 4000 yards to the left and to another about the same distance to the right which he stated were his nearest neighbors, and that the strength of these positions was approximately that of his own. He stated further that he was connected with support positions by telephone and radio. The telephone was in evidence but the radio was not.

e. With this front consisting of such widely separated outposts, it appears likely that the Japanese

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

forces do not particularly fear any Chinese units which may be in the vicinity. The country is ideal for sniping with the mountains surrounding the position in question plentifully provided with cover, while the wide intervals between the outpost positions afford avenues for anyone who may desire to penetrate them. This front is obviously a passive one and the Japanese forces are content to maintain this outpost line by supporting it with troops rushed to threatened points. With no very aggressive enemy, positions such as the one inspected could very well hold out for several hours, which it is felt would be ample time for getting supports to the scene. The troops further to the rear were equipped with motor transportation.

f. Hangchow is a division headquarters and many of its installations are in evidence in and around the town. There are large stores of supplies piled up, many transport troops in evidence, and as mentioned in the preceding paragraph, large numbers of motor trucks in evidence (Ford and Chevrolet). The divisional cavalry unit is likewise largely motorized and only a few horses are kept on hand for work in cases in which motors are inappropriate. It is more than likely that all the divisional transportation units are motorized.

### 3. Supply.

a. It is very evident that the Yangtze River is a huge artery of supply for all the operations anywhere in its vicinity and that such places as Shanghai, Nanking, Kiukiang, and Hangkow, to mention only the larger ones, are all incorporated into the system.

b. Starting at Shanghai, there has been a great expansion in this respect since seen by the undersigned in November 1937. In addition to a new airport which will be discussed in a later paragraph, many large supply installations have been constructed along the Whangpoo River and in the area between Shanghai and the Woosung Forts. These include new docking facilities along the Whangpoo, large warehouses, small railways connecting the warehouses and docks, large stables for animals, and a very extensive motor transport park. The size of this park could not be guessed with any degree of accuracy. It covers a large area, and although it was seen on several occasions during the daytime when many of the

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

trucks must have been at work, there were still large numbers in evidence. The parking spaces indicated that many more could be accommodated.

c. Another interesting development is the vegetable garden mentioned in Report No. 9792. It is operated by Formosan volunteers and the party was informed that it supplied all the troops in the area not only with vegetables, but with shoyu sauce and other vegetable food products which can be readily manufactured. It was also stated that similar gardens in various parts of China had rendered the army independent of the homeland for supplies of this character.

d. Nanking, which is the headquarters for the Army operating in the Yangtze Valley, is likewise another large supply point. Located in the northern part of the city within the walls, and outside the northern walls and between them and the river, are many supply installations of all kinds. Motor parks are not as numerous as at Shanghai, but the numbers of such vehicles seen about the streets make it evident that great use is made of this form of transportation.

e. Kiukiang was obviously in the midst of shipping out much of the equipment which had been used in the Nanchang operation and for which it was apparently the base port. There were transports in the river on to which were being loaded many of the carts such as are used in certain Japanese supply units and which have already been described in former reports, as well as rolling kitchens. The town itself, many parts of which were in bad condition, was full of other supplies of all kinds, the most noticeable of which were a number of buildings near the river front piled high with the light foot-bridge equipment such as is described in Report No. 9203.

f. The Wuhan cities (Wuchang, Hanyang, Hankow) are all centers of great supply activity, particularly Wuchang and Hankow. The river front at Wuchang was piled high with stores of all kinds. Across the river, at Hankow, the northern part of the city was the scene of great supply activity with a column of loaded trucks moving off to the north. To say that these supplies were destined for the Han River operations would be more or less a surmise, and it appears more likely that they were for the use 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

the small garrisons which are distributed along the road leading from Hankow to Hwangpei some 50 kilometers to the north.

g. That the Yangtze River line of communication is protected very much as are the railroads already mentioned is evident from the fact that on the boat trip from Hankow to Kiukiang many towns along the river were observed to be the locations of garrisons of various sizes.

#### 4. Military Training (New Government).

a. Though perhaps more political than military in their present state of development, two of the military activities of the new government which the Japanese have set up in occupied territories will be described in the following paragraphs.

b. Located a short distance outside of Hangchow is a training school for enlisted men of the army of the new government. The commandant of this school is a general officer who is described as having been one of the prominent military leaders in that part of China prior to the present hostilities. He was dressed in the army uniform of the new government which except for various insignia bears a close resemblance to the uniform of the Japanese army. The insignia, while slightly different, follows the general Japanese method of indicating grade and branch of the service.

c. There were lined up on the drill field about 100 men who were engaged in close order drill and some of the movements of firing and deploying. They were dressed in uniforms made of rather shoddy material and wore shoes ranging from tennis shoes to the ordinary Japanese army variety. Their equipment, rifles and auto-rifles, was not of Japanese make though no opportunity was offered for inspection close enough to reveal their origin.

d. The drill of this group were performed with considerable dash and vigor and it was plain that they were putting their best foot foremost. Even so, they did not appear to be a very formidable body of troops and this feeling was enhanced by the fact that there was considerable variety in the group in the matter of age. There were men ranging all the way from rather

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

grizzled looking veterans to equally immature youths to whom the weapons were obviously something of a handful. Asked about the effectiveness of these troops, a Japanese officer said, without much enthusiasm, that they were used in helping chase bandits, but that they were not well enough trained for all operations. As to their origin, the same officer indicated that some of them were erstwhile bandits who had come in to join the army of the new government, and went on to say that while this was not the best source of material, and that there may be some doubt as to the political convictions of such men, it was easier to keep track of them when they were in the army than when they were at large.

e. The barracks of this unit was simple in the extreme. They consisted of two story buildings, well made, and divided into squad-rooms for about two squads in double-deck bunks. The bunks were bare mats with a few belongings of the occupant piled neatly at the head. Both rooms and bunks were very clean.

f. The other school was an officers school at Nanking which is being run in the buildings which were formerly used for the same purpose by the National Army of China before the present war. All of the buildings are well made and of permanent construction.

g. The cadets at this school are selected from among high school graduates between the ages of 18 and 25 and are a clean cut looking set of men. There are about 300 of these cadets at present and we were informed that with few changes the capacity of the school can be doubled.

h. The course is for one year, the first six months of which are given over to theory while the remainder is devoted to practical work in the field. All the instruction is carried on in the Japanese language and the commandant and a certain number of the instructors are Japanese officers. A number of the Chinese officers were on hand all of whom were notable for their youth. One colonel particularly could not have reached the age of 30 and it was explained that he was a graduate of a Japanese school. From his age it was probably the Military Academy (Shikan Gakko). The training at this school appeared thorough and the cadets went at it with a will. They were carrying on some musketry training which consisted of firing positions and aiming drills.

DECLASSIFIED: E.O. 11652, 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 work was carried on in a large hall indoors and was obviously a rainy day schedule.

1. The buildings are substantial, being largely of concrete construction, and include a hospital, assembly hall, class rooms, and so forth. The living quarters are very simple, the cadets living four to a room and sleeping on a platform raised about two feet above the floor and covered with straw mats.

#### 5. Military Hospital.

a. One of the interesting developments of the Japanese army in the vicinity of Nanking is the military hospital at Tangshuichen (about 40 kilometers due east of Nanking) constructed for the purpose of rehabilitating personnel whose wounds have left them with stiff joints or other disabilities. The hospital is situated at some hot springs in the vicinity of the town and is entirely new. The buildings are of concrete and wood construction.

b. There are wards which will accommodate about 300 enlisted personnel and rooms for about 75 officers. Near the wards, and connected with them by covered passageways, are buildings in which are located all the various appliances for limbering exercises for all parts of the body, various exercising machines, thermal baths, and recreation rooms. Water for the baths is piped to them from a point higher up on a hillside where the waters of the springs are cooled to proper temperatures. The baths are all in white tile and are models of cleanliness.

c. It was stated that this hospital was built to take care of cases which formerly had to be returned to Japan for treatment and that it is manned by about 75 men of the medical corps and about 10 surgeons. There is also present an infantry garrison of one company and the approaches to the hospital are defended. The commanding officer stated that there are a band of some 400 guerrillas located about 10 miles to the south but as they were causing no trouble nothing was being done against them.

### III. AVIATION.

#### 1. Shanghai.

a. The Hungjao commercial airfield which was destroyed in the course of the fighting about Shanghai

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

in 1937 is not in use, the Japanese having constructed a new field to the north west of the city roughly between Paoshan and Yengchang. The reason given for the building of this new field is that the Hungjao airdrome is difficult of access as the most direct route thereto is through the Settlement and if this road be not used a long trip around the western boundaries of the Settlement is necessary.

b. As far as could be determined the new field is used for civil aircraft only, with the intention very likely of having it become the main airport for the city at least as far as Japanese operated airlines are concerned.

c. This field was seen on two occasions. There were a number of A.T. machines (Report No. 9247) in evidence and one Lockheed passenger plane. This field is the airport for lines now running fairly regularly between Shanghai, Nanking, and Hankow, as well as to Peking. There is a well built passenger station where tickets are taken, baggage weighed, and all the other details of taking on and discharging passengers are carried out. There are also a number of well built hangars which were obviously in an incomplete condition as far as certain servicing facilities are concerned. However, fuel trucks and starting machines mounted on automobiles were in evidence and there is apparently enough equipment on hand to keep the lines running.

d. There are a number of runways in different directions which are surfaced with crushed brick from destroyed houses in the vicinity. While this does not make a perfect surface, it is reported as doing well enough until something more permanent can be provided. The field is on low ground and said to be subject to flooding. This can be readily believed as on arrival at the field on the end of the trip, which was after about two days fairly hard rain, only the runways were above the water which was lying in large shallow puddles over the greater part of the field. This field has ample room in almost any direction for the landing and take-off of fairly large planes. No military airdrome was seen in the vicinity of Shanghai.



2. Nanking.

a. There are two airfields at this place, one located inside the walls in the south east portion of the city, and the other outside the walls to the east of the southern portion of the town.

b. The field located inside the walls of the city is what was formerly the commercial airdrome (see Appendix 1.) which is at present being used for both civil and military aviation. The buildings connected with this field lie along its western edge and reading from north south include the following:

    Test blocks for four engines

    Three permanent concrete hangars belonging to the former civil aviation company.

    Three Japanese army field hangars (canvas) and in the rear of these one large steel hangar in course of construction.

    Four rough temporary hangars made of matting and other local materials.

c. Running parallel to the above line of buildings is a runway of about 50 yards in width and about 1200 yards in length. Perpendicular to this runway at its southern end and extending to the east is a runway of similar dimensions, while a third runway joins the east end of the last mentioned runway with the north end of the one paralleling the above mentioned buildings. None of these runways are paved at present, though the work of paving them was starting at the time this field was visited, there being large gangs of Chinese laborers engaged in grading, and piles of sand, rock and cement, piled up in the vicinity. It was explained that it was planned to increase the length of the runways on this field as it was a little too small at present, and that the paving was being carried out because the field became too muddy in wet weather.

d. The planes seen on this field were as follows: At the north end and opposite the commercial hangars were six A.T. machines outside, in addition to some which could

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

be seen indistinctly within the hangars.

e. In the vicinity of the temporary military hangars were fifteen Type 98 Light Bombers (Report No. 9802), seven Type 94 Observation Planes (Report No. 9012), and a sprinkling of Type 97 Pursuit (Report No. 9802). It could not be determined whether these planes were all that were on the field as the hangar doors were all closed and questions on the subject brought only vague answers.

f. The field outside the city walls is roughly of the same size as that already described, though laid out somewhat differently. This is a purely military field which was used as such by the Chinese before the capture of the city by the Japanese.

g. Along the west side of the field and from north to south (see Appendix 2.) are three steel and concrete hangars, the center of which has had the roof blown in. The other two are in good condition and in use. South of these three hangars are two more in course of construction. They are of steel and concrete, and the concrete floors were being laid at the time the field was visited. In rear (west) of these buildings are a number of nondescript structures which house the personnel at the field, and what appeared to be shops and offices of one kind or another.

h. On the opposite side of the field from the hangars is a north and south runway about 60 yards in width, 1200 yards in length and paved with rough concrete. Intersecting this runway at right angles and at a point about 1/3 the distance from its south end is a paved runway of similar dimensions extending to the west, while from the intersection of these two runways and extending north west is an unpaved runway which we were informed is soon to be surfaced.

i. On this field were twelve of the Type 98 Light Bombers such as are mentioned in Par. e. above, and seven Type 93 Twin Engine Light Bombers (Report No. 7753).

j. This field was reported as being subject to flooding in wet weather and various remedial measures are being studied. The complete garrison of the field could not be determined.

3. Kiukiang.

a. This field is located some miles upstream and on the opposite side of the river (north) from the city of Kiukiang. It is an unpaved field of ample dimensions and protected from flooding by the dykes along the banks of the Yangtze River on which it borders.

b. Along one side of the field are rows of temporary wooden buildings used for housing personnel and at a little distance, some sheds under which were piled air bombs of various sizes. There are no hangars on this field and a number of the Type 98 Light Bombers were standing in the open with tarpaulins drawn over the motors and cockpits.

c. There was nothing permanent about this field and it is probably used as an intermediate landing point in addition to its more obvious use in the course of the operations at Nanchang.

4. Hankow.

a. The only field seen in the vicinity of Hankow was actually at Wuchang. This field is located to the south of the town and is of a temporary character, with very little hangar space and a few temporary barracks, storehouses, offices and so forth. There is a long runway paved with broken brick from destroyed houses along the west side of the field. No other runways were noticed in the brief period the field was under observation. A number of planes of the various types mentioned in Par. 2. a. were seen, and the general impression was that, while the field was large enough to accommodate many more planes than were in evidence, it is not being extensively used at present.

b. Later in the day that this field was seen it became evident that there is at least one other field in the vicinity of Hankow from which large operations can be carried out. At about 4:00 P.M. about fifty bombers passed over Hankow moving in a north westerly direction and returned about two hours later. Questioned as to the origin of this flight, Japanese officers said that there was "another" field at Hankow, but that it was not open for visit.

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

### III. POLITICAL.

1. At Hangchow a dinner was given for the party by the officials of the New Government at that place. Present at the dinner were Major General Harada, a member of the Special Service Section of the Japanese Army and currently adviser to the New Government in Central China; the Governor of Chekiang Province, the Vice-Governor of Anhwei Province, the Secretary to the Governor of Kiangsu Province, the Mayor of Hangchow, and a number of other functionaries of various sorts.

2. These men ranged in age from the Mayor of Hangchow who appeared to be in his late thirties, to the Secretary to the Governor of Kiangsu who was an exceedingly venerable gentleman with a benign form of speech and bearing, and all gave evidence of being thorough figureheads through their obvious deference to General Harada who took no pains to do anything to create an illusion of anything resembling independence on their part. While the language barrier alone was sufficient to preclude any conversation with these officials, it is very doubtful that anything of the sort would have been permitted had it been possible.

3. In a conversation after dinner General Harada made the standard remarks about these men being patriots who were working for what they conceived to be the best interests and tranquility of their country, but in his conversations with them earlier in the evening it was evident that he took no great stock in any of the gathering with the possible exception of the Mayor, with whom he appeared to be on friendly terms as an individual rather than through the enforced friendliness growing out of their respective positions.

4. The only other officials of the new government seen in the course of the trip were some army officers at a dinner at Nanking. These men were all rather young in grade, all very deferential toward Japanese officers and particularly toward General Harada, and all spoke Japanese having received varying amounts of military education in this country.

5. At present, it was stated, there is no relationship between the new government at Hangchow and that at Nanking, nor between either of these and similar organs which have been created at Hankow. Plans were said to be underway for their consolidation but nothing very definite was forthcoming as to when this might take place.

DECLASSIFIED: E.O. 11652, 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. At Nanking, Hangchow and Hankow, the new governments have the rudimentary military establishment such as have been already mentioned, as well as more or less well developed police forces. All of the police which were seen were well uniformed and neat, though they varied considerably as to age. At one station on the trip from Hankow to Shanghai where a detail of the local police were drawn up in honor of General Harada, the men included several well set up and mature specimens and one lad who could not have been more than fifteen or sixteen. General Harada asked about this boy and then remarked that many of the older men were former policemen under the departed government but that he could not account for this lad. All these police when seen on duty appeared to be attentive to their work and carrying on as best they could under difficult conditions, one of the difficulties being that the control of Japanese military personnel, or traffic were outside the orbit of their authority.

7. To what extent these new <sup>(present)</sup> governments are able to contribute to the betterment of conditions is difficult to say. Between Shanghai and Hangchow, as well as in most other places which were visited, the farmers were busily at work in their fields and crops were flourishing. Japanese officials made a great point of this condition and ascribed it to the good conditions in general, thereby implying that the army and the new governments had by working jointly created conditions favorable to the farmer. As a matter of fact, the truth no doubt lies in a combination of such factors and the traditional industry of the Chinese peasant. It is undeniable that what the Japanese desire most for the occupied areas is quiet, and also that territories under their jurisdiction are generally orderly. On the other hand, Chinese peasants have been known to flourish under much worse conditions of Chinese making, so that any conclusion that they have returned to the soil as a result of an appreciation of Japanese benevolence is hardly tenable. However, the fact remains that many of the people are back on the land and working busily. It was given out that their conditions are better than formerly in that they now pay taxes only to the local governments and pay no rents to landlords who have fled the country. No very accurate information was available as to how much or how many taxes they pay, to whom they sell their products, or at what prices.

8. In the cities the prosperity appeared somewhat less than in rural districts. Portions of the cities visited were taken over by the army, other portions had suffered in the

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

course of their capture, and in native quarters in general it was common that a fairly large proportion of the shops were closed. If the rural districts are less populous than before the war, it appears likely that the cities and towns are still less so, with the result that business in towns is no doubt far from what it was formerly.

9. That the Japanese authorities are keeping close touch with the people in the occupied areas is evident from the fact that two Japanese dressed in Chinese clothes were encountered. There must be many of these and if they speak Chinese well, they must be valuable sources of information.

#### IV. GENERAL.

1. One of the most interesting aspects of the trip described herein was the opportunity it provided for viewing conditions first hand, and of observing something of the various factors entering into the present situation independently, and without the veneer of propaganda, interest, or sympathy with which much of the information emanating either from China or Japan is covered. The impressions thus gained may be stated very briefly as follows.

2. After two years of war the military situation at the moment appears to be one of stalemate, not as far as actual operations between the two armies is concerned, but in that the political changes which the Japanese expected as a result of their military operations have not taken place. These political changes involved the elimination of the Central Chinese Government and its replacement by political institutions which would be more favorable to the Japanese, and while after the fall of Canton there were signs of disaffection which were the basis for the statement in Letter No. 9605, Par. 5. d. (this office) to the effect that such political changes were not an impossibility, the Central Government proved strong enough to eliminate the disaffected elements and carry on as before.

3. At present therefore the situation is one in which the Japanese forces, while victorious in the sense that they have disposed of all major military opposition, can be considered as being something short of victory in that they have not eliminated the force which impells what slight military resistance there still remains, and which is still sufficient

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

to require the presence of large garrisons for the purpose of maintaining their own position and that of the political institutions they have created. In this anomaly, an almost complete military victory which has been followed by no political effects, lie the elements which will determine the ultimate result of the struggle.

4. Viewing the situation in its broadest aspects the Japanese appear to have an advantage in position resulting from the extent to which they have been able to impose themselves on the economic and political structure of China. Against this advantage is the durability of Chinese morale, which has been the one outstanding surprise of the war, and the relative insensitiveness of Chinese economy and politics to the impact of forces which would prove fatal to many more highly organized states.

5. In spite of reports as to a degree of disaffection in the Japanese army which can be taken only as implying a great weakening in morale, this office feels that such is not the case. The commissioned personnel is firm in its belief in ultimate success and none of the numerous enlisted personnel observed showed any of these outward signs which are normally indicative of such a frame of mind. Japanese civilian elements reflect an enthusiasm in direct proportion to the effect the war is having on them, but the least enthusiastic feel that the war must be carried on. Through lack of contact Chinese morale is more difficult to judge, though in the main it appears good. The general opinion of responsible foreign opinion in the area visited appears to be that Chiang Kai-Shek is the force which is largely holding the Chinese government together and that without his strength and unity of purpose, disaffection would be considerable more in evidence.

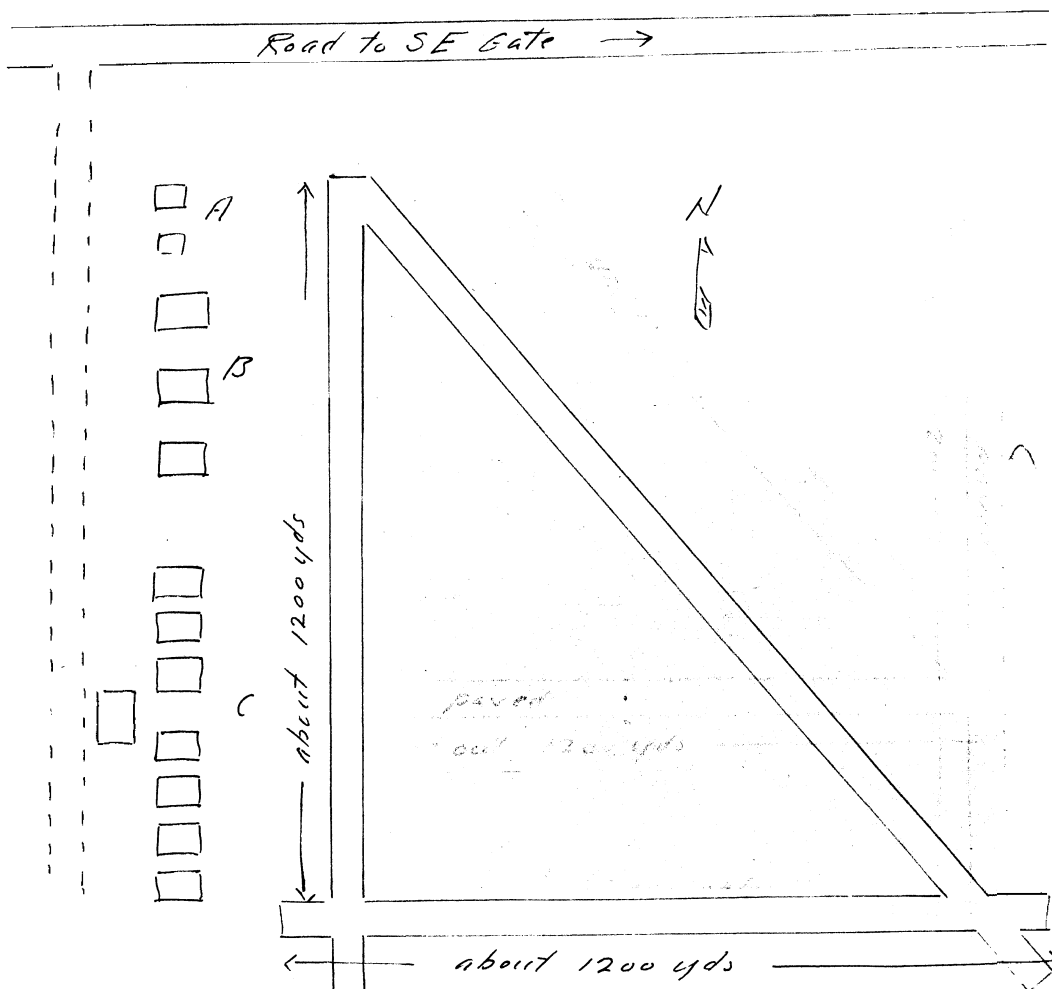
6. In such a situation, in which both peoples seem adverse to any compromise, the war appears destined to continue for an indefinite period. Speaking for Japan alone, the country appears to be able to continue for such a period. However, this ability is felt to be contingent upon their being able to successfully keep prices down - an objective toward which they are sparing no effort. If prices should rise to the extent to making a bare living difficult, the resultant internal conditions might well be such as to compel some form of compromise in the announced objectives of the war and its conduct.

Harry I. T. Creswell,  
 Lieut. Colonel, Acting General Staff,  
 Military Attache.

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

Appendix 1.  
Nanking Airdrome  
(Inside Walls)

3-3  
 AUG 24 1939  
 OFFICE CHIEF OF MIL.  
 MIL. INTEL. DIV.  
 2610 - H-83  
 3  
 WAR DEPARTMENT



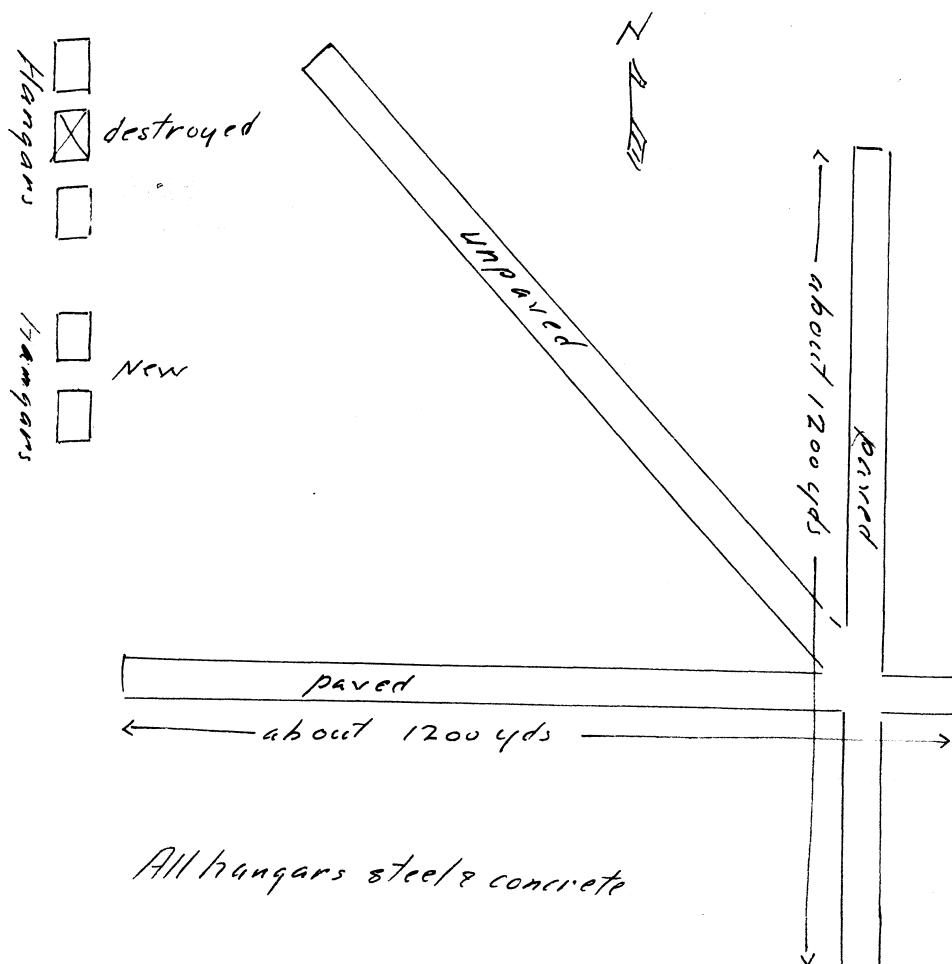
- A. Test Blocks  
 B. Commercial Hangars  
 C. Military Hangars



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

Appendix 2.  
 Nanking Airdrome  
 (outside walls)

1982  
 2611 - H-83  
 33



708

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

5868

**TELEGRAM RECEIVED**

BJS

PARIS

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (D)

FROM

Dated September 11, 1939.

Rec'd 10:41 a. m.

Secretary of State,

Washington  
RUSH

1901 September 11, 1 p. m. (SECTION ONE) DEPARTMENT OF STATE

793.94  
793.0146

Chauvel, chief of the Far Eastern Section of the  
Foreign Office, called on me this morning <sup>to show</sup> me in  
greatest confidence a note which had been received last  
night by the French Government from the British Government  
dealing with the question of withdrawal of troops from  
China referred to in your 818 September 7, 7 p. m.

The British note stated that the American Ambassador  
in London had communicated the contents of your telegram  
under reference to the British Government.

The British Government nevertheless was not certain  
to what extent this statement of the Secretary of State  
to the Japanese Ambassador indicated that any real support  
from the American Government could be expected in the Far  
East. It was the impression of the British Government that  
while the position of the Government of the United States  
with regard to Shanghai might be more or less firm the United  
States would be unwilling to take any position with regard  
to the Tientsin area in which America had no interests and  
Great Britain was greatly exposed.

The

793.94/15369

708  
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

5869

BJS -2- 1901 September 11, 1939 from Paris

The British note went on to say that the British Government was most apprehensive that at any moment there might be military clashes between the British forces in the Tientsin area and the Japanese. The British Government had decided therefore to suggest to the French Government that the British Government should inform the Japanese Government immediately that since Great Britain needed the troops and officers now in China for use in the war now in progress in Europe these troops would be withdrawn immediately from the Tientsin area; but that the question of withdrawal from the Shanghai area was a more complicated one which was being studied.

BULLITT

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

5870

# TELEGRAM RECEIVED

PAP

This telegram must be closely paraphrased before being communicated to anyone. (D)

PARIS

FROM

Dated September 11, 1939

Rec'd 10:56 a.m.

Secretary of State

Washington

RUSH

1901, September 11, 1 p.m. (SECTION TWO)

The British note went on to say that the British Government hoped that the French Government would agree that this was the wise policy to pursue, and asked for an immediate reply from the French Government.

(Incidentally Leger had made an annotation on the British note stating that when it had been delivered to him by Mr. Wright, First Secretary of the British Embassy, Mr. Wright had added the information that Ambassador Craigie in Tokyo was opposed to the withdrawal of British troops from the Tientsin area.)

Chauvel said that both he and Leger were opposed to the policy that the British desired to pursue. They felt that if the British should withdraw their troops in this manner the Japanese would be encouraged to make further demands.

They both felt that there was a possibility that a settlement might be reached of the war between China and

Japan

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

15871

PAP -2- 1901 September 11, 1 p.m. (SECTION TWO) from Paris

Japan provided France, England, and the United States should show sufficient firmness at the present time.

They both felt that the statement of the Secretary of State to the Japanese Ambassador on September 7th had been of the utmost importance and they desired to reply to the note of the British Government that in view of the statements of the Secretary of State they believed that the French and British Governments should take no action in the premises without previous consultation with the American Government.

BULLITT

CSB

7088

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

15872

### TELEGRAM RECEIVED

NC

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (D)

FROM

PAK10

Dated September 11, 1937.

Rec'd 11:53 a.m.

Secretary of State

Washington

RUSH

1901, September 11, 1 p.m. (SECTION THREE)

I gathered that the French Government would reply  
to the British Government this morning advising the  
British Government that in its opinion the French and  
British Ambassadors in Washington should be instructed to  
call on you at once to discuss this question.

Chauvel added that he had two pieces of fragmentary  
information supposedly of great importance. A telegram  
from the French Ambassador in Tokyo which had been badly  
garbled in transit a portion of which was missing indicated  
that on the 26th or 27th of last month the Japanese forces  
had been defeated severely by Russian forces in an engage-  
ment on the Manchurian Mongolian border. The second  
piece of information was a brief word from St. Quentin to  
the effect that the American Government had information  
that the German Government through its Ambassador in Moscow  
had been able to arrange an agreement between the Soviet  
Union and Japan.

Chauvel

7085

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

5873

NC -2- #1901 from Paris, September 11, 1939

Chauvel concluded by saying that under the circumstances it was obvious that the question must be discussed in Washington and that the French Government would not acquiesce in the policy proposed by the British note *before* ~~the~~ consultation with Washington. (END MESSAGE)

BULLITT

CSB

7091

DECLASSIFIED: E.O. 11652, 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**

PAP  
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (Br)

HANKOW VIA N.R.  
FROM  
Dated September 12, 1939  
Rec'd 10:50 a.m.

Secretary of State  
Washington

COPIED IN ENGLISH  
SENT TO G. I. D. AND  
M. I. D. IN CONFIDENCE

September 12, 2 p.m.

793.94

An increase in the number of supply ships and trans-  
ports arriving, a marked augmentation of Japanese naval  
craft here and pronounced aerial activity originating <sup>from Hankow</sup>  
lend color to reports first heard late in August of a  
late September offensive against SHASI and possibly Ichang  
and Changtek. Japanese forces in this sector have been  
reinforced during the past few weeks by the arrival of  
it is stated the 32nd and the 34th divisions from Japan.  
It is said that the offensive will be a joint land and river  
operation.

The Japanese do not anticipate much resistance be-  
tween here and Shasi. It is difficult to see however how  
they can expect to advance beyond that city without further  
reinforcements.

Sent to Chungking. Repeated to Peiping, Shanghai.

SPIKER

RR:CSB

793.94/15370

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

(Confidential)

P A R A P H R A S E

A telegram of September 12, 1939, from the American Consul General at Hankow reads substantially as follows:

Reports predicting a Japanese offensive against Shasi, and possibly Changtek and Ichang, in late September which were first heard in the latter part of August have been rendered more plausible in consequence of marked aerial activity originating (?), a noticeable increase in the number of Japanese warships at Hankow and an augmentation of transports and supply vessels arriving at Hankow. Units, said to be the 34th and 32d divisions, arriving from Japan, have reinforced the Japanese forces in the Hankow area within the last few weeks.

The offensive reportedly will be a combined operation by river and by land. While little resistance between Hankow and Shasi is anticipated by the Japanese, it is believed that, without additional reinforcements, they can hardly expect to advance <sup>beyond</sup> Shasi.

FE:ASC:JPS  
 9-13

FE

109

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

5743

**TELEGRAM RECEIVED**

CJ

GRAY

TOKYO VIA SHANGHAI AND N.R.

FROM Dated September 12, 1939

Rec'd 7 a.m., 13th

Secretary of State,

Washington.

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

471, September 12, 7 p.m.

793.94  
all clips  
One. The Imperial headquarters have just issued the following communique: "In view of present conditions and to facilitate final settlement of the China incident, the new Supreme Command of the armies in China has been established."

Two. (The War Department simultaneously announced the following appointments: General Toshizo Nishio, Commander in Chief of the armies in China; Lieutenant General Seishiro Itagaki, Chief of Staff of the armies in China; Lieutenant General Nichiro Umezumi, Commander in Chief of the Kwantung Army; General Gen Sugiyama has been appointed to the Military Council.

Shanghai please repeat to Chungking, Peiping.

DOOMAN

PEG

793.94/15371

F/FG

15 1939

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

LAR

This message must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (A)

FROM

PARIS

Dated September 13, 1939

Rec'd 6:47 p.m. U

Secretary of State,

Washington.

1953, September 13, 7 p.m.

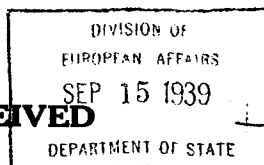
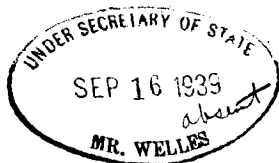
CONFIDENTIAL FOR HORNBECK.

Your 884, September 12, 5 p.m.

I have not transmitted and will not transmit the message  
 you communicated in your telegram under reference. I have,  
 however, requested Rjachmann's eminent associate in Paris  
 to inform Rjachmann that I resent his attempt to use me  
 as a hopper for communications of this sort.

BULLITT

KLP



793.94/15372

SEP 20 1939

FILED

F/FG

7094

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

lw

GRAY  
**TELEGRAM RECEIVED**

Hong Kong via N.R.

Dated September 14, 1939

FROM Rec'd 4:00 a.m., 15th

Secretary of State  
Washington

329, September 14, 10 a.m.

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

793.94

It is reliably reported in Hong Kong that the Japanese are now engaged in a renewed and determined attack against Chungshan and centering on Shekki which has been heavily bombed. Macao reports many refugees and the cutting off of farm produce which usually comes in over the bus highway from Shekki.

The situation on the Hong Kong Kwangtung frontier is rapidly approaching normal and local inhabitants who desire to cross the frontier in either direction are not restricted on the Chinese side where probably not more than three hundred Japanese controlled troops remain. The British military continue a more or less strict control of traffic on the Hong Kong side of the frontier. Ferry and junk traffic between Hong Kong and nearby Chinese territory which was interrupted for some weeks by the Japanese occupation of the frontier is now resuming normal proportions.

Repeated to Canton, Chungking, Peiping.

CSB

SOUTHARD

793.94/15373

F/FG

SEP 20 1939

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

## CROSS-REFERENCE FILE

### NOTE

SUBJECT Sino-Japanese hostilities in Amoy district:  
report on - for July, 1939.

793.94/15374

wb

For the original paper from which reference is taken

See #46  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 5, 1939 From Amoy (MacVitty)  
To

File No. 893.00 P.R. Amoy/142

793.94  
15374

7098

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

(b) Relations with Japan.

1. Kulangsai Situation.

Conversations held between the Japanese

Consul

0097

DECLASSIFIED: E.O. 11652, 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 -

Consul General and the members of the Consular Corps and members of the Municipal Council during the early part of the month continued to result in an impasse; the Japanese still insisting on demands, which if accepted would have nullified the international character of the Settlement, and the efforts of the members of the Council and the foreign Consuls to persuade the Japanese to accept a reasonable adjustment of the situation.

On July 11, the Council forwarded to the Japanese Consul General a letter which outlined in detail the efforts it had already made to meet the Japanese demands, and reminded Mr. Uchida that the action of the Japanese navy in blockading the Settlement is not conducive to influencing public opinion in the Settlement favorable to raising revenue for the purpose of appointing and maintaining a Japanese inspector and three constables to the police force. (See despatch No. 21 to Embassy and No. 31 to the Department, dated July 13, 1939).

The food and fuel blockade between Kulangsu and the mainland and Kulangsu and Amoy was strictly maintained by the Japanese throughout the month, however, there was no interference with supplies received from Hong Kong or Shanghai. Due to the increase in the cost of supplies from distant points and the depreciation in the value of Chinese currency, food and fuel prices in Kulangsu rose from 300 to 500 per cent over those in effect in May 1939. This increase in price of foodstuffs has caused considerable suffering

on

DECLASSIFIED: E.O. 11652, 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 -

on the part of the poorer classes of Chinese, and the Japanese authorities in Amoy used this situation in an endeavor to stir up agitation against the foreign control of the Settlement. It is reported that some 4,000 to 5,000 Chinese left the Settlement for Amoy, where prices of staples were slightly cheaper. As far as the stirring up of anti-foreign sentiment was concerned, the Japanese were entirely unsuccessful.

At the end of the month it became apparent that the blockade of the mainland was affecting the food and fuel supply of Amoy almost as much as it had Kulangsu, and this fact may have a bearing on future negotiations.

Note.

In connection with the above reference is made to my telegrams to the Department Nos. 63, 64, 66, 67, 68, 69, 72, 75, 77, 79, 80, 81, 82, 83, 85, 86, 87, and 88, dated: July 1, 2, 5, 6, 7, 7, 11, 13, 14, 15, 17, 18, 18, 19, 20, 21, 23, and 26, respectively, and to the Ambassador, dated July 25, 25, 27, and 30.

2. Japanese Military Activities.

The district around Amoy was comparatively quiet from a military point of view during July. Fewer planes were observed than during any period in the past three months. Japanese military activities appeared to be confined to blockading the minor ports of South Fukien, the most important being Chuanchow (泉州), which up to a month ago, had replaced Amoy as the principal export port for this district.



DECLASSIFIED: E.O. 11652, 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**

ML

PLAIN

Shanghai via N.R.

Dated September 17, 1939

Rec'd 7:45 a.m.

Secretary of State

Washington

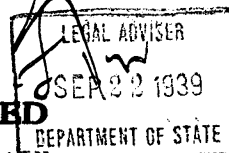
COPIES SENT TO  
C.N.I. AND M.I.D.

830, September 17, 9 a.m.

Japanese Consul General under date of September 15, 1939 has communicated to senior Consul, for information of Consular representatives, a notification from Commander in Chief of Japanese China Seas Fleet reading as follows:  
"As from September seventeenth at eight a.m., Japan time, dangerous objects and other obstacles will further be placed at the following places, at the entrance of the harbour of Wenchow for reasons of military necessity. (1) The Channel to the west of Iyu Shan. (2) On and along the line bearing two hundred and seventy degrees from Ichiao. (3) On and along the line connecting Hsiaowu Hsing, and northern eastern prominent of Huang Taou Shan.

The Japanese authorities cannot assume any responsibility for losses, either direct or indirect, that might be suffered by third power vessels on account of the proposed measures".

As the American position in regard to notifications  
of



793.94/15375

F/WB

FILED  
SEP 24 1939

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

15746

ML -2- Shanghai via N.E. Sept. 17, 2:45 a.m. #830

of this nature has been made clear to the Japanese authorities on several occasions, I shall not reply to the Japanese Consul General communication unless instructed to do so.

Commander in Chief notified.

Repeated to Chungking, Peiping. By air mail to Tokyo.

GAUSS

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

## CROSS-REFERENCE FILE

### NOTE

SUBJECT Sino-Japanese hostilities in Canton area:  
report on - for July, 1939.

793.94/ 15376

For the original paper from which reference is taken

See #-  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 10, 1939 From Canton (Myers)  
To

File No. 893.00 P.R. Canton/138

793.94  
15376

DECLASSIFIED: E.O. 11652, 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:

1. Japan.

(a) Military Activities in Canton Area:

During the month hostilities occurred throughout the perimeter of the occupied area of Kwangtung province. During the first week of the month considerable fighting occurred in the vicinity of Sunwui and Kongmoon. Severe fighting was also reported to have begun, on July 11, in the Fayün area. On July 9 the Japanese began the first of several attempts to occupy Chungshan district, which is adjacent to Macao. Despite the cooperation of gunboats and planes, the Japanese forces were repulsed.

On July 17 the Pearl river was declared closed, for military reasons, to all third power vessels.\* Shortly thereafter, a considerable number of Japanese reinforcements were transported to the Canton area. On July 28 the Japanese forces renewed their efforts to occupy Chungshan district. As the month ended, a force of 1,000 Japanese was reported to be attempting, under cover of bombardments by planes and warships, to gain a foothold near Shekhi, seat of the district government.

At

---

\*Telegram to Department no. 83, July 26, 6 p.m.

DECLASSIFIED: E.O. 11652, 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 -

At the end of July Kwangsi troops under General Pai Chung-hsi were stationed in western Kwangtung and eastern Kwangsi. General Li Han-hun's army was reported to be occupying a semi-circle around Canton on the north, east and south, and troops under Chang Fa-kuei were understood to be stationed in northern Kwangtung.

(b) Japanese Aerial Activities:

Japanese naval planes frequently bombed cities in Kwangsi province during July. Among the cities bombed were Nanning, Wuchow, Kweilin and Liuchow. Army planes were actively engaged in connection with military operations.

(c) Chinese Guerrilla Activities:

Possibly as a result of their reorganization under General Heung Hon-ping, (香翰屏), Chinese guerrilla units in Kwangtung appeared to gain in effectiveness during July. Numerous raids were reportedly made on Japanese occupied towns by irregular and plainclothes units.

(d) Establishment of Hainan Provisional Government:

A Hainan provisional government was inaugurated on July 17 at Haikow, with one Chao Shih-huan (趙士桓) as its chairman. According to the local press, he is a French returned student and was formerly a professor in Kwangtung National University. The Japanese-controlled press has reported that the Hainan administration is similar in nature to the Japanese-controlled regimes set up in Peiping, Nanking and Inner-Mongolia.

2. Relations

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

- 5 -

2. Relations with Great Britain:

The local Japanese-controlled press evinced considerable interest in the current Anglo-Japanese discussions in Tokyo, as well as in the Anti-British movement in north and central China. However, editorial comment, though critical of Great Britain, was relatively restrained in tone.

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Military situation in Chefoo area during July, 1939:  
report on subject.

793.94/ 15377

wb

For the original paper from which reference is taken

See #72 to Embassy  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 14, 1939 From Chefoo (Roberts)  
To

File No. 893.00 P.R.Chefoo/148

793.94  
15377

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

B. Relations with Other Countries:

1. Japan:

(1) Military Situation.

There was little change in the military situation in Eastern Shantung and the Japanese continued to hold the coastal fringes from Weihaiwei to the railway at  
Weihai.

---



- 5 -

Weihsien. Guerrillas were active in the Chaoyuen, Laiyang and Hwanghsien districts. Early in July the road from Cheroo to Hwanghsien which had been put in condition for automobile traffic for a few weeks was again torn up by the guerrillas.

(2) Anniversary of Marco Polo Bridge Incident.

On July 7th the second anniversary of the Marco Polo Bridge incident, a mass meeting was organized by the Japanese at the Public Recreation Ground. The leading Chinese and Japanese officials were present. The Italian Vice Consul is reported to have attended the celebration.

Mayor Chang Hua-nan and Commander F. Saito of the Japanese Naval Landing Party, the Japanese Consul and other leading Japanese spoke. In the speeches there was noticed a linking of the United States with other nations opposing the "new order in Asia". The Japanese controlled local newspaper reports Commander Saito of the Japanese Naval Landing Party as saying: "The several nations in both Europe and America usually look upon East Asia as their colonial possession; so we should get ready to use our own weapons to fight British guns, Russian airplanes and French tanks." Mr. K. Takeda, Chief of the Japanese Special Service Mission, according to the same source, is reported to have said, "The present strife will save China from the colonial influences of European and American nations."

While the meeting was kept from turning into an anti-British demonstration and parades were diverted away

DECLASSIFIED: E.O. 11652, 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 -

away from the British Consulate, the resolutions  
adopted by the mass meeting demanded:

- (1) That the people back the government  
in the Tokyo negotiations over  
the Tientsin questions;
- (2) That the recovery of all foreign  
concessions be accomplished by  
any means.

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Japan will remain neutral in the European war and will concentrate on the China affair, according to statement by Japanese Consul General at Canton. Informs of Japan's request concerning the withdrawal of gunboats from Canton waters.

wb

For the original paper from which reference is taken

See Tel #112, 11pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 7, 1939 From Canton (Myers)  
To

File No. 800.3393/622

793.94/ 15378

15378

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** As to the Japanese situation Halifax said that shortly they expect to send the United States another message asking what our action would be if the British and the United States and the French were told to get out of Shanghai.

mr

793.94 / 15379

For the original paper from which reference is taken

See Tel. #1644, 7 p.m.  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 14, 1939 From Great Britain (Kennedy)  
To

File No. 740.0011 European War, 1939/297 Confidential File

Confidential File

15379

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Statement of Chinese Ambassador that he believed that the Japanese Government would recognize de facto the so-called Chinese Government under Wang Ching Wei and would thenceforth attempt to make the war in China appear to be a civil war between rival factions in China.

For the original paper from which reference is taken

See Tel. 1972- 6pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 14, 1939 From France (Bullitt)  
To

File No. 761.94/1134

793.94 / 15380

15380

DECLASSIFIED: E.O. 11652, 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

MJB

This telegram must be  
closely paraphrased before  
being communicated to  
anyone (Br)

FROM

Hankow via N R

Dated September 17, 1939

Rec'd. 1:15 p.m.

Secretary of State,

Washington.

September 17, 3 p. m.

My September 12, 2 p. m., - impeding Japanese  
offensive.

General Yamada arrived here on September 12th and has  
not departed.

Current information is to the effect that the drive  
on Changteh via Shasi (which may already have begun with  
reported action on the night of September 15 near  
Chienkiang) will be but one phase of an extensive pincer  
movement directed at Changsha. A second column is  
expected to push westward from Nanchang and a third down  
the Canton-Hankow railroad. Japanese sources expect the  
operation to require between one and two months.

Japanese forces in the Nanchang sector are said  
to have been reinforced by two divisions. The local  
activities mentioned in the first sentence of my telegram  
under reference have, however, slackened. Further  
reinforcements are believed to be necessary for an  
offensive

COPIES IN PARAGRAPH  
SENT TO C.W.I. AND  
W.I.D. IN CONNECTION  
WITH THE

872

793.94/15381

F/FG

FILED

SEP 25 1939

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

- 2 - September 17, 3 p. m. from Hankow

offensive of the magnitude outlined above.

Sent to Chungking, repeated to Peiping, Shanghai.

SPIKER

GW  
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

(CONFIDENTIAL)

PARAPHRASE

A telegram of September 17, 1939, from the American Consulate General at Hankow reads substantially as follows:

With reference to the impending Japanese drive, reports now current have it that the offensive against Changteh by way of Shasi (of which the reported action near Chienkiang the night before last (September 15) may have been the beginning) will only be one part of an extensive pincer operation aimed at Chengsha, which operation is expected to include a drive down the Hankow-Canton Railway and another westward from Nanchang and is expected in Japanese quarters to require from thirty to sixty days for completion. While the local activities reported by the Consulate General in its telegram of September 12 have slackened, it is said that the Japanese troops in the Nanchang area have been reinforced to the extent of two divisions. For a campaign of the proportions indicated above, it is believed that additional reinforcements will be needed.

General Yamada arrived at Hankow five days ago. He has not left.

783.94/15381

FE:Chase:HES  
 9-18

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

**TELEGRAM RECEIVED**

DIVISION OF  
EUROPEAN AFFAIRS  
SEP 26 1939  
DEPARTMENT OF STATE

NC

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

FROM

PEIPING VIA N. R.

Dated September 18, 1939

Rec'd 1:05 p.m.

Secretary of State

Washington

SENT TO C.M.I. AND  
M.I.D. IN CONFIDENCE

497, September 18, 7 p.m.

Reliable foreign sources at Chinwangtao have reported heavy Japanese troop movements by rail towards Manchuria during the past week; twenty northward bound military trains with troops, tanks, trucks and artillery were noted during the three days ending September 15. Travelers arriving from Mukden and Tientsin yesterday report having seen several troop trains apparently going toward Manchuria. It is possible that these troop movements were ordered before the conclusion of the Soviet-Japanese truce but the continuing northward movement of troops is difficult to explain.

Most observers in Peiping believe that the troops, which are being sent north from this region have been taken from Shansi Province; it is understood that the Japanese military have about given up hope of gaining control of Southern and Western Shansi and intend only to hold Taiyuan and Northern Shansi. Reports from Shansi indicate that during August for the third consecutive month the Japanese conducted unsuccessful operations against

793.94/15382

SEP 26 1939

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

NC -2- #497 from Peiping, September 18, 1939

against Chinese troops and guerrillas in Southern Shansi; that the Japanese have incurred heavy casualties during these operations is indicated by reports from foreign informants in Southern Shansi and by the number of hospital trains which have been noted at Fengtai and other points probably coming from Southern Shansi.

Repeated to Chungking, code text by mail to Tokyo.

LOCKHART

GW:CSB

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

NC

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

PEIPING VIA N. R.

Dated September 18, 1939

Rec'd 1:05 p.m.

Secretary of State

Washington

497, September 18, 7 p.m.

Reliable foreign sources at Chinwangtao have reported heavy Japanese troop movements by rail towards Manchuria during the past week; twenty northward bound military trains with troops, tanks, trucks and artillery were noted during the three days ending September 15. Travelers arriving from Mukden and Tientsin yesterday report having seen several troop trains apparently going toward Manchuria. It is possible that these troop movements were ordered before the conclusion of the Soviet-Japanese truce but the continuing northward movement of troops is difficult to explain.

Most observers in Peiping believe that the troops, which are being sent north from this region have been taken from Shansi Province; it is understood that the Japanese military have about given up hope of gaining control of Southern and Western Shansi and intend only to hold Taiyuan and Northern Shansi. Reports from Shansi indicate that during August for the third consecutive month the Japanese conducted unsuccessful operations  
against

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

NC -2- #497 from Peiping, September 18, 1939

against Chinese troops and guerrillas in Southern Shansi; that the Japanese have incurred heavy casualties during these operations is indicated by reports from foreign informants in Southern Shansi and by the number of hospital trains which have been noted at Fengtai and other points probably coming from Southern Shansi.

Repeated to Chungking, code text by mail to Tokyo.

LOCKHART

GW: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

Confidential

~~CONFIDENTIAL~~

P A R A P H R A S E

A telegram (no. 497) of September 18, 1939, from the American Embassy at Peiping reads substantially as follows:

Travelers from Tientsin and Mukden who reached Peiping on September 17 state that they saw a number of troop trains which seemed to be going in the direction of Manchuria. Substantial movements of Japanese troops toward Manchuria by railway in the last week have been reported by dependable foreign sources at Chinwangtao, a score of military trains bound north with artillery, tanks, trucks and troops having been observed during a three-day period, September 13th to 15th. This continued transfer of forces northward is hard to explain, though it is possible that the orders for the movements were given prior to conclusion of the Japanese-Russian truce.

According to reports coming from Shansi, it appears that, for the third successive month, the operations conducted by the Japanese against Chinese troops and guerrillas in the southern part of that Province were unsuccessful; and the numerous hospital trains presumably arriving from southern Shansi which have been seen at various points (including Fengtai), as well as the accounts of foreign informants in southern Shansi, indicate that these

DECLASSIFIED: E.O. 11652, 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-

these operations have caused heavy losses to the Japanese. It is understood that the Japanese Army has practically lost hope of achieving control of western and southern Shansi and plans to hold only the northern part of the Province, including Taiyuan. In the opinion of most Peiping observers, the forces which are being despatched northward from the Peiping area have been withdrawn from Shansi.

793.94/15382

FE:ASC:HJN  
9/20

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Central Government for Japanese occupied areas of China:  
Local Chinese believe that formation of - will result  
from the meeting next week between Wang Ching Wei,  
Wang Keh Min and Liang Hung Chih. Report on subject.

793.94/15383

wb

For the original paper from which reference is taken

See Tel #489, 4pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 15, 1939 From China (Lockhart)  
To

File No. 893.00/14439

15383

712

DECLASSIFIED: E.O. 11652, 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. 2444

AMERICAN CONSULATE GENERAL,  
Shanghai, China, August 19, 1939.

RECEIVED  
DEPARTMENT OF STATE

SEP 20 PM 1 46

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

For file in [ ] Yes No

Grade	For	is U.S.A.		
M	Stanton			

SUBJECT: Intelligence Summaries for July 1939.

THE HONORABLE

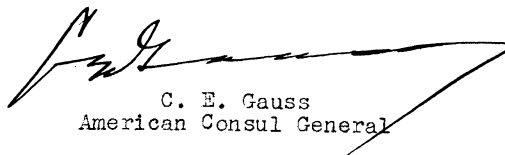
THE SECRETARY OF STATE,

WASHINGTON.

SIR:  
DEPARTMENT OF STATE  
A.M/C  
SEP 25 1939  
ASSISTANT SECRETARY  
OF STATE

I have the honor to refer to my despatch no. 853 of July 15, 1939, and to enclose, as of possible interest to the Department, copies of intelligence summaries for the month of July 1939, prepared by the Intelligence Officer of the United States Fourth Marines.

Respectfully yours,

  
C. E. Gauss  
American Consul General

Enclosure:

1/ - Intelligence Summaries for July 1939.

800  
EFS:fc

Single Copy  
Copy to Embassy, Peiping.  
Copy to Embassy, Chungking.

SEP 26 1939

FILED

F/F G

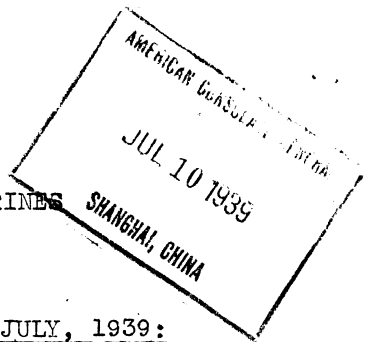
15384



012

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

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA



RESTRICTED: 8 July, 1939

R-2 REPORT, PERIOD 0800 1 JULY, TO 0800 8 JULY, 1939:

TIENTSIN:

Reflecting the seriousness of the British position in Tientsin, Major General Grassett, Commander of the British Forces in China, arrived in Tientsin yesterday for what is ostensibly an inspection tour. However, it is believed here that he will remain to direct British activities until such time as the present tension has abated.

The British Consular authorities claim very little milk is entering the Concession, due to Japanese traffic restrictions, but it is noted that the British owned Peking and Tientsin Times published statistics showing that on July 4th 440 bottles of milk entered the Concession. Japanese military authorities claim they offered to increase this amount to meet any figure the British declared necessary for drinking purposes, but that the British had refused to submit figures. The Japanese on the other hand claim that since the outbreak of hostilities there have been from 130 to 140 cases of incendiarism and a number of cases of railway destruction and over 200 murders of pro-Japanese leaders in the Concession area. All this the Japanese claim has been done with the knowledge and in many instances at the instigation of the British authorities and that it was to prevent such Concession based activities that the present "Blockade" is enforced.

MILITARY OPERATIONS:

Land operations in the Yangtze Valley are now stalemated with no operations being reported from either side. In the last two days the Japanese have made air raids on Chungking. While it is believed that the bombs were intended for the

- 2 -

Business district the planes were flying at such an altitude that the bombs landed in all parts of the city and on both banks of the Yangtze River but doing little damage. The American Diplomatic Authorities protested the reckless bombing, one bomb having landed within 400 feet of one American Councilor.

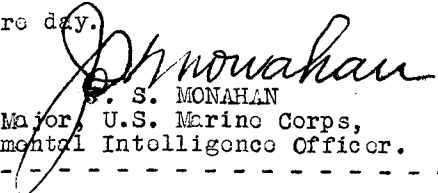
KULANGSU:

The food shortage at Kulangsu is reported by Third Powers to be causing serious inconvenience to residents there. The Japanese however, refute these reports and in turn claim that no blockade of either food or fuel exists. They report that the American sponsored International Relief Committee received a months fuel supply on June 27th from Shanghai. And that sufficient food was being sent this organization from both Amoy and Formosa.

ANNIVERSARY:

The 2nd Anniversary was observed in Shanghai without any acts of violence being reported. The Japanese held services at the Shanghai Shrine where residents gathered at 11 o'clock to pay respects to the war dead. The rest of the day was spent in seeking contributions for the National Defense Fund by various organizations.

The Shanghai police erected barricades cutting traffic on all but main thoroughfares and the various military authorities had patrols covering their defense sectors. Japanese residents were warned against being on the street along and if business necessitated their moving about to request police escort. These measures were totally effective and the city remained quiet during the entire day.

  
S. S. MONAHAN  
Major, U.S. Marine Corps,  
Regimental Intelligence Officer.

012

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

ABL/am

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA.

RESTRICTED:

15 July, 1939

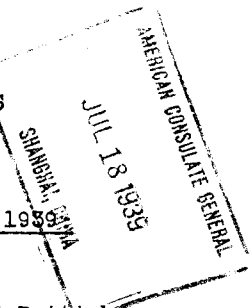
R-2 REPORT, PERIOD 0800 8 JULY, TO 0800 15 JULY, 1939

TIENTSIN:

The current differences between Japanese and British interests will be aired in a conference scheduled to begin in Tokyo today. Little hope is held that any solution will be found to the present difficulties. The British Ambassador Sir Robert Craigie has instructions from London to confine the discussion to the problems arising from the Tientsin dispute. The Japanese Army leaders, however, insist that the discussions must review Britain's attitude to the Japanese "New Order in Asia", and thus require Britain to cease giving aid to the Chinese.

During the week anti-British demonstrations have been held in all the major Japanese cities as well as those of the Japanese occupied territory in China. These mass meetings are supposed to culminate in a monster demonstration at Tokyo today. The Japanese, without any trace of oriental subtlety, have faced the British through the Reformed Government, with the steps to be taken should they retain their "Abominable Attitude." These include the breaking off of economic relations between Britain and the occupied territory, denunciation of "Illegally-acquired" British rights and Interests, return to China of all British Concessions and the prosecution of Chinese working for British firms as traitors."

Meanwhile in Tientsin the Japanese report that the British, alarmed at the rapid exodus of Chinese from the Concession, have placed numerous restrictions on such movements. Confirmation is lacking in regards to this and also to the report that anti-British sentiment among the Chinese in the Concession is growing acute. There are many cases reported of Chinese plundering unprotected British property in the interior.



7 1 2 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

BRITISH MILITARY ATTACHE:

Lt. Colonel Spear, British Military Attache, who the Japanese have under arrest, will be tried by a Japanese Court-Martial at Kalgan, northwest of Peiping. The Japanese state that this court is not a part of the Japanese Army but is made up of non-military men, attached to the Japanese Army. This court is reported to have been set up at the commencement of the present hostilities mainly for the purpose of trying Japanese civilians and foreigners. No information as to the date of the trial nor the charges against the colonel were available. There are reports coming from London that should the Japanese continue to detain Britons on fictitious charges, the British Government would resort to arresting Japanese subjects residing in England.

SHANGHAI (WESTERN DISTRICT):

With the formation of the "Shanghai District Opium Suppression Bureau" with offices in the Broadway Mansions under Yu Chung-ching, the bitter dispute between the Japanese military and the "Reformed Government" over the monopoly of opium in Central China, particularly in Shanghai, was brought to a satisfactory conclusion. According to the decisions reached, this bureau, a function of the "Reformed Government", will collect a tax of \$1.80 per 12 oz., of opium sold.

The Japanese sponsored "Opium Monopoly Administration" whose offices are also in the Broadway Mansions are responsible for the supplying of opium to the opium hongs and the profits/are realized from the sale will go to the Japanese authorities.

To protect these dens the Japanese organized a "gambling den self protection corps" for the purpose of dealing with possible action by the Municipal Police in the form of a blockade against those dens. The Japanese are reported to have authorized the use of force by this corps to prevent any attempt on the part of the settlement authorities to blockade

0 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

entrance to their establishments and have also been assured of the assistance of the Japanese military if necessary.

WANG CHING WEI:

In an interview at Peiping Wang Keh-min, head of the Provisional Government, stated that there was little prospect of the formation of a central Government under Wang Ching-wei. The matter is highly complicated by the Political intrigues of the leading politicians of the Reformed and Provisional Governments neither of which want to be subordinated to a third Government. The Provisional Government is the puppet of the Japanese Army while the Reformed Government at Nanking is strictly Naval property. The two services seem unable to compromise on the details of the new Government which is to be supported jointly by both the Army and Navy.

Furthermore Wang Ching-wei, formerly second only to Chiang Kai-shek in the Kuomintang and with but slightly less personal prestige, has been condemned almost unanimously by Chinese leaders within the occupied area and without, and seems to have been forsaken by the Chinese masses who once idolized him as the revolutionary leader of the Kuomintang.

  
A. BRYAN LASSWELL.  
Captain, U.S.M.C.  
Regimental Intelligence Officer.

-----

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

ABL/am

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA  
22 July, 1939

RESTRICTED:

R-2 REPORT, PERIOD 0800 15 JULY, TO 0800 22 JULY, 1939:

MILITARY OPERATIONS:

A report from Chungking claims that Chinese forces have recaptured Chaochow, terminus of the Swatow-Chaochow Railway. According to the Chinese report only a handful of Japanese were trapped in the recaptured city. The Japanese, including "several high Commanding Officers," are at present barricaded in the Yingchow Hotel at Chaochow. Japanese planes are strafing and bombing the Chinese attackers.

At Swabue 70 miles northeast of Hongkong six Japanese warships arrived on the 18th of July. Shortly afterwards eight planes appeared over the city and initiated an intensive aerial reconnaissance in preparation for a landing. On the morning of July 20th the Japanese ships opened up with an intense bombardment of the Chinese defensive positions on shore. Following the barrage troops were landed and at 1:30 in the afternoon were in occupation of the entire Swabue area, with the Chinese defenders retreating northward.

A Japanese report from Nanchang claims that the drive in the Lake Poyang area of Kiangsi Province is again underway with operations being resumed at Kaoan 70 miles southwest of Nanchang. This was the last city captured in this area before the drive became stalemated in early April. The report laid emphasis on the hardships the Japanese troops have been facing due to the intense heat and the various endemic diseases of the Yangtze Valley.

- 2 -

TOKYO:

The so-called Legal Tender Policy Committee of the Asia Development Board established by the Japanese Government recently adopted the following resolutions: 1. To increase the pressure at Tientsin in order to "attain the goal of confiscating the Chinese legal tender note reserve of 50 million dollars in the British Concession". 2. Continue the issuance of military notes amounting to thirty million dollars in order to absorb legal tender notes in circulation in the Central China area. 3. To use military and diplomatic efforts to obstruct the continued grant of loans to China by the various powers. 4. To utilize foreign merchants in Shanghai to convert legal tender notes into foreign exchange. 5. To continue the purchase of copper coins in the Central China area. 6. To use military notes to withdraw the depreciating Japanese currencies circulating in Central China. The first lot of these military notes has been fixed at eight million dollars.

What both the Chinese and Japanese refer to as the "second Munich" in reference to the present British-Japanese conference in Tokyo may not have been mis-named. Reports from Tokyo this morning claim that Sir Robert Craigie has met the Japanese demand for British recognition of the "wartime conditions in China". What has been most surprising is that the British should be willing to negotiate at all, under such unmistakable duress.

This evidence of weakness has emboldened the Japanese and has increased the Japanese hopes of extorting favorable settlement of their demands. Neutral observers state that it is doubtful that any other world power would be willing to negotiate any situation so supercharged with intimidation.

0 1 3 1

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

- 3 -

Particularly in view of the fact that a single command from the Japanese Army could put an immediate check on the anti-British Campaign now raging throughout the Japanese occupied territory.

It seems hard to believe that for the sake of her few remaining interests in North China, Britain is willing to sell out the Chinese Government. The British acceptance of the Japanese demands is also discounted by many observers who state that the hesitancy of public opinion in the United States to support the British after the Munich agreement would be intensified to the extent where no revision of the present neutrality legislation would be possible should the British be party to another sell out.

ANTI-FOREIGN ACTIVITIES:

The Anti-British campaign has continued to spread during the past week. The British residents of Tsinanfu, Shantung Province, were forced to evacuate by a Chinese Anti-British Committee formed by the Japanese. Inner Mongolia declared a boycott on British goods and sales of cigarettes manufactured by the British and American Tobacco company have already been stopped. In the past one third of the Inner Mongolian government's income has been derived from a sales tax on the products of this company.

The Anti-British drive in Peiping has not come up to Japanese expectations. Dis-satisfied with the apathetic attitude of Peipings population the Japanese organized Hsinmin Hui Party issued orders threatening to punish those Chinese who work for or do business with Britons. All newspapers carried notices that all Chinese employed by Britons must leave their employment immediately and that Chinese landlords must cancel leases with Britons. It further stated that those Chinese who disregarded this warning would be regarded as disturbers of the




DECLASSIFIED: E.O. 11652, 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 -

"New Order in East Asia" and would together with their families be severely punished.

The Japanese have committed several anti-American acts during the week. Among these was one occurring on 21 July. A report was received from the British Senior Naval Officer at Changsha that the Standard Vacuum Oil installations at Chinglingki were occupied by about one hundred Japanese troops and the Chinese staff was evicted and the American Flag torn up. No action has been reported taken by the American authorities as yet.

  
W. BRYAN LASSWELL  
Captain, U.S.M.C.  
Regimental Intelligence Officer.

-----

0 1 3

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

DCH/am

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA  
29 July, 1939

RESTRICTED:

R-2 REPORT, PERIOD 0800 22 JULY, TO 0800 29 JULY, 1939:

MILITARY OPERATIONS:

The Japanese campaign in Central China has been suffering reverses all week. In the Hankow-Puchi area this office has information that between three and four infantry Divisions along with artillery and heavy bombers are being withdrawn to the north. As yet we have been unable to determine their destination. The Japanese recently expressed the fear that the Chinese military authorities would attempt to blow up the Han River Dykes. Since this is flood time along the Han River, it is probably to avoid being trapped in the low Kiangpeh plains, surrounding the Wuhan cities, that the Japanese are withdrawing. The Japanese in an effort to prevent the destruction of these dykes have enlisted the peasants, and installed them as look-outs along the threatened section of the dyke.

It is possible, however, that the troops being withdrawn from this area are destined for Shansi where, despite bitter fighting over a three months period, the Japanese are stalemated. This office, however, discounts this possibility as the Japanese have not been strong enough in the Hankow area to take the offensive and any permanent reduction in strength would mean the loss of this entire area. It is believed here that the Japanese will temporarily withdraw from this area until after the flood season.

SHANSI:

The Japanese latest attempt to clean up Shansi, like their many other attempts, has ended in complete failure. The Chinese forces in this area, aided by the communist forces, have for the past three months been doggedly defending the Taihong Mountains in southeastern Shansi. The Chinese command attributes

- 2 -

the Japanese failure to the complete withdrawal of the Chinese population, and supplies and foodstuffs from towns attacked by the Japanese. The constant guerrilla attacks on the Japanese flanks and supply lines and the heavy rains have made supply impossible. The last reason is undoubtedly the major reason for failure. The heavy rains have made the Japanese fall back to their base of supplies, and in many instances mechanized units have had to abandon their equipment.

YANGTZE VALLEY:

The Chinese forces have installed artillery on the south bank of the Yangtze River at Tungling (150 kilometers up river from Nanking) and are firing on passing Japanese ships. Guerrillas are also active along the banks of the Yangtze, firing on passing Japanese ships with small arms. Japanese ships using the Yangtze have been observed with sandbag defenses constructed along their bridge.

The Japanese report that with the increased guerrilla activity along the Yangtze they are now removing an average of four floating mines per day from the river.

These reports are interpreted here as an outcome of the present Japanese-British negotiations being conducted in Tokyo. The British are understood to have agreed to certain concessions in North China in return for the opening of the Yangtze to British shipping. This sudden candidness on the part of the Japanese as to the seriousness of the Chinese attacks on the River traffic is believed designed by the Japanese military forces to forestall any such agreement during the present negotiations.

GUERRILLAS:

Reports of third power observers from North China state that the present flood conditions in North China are seriously impeding Japanese military operations and have made transport and supply virtually impossible. Emboldened by this turn of events the Chinese guerrillas are now observed approaching the very

- 3 -

gates of the Japanese-Peking stronghold. On the 27th they fought an engagement at Wenchuan, scene of the recent anti-American slapping, and killed ninety Japanese soldiers. On the 28th guerrillas numbering about 200 entered the suburbs of Peking and abducted 28 pro-Japanese Chinese residents, including some police. Cities in the vicinity of Peking are reported to be under about six feet of water.

SHANGHAI:

Mayor Fu Siao En:

Mayor Fu Siao En of the Shanghai City Government is alleged to have told an interviewer that he has reached the limit of his patience regarding the insulting attitude of the Shanghai Municipal Council and the Consular Body in failing to reply to his demands especially referring to the Court issue.

Continuing, he said that, in the event of not receiving a satisfactory reply soon, he would take effective measures to retaliate. What the nature of the retaliatory measures would be is not known, but it is said that Fu Siao En may endeavour to blockade the Settlement by stopping the entry of foodstuffs, such as rice, vegetables, meat, etc., or take over the Court by force.

It will be remembered that Mayor Fu wired not long ago congratulating the Tientsin Mayor for his successful blockade of the British Concession.

The Shanghai Special Municipality Police, under direct orders from Mayor Fu, went into action on July 23rd and took into custody several Municipal Council trucks, their drivers, one Briton, and 1 German, all of whom were engaged in hauling domestic garbage to Chapei. Before the hostilities the S.M.C. paid the City Government \$10,000 per month for the privilege of dumping garbage into the Whangpoo. No money has been paid since the hostilities commenced. Mayor Fu claimed that \$200,000 was due and if no money was forthcoming no trucks would be returned.

- 4 -

After three days of negotiations it was announced that a mistake had been made. The Japanese Naval Landing Party had given permission for the garbage dumping (the purpose of which was to fill low land in Chapei) but that the Mayor had not been notified. The answer to the query of why it necessitated three days to settle the affair and release the captives and the trucks was that the S.M.C. had protested to the Chinese Municipality and not the Japanese Naval Landing Party. As soon as the JNLP became aware of the detention orders for the release were given, it was further stated.

CITY GOVERNMENT POLICE: (TA-TAO POLICE)

The Police Bureau of the Japanese sponsored Shanghai City Government at present comprises eleven branch bureaus, five Police stations and eight other police units including the detective corps, the garrison corps, the police reserve unit, the River Police corps, the police training depot, the Police band, the detention house and the Police Hospital, with a total strength of 5,662.

Headquarters for the City Government Police is at the Civic Center, Kiangwan. Branches are established at Pootung, Nantao, Zikawei, Minghong, Chapei and other places surrounding Shanghai. The Western District Branch is located on Kinnear Road.

The Police academy of the Ministry of Interior of the Reformed Government, Nanking, furnishes some of the strength of the local puppet Police. Graduates of this academy usually are appointed sub-inspectors upon "graduation."

ITALIAN MARINES:

On 23 July a Municipal Police Party composed of one foreigner and four Chinese policemen were surrounded by about 25 TA-TAO police while they were removing anti-British posters from a board on Robison Road in the Italian sector. The TA-TAO Police, who were armed either with rifles, pistols, or batons, loaded their weapons and then began to drive the Municipal Police party across

- 5 -

the road to the TA-TAO Sub-station located there. The foreigner, Inspector Watson, was caught by the collar and neck-tie and was pushed and assaulted by batons and rifle butts. Two Italian Marines approached and stopped the assault. Shortly afterwards about eight Italian Marines came and drove the TA-TAO police into their Station.

The Chinese in charge of the TA-TAO Station volunteered the information that the anti-British posters came from the Civic Center and that he had received orders from his Headquarters on Jessfield Road (Japanese Gendarmerie controlled) to post them. The Italian Marines brought the negotiations to a close by finishing the work of tearing down the anti-British posters.

As the TA-TAO Police are forbidden to operate on Municipal-controlled roads they were without power to take the action they did. They have permission from the Council to use the Municipal built roads in the Western area only in passing from one street or lane to another. This agreement consequently leads to much misunderstanding.

TAXES:

The Municipal Council has been, since shortly after the beginning of hostilities, collecting taxes on property in the Western District located some distance from the Municipal Roads. Technically they are empowered to collect taxes only on property abutting on the Municipal Roads but as there was no authority present to police the area off the roads, and to collect taxes, the Council assumed the power.

The city Government tax officials have recently commenced to contest the right of the Municipal Council to collect taxes on property off the roads. The Council is now claiming that inasmuch as the property owners off the Municipal Roads use those roads the same as those who reside in property abutting the roads they should be assessed also. The tax rate in the Western area is 14% of the rent; in the Settlement it is 16% of the rent.

- 6 -

HONGKEW:

Last Thursday, 27 July, bus service north of the creek was crippled when several drivers and girl conductors failed to report to work. It was alleged by the Japanese press that these workers, on their way to Hongkew, had been stopped south of the creek by guerrillas and warned that they would be treated as 'traitors'. However, this morning, the employees had returned to work and the service was running on schedule.

*Donn C. Hart*

DONN C. HART  
1st Lt. USMC

Assistant Regimental Intelligence Officer.

-----

DECLASSIFIED: E.O. 11652, 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

AC

FROM GRAY

Foochow

Dated September 20, 1939

Rec'd 7:11 p.m.

Secretary of State

Washington

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

September 20, 5 p.m.

Reliable official informant states that Yungan, provincial capital, was bombed by seven Japanese planes on the eighteenth, five on the nineteenth, and six today. No details are available aside from the statement that incendiary bombs were used, large scale fire having resulted from the bombing of the eighteenth. Yungchun and Sienyng were bombed on the eighteenth and Putien and Sienyu again on the nineteenth.

To Peiping. Repeated to Chungking.

WARD

PEG

793.94/15385

F/FG

RECEIVED  
SEP 20 1939



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

**TELEGRAM RECEIVED**

CJ

This telegram must be  
closely paraphrased be- **FROM**  
fore being communicated  
to anyone. (br)

HANKOW VIA N.R.

Dated September 21, 1939

Rec'd 4 p.m.

Secretary of State,  
Washington.

September 21, 5 p.m.

My September 17, 3 p.m.

Renewed Japanese drive.

While the Japanese during the early part of this  
week were advancing westward on Kaoan and Fengsin  
Kiangsi, as has been extensively reported in the press,  
the Chinese are said to have threatened Nanchang from  
the southwest necessitating the despatch of Japanese re-  
inforcements in that direction. At the same time reported  
Chinese attack on Sishui Hupeh drew Japanese reinforce-  
ments from Sinyang Honan.

The Japanese air force has been increased and is  
active. No additional land troops, however, have ar-  
rived.

Sent to Chungking. Repeated to the Department,  
Peiping, Shanghai.

SPIKER

SEP 26 1939

FILED

F/FG

793.94/15386

DECLASSIFIED: E.O. 11652, 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

LEGAL ADVISER
SEP 26 1939
DEPARTMENT OF STATE

EG

FROM GRAY

Foochow via N. R.

Dated September 21, 1939

Rec'd 5:30 p.m.

Secretary of State,  
Washington.

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

September 21, 5 p.m.

My September 20, 5 p.m.

Foochow twice raided today, at one and four p.m.,  
each time by four planes.

Twelve bombs were dropped in the upper bridge area  
in the first raid while in the second direct hit was  
made on a motor boat near Middle Island bridge and in-  
cendiary bombs were dropped on customs jetty east  
bridge, causing large fire which is now believed to  
be under control. Planes which bombed Yungan yester-  
day also bombed Sienyung and Tehua.

Sent to Peiping, repeated to Chungking.

WARD

GW

793.94/15387

F/FG

FILED  
SEP 26 1939

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Japanese plans for modernization of Peiping:  
information on subject.

793.94/15388

wb

For the original paper from which reference is taken

See #2220  
(Despatch, telegram, instruction, letter, etc.)

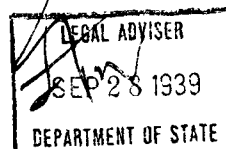
Dated Aug. 18, 1939 From China (Lockhart)  
To

File No. 893.101 Peiping/16

15388

DECLASSIFIED: E.O. 11652, 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

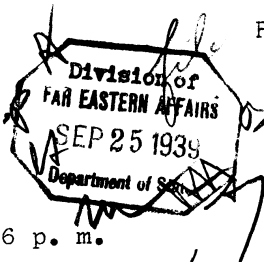
GRAY

FROM FOOCHOW VIA N. R.

Dated September 22, 1939.

Rec'd. 6 a. m., 23rd.

Secretary of State  
Washington.



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

September 22, 6 p. m.

My September 21, 5 p. m. 15387

Kutiew, Nanping and Shahsien were bombed today, hydrogen bombs being used at Shahsien. Number of casualties and extent of damages not yet known. Wo Island at mouth of Min River also bombarded and six air raid alarms sounded in Foochow, indicating considerable aerial activity in this (\*). Seven planes over the city during the second alarm.

In yesterday's Foochow bombing 21 civilians were killed and 46 wounded according to the official report, but unofficial releases place the figure much higher. About 75 houses and shops were destroyed; one motor boat and some five junks, all stated to be personally owned, were blown up.

Sent to Peiping, repeated to Chungking.

WARD

KLP  
GW

(\*) Apparent omission

SEP 30 1939

FILED

F/FG

793.94/15389

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

MJD

DIVISION OF  
EUROPEAN AFFAIRS  
SEP 28 1939  
DEPARTMENT OF STATE

CHUNGKING VIA N. R.

Dated September 23, 1939.

Rec'd. 6 a. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
SEP 25 1939  
Department of State

COPIES SENT TO  
ONLAND AND

537, September 23, 9 a. m.

Reference my 536, September 21, 1 p. m.

General Chu Shih Ming, Director of the Department of Intelligence and Publicity of the Foreign Office informed Weil yesterday afternoon that the Soviet Government had made no approach of any sort to the Chinese Government regarding a peaceful settlement of the Sino-Japanese conflict and that the Chinese Government had not asked the Soviet Government for a definition of its attitude following the Soviet invasion of Poland and the Namonhan armistice. He said he had no reason to believe Soviet aid to China would not continue but expressed frank concern over the effect of the involvement of Britain, France and Russia in the European war on China's sources of war materials and financial assistance. He indicated that without outside help China could not hope to win the war and seemed to intimate that more than ever before China now looked to the United States for assistance.

A member of the staff of the Military Intelligence

SEP 23 1939  
Division

793.94/15390

F/WB

0 1 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

5748

MJD -2- No. 537, September 23, 9 a. m. from CHUNGKING

Division informed Weil yesterday afternoon that following receipt of news of the Namonhan armistice, the Chinese Military Attache at Moscow in response to a telegraphic inquiry from Chungking reported that he could discover no indication that Soviet aid to China would be cut off.

Rumors here to the effect that Russia is trying to settle the Sino-Japanese conflict through negotiation in order to have a free hand in Europe have increased in intensity as a result of publication of a Reuter's despatch on this subject carrying a Shanghai date line and a Transocean despatch under a Moscow date line--both released here within the last two days in the daily bulletins of these news services which are not subject to local censorship. The Foreign Office has reprimanded local representatives of both services for publishing these stories.

Repeated to Peiping, Shanghai, Hong Kong. Peiping please air mail to Tokyo.

JOHNSON

PEG

7 1 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

793.94

# CROSS-REFERENCE FILE

## NOTE

SUBJECT Sino-Japanese conflict: developments of the past month, July, 1939.

793.94/15391

For the original paper from which reference is taken

See #2413  
(Despatch, telegram, instruction, letter, etc.)

Dated August 7, 1939 From Shanghai (Gause)  
To

File No. 893.00 P.R. Shanghai/130

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

193.94

3. JAPAN.

a. Military, Naval and Aerial Operations.

No important operations were undertaken in this area during the month under review by the Japanese

military

- \* Telegram to the Department no. 643, July 25, 1 p.m.
- \*\* Telegram to the Department no. 653, July 27, 12 noon.
- \*\*\* Telegram to the Department no. 657, July 28, 10 a.m.



0 1 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

- 8 -

military or naval forces. The Japanese naval blockade of the port of Tientsin continued but no attempt was made to seize and occupy the city. As regards the port of Ningpo, the Japanese made no effort effectively to blockade this port and in consequence commercial vessels continued to ply between Shanghai and the boom erected by the Chinese across the entrance to Ningpo, cargo being unloaded at that point and then transported to Ningpo. Japanese airplanes bombed the city of Shao-hsing and several other cities in Chekiang and Kiangsu not under Japanese control and at the first named city damaged American mission property.

Chinese guerillas continued their activities. According to Chinese reports a considerable number of well equipped Chinese regular troops filtered into the Shanghai area. According to Japanese reports the guerillas tore up a section of the Shanghai-Nanking Railway and derailed a train.

b. Activities of Wang Ching-wei. Wang Ching-wei and his adherents continued their activities in this area. It was reported that at a conference convened here on July 8 at which Wang Ching-wei, Japanese military, naval, diplomatic and consular officers, and representatives of the "Reformed" and "Provisional" governments were present, it was decided to inaugurate an active "peace campaign" and to leave in abeyance for a few months the question of the establishment of a new Central China regime which is apparently viewed with little enthusiasm by the leaders of the "Reformed" and "Provisional" governments.

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

- 9 -

governments.\* On July 9, Mr. Wang issued a further lengthy statement, which was also broadcast from Shanghai over a Japanese controlled station, advocating peace and cooperation with Japan.\*\* Mr. Wang's adherents were also very active and made strenuous efforts to subvert Chinese educators, publishers and business men by lavish entertainment and the distribution of considerable sums of money. Efforts were also made to influence public opinion through the medium of the press and to this end one of Mr. Wang's old newspapers, which closed down at the commencement of hostilities, was revived and recommenced publication. A printing and publishing concern was also acquired. However, these efforts appear to have met with little initial success, Chinese newsboys refusing to distribute or sell Mr. Wang's paper and the Chinese residents showing little interest in this publication. Several vernacular newspapers which were critical of Mr. Wang received threatening letters from a pro-Wang organization and were subsequently attacked by a group of gunmen believed to be in the employ of some of Mr. Wang's followers.\*\*\* Mr. Wang is believed to have been in Shanghai throughout the month but is reported to have left Shanghai for Canton at the end of the month.

A senior Japanese diplomatic official informed me during July that a new "central government" under

Wang

\* Telegram to the Department, no. 590, July 12, 1 p.m.

\*\* Telegram to the Department, no. 582, July 10, 4 p.m.

\*\*\* Despatch no. 2379, July 25, "Activities of Wang Ching-wei."

- 10 -

Wang Ching-wei will be established at Hanking some time during the autumn. He denied that there was any opposition to the proposed new government from the "Reformed Government" and the "Provisional Government". He asserted that the details of the proposals are now being worked out.

It is the belief here, however, that whereas the "puppet officials" of the "Reformed" and "Provisional" governments may have been persuaded to acquiesce in a new "central government", there still exist considerable friction and jealousy amongst the several Japanese military factions as to which faction shall dominate and control this new regime.

The Japanese diplomatic official above quoted naively suggested that the new "central government" in China would come into power and be recognized in a manner similar to that in which the Franco government has been recognized in Spain, and that "peace" between China and Japan will be negotiated with the new "government". He was, however, unable to predict the early withdrawal of Japanese forces from China.

0150

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

# GALVESTON WHARF COMPANY

GEORGE SEALY  
PRESIDENT

RECEIVED  
DEPARTMENT OF STATE  
ESTABLISHED 1854  
OFFICE OF THE ADVISER ON  
POLITICAL RELATIONS  
OCT - 3 1939  
DEPARTMENT OF STATE  
1939 SEP 25 AM 10 38

September 20, 1939

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

Division of  
FAR EASTERN AFFAIRS

DIVISION OF  
SEP 26 1939  
DEPARTMENT OF STATE  
OCT 5 - 1939  
THE AMERICAN REPUBLIC  
DEPARTMENT OF STATE

ADVISER ON POLITICAL RELATIONS  
MR. HORNBECK  
SEP 30 1939  
DEPARTMENT OF STATE

Secretary Cordell Hull  
Department of State  
Washington, D. C.

Dear Mr. Hull:

Having just returned from Japan, where in connection with various conferences pertaining to cotton I was presented with the enclosed private memorandum expressing certain views of the Japan Foreign Trade Federation in respect to the Sino-Japanese conflict. The Federation consists of the leadership of all Japanese business interested in foreign trade.

Since Japan is our largest purchaser of American cotton, we, of the South and especially Texas, are keenly interested in maintaining those cordial relations with Japan extending now through so many years past.

Since the enclosed letter of the former Prime Minister, Prince Konoe, seems to rather clearly outline Japan's position in the Far East, I was wondering if America had as yet publically so expressed herself.

No group of American citizens are more dependent upon foreign trade than is Texas where 90% of its cotton must find foreign outlets.

The South has exported but 3,378,112 bales of cotton during the season just ending, whereas in 1882 our cotton exports were 3,479,952 bales. The following shows the pitiful present condition of 1939 compared with 1929:

TOTAL COTTON CROP		Of Which These Nations bought the following:			
		JAPAN	ENGLAND	GERMANY	ITALY
1928-1929	14,297,000	1,287,000	1,862,000	1,950,000	730,000
*1930-1931	13,756,000	1,238,000	1,089,000	1,698,000	487,000
1938-1939	11,944,000	904,000	485,000	504,000	324,000

(\*Smoot-Hawley Tariff passed June 17, 1930)

Embargoes work two ways, Mr. Hull - so do foreign credits such as our extending to Brazil our credit and Brazil, in turn, grants credits to Japanese cotton mills to buy her cotton and not ours.

793.94/15392

F/FG

15392

OCT 10 1939

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

Secretary Cordell Hull: 9/20/39 --- Page 2.

If you have published anything definite in respect to our position in the Far East or what demands we might have in mind seeking the protection of our citizens or investments in Eastern Asia, I would appreciate having several copies thereof if they are for general distribution.

Mr. Dooman and his staff in the Embassy at Tokyo were, indeed, most pleasant and courteous.

Sincerely,



P r e s i d e n t

CS:mlh  
enc.

0152  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

Secretary Cordell Hull: 9/20/39 --- Page 2.

If you have published anything definite in respect to our position in the Far East or what demands we might have in mind seeking the protection of our citizens or investments in Eastern Asia, I would appreciate having several copies thereof if they are for general distribution.

Mr. Dooman and his staff in the Embassy at Tokyo were, indeed, most pleasant and courteous.

Sincerely,



P r e s i d e n t

CS:mlh  
enc.

015

DECLASSIFIED: E.O. 11652, 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 JAPAN FOREIGN TRADE FEDERATION  
TOKIO

copy

August 12, 1939

George Sealy, Esq.,  
President,  
Galveston Wharf,  
Galveston, Texas.

Dear Mr. Sealy,

I hasten to enclose herewith a copy of the memorandum relating to the causes of the Sino-Japanese conflict and Japan's aims which Mr. Kodama, President of the Federation promised to hand to you before your sailing.

As I have instructed Mr. Sano to explain to you, the said memorandum could not be written in time. I, therefore, take the liberty of forwarding it directly to your home address with a copy of the statement of the former Prime Minister Prince Konoe which is mentioned in my memorandum.

I am,

Yours very sincerely,

N. Kawashima

Nobutaro Kawashima

NK:ho

0 1 5 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

OUR PRIVATE VIEWS ON THE  
CAUSES OF THE SINO-JAPANESE CONFLICT AND TERMS OF PEACE  
(NOT FOR PUBLICATION)

Nobutaro Kawashima

Adviser  
The Japan Foreign Trade Federation

I

As to the actual causes of the Sino-Japanese conflict, reference can be made to Booklet I, "Official <sup>v</sup>View of the Sino-Japanese Conflict" and Booklet II, "Some Remarks on the Sino-Japanese Conflict" by Kenji Kodama, President of The Japan Foreign Trade Federation, and ex-President of the Yokohama Specie Bank, Ltd. Both of the booklets were published by this Federation. I have the honor to annex them to this memorandum. If I were permitted to summarize the causes of the present conflict, they will be as follows:

I. The Chinese Koumintang government of General Chiang Kai-shek, under the strong influence of young and inexperienced politicians under communistic influence, did not reciprocate the honest desire of the Japanese government and people for a policy of economic co-operation and good neighborliness between the two countries. Such a policy of co-operation and good neighborliness adopted at the time of the Wang Chao Ming Cabinet much helped the good relations between the two countries. Dr. Wang, formerly Premier and the Vice-President of the Koumintang party, is the first and the strongest disciple of the late Sun-Yat-sen, the founder of the Chinese Republic. However, the Chiang Kai-shek government took to anti-Japanism as a means of national unification and expected a great help from the Soviet Union, Great Britain, the United States and



DECLASSIFIED: E.O. 11652, 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-

France in that regard. Moreover, a retired German general became the military adviser to the Chiang Kai-shek government. Thus they gained a strong conviction that the Chinese army could easily defeat the Japanese army and expel the Japanese economic interests from the whole China in this right moment.

2. For the Japanese side, after the world depression of 1929, their exports of merchandise to the United States and other regions began to suffer from the high customs tariff and different restrictive measures. In 1931, by the fall of the Japanese currency the situation was a bit ameliorated, but the final result was that such countries as Great Britain, the Netherlands Indies and British India which formerly adopted more or less liberal policies in foreign commerce turned out to cleave to restrictive and protective policies. In such circumstances Japan encountered sheer need to find opportunities of developing her commerce in her former good markets situated in the neighboring regions, such as Manchoukuo and China. Formerly, China was the biggest buyer of Japanese goods taking more than one-third of Japan's whole exports. Japan had a sympathy with the idea of rejuvenation of young China and participated willingly in the Washington Conference of 1922. Japan helped China to acquire a tariff autonomy. But China began to follow the restrictive economic policies as adopted in the Soviet Union. Japanese export to China abruptly began to decline ever after 1931 when the Japanese currency fell and in Chinese import trade Japan fell behind the United States, Great Britain and Germany. In normal times as 1929 Japan led these countries in importation into China.

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

-3-

The economic pressure of Japanese expansion is necessitated by the immense increase of her population to such a degree that no other country in the world has ever experienced, and Japan cannot tolerate China who took such a closed-door and restrictive policy to Japanese commerce. (See "Statistical Survey of Japanese Foreign Trade" by Nobutaro Kawashima, which I have the pleasure of appending to this memorandum.)

3. After the Great European War everybody in Japan had a great faith in the League of Nations for maintaining peace and fostering prosperity of the world under its sponsorship and by the United States. But when America refused to enter into the League we came to think that it degenerated to be an international institution whose purpose is only to safeguard the interests of Great Britain and France. We began to despair of the newly born international organization for being an appropriate one for the maintenance of peace and order of the world. Moreover, China always availed herself of this unwieldy organ to the detriment of Japan's cause. Most of the members of the League of Nations, without knowing the real situation prevailing in East Asia, stepped out to support blindly the Chinese cause from only a sentimental point of view. When Japan saw that the League could do nothing in justifying her cause in international relations, especially in the maintenance of peace and prosperity in East Asia, she withdrew from it and decided to take upon herself the gigantic work of bringing peace and prosperity in East Asia along such lines as the United States are doing in the Western hemisphere.

## II

From the foregoing explanation as to the causes of the Sino-Japanese conflict, we can easily understand Japan's aims in the con-

DECLASSIFIED: E.O. 11652, 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-

flict and her fundamental peace terms. Such aims and peace terms are already clearly mentioned in the statement by former Prime Minister Prince Konoe issued on December 22, 1938, a copy of which I have the honor to append to this memorandum. This statement had the Imperial sanction and was the genuine representation of the fundamental policy of the Japanese government. The present Cabinet, under the Premiership of Baron Hiranuma, also declared that there would be no change in the terms of Prince Konoe's statement. Moreover, it is reported that Dr. Wang Chao Ming, formerly the Vice-President of the Koumintang government but now separated from the Chian Kai-shek government, had accepted already the fundamental principles mentioned in Prince Konoe's statement. Under these principles, it is presumed that he is honestly but boldly trying to form a new regime in the troubled China.

The essence of the Konoe statement is:

A. The complete extermination of the anti-Japanese Comintern government and the establishment of a new Chinese government which sincerely collaborates with the Japanese government in the establishment of a new order in East Asia. Under such new order of China, she must open the interior to foreign residents and undertakings for the economic development of her vast natural resources.

B. The complete extermination of Comintern influence in China and the conclusion of new agreements with Japan to defeat the communistic influence in East Asia. Such agreements between the two countries are most necessitated for the northern part of China including Inner Mongolia.

C. A close economic co-operation between Japan and China accepting Japan's help in the development of vast natural resources, especially in the regions of North China and Inner Mongolia.

DECLASSIFIED: E.O. 11652, 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-

Note: It seems that such misunderstanding is prevailing in the United States and other countries to the effect that Japan intends to monopolize economic activities in China in detriment to foreign interests there. Especially Japanese businessmen refute such an idea, because without the help of foreign capital particularly of the United States, such economic development in China will greatly be handicapped. With the help of foreign nations who understand Japan's special position in China the latter's economic development and prosperity can be accentuated. But they must admit that in a new order of East Asia which Japan is now decided to establish in Manchoukuo and China all undertakings relating either to public order, or to the national defence, such as certain railways, important harbor works, and mining of certain minerals have to be placed outside the entangling international competition, as it is a general rule in civilized countries of Europe and America. So though we were prepared to maintain the policy of the so-called open door and equal opportunity in China mentioned in the Washington Agreement amplification of its interpretation must be admitted.

For the present, in reality, China is closing doors to foreigners and foreign investments. They are only allowed to reside in international settlements and not allowed to develop natural resources in the interior unless they have the special charter of the Chinese government. We desire that such economic inactivities of foreigners in China be abrogated so that nationals of all countries can enjoy the rights of economic development under equal footings, naturally safeguarding cases of public order, and national defence as in all civilized countries as just mentioned above. In such a way, the interpretation of an open door doctrine in China might be amplified to suite the new order in China, that is to say, on the basis which simply recognize her as one of the civilized countries having equal rights with Western Powers.

Tokio. August /2, 1939.

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

COPIED FROM  
INTERNATIONAL  
GLEANINGS  
FROM JAPAN,  
January 15, 1939

STATEMENT BY THE PRIME MINISTER,  
PRINCE FUMINARO KONOE

December 22, 1938

The Japanese Government are resolved, as has been clearly set forth in their two previous statements issued this year, to carry on the military operations for the complete extermination of the anti-Japanese Kuomintang Government, and at the same time to proceed with the work of establishing a new order in East Asia together with those far-sighted Chinese who share in our ideals and aspirations.

The spirit of renaissance is now sweeping over all parts of China and enthusiasm for reconstruction is mounting ever higher. The Japanese Government desire to make public their basic policy for adjusting the relations between Japan and China, in order that their intentions may be thoroughly understood both at home and abroad.

Japan, China and Manchoukuo will be united by the common aim of establishing the new order in East Asia and of realizing a relationship of neighbourly amity, common defence against Communism, and economic co-operation. For that purpose it is necessary first of all that China should cast aside all narrow and prejudiced views belonging to the past and do away with the folly of anti-Japanism, and resentment regarding Manchoukuo. In other words, Japan frankly desires China to enter of her own will into complete diplomatic relations with Manchoukuo.

The existence of the Comintern influence in East Asia can not be tolerated. Japan therefore considers it an essential condition

DECLASSIFIED: E.O. 11652, 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-

of the adjustment of the Sino-Japanese relations that there should be concluded an anti-Comintern agreement between the two countries in consonance with the spirit of the Anti-Comintern Agreement between Japan, Germany and Italy. And in order to ensure the full accomplishment of her purpose, Japan demands, in view of the actual circumstances prevailing in China, that Japanese troops be stationed, as an anti-Communist measure, at specified points during the time the said agreement is in force, and also that the Inner Mongolian region be designated as a special anti-Communist area.

As regards economic relations between the two countries, Japan does not intend to exercise economic monopoly in China, nor does she intend to demand of China to limit the interest of those third Powers, who grasp the meaning of the new East Asia and are willing to act accordingly. Japan only seeks to render effective the co-operation and collaboration between the two countries. That is to say, Japan demands that China, in accordance with the principle of equality between the two countries, should recognize the freedom of residence and trade on the part of Japanese subjects in the interior of China, with a view to promoting the economic interests of both peoples; and that, in the light of the historical economic relations between the two nations, China should extend facilities for the development of China's natural resources, the regions of North China and Inner Mongolia.

The above gives the general lines of what Japan demands of China. If the true object of Japan in conducting the present vast military campaign be fully understood, it will be plain that what she seeks is neither territory nor indemnity for the costs of military operations. Japan demands only the minimum guarantee needed

DECLASSIFIED: E.O. 11652, 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-

for the execution by China of her function as a participant in the establishment of the new order.

Japan not only respects the sovereignty of China, but she is prepared to give positive consideration to the questions of the abolition of extra-territoriality and of the rendition of concessions and settlements - matters which are necessary for the full independence of China.

-----oOo-----

DECLASSIFIED: E.O. 11652, 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 30, 1939

The enclosures to Mr. Sealy's letter consist of (1) a memorandum entitled "Our Private Views on the Causes of the Sino-Japanese Conflict and Terms of Peace" by Nobutaro Kawashima, Adviser to the Japan Foreign Trade Federation, and (2) a "Statement by the Prime Minister, Prince Fuminaro Konoe, December 22, 1938". Neither of the enclosures need be read. They contain orthodox and familiar justifications for Japan's invasion of China presented in a tone which seeks to persuade the reader of the justice of all of Japan's actions.

*my milt*

793.94/15392

*Jmg*  
FE: Jones: MHP





0163

DECLASSIFIED: E.O. 11652, 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 2 1939

In reply refer to  
FE 793.94/15392

My dear Mr. Sealy:

The receipt is acknowledged of your letter of September 20, 1939, with which you enclose copies of memoranda given to you during your stay in Japan in regard to views of the Japan Foreign Trade Federation and of Prince Konoe on the subject of the Sino-Japanese conflict, and in which you express your desire to receive copies of such published data as the Department may have which set forth the position of this Government in the Far East.

It is thought that the information which you desire is adequately set forth in various documents which have been made public, copies of a number of which are enclosed for convenience of reference.

The information which you present tending to show  
the

Mr. George Sealy,  
President, Galveston Wharf Company,  
Galveston, Texas.

793.94/15392

F/F G 15392

0164

DECLASSIFIED: E.O. 11652, 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 South's dependence upon cotton exports has been noted with interest, as well as your statement that cotton growers and dealers of the South are interested in maintaining cordial relations with Japan.

Sincerely yours,

For the Secretary of State;

Henry F. Grady  
Assistant Secretary

Enclosures:

1. Press Releases  
Nos. 519, 563, 636,  
and 30.
2. Address entitled  
"Our Foreign Policy".
3. Senate Document no. 131.

A true copy of  
the signed origi-  
nal.

VLA CR  
OCT 2 1939

FE: JMT; HES; MHP  
9/30/39

JMT  
FE  
CMVH

PAW  
SKH

EAT  
GL

0165

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

1793.94 :

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations: developments for the month of  
July, 1939.

For the original paper from which reference is taken

See #432 to Embassy, Peiping  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug 7, 1939 From Tsingtao (Sokobin)  
To

File No. 893.00 P.R. Tsingtao/133

U. S. GOVERNMENT PRINTING OFFICE 1-1560

FRG.

793.94 / 15393

F / FG 15393

DECLASSIFIED: E.O. 11652, 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  
3. Japan.

The activity in the harbor of Tsingtao during the month of July, the piles of import cargo stored on open ground because the warehouses were full, the constant hauling through the streets of Tsingtao of cargo on motor trucks and on hand drawn carts, the piling of large quantities of lumber imported from abroad, all bore witness to the Japanese program of economic domination in Tsingtao and in Shantung. While the success or failure of the Japanese military campaign in Shantung and elsewhere in China occupied the attention of foreign commentators, and while the success or failure of the guerrillas against the Japanese forces continued to be subject for debate, in their own way, by their own methods and their own machinery, the Japanese confidently proceeded with their economic program to which the great harbor of Tsingtao bore sufficient witness in July. Imports through the port of Tsingtao for the first six months in 1939, expressed in gold units, were the largest on record, this in spite of a great deficiency in exports leaving  
an...

0 1 6 7

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

- 11 -

an import balance of more than 27 million dollars Chinese currency for the first six months of 1939, Machinery for coal mines, machinery for cotton mills, lumber for buildings, were brought in in such quantities as to leave no doubt that the Japanese are altogether confident that their domination here will be for an "indefinitely long period", that they are confident that however small the export may now be, in time produce of Shantung will again flow toward Tsingtao, and through this port to the great international markets.

The following figures show in a measure the vicissitudes of the export trade from China to Japan. They show that in one article of primary necessity to Japan, Japan has increased its imports of coal by 50 per cent during the first six months of 1939 over those for the same period in 1938, and has more than doubled the quantity taken in the first semester of 1936. In salt, likewise an article of great importance to Japan's industries, a 20 per cent increase has been recorded. In several raw materials, substantial gains were made over the corresponding period in 1938. Although the figures are still far behind those for the first six months in 1937, it is the trend that is important. In raw cotton the figures are particularly interesting, because of the tremendous decline from those of 1938, and while the conclusion might be drawn that the decline is due entirely to the inability of the Japanese to obtain cotton from the Chinese...

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

- 12 -

Chinese farmers because of guerrilla activities, a more careful study of Japan's cotton spinning industry, its raw cotton import policy and the allocation of Chinese cotton to Japanese mills in China, would have to be made to determine the real causes for the great decline from the 1938 figures, which are obviously extraordinary in relation to the 1936 and 1937 statistics.

	<u>1936</u>	<u>1937</u>	<u>1938</u>	<u>1939</u>
Coal (tons)	499,757	665,922	676,332	1,070,340
Salt (tons)	113,855	248,271	162,430	193,635
(Following figures in Chinese dollars)				
Soda	111,118	174,093	---	300,650
Animal products	5,629,127	5,990,555	798,239	2,439,967
Hides, Leather & Skins	3,104,568	3,537,587	885,991	1,000,637
Beans & Peas	886,959	1,512,997	244,469	664,819
Cereals & Cereal Products	5,665,993	7,490,436	387,869	5,035,652
Medicinal Substances & Spices	258,243	308,116	217,860	412,992
Oils, Tallow & Wax	592,956	2,684,767	4,628	779,523
Seeds	3,354,793	6,303,307	2,725,594	1,591,266
Tobacco	1,389,363	1,338,810	564,289	214,021
Tobacco, KLT	2,750,002	1,899,633	308,735	3,217,258
Raw Cotton	6,466,236	16,219,966	41,377,570	2,815,969
Fly Cotton	466,144	461,328	401,635	548,249
Cotton Waste	457,986	217,504	33,114	228,062
Wool, Camels'	10,502	763	780	116,425
Wool, Goats'	466,689	144,269	180,446	437,026
Wool, Sheep's	45,187	29,696	226,640	542
Hair, Goats'	61,348	64,384	5,115	101,979
Jute	658,169	349,018	455,693	---
Hemp	---	---	87,616	---
Wilk Waste	330,377	299,673	240	624,012
Silk Cocoons	---	---	---	302,076
Silk Cocoon Refuse	80,852	49,780	---	120,338
Silk, Raw, White	6,138	82,919	---	1,177,719
Ramie	1,460,002	2,053,287	273,509	---
Iron Ore	1,949,921	1,552,960	92,250	226,576
Antimony Regulus	958,905	1,067,374	31,931	---
Iron & Steel Scrap	---	---	165,600	407,042
Sundries	453,275	613,235	109,539	334,015

0165  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

- 13 -

The following figures, expressed in quantities only, are of interest in a study of the efficacy of the guerrillas in preventing supplies from reaching the Japanese. The commodities in the following table have been selected for the reference to their relative importance in the list of articles shipped to Japan from China and the question of their production in centers where newspaper reports indicate guerrillas are active, and are expressed in quantities in order to eliminate any question of currency exchange and price level. With the exception of cotton and cotton seed, sheep's wool, jute and ramie, the figures show that exports to Japan in 1939 have increased over 1938 in all items originating in the regions where guerrillas are regarded as particularly active.

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

- 14 -

	Unit	1936	1937	1938	1939
Bone Dust & Refuse	Qtls.	304,836	314,168	83,715	216,183
Bristles	"	3,290	2,823	336	178
Wax	"	22,052	38,601	294	15,284
Skins, Dog	Pcs.	---	5,000	8,924	88,013
Skins, Goat, Dressed	"	---	---	---	25,770
Skins, Goat, undressed	"	72,018	69,024	59,328	151,120
Skins, Lamb	"	1	178	372,758	726,000
Skin Mats & Rugs	"	184	297	1,612	10,419
Beans, broad	Qtls.	56,024	57,404	15,517	46,451
Bran	"	453,449	532,264	26,348	435,550
Millet	"	131,697	12,160	---	---
Wheat	"	25,762 <sup>n</sup>	62,853	---	146,501
Cotton Seed Cake	"	500,128	530,322	54,832	216,046
Peanut cake	"	67,701	53,272	---	38,392
Seed Cake, N.O.R.	"	1,764	11,771	389	1,390
Liquorice	"	1,267	293	285	550
Oils, Vegetable, Misc.	"	523	7	---	5,347
Cotton Seed	"	246,021	837,522	316,166	3,379
Seed, Sesamum	"	95,642	106,582	20,676	29,578
*Tobacco, Leaf	"	78,436	62,404	17,322	38,053
Coal	Tons	499,757	665,922	676,332	1,070,340
Silk, Cocoons,	Kgs.	71,272	19,963	---	107,130
Silk Cocoon Refuse	"	1,169	558	---	773
Cotton, Raw	Qtls.	86,722	198,032	561,899	38,705
Hair, Goats'	"	1,202	603	36	631
Hemp	"	---	---	1,754	---
Jute	"	33,117	17,710	22,784	---
Ramie	"	39,440	57,235	4,717	---
Wool, Camels'	Kgs.	6,704	339	176	20,298
Wool, Goats'	"	334,657	59,770	42,190	180,064
Wool, Sheep's	"	56,017	15,280	123,630	303
Ore, Iron	Qtls.	5,134,207	3,943,462	237,300	423,353
Antimony Regulus	"	14,969	15,225	366	---
Iron & Steel, Scrap	"	---	---	21,918	73,437
Soda	"	14,855	23,166	---	26,140
Salt	"	945,305	2,285,771	1,617,187	1,819,601

\*Includes exports to Japan, Korea and Kuantung  
 Leased Territory.



DECLASSIFIED: E.O. 11652, 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

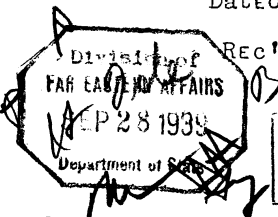
FS

PLAIN

FROM Shanghai via N. R.

Dated September 28, 1939

Secretary of State  
Washington.



Rec'd 8 a.m.

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

866, September 28, 2 p.m.

Finance and Commerce in a leading article today predicts the establishment soon for a so-called national government of China with Wang Ching Wei as president and prompt recognition by Japan with the appointment of an Ambassador it being rumored that an army officer of high rank has already been selected for the position. The China incident will then be considered closed. The article continues that Japan will as announced assume a neutral attitude in the European war. "If such views are correct, it follows as a natural sequence that the position and prospects of foreign nationals in China must improve. There would be nothing gained by Japan carefully avoiding the entanglements of war, in order to profit from exceptional trade opportunities, if at the same time she condoned the infringing of foreign rights, which would, sooner or later, bring her inevitably into some form of conflict with Great Britain, France and America. The trading

795.94/15394

F/FG

FILED

OCT 4 1939

793.94  
-1.15  
493.94  
793.94  
794.00

7 1 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 a2

FS 2-No. 866, September 28, 2 p.m. from Shanghai

trading opportunities, under such circumstances, would disappear very quickly. Thus the choice for Japan is clear cut, and the fact appears today to be recognized by her leading statesmen. With no desire to join Germany and Russia in a military alliance, the only alternative, following the establishment of 'peace' in China, is a movement towards more friendly relations with the democracies. None of the powers is likely at this stage to question Japan's right to establish a government under Mr. Wang Ching Wei, and if that government leads to anything approaching order and fairer treatment of the agricultural population it might be welcomed. The ultimate issue depends upon the attitude of the Chinese people, but in the meantime it will provide a breathing space and a peaceful interlude from which Japan, the foreign business interests and China herself might well benefit."

The above undoubtedly represents the opinion of a large number of business men here.

Repeated to Chungking, Peiping.

RR

GAUSS

# NEW CHINA

## WEEKLY NEWS LETTER

FRANK W. PRICE

Letters mailed every two weeks from the CHINA INFORMATION SERVICE,  
945 Pennsylvania Avenue, N. W., Washington, D. C.

Letters sent free to subscribers to C. I. S., upon request. To others  
the price, including postage, is fifty cents per month. Three free issues  
will be sent to any address.

There is no copyright on the material in NEW CHINA. Please  
indicate source if direct quotation is used.

Division of  
FAR EASTERN AFFAIRS

SEP 29 1939

Department of State

Number 6.

Page 1.

August 11, 1939.  
Received Sept. 12.

793.94  
While Europe moves toward another dangerous crisis we cannot but wonder how the situation in Europe will affect the situation in Asia, and how Asia will influence Europe.

A few facts and observations from the vantage point of an important cosmopolitan city of the Far East may throw some light on our problem:

(1) Japan faces increasing isolation by the democracies. The United States has abrogated a commercial treaty and may break off all economic relations with Japan. The British attitude to Japan has begun to stiffen and the Anglo-Japanese discussions at Tokyo are doomed to failure, thus wrecking Japanese hopes that Great Britain might cooperate with the "New Order in East Asia." Other democratic powers are displaying marked impatience with Japan's schemes for monopolistic exploitation of China. More and more the democracies realize that Japan's army-government is hopelessly reactionary, is opposed to any kind of international order based on principle and law, and cannot be trusted with the resources of the peoples of the Asiatic continent.

(2) Japan can expect little material aid from Germany or Italy. The ideological bond of the anti-Comintern pact is not over-strong and will not supply Japan with money and materials for war. Although the Japanese army dictatorship is seeking a military alliance with the Axis powers, civil leaders in Japan oppose the effort and there seems little enthusiasm for an alliance in Germany. While the German government professes friendship for Japan German business men and commercial representatives in China and, I am told, even in Japan, show strong sympathy with the Chinese. I have heard German business men in free China express the hope for a Chinese victory; if Japan wins, they say, Germany will certainly lose all her trade privileges in China. The fascist nations in Europe and Asia can give one another very little practical help. On the other hand, Germany is still selling munitions to China!

(3) Soviet Russia is looking to the East, concerned less now with Europe and more with Asia. She would like, it is thought here, to be free from possible involvement in a European War and free to develop Siberia and meet the menace of Japanese expansion. Japan cannot ignore the definite probability of stronger opposition from Russia in the near future.

(4) A European war involving Great Britain and France would embolden Japan in her attack upon British and French interests in China. Japan's advantage in such a case would be counter-balanced by greater Russian activity in the Far East if Russia succeeds in staying out of war in Europe.

(5) The patterns of a new and stronger China are beginning to be seen. China, after this desperate struggle for national freedom, will be a more important force to reckon with in international affairs. Japan, after her unsuccessful campaign for conquest, will find herself in a weaker international position. China's influence will be thrown on the side of world government and just arrangements for peace.

Shanghai is heavily barricaded this week as a precaution against possible disturbances. The second anniversary of the beginning of hostilities in the Shanghai area is thus celebrated. Wire entanglements have been placed at all entrances to

793.94/15395

F/FG

15395

Number 6.

Page 2.

August 11, 1939.

"neutral Shanghai" and even between the French and International areas. It took me twice as long as usual this morning to travel from the residential area in the French Concession to the business district near the Bund. Vehicles, passengers and pedestrians are carefully searched and armored cars are stationed at important crossings. Sometimes a street is blocked off while the police make a house-to-house search for terrorists.

"Shanghaianders" will never forget August 13 and 14 of 1937. On the 13th units of the Japanese Naval Landing Party crossed the Woosung Railway tracks into Chapei (across Soochow Creek east of the International Settlement) and were met by gunfire from soldiers of Generalissimo Chiang Kai-shek's own 88th Division. A mass flight of civilians across Soochow Creek into the Settlement had already taken place. August 14 was the terrible "Bloody Saturday," when fighting began in earnest. The occasion was marked by bloodshed of civilians perhaps unequalled in modern warfare. Within two minutes some 3000 persons in a supposedly neutral zone were blasted to bits or seriously injured. Chinese airplanes trying to bomb the Japanese flagship Idzumo in the river dropped two bombs by mistake over the International Settlement causing terrific loss of life on congested streets. And so these are days of tragic remembrance for Shanghai and all of China. But also days to honor for China feels that a period of national humiliation was then ended and the soul of a new nation was born.

Chinese newspapers are carrying reviews of the events during these two tragic but in some ways splendid years. The story is one of defeats and retreats but the tone is one of courage and hope.

The Voice of New China: We made a gallant stand at Shanghai for over two months but were forced to give way before superior equipment on October 26. By November 12 the Japanese Army had occupied all the areas about the neutral zone. The tired Chinese Army was not able to consolidate another line of defense and the invaders pressed rapidly on Nanking. The capital fell on December 16. Instead of continuing the advance the Japanese army indulged in an orgy of murder, rape, burning and looting that shocked the whole civilized world. Our fortunes at this time were at low ebb but we recovered under the leadership of our brave Generalissimo and re-organized our forces. After the capture of Nanking the spotlight shifted to the North, where Taierchwang and Hsuechowfu were scenes of titanic struggle. At Taierchwang we won our first major field victory over the Japanese which gave us fresh confidence. Hsuechowfu fell in May, 1938, and the invading army swept on toward the triple Wuhan city on the Yangtze River 600 miles from Shanghai. We put up a fierce defense giving government offices and important industries time to move further inland. We lost Hankow on October 25, 1938, just four days after the occupation of Canton in the South. Defeats and retreats - yes. But the invaders cannot advance further. They have taken only one important city in 1939 - Nanchang. We shall win in a protracted warfare; we shall make it impossible for the Japanese to hold the cities and thin lines of communication which they have seized. The tide has turned; from now on China will advance and Japan will have to withdraw. In China morale is higher every day; among the Japanese troops war fatigue is steadily growing. We are confident of final victory!

The Japanese desire for an early termination of hostilities (conserving their present advantage, of course) is clearly evidenced by the arguments used by spokesmen of the Wang Ching-wei compromise party. "China was justified in resisting Japan at first," they now say, to clear themselves in the eyes of their fellow-countrymen. "But now that the war has reached a stalemate," they continue, "why should we continue fighting?" (voice of the Japanese militarists) "Let us make up with Japan and be good friends." (with Japan in control, of course) Generalissimo Chiang, speaking

Number 6.

Page 3.

August 11, 1939.

for the vast majority of the people of China declares, "There are only two roads open to us - surrender and slavery or resistance and victory." The nation will follow Chiang and not the traitor Wang - that is one sure fact on this significant anniversary.

During my visit to China I have talked with many prominent and influential Chinese leaders and I spent one long evening with a group of men and women well-known not only in China but also abroad. The group included important business men, bankers, educators, editors, and social workers. They are all unquestionably loyal to the National Government of China; they are working in spite of possibly danger to themselves for China's cause; and they are doing much to keep up the morale of the Chinese of Shanghai when Shanghai seems cut off from free China. They represent a much larger number who, though they must now work quietly and say little, are unalterably opposed to the treacherous intrigues of Wang Ching-wei and his minions. Because of men and women like this in the shadow of Japan's military might as well as in the free hinterland, China will live.

Jewish immigration into Shanghai has been stopped. There are already 16,000 Jews here and many have no employment. Considerable publicity has been given to the plan proposed by a Shanghai Jewish business man for Jewish settlements in Southwest China. As a matter of fact, as early as six months ago the Chinese government was considering a plan for receiving a limited number of Jewish refugees into Yunnan. Preference would be given to men of technical ability who might help in developing inland industries and to Jews who had been deprived of citizenship. Opportunity to take out Chinese citizenship papers would be given. The friendliness of China to Jewish refugees is all the more moving when one considers the life and death struggle in which China is herself engaged and the number of war refugees for which the nation must provide. Detailed plans for receiving Jewish refugees have not yet been announced but a limited number will undoubtedly be allowed to settle in parts of the Southwest.

A missionary from Wuhu on the Yangtze River reports that more Japanese troops are now coming down the River than going up the River. This seems to confirm the conjecture of many people here that the Japanese are not planning further military drives in central China this year. They will try to hold key cities and lines of communication, to tighten the blockade of the coast, and by widespread bombing behind the lines to demoralize government, commercial and educational centers. Let Americans who still say, "It is none of our business what Japan does to China," be reminded that China must defend herself not only against the ruthless militarists of Japan but also against American airplanes, motor-trucks, and oil, and against bombs made of American scrap-iron. To stop helping Japan is surely the least we can do for invaded China, and for the friends, the people of China, who have earned our whole-hearted admiration by their determined struggle for liberty.

My next letter will be written from the former capital, and my old home - Nanking.

Shanghai, China.  
August 11, 1939.

NEW CHINA  
Weekly News Letter  
By Frank W. Price

Number 7.

Page 1.

August 18, 1939.  
Received Sept. 12.

Nanking is an occupied but not a conquered city. The Japanese invaders hold the property but not the hearts of the Chinese who remain there. The Rising Sun flag flies over the city wall but not over the real Nanking of men and women who still love their country and look forward to the day of freedom. Nanking has been crushed but not defeated.

I have been into occupied territory for the first time since I left China in May, 1937. This week I visited the old capital, which had been my home for twenty years. In spite of all that I have read and heard the changes brought about by Japanese aggression were a shock to me and left a deep, tragic impression upon my mind.

Japan would have no one doubt that she is conqueror. It was necessary to secure a Japanese military pass in order to visit Nanking. I applied through the American Consulate at Shanghai and received the permit after one week. A special car with permit to cross the boundary had to be engaged in order to enter Hongkew. At the newly erected station some distance northwest of the former North Station a long line of passengers was waiting. Our baggage was searched and our passes were examined by Japanese sentries. Tickets can be bought only with Japanese yen. The railway schedule follows Tokyo time, one hour later than Shanghai time. Engineers and conductors on the trains are all Japanese. English names of the stations and English notices have been removed and Japanese signs are being substituted. Chinese signs are being left as they were except that the phonetic symbols to help illiterate readers have been erased. The Japanese flag flies over all important stations. The noisy, happy crowds of old are gone; the smaller number of passengers get on and off quickly and seriously. The jolly, chanting peddlers are gone; a few young lads are allowed on the platform with Japanese magazines, pro-Japanese papers, Japanese cigarettes, sweets and ben-to, and they must call their wares in the Japanese language. More than half the passengers in our second-class coach were Japanese. The Chinese in the car were solemn and non-communicative. I missed the former friendliness of fellow-passengers, the hot tea and cakes which used to be served, and the scrambled eggs and rice for meals.

Six times a day run each way between Shanghai and Nanking, including two express trains which make the distance of two hundred miles in five and a half hours. Most of the rolling stock is Japanese, brought from Japan. Trains run on time except when the track is torn up somewhere by guerilla bands. The coaches are kept clean. The diner on the express trains is patronized chiefly by Japanese. Food is no longer served through the trains.

Railway stations and important bridges are carefully guarded. Many Japanese pill boxes and machine gun nests are in evidence and we passed camouflaged armored cars. At several places along the track we noticed peasants under Japanese direction cutting away brush and grass which might be hiding places for guerilla soldiers.

Number 7.

Page 2.

August 18, 1939.

From the train I could observe but few marks of the war. Near the stations at Soochow, Wusih, Changchow and Chinkiang are some destroyed buildings. The countryside was lovely with waving green rice and fields of corn and beans. Farmers were working in the paddy, pumping water from the canals, digging weeds and carrying fuel. Only the numbers of people at the stations and in the cities and villages which we passed were not as great as formerly. There are fewer boats on the canals. The greatest difference is in the attitude of the people. They do not linger about teashops and other public places as they once did; they talk more quietly and often look about as they speak; the old cheerfulness is disappearing. Away from the main cities, roads and waterways where the Japanese are not in control there is more freedom, confidence and gaiety.

At the Nanking station Japanese military officiousness again asserted itself. My pass was asked for three times and the contents carefully noted in the official's "little book." Exaggerated fear of communicable diseases and love of red tape are responsible for an annoying but also ludicrous public hygiene hokus-pocus as passengers alight. Our feet were sprayed, we had to dip our fingers in an antiseptic solution, and our vaccination and cholera inoculation certificates were examined. The gargle was omitted that day. I held a vaccination and inoculation certificate from the Shanghai Municipal Council Health Station, dated in July and good for at least three months. The Japanese official looked at it; "No good," he said and tore it up and made me stand in line to be "shot." I was the thirtieth to be punctured in the arm - with the same needle - and the reaction was more severe than in any other inoculation I have taken. To both Chinese and foreigners living in occupied territory such irritations are an almost every-day occurrence. I was glad not to encounter any more serious trouble on my visit.

A friend drove me around the city and out the Purple Mountain Park. At the city gates we must alight and show our passes to unsmiling Japanese sentries. Within the city Chinese police still function and we saw a few of the new Chinese soldiers who have been forced to serve in the Japanese Army. American motor trucks driven by Japanese soldiers rush about the city. All former Chinese government buildings and most of the hotels and usable public buildings have been taken over entirely by the Japanese military command. Much private property has been confiscated. Everywhere one sees the Japanese flag and the five-bar flag of the puppet government, the Japanese flag always flying above the other.

Not more than twenty per cent of the city was destroyed at the time of Japanese occupation and most of this was through deliberate burning by the invading army. The only important building fired by the retreating army - the beautiful Ministry of Communications building in Chinese Renaissance architecture - can be restored. But what a different city Nanking is from before 1937. Then it was the vibrant center of China's new national life, its business rapidly expanding, its population growing by leaps and bounds. It symbolized China's national hopes and new-found unity. Now the clock has been set back twenty years. Small shops and street bazaars have opened up and Japanese business men have poured in attracted by government subsidies and glowing promises of profit. But little business is being done. Japanese shops are empty most of the time. The busiest places are the amusement centers frequented by Japanese soldiers and by Chinese who have sold out to Japan, the licensed shops for sale of narcotics and the "Thieves' Market." The latter opens before daylight in the morning and closes about eight o'clock. All kinds of loot taken by the Japanese and by lawless Chinese in the days of disorder following the Japanese entry are offered at ridiculously low prices. Japanese merchants, however, are showing signs of discontent. Missionary friends who have conversed with Japanese business men say that many of them would like to return to Japan but are told by the Army that they must stay. "Business will boom," they hear, "as soon as the war

Number 7.

Page 3.

August 18, 1939.

is over." How can Nanking become prosperous with impoverished consumers and a trade area that is being steadily reduced by guerilla bands in the country around Nanking? Japan would realize far more from a free China under good government than from a captive China.

Nanking, once a great educational and cultural center, is now without high schools and colleges. The Japan-sponsored municipal government has re-opened a few primary schools. Government school property has been confiscated. Christian schools have been saved from confiscation only because the property was purchased with funds from abroad and they can fly foreign flags. The University of Nanking and Ginling College buildings are empty except for a few professors who are protecting property interests and carrying on social work and some students of short-term institutes. The living souls of these institutions have "gone west" for a while. But, the Chinese of Nanking say, the souls will return.

I well remember the day - June 1, 1939 - when the body of Sun Yat-sen was laid to final rest in the mausoleum on Purple Mountain. The tomb became a national shrine. Ten years have passed and today the tomb is guarded by Japanese soldiers. Purple Mountain Park is growing up in weeds. Most of the forest on the mountain remains but the roads once thronged by pilgrims and sight-seers are not kept in repair. The new pagoda and the Memorial Hall to Soldiers of the Revolution still stand. The great Stadium in which national athletic contests were held is being gradually wrecked. I saw Japanese soldiers taking away slabs of concrete and iron pieces which supported the seats. Purple Mountain, faithful sentinel of Nanking for many milleniums, is unchanged. It has watched over Nanking in days of decay and in days of glory. And the spirit of Sun Yat-sen, the Chinese say, will not rest quietly until Nanking has been liberated from the tyranny of alien rule.

Christian hospitals and clinics, Christian relief centers and Christian Churches, are almost the only agencies now in an occupied city which the people can trust to serve them, comfort them and encourage them. Most of the former professional educational and business leaders as well as government officials have gone to west China. Among the people left new leaders are emerging, not only the few who are yielding to Japanese pressure and money in the puppet regime but other leaders who are keeping alive the spirit of patriotism and hope under most difficult conditions. I have the highest admiration for the missionaries who are staying at their posts in occupied areas and for Chinese who are standing by to help their own people through the crisis, as well as for those who are contributing so much to national defense and reconstruction in free China. The earnest questions of many Chinese friends in Nanking - from various professions and occupations - regarding the real situation in the western provinces and the hopes for Chinese victory assured me that Nanking is not really conquered. One rickshaw man whom I have known for years whispered to me as I passed him on the street, "Mr. Price, can 'old Chiang' make it?" "Old Chiang" is an affectionate name for Chiang Kai-shek. He smiled broadly when I answered that the Generalissimo was still strong and would succeed in the end. "We would be willing to have the whole city bombed by Chinese planes," said another friend, "if that would restore to us our freedom." "Tell the leaders in Chungking that we eagerly await their return," said a representative group to me one afternoon after we had talked together for more than two hours.

The Japanese today stage "victory parades" and anti-British demonstration with paid or forced participants. What a great spontaneous celebration will take place when Chungking returns to Nanking.

Shanghai.  
August 18, 1939.



DECLASSIFIED: E.O. 11652, 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

BLS



FROM SHANGHAI VIA N. R.

Dated September 28, 1939

Rec'd 2:20 p.m.

Secretary of State,

Washington.

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

867, September 28, 4 p.m.

793.94  
note  
793.94.19

CENTRAL CHINA DAILY NEWS, Wang Ching Wei's Shanghai organ, September twenty-six editorially discussed problem Far Eastern peace, stating that there are two principles to be followed: one, success in Sino-Japanese peace depends upon decision and efforts of China and Japan, and not upon Soviet Russian views; two, peace must be a complete and equalitarian peace based upon independence of Chinese state and preservation of Chinese race. Editorial continued that with reaching of agreement between Soviet Russia and Japan or former and its "running dog" the Communist Party suddenly begin to talk of peace. Editorial observed that although such a proposal is in accord with "our" proposals during past year, it is evident that Soviet Russia and Communist Party propose "boring inside" in a situation where peace has become certain--as they bored inside in other situations involving China and Japan. Therefore, necessary remember that "our war of resistance

793.94/15396

F/F G

OCT 1939

DECLASSIFIED: E.O. 11652, 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- No. 867, September 28, 4 p.m., from Shanghai.

was a war of resistance for China, and when we negotiate for peace we also do so for China". Editorial concluded with statement Japan as a whole hopes for peace, without division of opinion as regards army or navy, knowing that Far Eastern peace does not now permit of delay; and China shares the responsibility for making manifest that peace, which nevertheless cannot be complete or equalitarian peace unless China joins in its decision and unites its energies to that end.

Repeated to Chungking, Peiping; by air mail to Tokyo.

CAUSS

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

# TELEGRAM RECEIVED

AC

This telegram must be closely paraphrased before being communicated to anyone. (Br)

FROM Shanghai via N.R.

Dated September 28, 1939

Rec'd 2:15 p.m.

Secretary of State  
 Washington

Division of  
 FAR EASTERN AFFAIRS  
 SEP 29 1939  
 Department of State

Shanghai only MID  
 YEP

868. September 28, noon.

793.94/15390  
 Chungking's 537, September 23, 9 a.m.

Information available here indicates that as reported by the Embassy at Peiping some questions still remain to be resolved between Wang Ching Wei's group and the Peiping and Nanking regimes before the proposed Central Government can be established, but some circles believe that the new regime will be set up in November as indicated by Premier Abe. An unconfirmed report also alleges that peace negotiations have actually been carried on with Chungking by the Wang group (with the Japanese in the background) and have come close to success on the basis of the proposal that Wang shall be head of the Executive Yuan and Government officials in Chungking shall be given positions in the new political system at Nanking (which would purport to be in reality the legitimate Kuomintang Government). It is stated further that the negotiations have failed thus far to achieve success because of the question of Chiang Kai Shek's position

793.94/15397

OCT 6 - 1939

F-116

note  
 893.01

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 - #868, September 28, noon from Shanghai

position, but reportedly an attempt may be made to solve this point by permitting him to continue as head of the Chinese military forces and concurrently political ruler of the southwestern provinces (Szechuan Kweichow and Yunnan?). (End <sup>SECTION ONE</sup> of message)

GAUSS

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

FE

CORRECTED COPY  
**TELEGRAM RECEIVED**

MJD

—SHANGHAI VIA N. R.

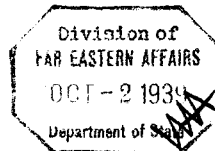
This telegram must be  
 closely paraphrased  
 before being communicated  
 to anyone. (BR)

Dated September 28, 1939.

FROM

Rec'd. 2:03 p. m.

Secretary of State,  
 Washington.



868, September 28, noon. (SECTION TWO)

The position of Northwest China in that scheme of things is unclear, but the editorial quoted in my number 867, September 28, 4 p. m. would indicate that the Soviet Union may already have manifested interest in a possible Far Eastern reorientation which, in view of the anti-communist sentiment dominating Japanese policy and discernible in certain Chinese groups, at the least would probably be directed against the Chinese Communist Party.

Another unconfirmed rumor states that Kao Tsung Wu, sometime Director of Chungking Foreign Office who has of late allegedly conducted some negotiations with the Japanese on behalf of Wang, was appointed by the latter on August 15 to the post of "Shanghai Woosung Foreign Affairs Commissioner".

It is to be noted in this general connection that nationalistic Chinese sources explain current peace negotiation rumors by asserting that they are fostered by market speculators. (END MESSAGE)

Repeated to Chungking, Peiping, code text by air mail to Tokyo.

CSB

GAUSS

793.94/15397

F/Fg

018

DECLASSIFIED: E.O. 11652, 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

BLS

This telegram must be  
closely paraphrased  
before being communicated  
to anyone. (br)

SHANGHAI VIA N. R.

FROM

Dated September 28, 1939

Rec'd 2:03 p.m.

Secretary of State,  
Washington.

*See Corrected Copy*

868, September 28, noon. (SECTION TWO)

The position of Northwest China in that scheme of things  
is, but the editorial quoted in my number 867, September 28,  
4 p.m. would indicate that the Soviet Union may already have  
manifested interest in a possible Far Eastern reorientation  
which, in view of the anti-communist sentiment dominating  
Japanese policy and discernible in certain Chinese groups,  
at the least would probably be directed against the Chinese  
Communist Party.

Another (?) states that Kao Tsung Wu (?) Director of  
Chungking Foreign Office who has of late allegedly conducted  
some negotiations with the Japanese on behalf of Wang, was  
appointed by the latter on August 15 to the post of  
"Shanghai (?) Foreign Affairs Commissioner."

It is to be noted in this general connection that  
nationalistic Chinese sources explain current peace negotia-  
tion rumors by asserting that they are fostered by market  
speculators. (END MESSAGE)

Repeated to Chungking, Peiping, code text by air mail  
to Tokyo.

GAUSS

CSB

0184

DECLASSIFIED: E.O. 11652, 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 WHITE HOUSE

WASHINGTON

RECEIVED  
DEPARTMENT OF STATE

September 26, 1939

1939 SEP 27 PM 3 26

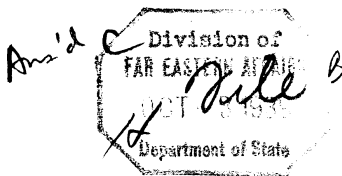
DIVISION OF  
COMMUNICATIONS  
AND RECORDS

Respectfully referred to the Secretary

of State.

*Edwin M. Watson*

EDWIN M. WATSON  
Secretary to the President



FRED. H. LYSONS  
LAWYER  
LOWMAN BUILDING  
SEATTLE, U.S.A.

MAIN 0365

018

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

FRED. H. LYSONS  
LAWYER  
RECEIVED  
LOWNA DEPARTMENT OF STATE  
SEATTLE, U.S.A.

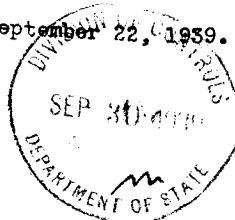
October 7 1939

MAIN 0365

1939 SEP 27 PM 3 26 September 22, 1939.

Hon. Franklin D. Roosevelt,  
President of the United States,  
The White House,  
Washington, D. C.

DIVISION OF  
COMMUNICATIONS  
AND RECORDS



My dear Mr. President:

Public sentiment on the war crisis, as expressed to me on the West Coast, and on a rail trip across the continent, supplemented by my legal research, may be summarized thus:

1. Japan's release from the military pressure of Russia emphasizes her position as an integral part of the European situation.

Great Britain and France may soon be faced with choice between surrender or defense of their Far Eastern possessions.

(a) If surrender, Japan is well on her way in her officially announced program of military conquest of the East Pacific and economic world conquest.

(b) If they choose defense, they are correspondingly weakened in Europe. Their success on either front is thus put in doubt.

2. In this situation the United States may feel impelled, or may be persuaded to go to their assistance - TO JOIN THEM IN WAR!

3. While in sympathy with Great Britain and France, our people cannot be expected to respond to such call until we have exhausted every effort to avoid its necessity.

4. How can such effort be regarded as full and complete so long as we continue to supply Japan with materials which may be used for assault on their Far Eastern fronts?

5. These materials may be put beyond reach for such use by our merely negative, non-military compliance with our Nine Power Treaty obligation:

"To respect the sovereignty, the independence, and the territorial and administrative integrity of China."

6. Inclusion in neutrality legislation of a provision based upon this treaty obligation (such as S.J.R. 143) would achieve this result.

793.94/15398

F/FG

139

00102 1939

RECEIVED

793.94



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

- 2 -

Such provision would be (a) in fulfillment of our treaty engagement; (b) in regulation of our own conduct, not that of any other people or nation, therefore non-provocative; (c) simple in enforcement, not being open to practice of deception as between war and non-war materials; (d) for the same reason, its effectiveness would be multiplied; (e) would withdraw us from participation in the war on China, and probably end that war; (f) would not infringe upon the "most favored nation" clause of our general trade treaties, it not being in denial of merchandise to any particular nation, but a denial to a particular use, applicable alike to all nations; (g) is within our right of enactment independent of any other Treaty Signatory, as so defined by the Treaty drafters.

Ample legal precedent and judicial authorities in support of these principles are available.

7. In her officially announced program of world conquest, Japan fully believes she is acting "in obedience to divine mission". (Memorial Black Dragon Society, Appendix D, p. 426, Democracy and the Eastern Question, by Thomas F. Millard).


Japan may therefore be expected to pursue her program with all the religious fervor of the crusading zealot; which makes her the world's greatest threat to peace and security.

The vital importance of this subject should preclude its postponement to the next session of the Congress. Pertinent to this is the language of Mr. Justice Holmes in a decision interpreting a treaty and statute on conservation of bird life:

"But for the treaty and statute there soon might  
 be no bird life for any powers to deal with."  
 Missouri v. Holland, 252 U.S. 416.

With highest regards,

Very sincerely yours,

  
 Fred. H. Lyons.

c/o Senator L.B. Schwellenbach,  
 Washington, D. C.

0188

DECLASSIFIED: E.O. 11652, 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 7 1939

In reply refer to  
FE 793.94/15398 -

My dear Mr. Lysons:

The receipt is acknowledged, by reference from the White House, of your letter of September 22, 1939, addressed to the President, summarizing your interpretation of public opinion on the West Coast in regard to the international situation, with particular reference to Japan.

The contents of your letter have been carefully noted and your courtesy in reporting your observations to the Government is much appreciated.

Sincerely yours,

For the Secretary of State:

*M. M. Hamilton*  
Maxwell M. Hamilton  
Chief  
Division of Far Eastern Affairs

OCT 7 1939

Mr. Fred. H. Lysons,  
Lowman Building,  
Seattle, Washington. *FE*  
FE:ASC:HJN 10/5

A true copy of  
the signed original.

793.94/15398

F/FG

15398

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

CROSS-REFERENCE FILE

NOTE

SUBJECT The situation in the Far East: Sino-Japanese situation.  
Developments of past week.

For the original paper from which reference is taken

See Memorandum  
(Despatch, telegram, instruction, letter, etc.) State Department  
Far Eastern Division  
(Salisbury)  
Dated Sept 21, 1939 From                       
To                       
File No. 890.00/163

793.94/15399

15399

DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

SUBJECT

Sixth Joint Conference of representatives of the Japanese-sponsored governments in China, held at Nanking.

Dissension in certain matters prevailed at Nanking, with Wang Keh Min holding out against creation of new central government. Consulate suggests the possibility that the Japanese plan to bring about formation of a "national government" with capital at Nanking, establishing, at same time, a regional semi-independent government at Peiping.

FRG.

793.94 / 15400

For the original paper from which reference is taken

See Tel #513; 6pm  
 (Despatch, telegram, instruction, letter, etc.)

Dated Sept 26, 1939 From China (Lockhart)  
 To

File No. 893.00/14446

FRG.

15400

DECLASSIFIED: E.O. 11652, 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**

Division of  
 Far Eastern Affairs  
 OCT - 2 1939  
 Department of State

JR  
 This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (br)

FROM

Hong Kong via N. R.

Dated October 2, 1939

Rec'd 10:40 a.m.

Secretary of State,  
 Washington.

COPIES IN PARAPHRASE  
 SENT TO C.I.T. AND  
 M.I.D. IN CONFIDENCE  
 R6K

357, October 2, 3 p.m.

Small Japanese detachments remaining on Hong Kong  
 frontier were object of surprise attack yesterday by  
 groups said to belong to Fourth Route Kwangtang army.  
 Some temporary success has been obtained by the Chinese  
 but observers here think that Japanese will soon assert  
 supremacy with reinforcements from Pearl River and with  
 airplanes with which Chinese forces do not appear to be  
 provided. Difficult to procure estimate of Chinese forces  
 which are thought to be under 5000 in number. Shumchun is  
 being heavily bombed by Japanese and a number of fires  
 have been reported along the Chinese side of the frontier.  
 Minimum reaction so far in Hong Kong.

Repeated to Chungking, Peiping, Canton.

SOUTHARD

CSB

793.94/15401

F/FG

0192

DECLASSIFIED: E.O. 11652, 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

P A R A P H R A S E

A telegram (no. 357) of October 2, 1939, from the American Consulate General at Hong Kong reads substantially as follows:

Groups reported to be units of the Fourth Route (Kwangtung) Army on October 1 made a surprise attack on small Japanese forces left at the Hong Kong boundary. While it is difficult to obtain an estimate of the Chinese forces involved, it is believed that they number less than 5,000. They have had some temporary success. However, it is the opinion of Hong Kong observers that the Japanese, with the aid of reinforcements and of airplanes (which the Chinese appear to lack), will shortly gain the upper hand. The Japanese are heavily bombing Shumchun and at a number of points on the Chinese side of the border fires have been reported.

The reaction in Hong Kong to the above-described developments has been very limited.

793.94/15401

ASC  
FE:ASC:HJN  
10/3

MEP FE

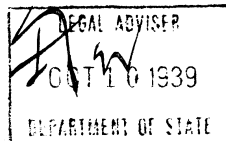
019

DECLASSIFIED: E.O. 11652, 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

PLAIN



FROM Shanghai via N. R.

Dated October 3, 1939

Rec'd 1:30 p.m.

Secretary of State,  
Washington.

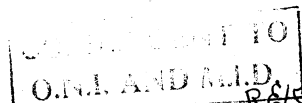
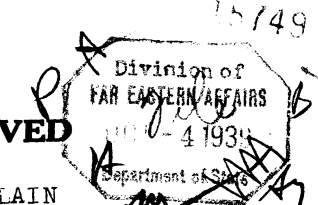
886, October 3, 7 p.m.

Japanese Consul General has communicated to Senior Consul for information of consular representatives a notification dated October third from the commander-in-chief of the Imperial Japanese China Seas Fleet regarding the proposed military operations at Kuaotow 0657 7663 7333 Chekiang province:

"One. The Japanese naval forces will commence military operations against Kuaotow, located about thirty miles to the south of Wenchow Chekiang province on October 6, 1939 at eight a.m., Japan time.

It is requested therefore that third power vessels, including men of war, staying in Kuaotow Bay leave there by the scheduled time. After that time the entrance to the said bay will be closed by means of obstacles and dangerous objects for the necessity of military operations and consequently passage into or out of the bay will become impossible. The Japanese authorities cannot assume any responsibility for losses, either direct or indirect, that might be suffered by vessels remaining within the

bay



793.94/15402

F/EG

FILED

OCT 11 1939

793.94

019

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

15750

-2- #286, October 3, 7 p.m., from Shanghai.

bay after the said time.

Two. The obstacles and dangerous objects will be placed in the neighborhood of the line running north to south at Pipashan (3832 3831 1472).

Three. Since the areas in the vicinity of Kuaotow Bay will become zones of hostilities, third power nationals residing in the same areas are hereby requested to evacuate as soon as possible".

This notification has been communicated to the American Naval authorities in Shanghai.

As the American position in regard to notifications of this nature has been made clear to the Japanese authorities on several occasions, I shall not reply to the Japanese Consul General communication unless instructed to do so.

Repeated to Chungking and Peiping, by air mail to Tokyo.

GAUSS

CSB



0194  
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 6, 1939

JWB:

Tokyo's despatch no. 4122 of September 11, 1939, concerns the statement of the Japanese Government in regard to the European war and armed forces in China. All of the material has already been received in telegrams.

793.94/15403

FE:Salisbury:HJN

119

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



RECEIVED  
THE FOREIGN SERVICE  
DEPARTMENT OF STATE  
OF THE  
UNITED STATES OF AMERICA  
1939 OCT 3 PM 3 15

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

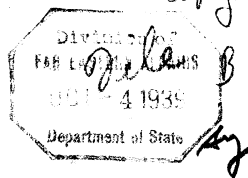
AMERICAN EMBASSY

Tokyo, September 11, 1939

No. 4122

SUBJECT: STATEMENT OF THE JAPANESE GOVERNMENT WITH REGARD  
TO THE WAR IN EUROPE AND ARMED FORCES OF THE  
BELLIGERENTS IN OCCUPIED AREAS OF CHINA.

793.94  
Note  
793.0086  
European War 1939



For Distribution Class				No
Class		1-2-11		
File		1-2-11		

793.94/15403

The Honorable

The Secretary of State,  
Washington.

Sir:

793.94/15340

I have the honor to refer to my telegram No. 458,  
1/ September 5, 7 p.m., and to forward herewith a copy of  
a translation of a memorandum which the Vice Minister for  
Foreign Affairs handed me on September 5, 1939, with the  
request that I communicate it to the American Government  
for its information. This note, the Vice Minister said,

had

F/FG

15403  
OCT 2 - 1939

DECLASSIFIED: E.O. 11652, 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 -

had been handed to the representatives of the belligerent Powers. I later ascertained that copies were given to the German, French, British, and Polish Ambassadors as well as to the Italian Ambassador and myself as representatives of the neutral Powers.

The note asserts the Japanese Government's determination not to become involved in the war in Europe. It expresses the deep concern of the Japanese Government with regard to the attitude of the Powers toward the situation in China, and requests the Governments concerned to refrain from any measure which would prejudice Japan's position in regard to the China incident.

The presence of troops and warships of belligerents in areas under the control of Japanese forces in China may, it is said, give rise to untoward incidents and to a situation prejudicial to Japan's policy of non-involvement; therefore the Japanese Government considers it necessary to offer "friendly advice to the belligerent Powers concerned that they should voluntarily withdraw their troops and warships" from such areas. The Japanese military authorities, it is added, are prepared to exercise their utmost efforts for the protection of the lives and property of nationals of belligerent Powers. Mr. Sawada's answer to my question whether this request to the belligerent Powers that they withdraw their forces in China applied to such forces in international settlements and foreign concessions was an unqualified "yes".

The papers on the following morning did not mention this request, but fully reported the first part of the note.

I

0198

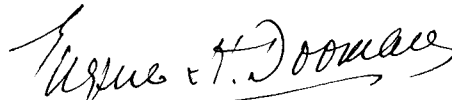
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

- 3 -

I asked Mr. Sawada whether a report that the Japanese Government would not issue a formal proclamation of neutrality was correct. He replied that the position of the Government had been made clear by the Cabinet's statement and that no further action was contemplated at present. The Cabinet's statement, as sent to the Department in our telegram No. 455, September 4, 9 p.m., was as follows:

"The Imperial Government will not become involved in the conflict which has suddenly broken out in Europe, but will devote all its energies toward resolving the China Incident."

Respectfully yours,

  
Eugene H. Dooman  
Chargé d'Affaires ad interim

✓  
Enclosure:

1/ Translation of memorandum as described.

710

MWS:nn

In quintuplicate to the Department.

Copy to Embassy, Chungking

" " Embassy, Peiping

" " Consulate General, Shanghai

" " Consulate General, Tientsin

DECLASSIFIED: E.O. 11652, 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. 4122 dated September 11,  
1939, from the Embassy at Tokyo.

Memorandum on Foreign Office stationery handed to the  
American Chargé d'Affaires a.i., Mr. Dooman, by the Vice  
Minister for Foreign Affairs, Mr. Renzo Sawada, on  
September 5, 1939. (Translation.)

In the face of the war that has just broken out in  
Europe, the Japanese Government intend not to be involved  
therein, but will concentrate their efforts on the settle-  
ment of the China affair. In this connection the Japanese  
Government, to whom the attitude of the Powers towards  
the situation in China is a matter of deep concern, desire  
to request that the (blank) Government, appreciating  
the said intention of the Japanese Government, will re-  
frain from taking any such measures as may prejudice  
Japan's position in regard to the China affair.

Furthermore, with regard to those regions of China  
which are under the control of the Japanese forces, it is  
apprehended that the presence therein of the troops and  
warships of the countries taking part in the European war  
may give rise to untoward incidents and to a situation  
not in keeping with Japan's policy of non-involvement.  
The Japanese Government, therefore, consider it necessary  
to offer a friendly advice to the belligerent Powers con-  
cerned that they should voluntarily withdraw their troops  
and warships from the regions referred to above. It may  
be added that upon the withdrawal of such troops and  
ships, the Japanese authorities are prepared to exercise  
their utmost efforts for the protection of the lives and  
property of the nationals belonging to the belligerent  
Powers.

7200

DECLASSIFIED: E.O. 11652, 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**

JI

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

FROM Canton via N.R.

Dated October 3, 1939

Rec'd 8:03 p.m.

IN PARAPHRASE  
SENT TO C.M.I. AND  
M.I.D. IN CONFIDENCE

Secretary of State

Washington

123 October 3, 6 p.m.

Reference Hong Kong's 357/15401 October 2, 3 p.m.

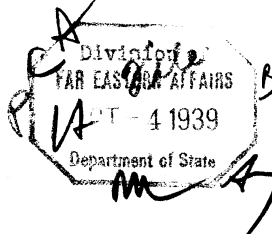
in regard to Chinese surprise attack on Japanese forces  
along Hong Kong frontier.

It has been learned from a reliable source that  
yesterday the Japanese were moving troops by two  
transports and numerous small craft from the Canton  
area in the direction of Namtoo presumably as re-  
inforcements for the Japanese forces on the Hong Kong  
Kwangtung frontier.

Repeated to Chungking, Peiping, Hong Kong.

MYERS

CSB



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

CONFIDENTIAL

(Confidential)

P A R A P H R A S E

A telegram (no. 123) of October 3, 1939, from the American Consulate General at Canton reads substantially as follows:

With regard to the surprise attack made by the Chinese on Japanese forces at the Hong Kong boundary (reported in telegram no. 357 of October 2 from the American Consulate General at Hong Kong), it has been ascertained from a trustworthy source that on October 2 Japanese troops from the Canton area were being moved in two transports and a large number of smaller vessels in the direction of Namtoo, presumably to strengthen the Japanese forces on the Hong Kong border.

*me*  
FE:ASC:JPS  
10-5

*JP*  
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

## TELEGRAM RECEIVED

lw

Hong Kong via N.R.

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (Br)

FROM

Dated October 4, 1939

Rec'd 10:02 a.m.

Secretary of State

Washington

TO PARAPHRASE  
AND TO C.E.I. AND  
M.I.D. IN CONFIDENCE  
REF

Division of  
Far Eastern  
Affairs  
41939  
Department of State  
m

362, October 4, 2 p.m.

793:94

With reference to my telegram No. 357, October 2,  
3 p.m., the best available information indicates that  
the Chinese attack on the frontier was no more than a  
flash quickly extinguished. Chinese forces have either  
fled or been otherwise eliminated and situation has  
been quiet for two days. Japanese do not appear to have  
found necessary the landing of any important reinforce-  
ments.

Repeated Canton, Peiping.

SOUTHARD

WWC  
RR

793.94/15405

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

(CONFIDENTIAL)

CONFIDENTIAL

PARAPHRASE

A telegram (no. 362) of October 4, 1939, from the American Consulate General at Hong Kong reads substantially as follows:

According to the best information available, the Chinese attack at the Hong Kong boundary (reported in the Consulate General's telegram no. 357 of October 2) was only a momentary effort which was swiftly crushed. As the Chinese troops have been put to flight or otherwise disposed of, the landing of substantial Japanese reinforcements has apparently been found unnecessary. For two days the situation has been quiet.

50401/10/5/39

FE:ASC:MHP  
 10/5/39

FE:JFK

020

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

FE

### TELEGRAM RECEIVED

JI

A portion of this telegram must be closely paraphrased before being communicated **FROM** Dated October 3, 1939 to anyone. (br)

Rec'd 6 a.m.

Secretary of State

Washington

240, October 3, 3 p.m.

SENT IN PARAPHRASE  
SENT TO O.N.I. AND  
M.I.D. IN CONFIDENCE

Division of  
FAR EAST AFFAIRS  
4 1939  
Department of State

793.94

At 1:30 p.m. today eight planes flying very high bombed Japanese military air field here, resulting in destruction of a number of buildings by fire. No information yet available as to other losses. This is the first bombing suffered by Japanese since occupation of city.

Heavy explosions with resultant fire at the same air field night of September 29 were attributed by the Japanese controlled press to accident while loading bombs. The Japanese are most secretive but there are reports that a lone plane was heard <sup>over</sup> the air field immediately preceding explosions. Unconfirmed reports that several bombers were destroyed with heavy loss of life.

Repeated to Chungking, Peiping and Shanghai.

SKIKER

RR:WWC

793.94/15406

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

(CONFIDENTIAL)

CONFIDENTIAL

PARAPHRASE

A telegram (no. 240) of October 3, 1939, from the American Consulate General at Hankow reads substantially as follows:

On the night of September 29 strong explosions followed by fire occurred at the Japanese military air field at Hankow. The Japanese-controlled press attributes the explosions to an accident incidental to the loading of bombs. While great secrecy is maintained by the Japanese, rumor has it that several bombing planes were destroyed with resultant loss of many lives, and there are reports to the effect that just before the explosions a single plane was heard (Y) the air field.

At half past one on the afternoon of October 3 eight airplanes, flying at a very high altitude, bombed the same air field. The bombing, which is the first experienced by the Japanese since they occupied Hankow, resulted in the destruction by fire of several buildings. Information concerning other losses is not yet available.

795.42/15406

Asc  
 FE:ASC:MHP  
 10/5/39

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

英體自目  
 .....  
 文  
 .....  
 編  
 .....  
 輯  
 .....  
 大  
 .....  
 意  
 .....  
 例  
 .....  
 序  
 .....  
 錄

THE FIRST DISCOVERY OF THE  
 HISTORICAL SCIENCE OF CHINA

中國歷史科學初成

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

# 中國歷史科學初成目錄

歷代皇帝四十六人  
 英文翻譯大意  
 編輯體例  
 自序

## 理論系

### 內閣

第一章 周  
 第二章 秦  
 第三章 漢  
 第四章 魏  
 第五章 晉  
 第六章 宋  
 第七章 唐  
 第八章 宋  
 第九章 金  
 第十章 元  
 第十一章 明  
 第十二章 清  
 第十三章 民國  
 第十四章 現代

## 用

第一章 周  
 第二章 秦  
 第三章 漢  
 第四章 魏  
 第五章 晉  
 第六章 宋  
 第七章 唐  
 第八章 宋  
 第九章 金  
 第十章 元  
 第十一章 明  
 第十二章 清  
 第十三章 民國  
 第十四章 現代



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

五

目

第七	章	宋金和議之元	宋金和議之元
第六	章	宋金和議之元	宋金和議之元
第五	章	宋金和議之元	宋金和議之元
第四	章	宋金和議之元	宋金和議之元
第三	章	宋金和議之元	宋金和議之元
第二	章	宋金和議之元	宋金和議之元
第一	章	宋金和議之元	宋金和議之元
外交			
第七	章	宋金和議之元	宋金和議之元
第六	章	宋金和議之元	宋金和議之元
第五	章	宋金和議之元	宋金和議之元
第四	章	宋金和議之元	宋金和議之元
第三	章	宋金和議之元	宋金和議之元
第二	章	宋金和議之元	宋金和議之元
第一	章	宋金和議之元	宋金和議之元
兵			
第三	章	宋金和議之元	宋金和議之元
第二	章	宋金和議之元	宋金和議之元
第一	章	宋金和議之元	宋金和議之元
教育			
第十	章	宋金和議之元	宋金和議之元
第九	章	宋金和議之元	宋金和議之元
第八	章	宋金和議之元	宋金和議之元
第七	章	宋金和議之元	宋金和議之元

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

中國歷代官制表

法制系

內閣

第一章 第一節 唐至元 明至清 官制表

用人

第二章 第一節 唐至元 明至清 官制表

政治

第三章 第一節 唐至元 明至清 官制表

吏治

第四章 第一節 唐至元 明至清 官制表

司法

第五章 第一節 唐至元 明至清 官制表

吏治

第六章 第一節 唐至元 明至清 官制表

吏治

第七章 第一節 唐至元 明至清 官制表

吏治

第八章 第一節 唐至元 明至清 官制表

吏治

第九章 第一節 唐至元 明至清 官制表

吏治

第十章 第一節 唐至元 明至清 官制表

吏治

第十一章 第一節 唐至元 明至清 官制表

吏治

第十二章 第一節 唐至元 明至清 官制表

吏治

第十三章 第一節 唐至元 明至清 官制表

吏治

第十四章 第一節 唐至元 明至清 官制表

吏治

第十五章 第一節 唐至元 明至清 官制表



0 2 1 1

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

[illegible]

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

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

南	北	東	西	第	三	亭
以	爲	佛	爲	漢	東	漢
政	教	爲	爲	爲	爲	爲
事	風	行	時	期	期	期
時	時	時	時	時	時	時
期	期	期	期	期	期	期

夏·商·周·秦·教化度國際昌明時期

第一章 三戰三勝 三國五運 代北用國 人因疑 成時不 漢武用 時期

元。明。幸。林。書。繼。期。  
肩。送。金。去。輔。玉。藏。期。

第一章 第二期 夏商周戰國能才執政時期

第三	明・遼・金・元・魏・北・漢・唐・宋・明・清	度
第二	遼・金・元・魏・北・漢・唐・宋・明・清	度
第一	遼・金・元・魏・北・漢・唐・宋・明・清	度

第三章	周・漢・明・元至清	教養制度
第四章	周・漢・明・元至清	政治制度
第五章	漢・明・元至清	軍械制度
第六章	漢・明・元至清	水師制度

0 2 1 3

中國歷史科學初成

## 141

財政

[illegible]

第一章 周・漢・魏・晉・宋・齊・梁・陳・隋・唐・五代・宋・元・明・清・民國・現代・未來時期

第一	五	代	元	明	本	反	獄	冤	時
第二	南	北	納	贖	唐	刑	法	厚	時
第三	憲	兩	議	執	法	嚴	厲	時	時

法。

[illegible]

## 夷治

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

五

目

知彼知己(第四章)

改過(第二章)

忠孝(第一章)

農商(第一章)

司法(第三章)

用民(第一章)

道(第三章)

民權(第二章)

外交(第二章)

三三(第二章)

元明(第二章)

宋遼(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

陽唐(第二章)

教青

政財

法司

結三

二七

政政

七章

六章

五章

四章

三章

二章

一章

龍章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

車章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

西章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

商章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

金章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

宋章 遼北 遼南 遼東 遼西 遼中 遼南 遼北 遼東 遼西 遼中

四

中

0 2 1 5

Department of State letter, August 10, 1972

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

[illegible]

0 2 1 F

中國歷史科學初成自序

[illegible]

先聖言述而不作。本。以。尋。係。以。料。庫。方。法。整。理。我。國。固。有。文。化。且。進。而。不。退。以。保。留。歷。代。文。化。之。真。實。面。

[illegible]

例

中華民國歲次己卯孟秋吳縣曹恭羽

[illegible]

0 2 1 8

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

111

154  
55  
34  
22

免。幸。聞者正之。

三三三

中國歷史科學出版社



## The First Discovery Of The Historical Science Of China

To call the attention of the readers to the following facts is the wish of the author. This book - "The First Discovery Of The Historical Science Of China" - has three volumes; each volume covers a period of five thousand years, ranging from the very ancient time to the late Ming Dynasty. In the first part, I have made to study of the Chinese history emphasizing the aspect of theories; in the second part, emphasizing the aspect of laws; and in the third part, the aspect of facts. Each part was again divided into nine subdivisions. The following is the outline of the book:

## Part A. Theories of Chinese History.

- |                    |                  |
|--------------------|------------------|
| 1. Cabinet         | 2. Appointment   |
| 3. Central Control | 4. Local control |
| 5. Justice         | 6. Finance       |
| 7. Education       | 8. Army          |
| 9. Diplomacy       |                  |

## Part B. Laws of Chinese History.

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

0215

- |                    |                  |
|--------------------|------------------|
| 1. Cabinet         | 2. Appointment   |
| 3. Central control | 4. Local Control |
| 5. Justice         | 6. Finance       |
| 7. Education       | 8. Army          |
| 9. Diplomacy       |                  |

## Part C. Facts of Chinese History

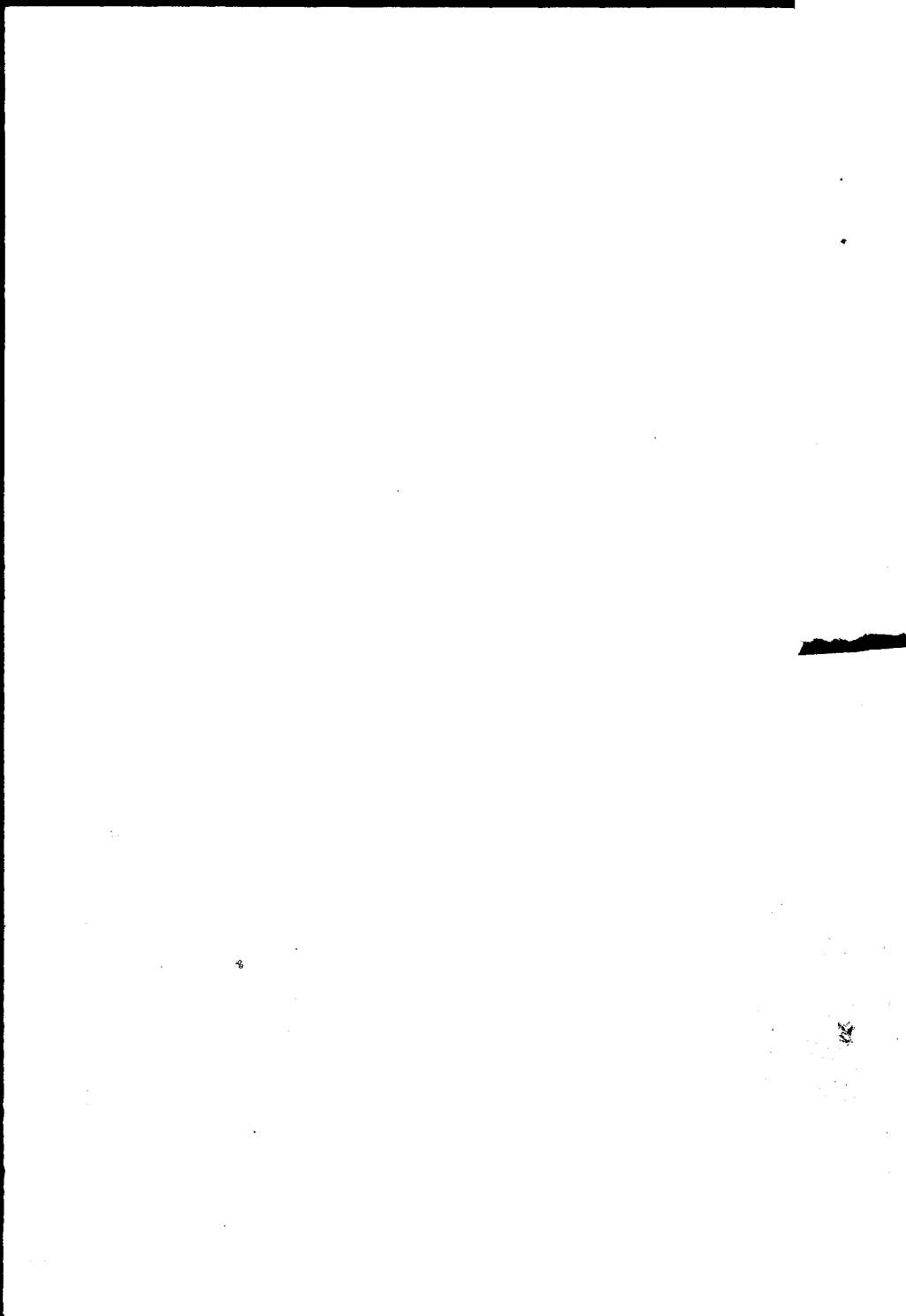
- |                    |                  |
|--------------------|------------------|
| 1. Cabinet         | 2. Appointment   |
| 3. Central control | 4. Local Control |
| 5. Justice         | 6. Finance       |
| 7. Education       | 8. Army          |
| 9. Diplomacy       |                  |

One of the main basis of materialistic civilization in the west has been natural sciences. Because natural sciences have made such a quick progress, the advancement of Western civilization has been greatly accelerated and its influences has been far-reaching. But the main basis of the spiritual civilization in the East - Historical Science-made no such advancement; that is why the Eastern civilization has been in arrears of countless years and is little known to the world;

that is why the international ballaces in the world which have been very difficult to be maintained by the Nations.

I have used the scientific method to compile the Chinese histories into this book, entitled "The First Discovery of The Historical Science Of China" with the hope that it would make a contribution to the development of spiritual civilization as what the natural sciences have done to the materialistic civilization. The chief purpose of which is to attempt that, the "Doctrine of Coequalities in the world", (世界大同主義) which was originated by our Confucius, would be pre-vailing into internationally. The main sources of my book are the Tung chiens (通鑑) and Tung Kaos (通考), both of which are famous Chinese histories. Also, the book is written with the intention for facilitating scholars who want to find particular bits of information in certain subjects. Both time and energy could be saved by using these volumes.

Last, but not the least, these volumes might be used as a means to bring about a real understanding between the Chinese people and peoples of the western nations. For a real understanding between the different peoples is proportionately dependent upon the mutual understanding and appreciation of their civiliza



tions. If this book is in any way helpful to those who wish to have a better understanding of the Chinese spiritual civilization, the author's effort of twenty years' hard-working and the expensive cost for compilation has not been made in vain.

The author remembers that last year Mr Rger Babson, who is noted American statistician, said that one of the most important factors preventing a European war was a spiritual revival, quietly led by the Oxford Group. In view of the same opinion, with me, regarding to curb the war, certainly we should be Cooperated in an effort to develop the spiritual morals from this book, and then the goal of peace can be successfully realized.

Shanghai, August, 1939

K. Y. Richmond Tsao

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

0221

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

BY PAN-AMERICAN AIRWAYS.

October 18 1939

Hong Kong, 20th September, 1939.

Mr. President:

As the Senior Unofficial Member of the Executive and Legislative Councils of this Colony, where I have lived for over fifty years and have several times acted as Attorney-General, I am venturing, in view of the steady pressure being continually brought to bear by Japan against Britons in China and against this British Colony of Hong Kong, to invoke the powerful and active assistance of the United States for the enforcement of the provisions of the Washington Nine Power Treaty of 1922.

The main provisions of that Treaty are contained in the Preamble and in Article I, which read as follows:-

"The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal desiring to adopt a policy designed to stabilise conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity, have resolved to conclude a Treaty for that purpose and to that end have appointed as their respective plenipotentiaries (here follow the names of the plenipotentiaries) who have agreed as follows:-

Article I.

The contracting Powers (other than China) agree:-

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China.
2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable Government.
3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all Nations throughout the territory of China.

RESPECTFULLY REFERRED  
TO THE  
DEPARTMENT OF STATE

*M. M. Dwyer*  
Secretary to the President

Division of  
FAR EASTERN AFFAIRS  
OCT 6 - 1939  
Department of State

*Ch. copy sent to Hong Kong*

793.94/15407

OCT 13 1939

FILED

F / FG

15407

793.94  
Note  
741.94  
711.94  
Gore A 4 D

-2-

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States."

In regard to the enforcement of the provisions of the above-quoted Treaty, I submit that the United States is morally bound actively to support Great Britain, seeing that the latter power was compelled to abandon her long-standing alliance with Japan as a necessary preliminary to entering into the Limitation of Naval Armament Treaty, 1922, which was signed on the same date as the Washington Nine-Power Treaty, 1922.

Two of the chief objects of that Limitation of Naval Armament Treaty were

- (i) to fix the ratio of capital ships as between the United States, Britain and Japan at 5,5,3 and
- (ii) to preserve the status quo as regards the fortifications and naval bases of those three Powers in certain parts of their territories and possessions in the Pacific.

At present Great Britain is engaged in a difficult struggle against Japan (rendered doubly difficult since Great Britain became involved in War in Europe)

- (i) To support the National Government of China, of which Chiang Kai Shek is the Head as against the "puppet" Chinese Governments set up by the Japanese.

- (ii) To "maintain the principle of equal opportunity for the commerce and industry of all Nations throughout the territory of China" against the persistent efforts of the Japanese to monopolise the trade with China for themselves.

The Japanese have already to a great extent succeeded in destroying that "equality of opportunity" by means of currency manipulation, exchange control and tariff and customs regulations in many ports of China within the Japanese-controlled areas.

-3-

Also mercantile shipping other than Japanese has been excluded for over two years from the river Yangtze and has been seriously handicapped in other main waterways of China, including the Tientsin river and the inland waterways adjacent to Hong Kong.

During the past three months Britons in particular have been subjected to a series of hostile acts at the hands of the Japanese, of which the following are instances:-

- (i) The intolerable insults by stripping, inflicted on British subjects, male as well as female, at Tientsin.
- (ii) Anti-British demonstrations by Japanese in Japan describing Britons as the enemy of Japan.
- (iii) The bombing of British shipping and riverside properties at and near Ichang.
- (iv) Violent propaganda against Great Britain in many of the Japanese-occupied areas of China, urging Chinese to boycott Britons and their trade and to commit acts of violence against Britons and their property.
- (v) The deliberate infliction of serious damage on this Colony and its trade by preventing British ships from carrying cargo either to Canton or to other Treaty Ports in Kwangtung and Kwangsi, and also by closing the carriage of cargo by British ships to several Treaty ports on the China coast between Hong Kong and Shanghai.

In short - there is now a state of undeclared war against Great Britain by Japan.

In the foregoing circumstances I am firmly convinced that the mere prospect of economic retaliations being imposed by the United States against Japan in January next (when the six months notice by the United States to terminate its commercial Treaty with Japan expires) will not deter the Japanese in the least degree from continuing their hostile acts against Britons in the Treaty Ports of China or against this British Colony.

-4-

As regards Hong Kong itself it is my considered opinion that there is a very real danger that, if Great Britain should unfortunately suffer some serious reverse in Europe, Japanese planes will come over and bomb Hong Kong heavily from the air, thus causing terrible destruction and loss of life in the narrow and densely populated streets and lanes of this Colony.

Such a calamitous occurrence would, I am confident, be most deeply deplored by you and by your Government and by the overwhelming majority of the people of the United States - In that belief I am writing this letter to you.

From a paragraph in our local Press I notice that a few weeks ago the Washington "Times Herald" advocated that the United States should blockade Japan.

My own suggestion, which is not so drastic, is stated later on.

Whilst the Japanese are steadily maintaining their hostile pressure against Britons in China and against this Colony, they are also seeking to undermine the authority of the National Government of China by setting up "puppet" Governments in different parts of China.

Such tactics on the part of Japan leave no room for any friendly compromise.

Moreover the Japanese occupations this year of the Island of Hainan and of the Spratly Islands ( which latter are situate between Luzon and Singapore) are ominously significant of the determination of Japan to be the predominant Power in the western Pacific.

The Japanese, like the German Nazis, recognise no principle in international dealings but brute force. In his recent interesting book "Inside Asia" ( at page 572) John Gunther gives the following accurate sketch of Japan and her policy:-



122F

DECLASSIFIED: E.O. 11652, 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-

"Japan is on the march. The march is cruel and vigorous. Japan has the youthful obstreperousness, plus a unique sense of discipline, of an expanding state; it combines with the "legitimate reasons for expansion a strong religious impulse, a kind of divine imperial mission, which makes it doubly formidable. Nothing will stop Japan except force stronger than Japan's or, conceivably, social upheaval following grave military disaster."

In view of the very heavy commitments of both Great Britain and France in Europe, it seems clear that the only possible way in which a "force stronger than Japan's" could be assembled in the Western Pacific, is for the United States to bring her Pacific Fleet across to Manila where it will be ready and handy for co-operation with the present British and French Naval Forces in the Far East.

Such positive action ( as contrasted with mere protests however strongly worded) is urgently necessary to convince the newly formed Japanese Government, which has lately declared its "inmutable" intention of pursuing the "new order in East Asia" policy of its predecessors, that, in China and in the Western Pacific, the United States intends to stand shoulder to shoulder ( or perhaps I should say Fleet to Fleet) with Great Britain in enforcing the provisions of the Washington Nine-Power Treaty, 1922.

Only thus can the open door in China be prevented from being completely slammed to and this British Colony be relieved from the risk of air attack, and the National Government of China ( the best Chinese Government for several decades past) be enabled to make peace with Japan upon just and honourable terms.

Unless something drastic is done promptly by the United States, the Washington Nine-Power treaty will be reduced by Japan to a mere sham, and the trade and prestige of the Western Powers in China will vanish.

722  
DECLASSIFIED: E.O. 11652, 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-

The Kellogg Pact also has been violated by the Japanese who have forced tens of millions of Chinese non-combatants, men, women and children, to become homeless, half-starved, refugees in their native land.

I have been very outspoken in this letter because I cannot conceive that any useful purpose could be served by minimizing the present extremely grave situation in the Far East.

Yours faithfully,

*H. E. Pollock*

(Sir Henry Pollock)

President Franklin D. Roosevelt,  
Washington, D.C.  
U.S.A.

0228

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

October 13 1939

To the American Consul General,

Hong Kong.

The Secretary of State has received, by reference from the White House, a letter of September 20, 1939 (a copy of which is enclosed) addressed to the President by Sir Henry Pollock, "Senior Unofficial Member of the Executive and Legislative Councils" of the colony of Hong Kong, in regard to matters involving American policy in the Far East.

The Secretary of State requests that the Consul General, unless he perceives objection thereto, make an informal acknowledgment of Sir Henry's letter, informing Sir Henry that his letter has been read with interest and that appropriate note has been made of the views expressed therein.

Enclosure:

From Sir Henry Pollock,  
September 20, 1939.

793.94/15407

89C.  
FE:EGC:JPS  
10-11

OCT 12 1939 PM

793.94/15407

FA

1225

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

*1917*  
DUPLICATE: ORIGINAL SENT BY AIRMAIL.

Hong Kong, 20th September, 1939.

Mr. President:

793.94/15407

As the Senior Unofficial Member of the Executive and Legislative Councils of this Colony, where I have lived for over fifty years and have several times acted as Attorney-General, I am venturing, in view of the steady pressure being continually brought to bear by Japan against Britons in China and against this British Colony of Hong Kong, to invoke the powerful and active assistance of the United States for the enforcement of the provisions of the Washington Nine Power Treaty of 1922.

The main provisions of that Treaty are contained in the Preamble and in Article I, which read as follows:-

"The United States of America, Belgium, the British Empire, China, France, Italy, Japan, the Netherlands and Portugal desiring to adopt a policy designed to stabilise conditions in the Far East, to safeguard the rights and interests of China, and to promote intercourse between China and the other Powers upon the basis of equality of opportunity, have resolved to conclude a Treaty for that purpose and to that end have appointed as their respective plenipotentiaries ( here follow the names of the plenipotentiaries) who have agreed as follows:-

Article I.

The contracting Powers ( other than China) agree:-

1. To respect the sovereignty, the independence and the territorial and administrative integrity of China.
2. To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable Government.
3. To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all Nations throughout the territory of China.

-2-

4. To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States."

In regard to the enforcement of the provisions of the above-quoted Treaty, I submit that the United States is morally bound actively to support Great Britain, seeing that the latter power was compelled to abandon her long-standing alliance with Japan as a necessary preliminary to entering into the Limitation of Naval Armament Treaty, 1922, which was signed on the same date as the "Washington Nine-Power Treaty, 1922."

Two of the chief objects of that Limitation of Naval Armament Treaty were

- (i) to fix the ratio of capital ships as between the United States, Britain and Japan at 5,5,3 and
- (ii) to preserve the status quo as regards the fortifications and naval bases of those three Powers in certain parts of their territories and possessions in the Pacific.

At present Great Britain is engaged in a difficult struggle against Japan ( rendered doubly difficult since Great Britain became involved in War in Europe)

- (i) To support the National Government of China, of which Chiang Kai Shek is the Head as against the "puppet" Chinese Governments set up by the Japanese.

- (ii) To "maintain the principle of equal opportunity for the commerce and industry of all Nations throughout the territory of China" against the persistent efforts of the Japanese to monopolise the trade with China for themselves.

The Japanese have already to a great extent succeeded in destroying that "equality of opportunity" by means of currency manipulation, exchange control and tariff and customs regulations in many ports of China within the Japanese-controlled areas.

DECLASSIFIED: E.O. 11652, 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-

Also mercantile shipping other than Japanese has been excluded for over two years from the river Yangtze and has been seriously handicapped in other main waterways of China, including the Tientsin river and the inland waterways adjacent to Hong Kong.

During the past three months Britons in particular have been subjected to a series of hostile acts at the hands of the Japanese, of which the following are instances:-

- (i) The intolerable insults by stripping, inflicted on British subjects, male as well as female, at Tientsin.
- (ii) Anti-British demonstrations by Japanese in Japan describing Britons as the enemy of Japan.
- (iii) The bombing of British shipping and riverside properties at and near Ichang.
- (iv) Violent propaganda against Great Britain in many of the Japanese-occupied areas of China, urging Chinese to boycott Britons and their trade and to commit acts of violence against Britons and their property.
- (v) The deliberate infliction of serious damage on this Colony and its trade by preventing British ships from carrying cargo either to Canton or to other Treaty Ports in Kwangtung and Kwangsi, and also by closing the carriage of cargo by British ships to several Treaty ports on the China coast between Hong Kong and Shanghai.

In short - there is now a state of undeclared war against Great Britain by Japan.

In the foregoing circumstances I am firmly convinced that the mere prospect of economic retaliations being imposed by the United States against Japan in January next (when the six months notice by the United States to terminate its commercial Treaty with Japan expires) will not deter the Japanese in the least degree from continuing their hostile acts against Britons in the Treaty Ports of China or against this British Colony.

0 2 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-

As regards Hong Kong itself it is my considered opinion that there is a very real danger that, if Great Britain should unfortunately suffer some serious reverse in Europe, Japanese planes will come over and bomb Hong Kong heavily from the air, thus causing terrible destruction and loss of life in the narrow and densely populated streets and lanes of this Colony.

Such a calamitous occurrence would, I am confident, be most deeply deplored by you and by your Government and by the overwhelming majority of the people of the United States - In that belief I am writing this letter to you.

From a paragraph in our local Press I notice that a few weeks ago the Washington "Times Herald" advocated that the United States should blockade Japan.

My own suggestion, which is not so drastic, is stated later on.

Whilst the Japanese are steadily maintaining their hostile pressure against Britons in China and against this Colony, they are also seeking to undermine the authority of the National Government of China by setting up "puppet" Governments in different parts of China.

Such tactics on the part of Japan leave no room for any friendly compromise.

Moreover the Japanese occupations this year of the Island of Hainan and of the Spratly Islands ( which latter are situate between Luzon and ~~Singapore~~ <sup>SINGAPORE</sup>) are ominously significant of the determination of Japan to be the predominant Power in the western Pacific.

The Japanese, like the German Nazis, recognise no principle in international dealings but brute force. In his recent interesting book "Inside Asia" ( at page 572) John Gunther gives the following accurate sketch of Japan and her policy:-

-5-

"Japan is on the march. The march is cruel and vigorous. Japan has the youthful obstreperousness, plus a unique sense of discipline, of an expanding state; it combines with the "legitimate" reasons for expansion a strong religious impulse, a kind of divine imperial mission, which makes it doubly formidable. Nothing will stop Japan except force stronger than Japan's or, conceivably, social upheaval following grave military disaster."

In view of the very heavy commitments of both Great Britain and France in Europe, it seems clear that the only possible way in which a "force stronger than Japan's" ~~could be~~ assembled in the Western Pacific, is for the United States to bring her Pacific Fleet across to Manila where it will be ready and handy for co-operation with the present British and French Naval Forces in the Far East.

Such positive action (as contrasted with mere protests however strongly worded) is urgently necessary to convince the newly formed Japanese Government, which has lately declared its "immutable" intention of pursuing the "new order in East Asia" policy of its predecessors, that, in China and in the Western Pacific, the United States intends to stand shoulder to shoulder (or perhaps I should say Fleet to Fleet) with Great Britain in enforcing the provisions of the Washington Nine-Power Treaty, 1922.

Only thus can the open door in China be prevented from being completely slammed to and this British Colony be relieved from the risk of air attack, and the National Government of China (the best Chinese Government for several decades past) be enabled to make peace with Japan upon just and honourable terms.

Unless something drastic is done promptly by the United States, the Washington Nine-Power treaty will be reduced by Japan to a mere sham, and the trade and prestige of the Western Powers in China will vanish.



1234

DECLASSIFIED: E.O. 11652, 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-

The Kollogg Pact also has been violated by the Japanese who have forced tens of millions of Chinese non-combatants, men, women and children, to become homeless, half-starved, refugees in their native land.

I have been very outspoken in this letter because I cannot conceive that any useful purpose could be served by minimizing the present extremely grave situation in the Far East.

Yours faithfully,

*H. E. Pollock*

(Sir Henry Pollock)

President Franklin D. Roosevelt,  
Washington, D.C.  
U.S.A.

123

DECLASSIFIED: E.O. 11652, 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

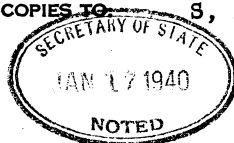
Memorandum of Conversation

DATE:  
January 12, 1940

SUBJECT: Sir Henry Pollock

PARTICIPANTS: The Right Honorable the Marquess of Lothian,  
British Ambassador; Mr. Welles, Under Secretary

COPIES TO: S, A-B, Eu, PA/H, FE



793.94/15407

FW 793.94/15407

The British Ambassador called to see me today at his request. The Ambassador asked me to let the White House know that the British Government was aware that Sir Henry Pollock had been sending telegrams to the President requesting the immediate despatch of the American fleet to Far Eastern waters as a means of averting belligerent activities by Japan, and desired to make it clear that while Sir Henry Pollock was a member of the Legislative Council of Hong Kong, he was in no sense a representative of the British Government nor was he entitled or authorized to speak for the

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

-2-

Government of Hong Kong.

*SW*

See also:  
British Honduras-Guatemala  
boundary question.  
Inspection of American vessels.  
Proposed setting up of committees to  
determine bases of eventual world peace.  
Declaration of Panama; Stoppage of  
American mails.

U:SW:DMK

DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** The situation in the Far East.  
Developments of past week.

793.94/ 15408

For the original paper from which reference is taken

See Memorandum  
(Despatch, telegram, instruction, letter, etc.) State Department  
Far Eastern Div.  
(Salisbury)

Dated Sept 28, 1939 From                       
To                     

File No. 890.00/164

FRG.

15408

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

77394

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations for the month of July, 1939.

793.94/ 15409

For the original paper from which reference is taken

See #841 to Embassy, Peiping  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug 5, 1939 From Tientsin (Caldwell)  
To

File No. 893.00 P.R. Tientsin/135

U. S. GOVERNMENT PRINTING OFFICE 1-1540

FRG.

15409

0231

DECLASSIFIED: E.O. 11652, 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.

1. Japan.

a. Restrictions at Tientsin on ingress to  
and egress from the British and French Concessions appar-  
ently

-2-

ently occupied the major portion of the attention of the Japanese military authorities during the month. Personal indignities inflicted on Britons, such as stripping for the ostensible purpose of searching, which were common during June, were discontinued during July. The British, in compliance with repeated requests of the British Consul General, also stopped passing through the barriers except for urgent reasons, giving the Japanese soldiers fewer opportunities to vent their spleen. (2-7)

b. The Japanese Military Extended Trade Control to all export commodities from July 17 and severe restrictions were imposed from August 1st on shipping arriving at Tientsin from Shanghai and/or Hongkong, for the ostensible purpose of quarantine against cholera. (8)

c. The Chinese Guerillas were active during the month even in the immediate vicinity of Tientsin, reportedly inflicting considerable losses on the Japanese. Reliable information regarding guerilla activities is not obtainable in Tientsin at the present time, however, and it is only through reports from Chinese villagers and through observation of numerous Japanese wounded and dead that one learns of the difficulties which the Japanese are experiencing in controlling the areas nominally under their military occupation.

Throughout the morning of July 31 the sound of artillery

DECLASSIFIED: E.O. 11652, 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-

tillery fire and air bombing could be heard. No reliable explanation of this military activity has been obtainable but Chinese reports state that an attack on the Japanese headquarters at the western end of the Japanese Concession was made by a considerable force of guerillas on the night of July 30 and that these bombings and bombardments of neighboring villages were in retaliation therefor. (2, 5, 9)

d. Fighting in Shansi continued without apparent results throughout July, both sides being very considerably handicapped by the torrential rains which fell in that area during the latter part of the month. Numerous Japanese casualties were reported but no accurate figures were obtainable.

The extraordinarily heavy rainfall in the western and northern districts of Hopei and in Shansi, Shihar, and Suiyuan were reported during July to have disrupted all railways from Peiping except the Peiping-Mukden Railway. The Peiping-Hankow Railway between Peiping and Shihohsiachwang was reported to be damaged to such an extent by these floods as to be unusable for the greater part of July by the Japanese as a supply line for their troops operating in Shansi. The Peiping-Suiyuan line, which connects with the new Japanese line into north Shansi at Tatung, was also reported to have been seriously damaged by floods but traffic was only suspended for a relatively short period.

e. Outer Mongolia-"Manchukuo" Border

Fighting



DECLASSIFIED: E.O. 11652, 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-

Fighting continued throughout July, but no information other than press reports was obtainable in Tientsin regarding the results of this warfare.

f. The Japanese Population of North China  
 at the end of May was 170,926 according to a report in THE PEKING CHRONICLE of July 19, allegedly based on figures obtained from the Japanese Embassy at Peiping. These figures, which included Shantung, gave the Japanese residents of Tientsin as 40,000 and of Peiping as 35,000 and stated that there had been an increase of nearly 130,000 Japanese residents in North China since the outbreak of the North China Incident.

DECLASSIFIED: E.O. 11652, 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

VRH

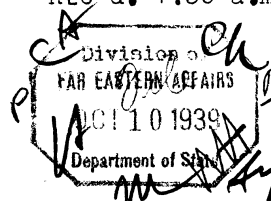
This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (Br )

Hong Kong via N.R.

Dated October 9, 1939

Rec'd. 7:30 a.m. tenth

Secretary of State,  
 Washington.



366, October 9, 11 p.m.

Occupation by Japanese of Shekki and surrounding  
 Chungshan district is confirmed in Hong Kong. The  
 Japanese will accordingly control the great rice crop  
 due to be harvested soon in this richest rice growing  
 area of Kwantung Province with possible effects in  
 Hong Kong and Macao which during recent times have  
 imported much Chungshan rice. Chinese observers in  
 Hong Kong appear particularly depressed over this  
 latest Japanese advance. Depression may be sentimental  
 as well as otherwise as this area is birthplace of  
 Doctor Sun Yat Sen and homeland of many overseas Chinese.

Repeated to Chungking, Canton, Peiping.

SOUTHARD

RR

OCT 13 1939

FILED

793.94/15410

F/FG

793.94

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

CONFIDENTIAL

(Confidential)

P A R A P H R A S E

A telegram (no. 366) of October 9, 1939, from the American Consul General at Hong Kong reads substantially as follows:

There has been received in Hong Kong confirmation of the report of Japanese occupation of Shekki and the Chungshan district surrounding Shekki. As a result of this occupation the large crop of rice which is due to be harvested within a short time will come under Japanese control and Macao and Hong Kong which have imported large quantities of Chungshan rice recently may possibly feel the effects thereof. The Chungshan district is the richest rice producing area in the Province of Kwangtung. This latest advance of the Japanese seems to have had an especially depressing effect on Chinese observers in Hong Kong. As the Chungshan area is the homeland of many overseas Chinese and the birthplace of Sun Yat-sen the depression may arise from sentimental as well as other reasons.

EQC  
FE:EC:JPS  
10-11

FE

124  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Military situation in Chefoo district during  
August, 1939: report on subject.

793.94/15411

For the original paper from which reference is taken

See #77 to Embassy  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 7, 1939 From Chefoo (Roberts)  
To

File No. 893.00 P.R. Chefoo/149

793.94  
15411

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

**B. Relations with Other Countries:**

**1. Japan:**

**(1) Military Situation.**

There was no change in the military situation  
 and the Japanese Navy and military forces continued  
 to

DECLASSIFIED: E.O. 11652, 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:**


**1. Japan:**

**(1) Military Situation.**

There was no change in the military situation and the Japanese Navy and military forces continued to

- 4 -

to hold the ports of Weihaiwei, Chefoo, Lungkow and the main towns and villages along the coast. The Japanese Naval Landing forces were particularly active during the month in making sorties by truck out of Chefoo. Rains at the very end of the month hampered military operations.

Guerrillas also appear to have been active in the neighborhood of the Japanese garrisons along the coast in the P'eng-lai (  ) district. Travelers arriving from this coastal region report extensive bombing and shelling of the villages about P'eng-lai by Japanese aircraft and an auxiliary ship on August 18th. One report was 37 bombs and shells were dropped on the Chinese outside P'eng-lai.

DECLASSIFIED: E.O. 11652, 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. 14 Political.

RECEIVED  
FOREIGN SERVICE  
DEPARTMENT OF STATE  
UNITED STATES OF AMERICA  
1939 OCT 12 PM 3 09

COMPETENT TO  
ONE ID.

DIVISION OF  
COMMUNICATIONS  
AMERICAN CONSULATE  
Bern, Switzerland, September 26, 1939.

SUBJECT:

Memorandum of Conversation  
on the Far East.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON

SIR:

Grade		14 USA
For		011-1110

I have the honor to enclose herewith a memo-

1/ randum of conversation which records certain statements  
and observations made by Dr. Victor Hoo, Chinese  
Minister to Switzerland and Director of the Permanent  
Office of the Delegation from China to the League of  
Nations, in regard to developments in the Far East.

Respectfully yours,

*Harold H. Tittmann*  
Harold H. Tittmann,  
American Consul.

Enclosure:

Memorandum of conversation with Dr. Hoo.

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

JGV/ah

793.94/15412

OCT 17 1939

FILED

F/FG

15412

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

September 25, 1939

MEMORANDUM OF CONVERSATION

Subject: Far Eastern Situation.

Present: Dr. Victor Hoo, Chinese Minister to  
Switzerland and Director  
of the Permanent Office of  
the Delegation to the League  
of Nations.

Mr. Tittmann and Mr. Vincent.

During the course of a general conversation today at the Consulate, Dr. Hoo remarked that he had advices from Dr. Sun Fo at Moscow that the Soviet Government had promised to continue furnishing China with military supplies in so far as transportation facilities might permit. With regard to the new Japanese offensive in China, Dr. Hoo's comment was characteristically Chinese. He said that the Japanese might succeed in taking "a province or two" but that the existence and functioning of the Chinese Government at Chungking would not be endangered thereby. He expressed concern, however, lest the Japanese succeed in establishing a government at Nanking which would be able to operate with some semblance of authority. Nevertheless, he did not believe that such a government would be recognized by the British Government or by other foreign governments. He did not consider warranted or reasonable a view that the recent Soviet-Japanese understanding with regard to the Mongolia-Manchuria border presaged the development of a basic Soviet-Japanese entente.

JGV/dh



0251

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**

JR

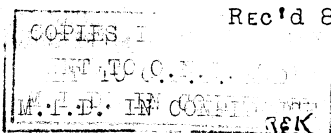
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

**FROM:** Hong Kong via N. R.

Dated October 13, 1939

Rec'd 8 a.m.

Secretary of State,  
Washington.



*file ch b*  
*P*  
*A*  
*m*  
*15410*  
*(?)*

373, October 13, 9 a.m.

Referring to my telegram No. 365, October 9, 11 a.m.,

Hong Kong sources confirm the withdrawal of Japanese  
forces from Shekki and reoccupation of the city by  
Chinese forces. Observers here are puzzled by this  
Japanese move which they are more or less positive was  
not influenced by any serious Chinese military threat.  
Considerable loot is alleged to have been carried away  
by the Japanese. It is also reported in reliable sources  
here, but not confirmed by our usual official sources of  
information, that Kongmoon has also been evacuated by  
the Japanese.

Repeated to Chungking, Canton, Peiping.

SOUTHARD

KLP

OCT 13 1939

FILED

793.94/15413

F/F G

0251

DECLASSIFIED: E.O. 11652, 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

A telegram (no. 373) of October 13, 1939, from the American Consul General at Hong Kong reads substantially as follows:

The Japanese have evacuated Kongmoon, according to a report from reliable sources in Hong Kong. This report has not, however, been confirmed by the usual official sources from which the American Consulate General obtains information. Reports of the withdrawal from Shekki of the Japanese troops and the reoccupation of that city by Chinese troops are confirmed by sources in Hong Kong. This move on the part of the Japanese puzzles observers in Hong Kong who feel fairly certain that the move was not influenced by any serious threat from the Chinese military. It is alleged that the Japanese took away quite a large amount of loot.

793.94/15413

89C.  
FE:EGC:HJN  
10/14

MEP  
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

**TELEGRAM RECEIVED**

LEGAL ADVISER  
OCT 19 1939  
DEPARTMENT OF STATE

LE  
LE

JR

FROM

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

Hankow via N. R.

Dated October 14, 1939

Rec'd 11:25 a.m.

Secretary of State,  
Washington.

A  
File  
W  
m  
W

Seen by C.M. MIO  
11/4/39

246, October 14, 2 p.m.

Reference my telegram No. 240, October 3, 3 p.m.

Beginning at one p.m., today three flights of  
Chinese airplanes accurately bombed Japanese military  
airfield here, starting five large fires and destroying  
a number of grounded planes and buildings. Weather  
perfect and attacking airplanes clearly visible.  
Several Japanese pursuit planes took to the air after  
the first attack but in the next forty minutes airfield  
suffered from two more bombings. Antiaircraft fire  
was ineffective.

Repeated to Chungking, Peiping and Shanghai.

SPIKER

CSB

793.94/15414

OCT 20 1939

FILED

125

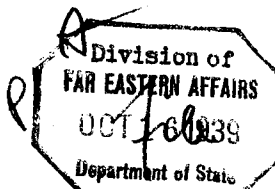
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## CHINA INFORMATION SERVICE

HELEN M. LOOMIS, SECRETARY

948 PENNSYLVANIA AVENUE, NORTHWEST - WASHINGTON, D. C.

ISSUE THIRTY  
October 13, 1939.  
INDEX



Summary of China News.....	1
United States Sends Entire Factory to Aid Japan in Aggression, by Myron E. Terry.....	3
Nippon Writer Says Japan-American War Inevitable from "China Weekly Review".....	4
Japanese Invasion and Chinese Higher Education from "China Institute Bulletin" October, 1939.....	7
Bibliography from "Far Eastern Review" by Dr. Lin Lin.....	8

### ANNOUNCEMENTS

NEW CHINA - Frank Price's letters may be delayed as mails are not coming as regularly as usual. They will be sent as soon as possible.

MAILING LISTS - The list of those wishing to receive the CHINA INFORMATION SERVICE free of charge is growing too rapidly and it may become necessary to limit the list. If you find the Service of value please make a contribution. \$4.00 a year or \$1.00 a quarter is requested. If you wish to receive material, please let us know.

### SUMMARY OF CHINA NEWS

VICTORY IN CHANGSHA. Significant and heartening news to China, disillusioning to the people of Japan, must be the news of the recent Chinese Victory in Changsha, the forerunner of a series of Chinese advances.

During the first few days of October, the Japanese news agency, Domei, was reporting with smug complacency Japanese advances toward Changsha, a Japanese victory at Tungting Lake, and Japanese occupation of new areas in the vicinity of Hong Kong--all of them a part of Japan's newest drive to "consolidate her gains".

By the end of the first week in October, Japan was changing her tune. She had been badly defeated at Changsha and had withdrawn in a welter of explanations. Her air base at Hankow had been seriously bombed by Chinese planes, Japanese bombers and Japanese gasoline stores being completely destroyed. By October 11, the Chinese troops had forced Japanese withdrawal from the Chungshan district

ADVISORY EDITORS: MISS REBECCA W. GRIEST, BOARD OF FOUNDERS, GINLING COLLEGE, LANCASTER, PA. FORMERLY GINLING COLLEGE. EMORY LUCCOCK, MINISTER, FIRST PRESBYTERIAN CHURCH, EVANSTON, ILL., FORMERLY COMMUNITY CHURCH, SHANGHAI. PROF. GORDON POTEAT, CROZIER THEOLOGICAL SEMINARY, CHESTER, PENNSYLVANIA, FORMERLY UNIVERSITY OF SHANGHAI. CHINA CORRESPONDENTS GEORGE FITCH, SEC-Y, Y.M.C.A., CHUNGKING, SZECHUAN. DR. FRANK W. PRICE, NANKING THEOLOGICAL SEMINARY, CHENGDU, SZECHUAN

NOV 10 1939

RECEIVED

793.94 / 15415

FA

1254

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

CHINA INFORMATION SERVICE

Page 2

Issue No. 30, October 13, 1939.

near Hong Kong. On the same day it was reported that the Chinese artillery was shelling Yochoc, the biggest city between Hankow and Changsha and, according to the New York Times, the main Japanese base for operations south of Hankow. Hsiushui was also reported captured by the Chinese.

The Changsha victory remains the most important of all these rapid Chinese successes. It has been hailed by the Chinese, in victory celebrations, as the greatest victory of the entire undeclared war.

It is, to American observers, the most significant victory. It is evidence of China's renewed strength, acquired during the past year of comparatively desultory fighting and mobile warfare. The new troops, the additional training, the intensified spirit of resistance is making itself felt.

"PEACE" RUMORS. Reports of attempts to force a "peace" upon China have been made repeatedly during the last two weeks. They have been consistently answered by Chinese officials with statements that China "will resist to the end", or that China will be glad to negotiate a peace on the basis of the Nine Power Treaty (which can offer little comfort to treaty-breaking Japan).

That Japan would welcome such a move at this point is not surprising. With China's increased strength becoming more evident each day, Japan is anxious to obtain a "peace" which will prevent her further withdrawal from China. Also, many observers have felt that in view of the possibilities of trade with warring European nations, Japanese business men will urge an early settlement in China, in order that they may enter the European market unhampered.

One unconfirmed report, coming by way of London, was that the French were urging a peace upon Generalissimo Chiang Kai-shek. Suggestions of a possible renewal of the British-Japanese alliance are being made.

Add to all this the report on October 10 stating that the Japanese gave American Ambassador Grew an unusually hearty welcome on his return to their country, and the sum total looks like an effort to throw sops to American public opinion in case support can be won from Europe for "peace" in the Far East. China, on the other hand, through her Foreign Minister and through her Generalissimo continues to emphasize her rights under the Nine Power Treaty, and to look toward the United States for support.

JAPANESE FOREIGN OFFICE STRIKE. A strike in Tokyo's Foreign Office, in which more than 150 officials and employees threatened to resign in protest against the cabinet's decision to establish a separate trade ministry has continued for nearly a week. Some observers claim that this is merely a bureaucratic row with no political significance at all. Others are wondering if it does not signify a weakening of the military, and if the fact that the employees of the Foreign Office dare to oppose the Cabinet does not mean that the Cabinet's power is on the wane. Such open dissension in governmental ranks during a time of war might indicate a loss of popular support for that war.

DOUBLE TEN ANNIVERSARY. The Double Ten anniversary, twenty-eighth birthday of the Chinese Republic on October 10, was celebrated by victory parades in Chungking, Chengtu, and throughout the unoccupied areas of China. It was also celebrated at the New York World's Fair by 20,000 Chinese and observed by four times as many Americans, in the biggest and most colorful national pageant the Fair has had yet. Other Chinese communities in the United States also observed the anniversary. With the victory at Changsha still fresh, October tenth became a high point of "spiritual mobilization" for Chinese and friends of China.

125

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

CHINA INFORMATION SERVICE

Page 3

Issue No. 30, October 13, 1939.

UNITED STATES SENDS ENTIRE FACTORY TO AID JAPAN IN AGGRESSION

By Myron E. Terry

(Editor's Note: Mr. Terry has just returned from his work with the Christian Literature Society in China. Recent trips, just before his return to the United States, include visits to Kunning, Chungking, Chengtu, North China and Manchuria. It is not difficult to understand Mr. Terry's feeling about the incident he describes in the following article.)

Wooster, Ohio, September 28, 1939.

Last evening a man called on me and introduced himself as Mr. X. He is about to go to Japan, his first experience in travelling outside the United States, and wanted advice about travel - did he need a tuxedo on shipboard, in what form should he carry his money, etc.

The factory in which he has been employed has been sold, bag and baggage, to Japan, and he and three others are going there for one year to set it up and get it running, and to train the Japanese to operate it. It took 110 railway cars to ship it from Wooster. It is a rolling mill machinery factory - that is, it is equipped to manufacture the rolling mills in which steel and other metal products are manufactured. It is a ready-made and complete instrument for multiplying in Japan the factories in which the implements of war can be fabricated from raw materials.

America, through such sales, is fortifying Japan against the day when there may be an embargo on American goods to Japan. We have notified Japan that our trade treaty of 1911 with her will expire in January. If further action toward limiting war trade with Japan is taken after that America will take some satisfaction from the fact that her factories are no longer supplying war materials to the barbaric military of Japan. And America will forget that she has used these six months to transfer to Japan the factories and the super-factories which will enable Japan to carry on her war of aggression without our help.

The Middle-West, more than any other part of America that I have seen, feels remote from war, thinks of keeping herself out of war, and wishes her trade and prosperity to continue undisturbed by war. Yet for a price in gold the Middle-West is willing to build a war machine for a nation which will use it immediately and directly to destroy in China those elements of peace and prosperity which the American people think to be of so great importance to themselves.

Wooster is a happy little town of 8,000, and I am familiar with no town more beautiful anywhere in the world. It is in the second richest agricultural county in the United States, I understand. The problems and sufferings which I know so well in China are remote indeed from Wooster's people. Further, it is one of the great church and missionary centers of the country, and students in its college are being trained to carry the gospel of service and sacrifice and love to all parts of the world. Yet Wooster is sending forth also, for hard dollars, the machines which are destroying in China what love and sacrificial gifts and noble-hearted men have taken a hundred years to build. Already Japan has used those machines to destroy completely or partially, or to interfere seriously with the operation of, 111 out of China's 114 universities and colleges.

Mr. X is a skilled machinist, and will do an expert job of setting up this factory and training the Japanese to operate it. He has given little thought to

0256

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

CHINA INFORMATION SERVICE

Page 4

Issue No. 30, October 13, 1939.

the implications of his job (or had until last night), but doubtless knows that the salary for his year's work will be an excellent one. His son is now unemployed because this factory, in which he worked, has been moved away. In a year the Japanese will be through with Mr. X and he will return home, perhaps himself to join the ranks of the unemployed.

America is like Mr. X. She is reaching out for present gain. Her eyes are closed to the deeper meanings of what she does in backing Japan in war. Sooner or later will come home to her the horror of what she has done.

Since my recent arrival in the States I realize that it is too much to hope that there will be any immediate cessation of America's participation in Japan's war in China. Discussion of the question is now eclipsed by consideration of the Neutrality law. I fear American business is pleased to have it so. But it has not lost its importance or its urgency.

I understand that Washington is not intending to apply the neutrality law to Japan, even in revised form, but plans separate legislation after the treaty expires in January. Certainly nothing must delay America's effective action longer than that, but it will always remain a terrible thing that America has for two and a half years aided this destructive war against one of the best and truest of her friends, China.

-----  
 QUOTED FROM THE CHINA WEEKLY REVIEW (September 2, 1939)  
 NIPPON WRITER SAYS JAPAN-AMERICAN WAR INEVITABLE  
 By L. General Kiyokatsu Sato  
 Commentator on Military Problems

("Editor's Note: The following is an extract from a book entitled "Nichi-Rei Sen Chikashi" (Japanese-U.S. War Imminent) lately published in Tokyo. The author, well-known as a commentator on military problems, believes that a war between his country and the United States for the domination of East Asia is only a matter of time. He urges, therefore, that Japan should see to it that hostilities are opened before the main strength of the American fleet is brought to Hawaii, since in his opinion a struggle for Hawaii would represent the first phase of such a war.")

-----  
 "The American people have brought disgrace upon us Japanese who, with a history of some three thousand years, have never been subjected to any insult from a foreign country. No nation in the world respects honor to a higher degree than the Japanese. Small wonder, then that the Japanese cannot possibly bring themselves to regard the Americans as their friends.

"Some Japanese are inclined to think that Commodore Perry was a benefactor to Japan on the ground that he opened the country to foreign intercourse towards the end of the Tokugawa Shogunate. This is an utter mistake. Perry did not come to these shores to form a friendship with this country. According to the various documents he dispatched to his Government, he visited Japan with intent to occupy it.

#### MANIFOLD INDIGNITIES

"It was the Americans who manifested considerable displeasure at Japan's advance to East Asia. They have subjected us to manifold indignities; first, they

125

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

CHINA INFORMATION SERVICE

Page 5

Issue No. 30, October 13, 1939.

maltreated the Japanese immigrants on the west coast; secondly, they did not allow the children of our settlers to attend American schools; thirdly, they deprived our settlers of the land they had taken the trouble to bring under cultivation; fourthly, they denied Japanese admission into their country; fifthly, they wounded our sense of pride by enacting an immigration law; sixthly, they made Japan retrocede Tsingtao to China, which her forces had captured with a considerable sacrifice; seventhly, they abrogated the Ishii-Lansing agreement in which were specified the special rights and interests Japan had acquired as a result of the Sino-Japanese and the Russo-Japanese wars; eighthly, they put restrictions upon the capital ships of our navy, which form the country's first line of defense; and ninthly, they saw that the auxiliary ships of our navy were also restricted. We brooked all these insults; we pocketed them all in the interest of world peace, and for the purpose of perfecting national defense.

"We should like to tell the Americans: 'We Japanese love peace, but once we find that our honor has been slighted and that a question of life and death stares us in the face, we do not hesitate to take up arms against our enemy. Your so-called Hay Doctrine which bodies forth the China open door principle implies an unrighteous ambition. Your country has an area some 50 times as large as that of this country, but your population is only 110 millions - a fact which means that your country is very sparsely populated. It will take your country several hundred years to attain the density of population of Japan. Your country has almost unlimited deposits of minerals, such as gold, silver, copper, iron, coal and petroleum. Will it not take you several hundred years to develop all these mineral resources? You possess wealth several hundred times as much as we do, and as a result you are in a position to live in plenty and luxury. And yet, you have a craving for the natural resources of China and an ambition to monopolize China's commerce and industry. It is unrighteous of you not to recognize the rights and interests our nation acquired as a result of the wars with China and Russia in which we lost the lives of 100,000 men. With a population of some 60 millions in an area about one-fifth of your country, our country has an annual population increase of something like a million. Moreover, the fertility of our land is no longer equal to supporting the rapidly-increasing population. Every year we have to import from five to six million koku (one koku equals about 4.96 bushels) of rice from foreign countries. This makes us fight China and Russia. What we did in the past we did for our national existence. And yet, you are going to interfere with our life-and-death question. This is hardly fair.'

"When and where a Japanese-American war will be fought we cannot say. If the United States of America carries out her traditional China policy to a full extent, then she is bound to clash with Japan sooner or later on the China question which is vital to the existence of this Country. We shall have to settle the question by force of arms, if diplomatic negotiations fail.

"This brings us to a consideration of a possible war with America. No matter from what motive hostilities may come to be opened, or whether we assume the offensive or the defensive, there can be no doubt that Hawaii will be the most important strategic point in a war between America and Japan. Success or failure in the struggle for this strategic point will prove a decisive factor in the war. With the Hawaiian Islands as her base operations, America could bomb Tokyo or Osaka without much difficulty, provided she uses airplanes and airships of superior quality. While Hawaii is in American possession, Japan would have to remain on the defensive. But if, on the contrary, Japan occupies the islands, her fleet would find itself in a position not only to assume the offensive, but also to bomb the cities on the West Coast of America. In a war with America, therefore, we must at all costs,



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

CHINA INFORMATION SERVICE

Page 6

Issue No. 30, October 13, 1939.

even with a sacrifice of a few vessels, take possession of Hawaii. The distance between Hawaii and the American continent is a little smaller than that between the islands and Japan. This would mean that at the outbreak of hostilities the American fleet or fleets of warships would be able to get to the islands before the Japanese. In so far as both fleets have the same speed. For this reason our navy must needs possess ships far speedier than American.

#### JAPAN MUST START FIGHT

"If the main squadron of America were in the Hawaiian waters at the outbreak of war, then a clash between the American and Japanese main fleets would have to take place somewhere between the islands and Yokohama. Should our navy emerge victorious from this battle, it would be able to occupy Hawaii, and its subsequent operations would be facilitated. The opposite result of this battle would compel the Japanese navy to remain on the defensive and would render its operations extremely difficult. The great thing is, therefore, for Japan to see that hostilities are opened before the main strength of the American fleet is brought to Hawaii and that her naval operations take place with lightning speed.

#### TO DESTROY PANAMA

"The struggle for Hawaii thus constitutes the first stage of a Japanese-American war. On the assumption that Hawaii was captured by our navy, the Japanese forces would undertake, as the next step, the task of destroying the Panama Canal and the main squadron of America. If the Japanese navy succeeded in crushing the American fleet in the Pacific, landing on the Pacific Coast of America would become easy. At the same time, the Panama Canal must be destroyed, as the maintenance of traffic through it would facilitate replenishment of the American navy. Attacks should be made on the canal by an effective air fleet. The destruction of the canal and the American fleet would literally be half the battle. Thus would end the second period of the war.

"The third period would begin with a landing of Japanese forces on the western coast of the American continent and the work of destroying the cities and naval ports on the west coast. The next course would be to form the main line of defense along the Rocky Mountains, so that our military troops might be massed in the occupied areas along the coast. Preparations made west of the Rockies, our army would now take the offensive and advance towards the east coast. This would usher in the fourth and the last period of the war. Each period would probably last several years; the third and fourth periods would last the longest. Thus the war would be at least four or five years; it might even drag out to last several score years.

"If and when Japan, forestalled by America, finds it impossible to occupy Hawaii, her navy would see the wisdom of deferring a decisive battle with the American ships till full preparations are completed. Meanwhile, our coast might be subjected to bombardment and the main cities to attacks from the air. Our army would have to defend the coast facing the Pacific and stave off the enemy's landing, while our flotillas of destroyers and submarines would watch for an opportunity of attacking the enemy's capital ships. When thoroughly ready, our main squadron would go forth and battle decisively with the enemy's. A victory for the Japanese navy would naturally be followed by the capture of Hawaii and other operations, as described before.

#### LONG-DRAWN OUT WAR

"Whether Japan acts on the offensive or on the defensive, a war with America would certainly be a protracted one involving much sacrifice and demanding the

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

CHINA INFORMATION SERVICE

Page 7

Issue No. 30, October 13, 1939.

united efforts and indomitable perseverance of the nation as a whole.

"During the Meiji era Japan fought China on the Korean question and Russia on the Manchurian question. And now it looks as though she were going to fight America on the China question. Such seems to be the fate to which this country is predestinated.

#### EXPANSION SAID VITAL

"The China question is, as already said, a question of life and death to us. Japan can no longer remain 'cabined, cribbed and confined' as of yore, within her island empire. She needs expansion to the Asiatic continent, which is her "Life line". For Japan to keep away from this continent spells ruin to the Japanese race. It is but natural that she should endeavor to cope with the China question even at the risk of war. Japan would choose death before dishonor; would stand up and fight for what she thinks is right rather than sit back and starve.

"It is a luxury for America to exercise capitalistic imperialism in China and to attempt to bring that vast territory under her economic domination. America still has vast areas in her own territory that have to be brought under cultivation. She has considerable quantities of natural resources still to be developed. She has Canada to her north and Mexico, Brazil and Argentina to her south, where she can find markets for her goods. Why should America, then, attempt to practise imperialism on a continent some 5,000 miles distant, across the Pacific, from her own?"

#### JAPANESE INVASION AND CHINESE HIGHER EDUCATION Extracts from Report in "China Institute Bulletin" October 1939

Before the war there were 108 institutions of higher learning, 42 of which were universities, 34 independent colleges, and 32 technological and professional schools. Of these, 29 were established by the National Government, 29 by the provincial and municipal governments, and 50 by private individuals or corporations (including Christian organizations).

Of the 108 institutions, 30 were located in the North, 17 in Central China, 45 in the East, 13 in the South, and 3 in the Northwest. In Shanghai alone, there were 25 institutions, in Peiping there were 14, and in Canton 7, and in Nanking 6.

Since the war began, Chinese universities and colleges have been moving westward: 17 institutions have moved to Yunnan, Kweichow, and Kwangsi; 17 to Hunnan and Szechuan; 5 to Shensi and Kansu; 17, while remaining in their original provinces, have moved from the war zones; 17 have been suspended; while others have remained in their original locations.

The Ministry of Education has been and now is investigating the losses sustained by institutions of higher education occasioned by the Japanese invasion. The National Peking University, the National University of Peiping, the National Peiping Normal College lost all their property, libraries and laboratories. The losses of Nankai University amount to about \$3,750,000 in value and those of the National Tsing Hua University no less than \$6,050,000. According to the reports of 40 institutions, about 2,830,000 volumes of books have been lost. In one instance, the National Shantung University lost 76,000 volumes packed in 800 boxes.

0261

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

CHINA INFORMATION SERVICE

Page 8

Issue No. 30, October 13, 1939.

Bibliography from FAR EASTERN REVIEWS

By Dr. Lin Lin

Lack of space prevents the C.I.S. from reprinting the comments and digests which have been prepared with this bibliography. If you would like to receive FAR EASTERN REVIEWS regularly write to Dr. Lin Lin, Trans Pacific News Service, Rockefeller Center, New York City.

PROBLEMS OF SANCTIONS: Japan Mends the Axis (an editorial) THE NATION, Sept. 30, 1939, page 338; Japan Picks Up the Pieces (an editorial) by T.A.B. (Bisson) AMERASIA, Sept., 1939, pages 294-295; There is Still War in China, by Jean Lyon. DIRECTION, Oct., 1939, page 10;

RUSSO-JAPANESE TRUCE: Armistice in the East (an editorial) CURRENT HISTORY, October, 1939, page 9; The Armistice in the Soviet-Japanese "Vest Pocket" War (a note) THE NATION, Sept. 23, 1939, page 306; The Mystery of Moscow (an editorial) THE NATION, Sept. 23, 1939, pages 309-310; The Orient - Truce was a Truce TIME, Sept. 25, 1939, page 24; Russia Shakes the World (an editorial) NEW REPUBLIC, Sept. 27, 1939, pages 200-1; Soviet Aid in Carving Poland Portends New World Line-ups NEWSWEEK, Sept. 25, 1939, pages 12-14.

AMERICA AND JAPAN: Far Eastern Front (an editorial) NEW REPUBLIC, Oct. 4, 1939, page 227; Give the Philippines to Japan! by Ernest O. Hauser THE COMMENTATOR, October, 1939, pages 48-64-70; Are Britain Interests Ours? by Joseph Hilton Smyth THE COMMENTATOR, Oct., 1939, pages 97-102; Japan - "Remember the Panay" TIME, October 2, 1939, page 25; Japanese Switch - Press attack on the U. S. Hastily Squelched by Tokyo NEWSWEEK, October 2, 1939, page 23.

RUSSO-GERMAN PACT:

AMERICAN VIEW: The Nazi-Soviet Pact, by Harry N. Howard THE EVENTS, October, 1939, pages 270-3; The Orient Holds the Balance, by Peter F. Drucker ASIA, October, 1939, pages 553-4; Stalin, Autocrat of All the Russians, by Eugene Lyons, THE AMERICAN MERCURY, Oct., 1939, pages 238-243;

BRITISH VIEW: Far Eastern Reaction (an editorial comment) THE NEW STATESMEN AND NATION, Sept. 2, 1939, page 330; Japan Changes her Policy (a note) THE ECONOMIST, Sept. 2, 1939, page 444; Japan Marks Time (a leading article) THE STATIST, Sept. 2, 1939, page 278; Japan's Position (a note) THE ECONOMIST, Sept. 9, 1939, page 488; The Terrible Twins, by William Churchill COLLIER'S, Sept. 30, 1939, pages 14, 49-50.

GENERAL TOPICS: American Isolation - Propaganda Pro and Con, by John Crosby Brown FOREIGN AFFAIRS, Oct., 1939, pages 29-44; Anglo-Japanese Relations (a leading article) THE ROUND TABLE, Sept., 1939, pages 676-688; Between Two Flags, by Wagner White THE SATURDAY EVENING POST, Sept. 30, 1939 pages 14-15 and 73-75; Bowl of Rice THE CHURCHMAN, Sept. 15, 1939, page 23; Britain's China Stake on the Eve of European War, by Irving S. Friedman, FAR EASTERN SURVEY, Sept. 27, 1939, pages 219-224; Can Britain Hedge in the Far East - and Win? by Kate Mitchell AMERASIA, Sept., 1939, pages 297-302; China's Art Front, by Ruth Weiss DIRECTION, Oct., 1939, pages 11-14; Japan and the Axis, by G. Nye Steiger EVENTS, October, 1939, pages 273-8; Japan Disillusioned (a leading article) THE STATIST, Sept. 9, 1939, pages 306-7; The Japanese Army versus Japan (an editorial) THE SATURDAY EVENING POST, Sept. 23, 1939, page 22; Japan's Financial Capacity for War, by A. Grajdanzner AMERASIA, Sept., 1939, pages 303-309; The News Abroad - The Defense of Britain, by Vernon Bartlett FORUM AND CENTURY, Oct., 1939, pages 170-1; Slow Death in China (an editorial) NEW REPUBLIC, Sept., 1939, page 200; The U. S. Joins in the Battle of the Concessions, by Walker Matheson NORTH AMERICAN REVIEW, Autumn, 1939, pages 41-60.

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

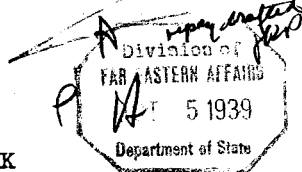
DEPARTMENT OF STATE  
 ADVISER ON POLITICAL RELATIONS

October 5, 1939.

FE:

Please note contents,  
 especially of "second statement";  
 consider; and draft appropriate  
 acknowledgment.

SKH  
 Stanley K. Hornbeck



PA/H:SKH:ZMK

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

## FOREIGN MISSIONS CONFERENCE OF NORTH AMERICA



### Committee of Reference and Counsel

156 Fifth Avenue, New York City

Telephone CHelsea 2-3230

Chairman, REV. CHARLES T. LEBER, D.D.  
Vice-Chairman, MISS SUE E. WEDDELL  
Recording Secretary  
MISS BETTIE S. BRITTINGHAM

Treasurer, M. P. MÖLLER, JR.  
Assistant Treasurer, WM. G. SCHRAM  
Treasurer Emeritus, JAMES M. SPEERS

Secretaries: REV. LESLIE B. MOSS, D.D.  
MISS FLORENCE G. TYLER  
REV. A. L. WARNSHUIS, D.D.

Missionary Research Library  
CHARLES H. FAHS, Curator  
MISS HOLLY W. HENNING, Librarian

CABLE ADDRESS "FORMISCON NEW YORK"

CABLE CODE "MISSIONS"

#### Elected Members

REV. J. H. ARNUP, D.D.  
MISS BETTIE S. BRITTINGHAM  
REV. A. V. CASSELMAN, D.D.  
MERLE L. DAVIS  
MRS. DORR DIFENDORF  
PROF. D. J. FLEMING, PH.D.  
REV. F. A. GOETSCH, D.D.  
REV. E. K. HIGDON  
THE RT. REV. HENRY S. HOBSON, D.D.  
MRS. S. S. HOUGH  
REV. J. H. JACKSON

MISS SALLIE LOU MACKINNON  
MISS BESSIE MACMURCHY  
MISS JANIE W. MCGAUGHEY  
M. P. MÖLLER, JR.  
JOHN R. MOTT, LL.D.  
MRS. CHARLES H. SEARS  
REV. WILLIAM E. SHAW, D.D.  
FRANK V. SLACK  
REV. A. W. WASSON, PH.D., LL.D.  
MISS SUE E. WEDDELL

#### Ex-Officio Members

MISS EDNA B. BEARDSLEY  
REV. J. W. DECKER, D.D.  
REV. R. E. DIFENDORFER, D.D.  
EDWARD M. DODD, M.D.  
MISS MABEL E. EMERSON  
REV. WYNN C. FAIRFIELD, D.D.  
REV. CHARLES T. LEBER, D.D.  
P. H. J. LERRIGO, M.D., D.D.  
REV. LESLIE B. MOSS, D.D.  
F. M. POTTER, L.H.D.  
MISS FLORENCE G. TYLER

OCT 14 1939  
DIVISION OF  
COMMUNICATIONS AND RECORDS

ADVISER ON POLITICAL RELATIONS  
MR. HORNBECK  
OCT 4 - 1939  
DEPARTMENT OF STATE

October 2, 1939.

October 13 1939

My dear Dr. Hornbeck,

At a recent meeting of the Committee on East Asia of the Foreign Missions Conference two statements were adopted. One reaffirming the policies which have been followed during the last two years with regard to the war in China. The second statement was drawn up specifically as a basis for representations to the State Department. In connection with this statement I am sending you the first statement so that you may have the full picture of the action taken by the Committee.

We are asking you to make such use of these statements as you may deem wise.

It is hardly necessary for me to add that we greatly appreciate the co-operation which has been possible through these difficult years.

Yours sincerely,

*L.J. Shafer*  
L.J. Shafer  
Secretary of the Committee on East Asia

Dr. Stanley Hornbeck  
Department of State  
Washington, D.C.

Encs.

#### REPRESENTATIVE AND COOPERATING COMMITTEES

CHRISTIAN MEDICAL COUNCIL FOR OVERSEAS WORK  
ASSOCIATED MISSION MEDICAL OFFICE  
AFRICA COMMITTEE  
COMMITTEE ON COOPERATION IN LATIN AMERICA  
EAST ASIA COMMITTEE  
COMMITTEE ON WOMEN'S WORK  
INDIA COMMITTEE  
RURAL MISSIONS COOPERATING COMMITTEE  
PHILIPPINE COMMITTEE  
COMMITTEE ON PROMOTION OF INTEREST

793.94/15416

FA

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

## STATEMENT #1

STATEMENT REAFFIRMING POLICY  
ADOPTED BY  
THE COMMITTEE ON EAST ASIA OF THE  
FOREIGN MISSIONS CONFERENCE

September 19, 1939.

Soon after the outbreak of hostilities in China, a statement of policy was adopted by a representative meeting of secretaries of missionary boards held in New York on September 8, 1937. This statement was subsequently accepted by the North American missionary boards and it became the basis upon which they acted in carrying forward their missions in China. The following quotations from that statement will serve to indicate its principle affirmations:

1. "We believe firmly that we should call upon our churches to continue with all their power to conserve and carry forward their missionary work there. In doing so the plans and programs must be based realistically upon the conditions and circumstances that prevail today and as they promise to develop in the near future."
  2. "We understand clearly that it will be necessary to adapt our programs and methods to the actualities of the situation, and therefore that they must be such as are justifiable under warlike conditions."
  3. "We recommend that the missionary staff to be maintained in China during this period of difficulty should be such as is able to endure the hardships of war, involving danger and suffering and uncertainty."
  4. "Furthermore, we recognize the necessity of carefully studying the requirements of our institutional work with a view to the adjustment of such forms of work to the prevailing conditions. We especially emphasize the importance of giving such spiritual aid and comfort to the Chinese churches and Christians as we can bring, and this should be a governing principle in the maintenance of a missionary staff."
  5. "In adopting these lines of action, we share the opinion strongly held by many of our fellow-citizens that every practicable plan must be adopted to prevent the United States of America from becoming involved in war. While continuing to expect such diplomatic protection to American citizens as our Government may find it possible to provide in accordance with the highest standards of international law and practice, we state clearly and definitely that we do not desire or expect that any injury suffered by our missionaries, or any damage to the property of our boards, shall be made a cause of war or the threat of war."
- "Finally, we reiterate our firm conviction that the use of military and naval power in the furtherance of national aims and ambitions is utterly opposed to the Christian faith and message. We would call upon our churches to give themselves to most earnest efforts to establish a better world order founded on justice and fraternity and the fear of a righteous and hold God. Men of all nations are heavily burdened and suffering today because of the wars of the past, of the present, and of the threatening future. There must be a way to relieve humanity of the curse of war and this way must be found."

0264

DECLASSIFIED: E.O. 11652, 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 -

"We deeply sympathize with our fellow Christians in Japan and China as they find themselves in this desperate situation. To strengthen the bonds of Christian fellowship throughout the world should be our earnest effort."

Again at the Annual Conference at Swarthmore in June 1939, after much discussion, the following statement was adopted:

"We have had before us the Report of the Madras Meeting of the International Missionary Council which expresses in many places the contradiction between the fundamental Christian principle of love and the use of violence in the settlement of international problems. We reaffirm on our own behalf that principle and in particular the following statements of the meeting of the International Missionary Council held at Madras, India, December 12-29, 1938, attended by 471 delegates from 69 countries:

'We are penitently conscious that in the past all our nations have sinned, and that we are all involved in the system which has resulted in the present international tension and conflict. . . We are unwilling that words of ours, which cost us nothing, should aggravate the problems and hazards of our fellow-Christians. . . We agree that: "War is a particular demonstration of the power of sin in this world. . . No justification of war must be allowed to conceal or minimize this fact." Modern warfare is so devastating and demoralizing that its use as an instrument of policy is indefensible. We differ when we appraise Christian effort for liberation from the burden of war.'

"We would call special attention to the following resolution adopted by our Conference in the report of Commission IV, which gave prolonged attention to the subject of world tensions:

'The Commission carefully studied the arguments for and against church bodies officially urging a government embargo on the exports of war materials to Japan. The Commission approves the principles pertinent to this question outlined in the statement of September 28, 1938, adopted by the Committee of Reference and Counsel of the Foreign Missions Conference of North America. It therefore recommends that the missions boards and their supporters make a careful restudy of this statement.' (Resolution 19 of Commission IV).

"The Conference calls upon the citizens and business concerns of the United States and Canada to renounce the profits made by warfare and to discontinue the sale of munitions and materials for the manufacture of the same, especially to those who invade the homelands of other peoples with armed force.

"The Conference reminds itself that we are not limited to human ingenuity and political methods. We pray to Almighty God that all concerned may be given guidance, courage and power to discover right ways and means to bring the warfare in East Asia to an end and to establish a just and lasting peace."

DECLASSIFIED: E.O. 11652, 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 -

Reviewing the experience of the last two years, and in restating our position today, the Committee on East Asia adopts the following action:

1. We reaffirm all the statements quoted above. The application of these principles during these two years of devastating warfare has confirmed their validity. With gratitude to God, we recognize the devotion of pastors, teachers, doctors, nurses, missionaries, and church members who have enabled the churches and missions to continue to render noteworthy service and to present the Christian witness in all parts of China. We expressly reaffirm our purpose to do all we can to "conserve and carry forward our missionary work" in China. Danger and sacrifice cannot deter us from fulfilling this duty.
2. We reaffirm our conviction that helping to meet the needs of the victims of the hostilities in China is an essential part of our service and witness in the name of Christ. We are united in the "Church Committee for China Relief," and we urge all the boards represented in this Committee to continue their cooperation in the enlistment of the churches in North America in contributing funds liberally for the relief of the suffering people in China.



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

## STATEMENT #2

STATEMENT FOR CONSULTATION WITH THE STATE DEPARTMENT  
ADOPTED BY

THE COMMITTEE ON EAST ASIA OF THE  
FOREIGN MISSIONS CONFERENCE

on September 19, 1939.

We are deeply concerned because of the continued policy of the Japanese in bombing unarmed civilian populations in China. The murderous bombings of such cities as Chengking, Chentu, Kaitang, Luchow, and Chengteh, as well as smaller towns and villages without number can hardly be explained except as a campaign of deliberate terrorization aimed at helpless victims, -- the women and children, the sick, the young, and the very aged. These attacks have produced horror and indignation in the hearts of our people and have done much to destroy friendship for Japan.

During recent months we have also noted the growing number of missionary stations that have been bombed from the air. There is considerable evidence which seems to show that these attacks upon missions have not been "accidental" in connection with military objectives. The evidence is accumulating which indicates that some of these attacks have been with deliberate intention. Missionary hospitals have not suffered least from these attacks. It appears that some in the Japanese army are opposed to the continued presence of foreign missionaries in China and are endeavoring to drive them out. During the last two years, the missions have steadily maintained the principles quoted in the paragraphs of the preceding memorandum. The missions have suffered grievous losses, but have refrained from suggesting any retaliatory action. Statements regarding damage to property have been filed in the consulates, but this has been done in order that the evidence might be recorded while it is fresh, and looking to peaceful adjudication of the claims involved. The question now arises in our minds whether this forbearance is not misunderstood by the Japanese army and government.

We would point out that attacks upon unarmed civilians and attacks on missions directly and strongly affect the interests of a large section of the American people, who have been for a long time active in their support of missionary work and in seeking aid in the advancement of the welfare of other peoples. These attacks stir up strong and growing resentment and unquestionably impede good relations between the United States and Japan.

We have noted the repeated, persistent protests that have been made by the government of the United States against these attacks. Lest this practice by the Japanese armies may be continued we ask our government to re-emphasize its protests, referring to what appears to be their deliberate intent, and pressing upon the Japanese government the urgency of discontinuing this policy immediately.

0 2 6 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

October 13 1939

My dear Mr. Shafer:

I acknowledge the receipt of your letter of October 2, 1939, enclosing copies of two statements adopted at a recent meeting of the Committee on East Asia of the Foreign Missions Conference and asking me to make such use of these statements as I may deem wise.

You may be assured that the views expressed in the first of these statements, which reaffirms the policies followed by your Committee during the last two years with regard to the hostilities in China, are kept constantly and sympathetically in mind by the Department in connection with its consideration of the various problems arising in the Far East.

In the second document, which you state was drawn up specifically as a basis for representations to the Department of State, your Committee refers to the repeated and persistent protests which have been made by the

Mr. L. J. Shafer,  
Secretary of the Committee on East Asia,  
Foreign Missions Conference  
of North America,  
156 Fifth Avenue,  
New York, New York.

793.94/15416

FA

DECLASSIFIED: E.O. 11652, 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 American Government against the continued bombing by Japanese planes of unarmed civilian populations in China and requests that this Government reemphasize these protests and press upon the Japanese Government the urgency of discontinuing such action.

With reference to the bombing of American property by Japanese, the American Government has informed the Government of Japan that it reserves all rights on its own behalf and on behalf of American citizens in respect of damages which might result from military operations. Furthermore, each individual case of bombing of American property by Japanese which is reported to American consular and diplomatic officers in China and Japan is made the subject of representations by those officers to the appropriate Japanese authorities.

With reference to the bombing of civilian populations and the probable danger to Americans and American interests abroad, you will, of course, recall that the Secretary of State, at his press conference on June 11, 1938, stated that he had issued repeated public statements condemning the bombing of civilian populations, that he intended to maintain this position and to say to everyone that this Government condemns the bombing of civilian populations or its material encouragement, and that he says this abroad  
and

DECLASSIFIED: E.O. 11652, 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-

and says it at home to the American people and especially to the manufacturers of bombing planes.

You may be assured that this Government will, in conformity with the point of view expressed in the Secretary's statement mentioned above, continue to take advantage of every appropriate occasion to reiterate and reemphasize its views and policy in regard to the bombing of civilian populations.

Yours sincerely,

*Stall*  
 Stanley K. Hornbeck  
 Adviser on Political Relations

*RA* ✓  
 CR  
 13 1939 PM



*gsp.*  
 FE:JPS  
 10-10

*RA*  
 FE  
*7.11.11*

0270

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

## FOREIGN MISSIONS CONFERENCE OF NORTH AMERICA



### Committee of Reference and Counsel

156 Fifth Avenue, New York City

Telephone CHelsea 2-3230

Chairman, REV. CHARLES T. LEBER, D.D.  
Vice-Chairman, MISS SUE E. WEDDELL  
Recording Secretary  
MISS BETTIE S. BRITTINGHAM

Treasurer, M. P. MÜLLER, JR.  
Assistant Treasurer, WM. G. SCHRAM  
Treasurer Emeritus, JAMES M. SPEERS

Secretaries: REV. LESLIE B. MOSS, D.D.  
MISS FLORENCE G. TYLER  
REV. A. L. WARNSHUIS, D.D.

Missionary Research Library  
CHARLES H. FAHS, Curator  
MISS HOLLIS W. HERING, Librarian

CABLE ADDRESS "FORMISCON NEW YORK"

CABLE CODE "MISSIONS"

#### Elected Members

REV. J. H. ARNUP, D.D.  
MISS BETTIE S. BRITTINGHAM  
REV. A. V. CASSELMAN, D.D.  
MERLE L. DAVIS  
MRS. DORR DIEFENDORF  
PROF. D. J. FLEMING, Ph.D.  
REV. F. A. GOETSCH, D.D.  
REV. E. K. HIGDON  
THE RT. REV. HENRY S. HOBSON, D.D.  
MRS. S. S. HOUGH  
REV. J. H. JACKSON

MISS SALLIE LOU MACKINNON  
MISS BESSIE MACMURCHY  
MISS JANIE W. MCGAUGHEY  
M. P. MÖLLER, JR.  
JOHN R. MOTT, LL.D.  
MRS. CHARLES H. SEARS  
REV. WILLIAM E. SHAW, D.D.  
FRANK V. SLACK  
REV. A. W. WASSON, Ph.D., LL.D.  
MISS SUE E. WEDDELL

#### Ex-Officio Members

MISS EDNA B. BEARDSLEY  
REV. J. W. DECKER, D.D.  
REV. R. E. DIFFENDORFER, D.D.  
EDWARD M. DODD, M.D.  
MISS MABEL E. EMERSON  
REV. WYNN C. FAIRFIELD, D.D.  
REV. CHARLES T. LEBER, D.D.  
P. H. J. LERRIGO, M.D., D.D.  
REV. LESLIE B. MOSS, D.D.  
F. M. POTTER, L.H.D.  
MISS FLORENCE G. TYLER

793.94

RECEIVED  
DIVISION OF  
COMMUNICATIONS AND RECORDS



November 1, 1939.

My dear Dr. Hornbeck,

This will acknowledge the receipt of your letter  
of October 13. I shall be pleased to present it to our  
Committee at a subsequent meeting.

We greatly appreciate your attitude.

Yours sincerely,

L. J. SHAFER

Secretary of the Committee on East Asia

FW 793.94/15416

LJS/A

NOV 6 1939

#### REPRESENTATIVE AND COOPERATING COMMITTEES

CHRISTIAN MEDICAL COUNCIL FOR OVERSEAS WORK	COMMITTEE ON COOPERATION IN LATIN AMERICA	INDIA COMMITTEE
ASSOCIATED MISSION MEDICAL OFFICE	EAST ASIA COMMITTEE	RURAL MISSIONS COOPERATING COMMITTEE
AFRICA COMMITTEE	COMMITTEE ON WOMEN'S WORK	PHILIPPINE COMMITTEE
		COMMITTEE ON PROMOTION OF INTEREST

DECLASSIFIED: E.O. 11652, 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. 297.

EMBASSY OF THE  
UNITED STATES OF AMERICA  
Chungking, August 7, 1939.

Subject: Second Anniversary of the Lukouchiao Incident.

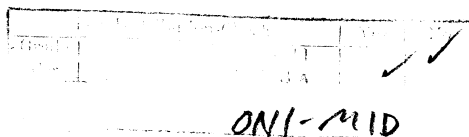


COPILS DE  
O.N.I. AND

RECEIVED  
DEPARTMENT OF STATE

1939 OCT 16 PM 4 51

DIVISION OF  
COMMUNICATIONS  
AND RECORDS



The Honorable

The Secretary of State,  
Washington.

Sir:

I have the honor to report that the second anniversary of the Lukouchiao incident passed quietly in Chungking, although Japanese air raids conducted in the early morning hours of July 6 and 7 were a grim reminder of the fact that war still stalked throughout East Asia. Coupled with the atmosphere of quiet was manifested a spirit of dogged determination to carry on the struggle at all costs; and there seemed to the observer looking under the surface a slowly growing optimism, born of the failure of the Japanese army to gird itself into positive action since the fall of Hankow and Canton in the autumn of 1938, that China was by virtue of its tenacious resistance placing itself in a

position

793.94/15417

FA

OCT 23 1939

0272

DECLASSIFIED: E.O. 11652, 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 -

position to gain an honorable though perhaps not early settlement. That spirit of optimism was not so evident a year ago when, it will be recalled, the Japanese army had successfully reduced Hsuehchow and was preparing for a large-scale assault on Hankow, which few Chinese doubted would be lost in the end.

1-2/

As was the case a year ago, General Chiang Kai-shek and other Chinese leaders issued reassuring statements to the Chinese people. Clippings from the Central New Agency relating to the statements issued by General Chiang and General Chen Cheng are enclosed. General Chiang declared that whereas China's position is improving and strengthening with the passage of time, Japan's situation is becoming increasingly desperate. He referred to the Japanese yearning for peace on their own conditions and took the opportunity to castigate those Chinese who had fallen in with the Japanese desires (he obviously referred to Wang Ching-wei). As in his speech of December 26, 1938, General Chiang characterized these maneuvers as the "peace of slaves" and reaffirmed his conviction that the "only road open to China is to work indefatigably toward the winning of the final victory." General Chiang assured the people that the "critical period" is over and defined the duties of the people in helping to bring about the "final victory."

General Chen Cheng's message painted, as might be expected, a glowing picture of the growing strength of the Chinese army, while, by way of contrast, the Japanese army was represented as growing "weaker and weaker." There is little doubt that the Chinese army has improved and become more closely coordinated during the respite afforded it

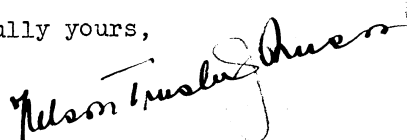
since

127  
DECLASSIFIED: E.O. 11652, 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 the termination of the Hankow and Canton campaigns,  
but there is no indication that it is preparing now or in  
the near future to take to the field in a supreme endeavor  
to expel the Japanese army from China; rather it seems  
content to rest upon the strategy of exhausting the adversary  
through prolonged guerrilla warfare fought sporadically  
over vast areas.

Respectfully yours,



Nelson Trusler Johnson.

✓  
✓  
Enclosures:

1/2. Clipping as above.

Original and four to Department  
Copy to Peiping  
Copy to Tokyo.

710/800

EFD:MCL



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

Source: After Hours

Shanghai, China,

on July, 1939.

Enclosure No. 1  
 To despatch No. 297  
 Dated August 7, 1939

## GEN. CHIANG EXHORTS CHINESE PEOPLE ON 2ND WAR ANNIVERSARY

NATION URGED TO REDOUBLE EFFORTS TOWARD CONSUM-  
 MATING RESISTANCE AND RECONSTRUCTION;  
 TRAITORS SEVERELY DENOUNCED

### CHINA'S FINAL VICTORY IS CERTAIN

(CENTRAL) July 6—Covering every phase of national activity related to the war of resistance and noting with gratification a general fulfillment during the past year of most of the prerequisites essential to the winning of the final victory, Generalissimo Chiang Kai-shek called upon the entire nation to redouble its efforts toward consummating the dual task of resistance and national rebuilding in a message issued to the Chinese people at home and abroad on the occasion of the second anniversary of the war.

The Generalissimo began by saying that the second anniversary found the battlefronts further lengthened, the war further intensified. Correspondingly, the will of the Chinese people for resistance and self-sacrifice has been increasingly steeled, while the weaknesses of the enemy have been brought increasingly to the open.

"We are fighting for our national independence and liberty and for the upholding of international justice. In such a war, which is revolutionary in nature, the time factor counts little. No obstacles will be too great to dog our march toward the ultimate objective of consummating the dual task of resistance and national rebuilding."

Generalissimo Chiang called upon the people to re-read the message he issued last July 7 and in comparing what he had then predicted with the conditions obtaining today they would readily see that the prevailing optimism for the coming final victory was no empty conjecture.

#### Internal Conditions

Touching first upon the internal conditions the Generalissimo said with gratification that all the prerequisites necessary for the winning of the war have during the second year been more adequately fulfilled than during the first, while many of the shortcomings evident during the first year have been rectified during the second.

The Generalissimo noted that in face of trials and tribulations the national will have been

strengthened, the actions and thoughts of the people further coordinated under the guiding principles of San Min Chu I, administrative and reconstruction efficiency has been heightened, public recognition of the fundamental issues of the war has been considerably furthered, and public morale has been stiffened instead of being impaired by the wanton bombardments of open cities by enemy aircraft.

Turning to international reaction, the Generalissimo stated that Article 16 of the League Covenant which the Powers had during the first year of the war meticulously tried to avoid touching has now been invoked, and Japan as finally been legally named "aggressor" by that august international body. Further measures to aid China on the part of the Powers have during the second year been carried out, such as increasing fiscal donations and contributions of medical supplies, boycott of Japanese goods and refusal to ship Japanese cargo.

Furthermore, the Generalissimo said, friendly relations between the Powers and China have been further cemented, the number of foreign sympathizers in China's cause has multiplied several hundredfold, material and technical assistance to China has been given more liberally and more openly, and public resentment against Japan on the part of the foreign countries has been given more concrete expression. While expressing appreciation for all these expressions of sympathy, the Generalissimo stated that a greater source of gratification was the increasing rise of the forces of justice.

#### Plight Of Japan

What about Japan? The Generalissimo emphasized that during the first year the Japanese forces had made advances to the extent of over 1,800 kilometers whereas in

the second they were able to advance only 310 kilometers despite a heavier increase in the number of troops. According to Japanese announcements, their casualties up to the end of March this year had reached the staggering figure of 1,000,000 men.

During the last three months, General Chiang reported the Japanese forces have made practically no headway on any front though their casualties were high. Their so-called "mopping-up" drives were frustrated by counter "mopping-up" campaigns on the part of the Chinese troops, while their offensives in April and May ended only in fruitless operations.

In fields other than military, Generalissimo Chiang remarked, Japan has during the last year found herself in as great a dilemma. What she had proudly advertized as her one and only wartime Cabinet, headed by Prince Konoye, collapsed early last spring. Economically, Japan was faced with the rising tide of unemployment, a continual rise in commodity prices, dwindling of her gold holdings, and a further deteriorated agrarian economy.

Spiritually, the Generalissimo noted, Japan found it difficult to cope with rapidly spreading anti-war sentiments, resulting in thousands of college professors and intellectuals being thrown into prison. Not alone in Japan Proper has this antiwar movement made its influence increasingly felt, but also in China has an increasing number of Japanese troops translated such sentiments into actions.

Diplomatically, the Generalissimo averred, Japan has found herself more and more isolated, unable to make up her mind as to the feasibility of adhering to the Berlin-Rome axis militarily. Japan's violent anti-British campaign is a sign of her diplomatic dilemma. Her policy of bluff and threat employed toward the Powers has apparently failed, and is bound to fail more diametrically in the future.

#### Japan's Dilemma

Coming back to the Sino-Japanese hostilities, the Generalissimo asserted that the most glaring reflection of Japan's dilemma during the second year of the war was the Konoye declaration of last Dec. 22. Since the war entered the second year, the Generalissimo pointed out, not one day passed without Japan thinking of some way to achieve a speedy conclusion of the hostilities.

Her way of approach toward a solution of the war, however, in the opinion of the Generalissimo, was not based on a fundamental awakening to her past mistake and complete abandonment of her policy of aggression. On the contrary, Japan sought to conclude

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 )

the war through "peace terms" Asia" not only aims at a complete subjugation of China but is also a challenge to the world, a virtual "declaration of war." Yet, these traitors, ignorant of the fact that the Japanese have dug their own graves, connived with the latter in dragging a people with a glorious history of 5,000 years into the heartless thing in the world to do?

On the other hand, the Generalissimo pointed out, the Chinese people, having a clear recognition of what is right and wrong and undaunted by the extreme hardships they have endured, have stubbornly refused to be led astray. This indeed was the greatest achievement of the Chinese people during the the second year of the war.

#### Critical Period Over

The most critical period for China, the Generalissimo assured the people, has already passed. "The road lying ahead of us is now devoid of any danger points. If only we stand firm together, marching resolutely forward toward our goal, it can be said that we have already passed the 90-mile mark in a 100-mile journey."

At this juncture, the Generalissimo stated, the entire people, at the front and in the rear alike, should fight on with dauntless vigor to break the traitors and to "wash away" with our blood and flesh all the national humiliations, including that which has been heaped on China's head by the shameless activities of the traitors.

#### Only Road Open To China

By "peace with China" under the aegis of the "New Order of East Asia," the Generalissimo pointed out, Japan means a complete subjugation of China. The only road open to China is to work indefatigably toward the winning of the final victory. There is no other course.

"Surrender while the war of resistance is only half completed," the Generalissimo stated, "means the kind of peace as propagated by traitors. In other words, it'll be the kind of peace for slaves, peace for a subject people. This is a fact that cannot be gained except by traitors who are bent on 'selling the country.'"

In this regard the Generalissimo looked back to the end of last year. At a time when China was entering the second phase of the war and when certain victory was only around the corner, these traitors reared their heads, plotting to undermine the people's confidence by spreading all sorts of rumors, and seeking to undo all the achievements made possible by heroic sacrifices and the spilling of blood. In all the history of China cannot be found precedents of treason like this.

As a matter of fact, the Generalissimo added, Japan's announcement of the "New Order of East

mean long years of humiliations for our posterity."

The Generalissimo further said that temporarily warding off difficulties does not mean a solution, which can only be attained by overcoming all obstacles. Especially true is it in coping with foreign aggression; for only victory can help China put the flame of aggression, not surrender.

It is essential, therefore, the Generalissimo said, that at the beginning of the third year of war every Chinese citizen should exercise retrospection, to see whether his respective efforts are equal to the responsibility placed upon his shoulders. In this respect, the Generalissimo advanced two points for the consideration of the people.

First, the Generalissimo said, every Chinese spiritually should do his or her part in solidifying national unity by carrying on his or her duties in accordance with the outlines of the National Spiritual Mobilization Movement. The habits of compromise and perfunctoriness should be done away with both at the front and in the rear, while the tenets of citizenship should be strictly adhered to. Everything should be done in accordance with law, which is absolute in wartime.

#### Bounden Duty

Second, the Generalissimo said, every Chinese should do his or her bounden duty to assist in winning the military victory. Every one fit to do so should undergo military training, join the army, and enthusiastically respond to the call of conscription. As to army men they should intensify their training, consolidate their organization. The guerrillas and regulars should cooperate on the closest terms in order to bring about an early collapse of the invading army.

In conclusion the Generalissimo mentioned that the foundation for a final victory has been laid. The Japanese have already dug their own graves, and while they are struggling desperately to save themselves the entire Chinese people and army should with redoubled vigor "push them into the graves which they have themselves dug."

Whether posterity will inherit happiness and blessings of a free people or endless sufferings of vassals, the Generalissimo stated, will depend on the efforts of the entire people during the coming year. Therefore the Generalissimo called upon the people to exert themselves with a spirit that defies all difficulties, in the task of driving out the alien invaders, effacing all humiliations from the annals of the nation and bringing about a nation reborn.

#### Chinese People's Duty

The duty of the Chinese people today, the Generalissimo emphasized, is to perpetuate the glorious heritage of their forefathers and to create and hand down a new age for the enjoyment of the generations to come. "We must remember that any sufferings we bear today will mean blessings to our children. Conversely, if we

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

Source:

Hankow Herald

Chungking, China,

8th July, 1939.

Enclosure No. 2  
 To despatch No. 297  
 Dated August 7, 1939

## GENERAL CHEN CHENG PREDICTS VICTORY IN 1941

5 Points Cited To Substantiate  
 Growing Strength Of  
 Chinese Resistance

### Japanese Army Reaches Stage Of Exhaustion

No Possibility Seen Of Japan's  
 Ability To Conclude China  
 War Successfully

(CENTRAL) July 6 — Prediction that China will win the final victory in two more years at the most—a prediction based on facts of the growing strength of the Chinese resistance after 24 months of war—was made by Gen. Chen Cheng, Director of the Political Training Board of the National Military Council, in a message issued on the occasion of the second anniversary of the war.

Gen. Chen approached the subject from five angles, touching upon the relative strengths of the two opposing forces, the question of Japan's man power, problems of replenishments and supplies for the Chinese army, the difficulties confronting the Japanese in the "occupied areas", and the issue of war and peace.

Firstly, General Chen said, the common statement—that while the Japanese forces became weaker and weaker with the passage of time in the war the Chinese troops became stronger and stronger—was not a mere empty statement but one readily substantiated by facts.

The paramount factor that determined the strength of an army at war was the effectiveness of the employment of strategy, both political and military. China's war of attrition, General Chen stated, has successfully foiled Japan's ambitions, first of a speedy victory over China, and later of a speedy conclusion of the war through "peace." Meanwhile, the success of China's strategy was evidenced by the fact that her army has emerged from a passive into an active role, and her minor successes on all fronts will certainly, in accumulation, in due course of time turn into a major victory.

China's Growing Strength

General Chen then cited figures to show the growing strength of the Chinese army. At the beginning of the war, he said, Chinese troops able to take the field numbered no more than 1,000,000 men, but now the number has grown to over 2,500,000 men. Quantitatively, therefore, the Chinese army has grown in strength as the war progresses.

As to the fighting strength, morale and armaments, General Chen said, similar improvements have become evident.

Conversely, General Chen asserted, the Japanese army has been held in check and sunk in such a deep mire that it has found it most difficult to send further reinforcements to the China fronts. In this regard, General Chen recalled that at the commencement of the current hostilities the Japanese had boasted that three divisions of troops would be sufficient to conquer China in a week, and that later the boast deteriorated to 15 divisions (about 300,000 men) in three months.

Yet, what is the present situation? General Chen stated that on the China field the Japanese maintain more than 30 divisions, and after two years of operations, they find it equally difficult either to advance or retreat.

This brief review he presented, General Chen said, was an open book for everyone to see. Simply speaking, he added, had the strength of Chinese resistance not progressively increased, the Japanese would have easily concluded the "China Incident" a long time ago.

On the other hand, the growing strength of the Chinese fighting forces meant a correspondingly deteriorating Japanese army. Again citing figures, General Chen mentioned that up to the end of May this year Japanese casualties had reached the staggering figure of over 900,000 men, a daily average of about 1,300 men.

Japan, General Chen said, normally has a standing army of 17 divisions, four divisions under training, 8 divisions of first reservists, and 17 divisions of second recruits, a total of 46 divisions. At the moment, Japanese troops operating in China inside the Great Wall number 31 divisions, while 15 divisions are maintained in the Northeastern Provinces (Manchuria), Korea and Formosa, and 5 garrison divisions in Japan Proper.

#### Highest Limit Reached

In all, he stated, Japan has over 900,000 army men on active service, and 460,000 men on trans-

port and convey service. From these dependable figures, General Chen said, it can be soon that the number of Japanese divisions operating in China has reached the highest limit the army can go in the matter of reinforcements and replacements. Therefore, he added, if the Japanese could not think of any extraordinary strategy, reinforcements would not help, because even if national mobilization were enforced they could only send the maximum of a little over ten divisions of men.

"But we know," said General Chen, "that the original plan of the Japanese army was not to use the larger bulk of their men against China, knowing as they did that they had more than one international enemy."

Now that the Japanese army has reached the stage of exhaustion after two years of operations in China, General Chen remarked, the greatest worry confronting Japan today is that she is no longer capable of dealing with other great Powers in the event of an emergency.

Economically, General Chen pointed out, Japan's war bill reaches 13,000,000 Yen per month, and up to the end of 1938 her national bonds already amounted to 14,000,000,000 Yen, and her increased note issue 2,850,000,000 Yen. Of her 1,000,000,000 Yen gold holdings, Japan has already sent to the United States 800,000,000 Yen, and to Britain 150,000,000 Yen.

The second problem which General Chen touched upon was the highest estimated man power of Japan. The total number of Japan's standing army and reserves is in the neighborhood of 4,400,000 men, of which over 1,700,000 men are already being used. And deducting a further 1,800,000 men representing their casualties and those not fit for active service, Japan's present available man power that can be used as reinforcements is less than 1,000,000 men.

#### Gambling The Fate

These men, General Chen explained, comprise 350,000 active servicemen—who can be organized into 17 divisions—400,000 first reservists, who make another 17 divisions, and 150,000 second reservists. But science of war shows that for every man fighting on the front there must be from three to five men to maintain transportation and munitions industries in the rear. The shortage of Japan's man power, General Chen emphasized, can be easily seen; and if Japan were audacious enough to force a showdown in China she would be gambling the fate, not

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

only of the Army but also of the nation.

Thirdly, General Chen dwelt upon Japan's latest scheme to sustain her war of aggression by means of exploited Chinese resources on the one hand and China's consolidated strength behind the Japanese lines on the other.

Faced with a stalemate on the battlefield, General Chen said, Japan has recently publicized the slogan of "exploiting the occupied areas to sustain war." To carry out her ambitious scheme the Japanese troops have emphasized "mopping-up campaign" more than frontal advances, reconstruction more than destruction and exploitation more than blockade.

Taking stock of the situation as a whole, however, General Chen stated, the Japanese army not only is too exhausted to make further advances but encounters great difficulties in maintaining its position in the so-called occupied areas.

Under such conditions, General Chen remarked, Japan finds it almost impossible to undertake any reconstruction, due to the fact that reconstruction depends in a large measure on four prerequisites, namely, time, peace and social stability, labor, and capital, all which Japan lacks.

Given even three to five years, General Chen said, Japan would find it impossible to make good her boast of exploiting the resources in the "occupied areas", because the millions of loyal Chinese citizens in these regions will never give the invaders one moment of quiet and peace. As to labor, the Chinese people, except a handful of traitors and those under coercion, are certain to remain hostile to the Japanese, while in the matter of investments Japan meets greater difficulties in view of her ever rising war expenditures, dwindling gold holdings and depreciated currency.

#### Behind Japanese Lines

A greater obstacle in the path of Japanese reconstruction, in the opinion of General Chen, is the growing strength of the Chinese forces behind the Japanese lines. In accordance with decisions made at a military conference at Nanyo called by the Generalissimo, one third of the Chinese regular army has been sent behind the Japanese lines. During the past half year, General Chen reported, these Chinese troops have dealt a more severe blow to the Japanese than ever administered by Chinese guerrillas in the past.

The Chinese fighting strength behind the Japanese lines at present numbers at least 1,000,000 men, who make it their task, by means of guerrilla tactics, to destroy Japanese bases and puppet organizations. By giving the Japa-

nese no peace and rest, and turning the Japanese rear into Chinese front, the warriors in the occupied areas will be an important force in eventually spelling the doom of the Japanese invasion.

Fourthly, General Chen turned to the problem of China's replenishments, economic and financial. Being essentially an agricultural nation China enjoys advantages over Japan. Her wartime economic base has not been affected by the loss of the key cities, her financial and currency structure as stable as it was before the war, and the number of her productive enterprises has been continually on the increase.

The majority of the factories and industrial plants related to war needs originally situated on the coast were during the first phase of war transplanted to the interior where they have now resumed operation. Therefore replenishments constitute no problem to China's wartime administration. Foodstuffs especially are abundant in view of the bumper crops.

#### Supply Of Arms

The one item which the people view with the greatest concern is the supply of arms and ammunition and other war materials. In this regard, General Chen declared that China has sufficient supplies to wage her war of resistance for several years. Furthermore, most of the battles are now fought in mountainous terrain where Japanese heavy armaments cannot be brought into play, thereby placing the usually inferior Chinese armaments on the same footing with those of the invading forces.

In light armaments, General Chen reported, China is selfsufficient.

Fifthly, the question of war and peace. Japan, General Chen said, is bent on conquering China and nothing short of that objective will ever satisfy her. The Japanese army has not the slightest sincerity in making peace, for if she had she would have retraced her step of aggression after the outbreak of the Lukouchiao incident.

At that time, General Chen recalled, the Japanese army announced that they would not deal with the Central Government, thereby seeking to alienate the relations between the people and the Government. Then, seeing that China was a really united nation, the army and the people resolutely determined to resist aggression, the Japanese government coined the phrase: "New Order of East Asia," as a political weapon for the subjugation of China.

Wang Ching-wei, General Chen said, is now being utilized by the Japanese as a tool, through whom the Japanese seek to undermine the confidence and determination of the Chinese people.

"Today, therefore," General Chen said, "our sole objective is to strengthen our will to resist to the end. The slightest wavering of purpose and indication of indecision only help the enemy and the traitors."

As to the question when the campaign of resistance will cease, General Chen quoted Generalissimo Chiang's statement to the effect that the end of resistance will mark the consummation of the Chinese revolution, because China is fighting for her national independence and liberty. Today, there can be no hesitancy, no retreat, no surrender.

"It is my firm conviction," General Chen emphasized, "that the final victory will be ours within the next two years. This is not a wishful prediction, but once based on the main events that have occurred during the past two years."

Since Japan has failed in the last two years of war in her avowed task of subjugating China, General Chen concluded, there is no possibility of her being able to do so in the future. "Conversely, before 1941 Japan will be begging for peace. Frankly speaking, what we aim at today is the general counter-offensive to come, and all political efforts are centered on meeting the situation following the recovery of our lost territory."

7878  
DECLASSIFIED: E.O. 11652, 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 25, 1939.

Tsinan's despatch no. 152 of September 13 reports that steps are being taken to enlarge the puppet Shantung Peace Maintenance Corps with the apparent purpose of having it progressively take over from the Japanese the work of policing the province and combating guerrillas; that, while the Japanese will probably retain control of strategic points, they are obviously anxious to reduce their forces in Shantung to a minimum, not only because the troops are needed elsewhere, but also, probably, because it is realized that the maintenance of many Japanese garrisons is a hindrance to restoration of Sino-Japanese friendship.

793.94/15418

*RK*  
FE:Chase:JPS

DECLASSIFIED: E.O. 11652, 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. 152.

AMERICAN CONSULATE,  
Tainan, China, September 13, 1939.

SUBJECT: MAINTENANCE OF PEACE AND ORDER  
IN SHANTUNG.

RECEIVED  
DEPARTMENT OF STATE

1939 OCT 16 PM 39

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

With reference to this Consulate's despatch no. 141 of August 22, 1939, reporting, inter alia, the further replacement of Japanese troops in Shantung by armed pro-Japanese Chinese, I have the honor to quote hereunder a free translation of an article which was published in the September 11th edition of the SHANTUNG HOIN MIN PAO, concerning the reorganization of the Peace Maintenance Corps (保衛團):

"The Shantung Provincial Government considers that the Peace Maintenance Corps (Pao Wei Tuan) in various circuits and districts has done excellent work in maintaining peace and order. With a view to centralizing control over these forces, the Provincial Government, in accordance with the Provisional Regulations Governing the Establishment of District Precautionary Corps issued by the Ministry of Peace Preservation at Peking, is now reorganizing the original Pao Wei Tuan and Police in the various districts into Precautionary Corps. The magistrates will act concurrently as chiefs of the District Corps, while the Taoyin will be in command of all Corps in their respective Pao (道). The new regulations governing the reorganization have been passed by the Provincial Administrative Conference and will be put into effect in the near future. It is prescribed in the Regulations that the number of soldiers in each Corps is to be from 70 to 100, and each district (hsien)

will

793.94/15418

FA

NOV 2 1939

DECLASSIFIED: E.O. 11652, 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 -

will have one or two Corps, depending upon financial conditions and the number of arms available. Young men will be trained for service in the Corps, the duty of which is to preserve peace and to attack the outlaws."

It is reliably reported that the de facto Provincial Government has received instructions from Peiping to prepare barracks in Tsinan to quarter 10,000 troops, presumably Chinese. It is also reported that General Ch'i Hsieh-yuan (齊燮元), the present puppet Minister of Peace Preservation of the Peiping regime, will come to Shantung in October to undertake the preservation of peace and order in this province. The local authorities are now engaged in repairing the old barracks in the southeast suburb of this city, and it is generally believed in Chinese circles that the policing of Shantung will shortly be entrusted to what has been termed "counter guerrilla forces", for a discussion of the possibilities of which 1/ reference is made to the enclosed article which appeared in the July 11th issue of THE PEKING CHRONICLE, particularly to the statement contained therein to the effect that "as native armies have battled against each other in the past, they can do so again..... The counter guerrilla can be as dangerous to the Kuomintang as the guerrilla is irritating to the Japanese and their Chinese allies."

However, even if this transfer of responsibility for the maintenance of peace and order in this province actually takes place, the Japanese are not likely to relinquish direct control of strategic points in Shantung in the near future, if ever.<sup>1</sup> But there can be no doubt that every effort is now being made to reduce to an absolute minimum the Japanese forces in Shantung, possibly for the

reasons

1. See Consulate's Monthly Political Report for August 1939, page 5, concerning disloyalty of Chinese proteges.

DECLASSIFIED: E.O. 11652, 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 -

reasons that

- (1) They are more urgently needed elsewhere and/or
- (2) that<sup>1</sup> "the necessity of stationing small Japanese garrisons throughout the countryside to maintain peace and order is proving a great handicap to the realization of true Sino-Japanese friendship, hence the desirability of replacing Japanese troops with Chinese police or militia, particularly in the rural districts, with the least practicable delay."<sup>2</sup>

In this connection, the following excerpts from previous reports submitted by this office are also believed pertinent:

"The Consulate understands from the Japanese 'Adviser' to the Governor that the above-named towns (i.e., certain towns in northeastern Shantung captured by the Japanese in January) will be garrisoned by Japanese troops until such time as local militia can be recruited, trained and equipped to maintain law and order, to cover the expense of which a tax of Chinese \$8,000 is being levied on each hsien (or county)".-- Consulate's Monthly Political Report for January 1939, page 3.

"An 'Anti-Communist Volunteer Corps' was organized, under the auspices of the Commander of the Japanese Precautionary Forces, in February, and members thereof were stationed in the smaller villages and hamlets in the vicinity of Tsinan not actually garrisoned by Japanese troops. They were likewise observed on duty along the Tsingtao-Tsinan Railway between Changtien and Tsinan ..... To make up this 'Corps' each hamlet is required to furnish at least four men, or Chinese \$200 to pay hired substitutes."--Consulate's Monthly Political Report for February 1939, page 5.

"The Provincial Government has intensified its efforts towards the rehabilitation of hsien (or district) government in occupied territory. Special appropriations for this project will be granted from February through June by the Provisional Government at Peiping .... Appropriations for February are said to have been received during the first week in March and to have been distributed by the provincial authorities among 34 hsien (or districts) according to their particular needs in connection with the establishment of police bureaux, volunteer corps, defense corps, etc."--Consulate's despatch to the Embassy no. 57 of March 24, 1939, file 801.

Respectfully

1. See Consulate's Monthly Political Report for May 1939, in which was reported (page 4) a conversation with a Japanese official.
2. See also Consulate's despatch no. 111 of July 10, 1939, file 800, concerning mistreatment of Chinese people by Japanese military.



DECLASSIFIED: E.O. 11652, 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 -

Respectfully yours,

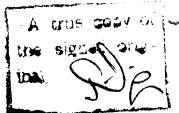
Carl O. Hawthorne,  
American Vice Consul.

Enclosure:

1. Copy of article entitled "Counter Guerrillas."

800/810.5  
COH:HTC/KCC

Original to Embassy, Peiping,  
5 copies to Department,  
Copy to Embassy, Chungking,  
Copies to Consulates, Tsingtao and 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

Enclosure no. 1 to despatch no. 152, dated September 13, 1939, from Carl O. Hawthorne, American Vice Consul at Tainan, China, on subject of "MAINTENANCE OF PEACE AND ORDER IN SHANTUNG."

SOURCE:

THE PEKING CHRONICLE,  
 July 11, 1939.

COUNTER GUERRILLAS

Under the heading of The Nature of Guerrilla Warfare an article is contributed to the June issue of Pacific Affairs, organ of the Institute of Pacific Relations. The author is R. Ernest Dupuy of West Point Military Academy. The military observer deals with the war in China and is largely historical. He says the Chinese armies were foredoomed as a result of generations of military and industrial unpreparedness, although it was shown, as in the days of Frederick Townsend Ward and "Chinese" Gordon, that the Chinese soldiers, "given leadership of sorts, and partial training, can fight." Japan now faces the secondary stage, the pacification of occupied territory.

A great deal of research is evident in the survey. He speaks of the South African War and Oom Paul Kruger's declaration, after the surrender of Kronje at Paardeburg and the relief of Ladysmith, that "the real war will begin now!" Comparisons are drawn, even by wishful thinkers, says the author, between China's present position and that of the Thirteen Colonies during the American Revolution. And he goes on: "Before taking up other historical examples it may be well to point out certain essential factors in the final success of the American Revolution which are entirely lacking in China today. These factors are three: the influence of allied sea power (French); the assistance of allied regular troops (French); and the unpopularity of the war among the enemy people (England)."

Here are some cogent observations, and in regarding them it is important to consider that the author is a Major in the Field Artillery, co-author of If War Comes, now apparently on the staff of the United States Military Academy.

The Spy and conspirator take part in all classes of warfare. The rebel is called a rebel when the opponent claims military jurisdiction by virtue of occupation or other cause. Given Eastern Chinese puppet governments, both those in process of formation and those now set up, we find the Chiang Kai-shih Government becoming in Japanese eyes a rebel administration, and this is pertinent. Examples in the past are the Chouan and Vendée operations of the French Revolution."

He

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 -

He traces the marauder, brigand, bandit and robber class in such classic examples as the Cowboys and Skinners of the American Revolution and the Hunghutze of China in more recent times. The course of the fighting in Siberia during the Russian Revolution is traced, with some complimentary references to Semenov, Kalmykov and Annenkov, and he observes that the transition of Siberia from White to Red appears to be the sole instance of final success of guerrilla operations unassisted by regular tactical movement of trained troops. The case of Lawrence of Arabia is quoted, the Peninsular War, Franco-Prussian War, Boer War and other instances examined. He refers to the main idea of the Kuomintang, to use guerrillas as a hampering screen behind which a regular efficient army may be reconstructed, and concludes:

The result in the long run depends not on mechanization, motorization, airplane or tank, but on the power and weakness, the fortitude and fears, of the human mind, the human body, and the human heart. Too much should not be expected of the zealot, the patriot and the "valor of ignorance." The lesson of military history is that the disciplined, trained professional soldier has always had an advantage over the amateur.

He then sees the result as depending on whether the guerrillas can hold out long enough for a new trained professional army to be formed behind them.

The Editor of Pacific Affairs had shown advance proofs of the manuscript to two men with experience in China. One was Capt. Avan F. Carlson, former United States Naval Attaché, now retired, who visited the guerrillas, and Haldore Hanson, former Associated Press correspondent in North China, who made a tour behind the Japanese lines in Hopei province. Their remarks are naturally sympathetic to the guerrillas because supporting their original contentions.

In the learned article by Major Dupuy and in the two commenting letters, no mention whatever is made of a factor which is bound to have immense importance in this struggle, and that is the attitude of the Chinese people themselves, and in the building up of what may be termed "counter guerrilla forces." The continued successful existence and expansion of what Major Dupuy is pleased to term "puppet governments" (probably to please certain elements of his readers), such as at Peking and Nanking, and the proceedings now going on at Tsingtao to formulate the new central government are bound to be accompanied by a very large-scale raising of important native armies over which they can exercise control in civil warfare against the Kuomintang party and its uniformed or guerrilla forces. Without reference to these there can be no correct appreciation of the situation. As native armies have battled against each other in the past, they can do so again. Evidently thinking along this line Prince Konoye now refers to the condition in China as a "civil war." The counter guerrilla can be as dangerous to the Kuomintang as the guerrilla is irritating to the Japanese and their Chinese allies.

\*\*\*\*\*

0284

DECLASSIFIED: E.O. 11652, 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 25, 1939.

Tsinan's despatch no. 155 of September 16 reports that the anti-British posters displayed in the Tsinan area were removed; that, although other features of the anti-British campaign were being continued, it was generally believed that the movement would "die a natural, if gradual, death".

793.94/15419

*BS*  
FE:Chase:JPS

DECLASSIFIED: E.O. 11652, 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. 15b.

7  
RECEIVED  
DEPARTMENT OF STATE AMERICAN CONSULATE,

1939 OCT 16 PM 4 Tainan, China, September 16, 1939.

DIVISION OF  
COMMUNICATIONS  
AND RECORDS  
SUBJECT: ANTI-BRITISH POSTERS REMOVED.

Division of  
FAR EASTERN AFFAIRS  
OCT 17 1939

793.94  
The Honorable  
Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

With reference to the Consulate's despatch no. 148 of September 5, 1939, and to previous despatches concerning local anti-British activities, I have the honor to report that, allegedly by order of the Japanese military and apropos of Prince Konoye's recent visit to Tainan, anti-British posters, with which many shops and walls had been covered, have been removed.

Paradoxically, however, the local Anti-British Committee continues to hold frequent meetings (one of which, on September 10th, Chinese employees of Britons and British firms were requested to attend "for the discussion of relief measures in connection with the resignation of such employees"), and to carry on anti-British propaganda through the vernacular press. Nevertheless, it is the consensus of opinion that the anti-British campaign has reached its zenith and that it will

793.94/15419

FA

NOV

NOV 11

1939

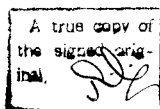
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
 Department of State letter, August 10, 1972  
 By Milton D. Gustafson NARS, Date 12-18-75

- 2 -

now be allowed to decline, or, as a Reuter report recently put it, "to die a natural, if gradual death." Meanwhile, no business in British goods is possible, though the Yee Tsong Tobacco Distributors is hopeful of being able to resume sales of cigarettes in the near future.

Both of the Chinese employed by the British Consulate have resigned as a result of the threats to their personal safety reported in the Consulate's despatch under reference and the British Consulate here is being guarded by armed Chinese police. An unfortunate incident growing out of the intimidation of Mr. Tsiang Liang-chun (蔣良鈞), Writer at the British Consulate, and the persecution of his wife during his absence in Tsingtao, was Mrs. Tsiang's attempt to commit suicide by jumping into a well, from which she was rescued. A few days previously she had sought refuge in this Consulate but was advised that, in the opinion of this office, she would be quite safe with relatives who reside in Tainan. Mrs. Tsiang is an educated lady of Mandarin descent.

Respectfully yours,



Carl C. Hawthorne,  
 American Vice Consul.

800/820.02  
 COH/KCC

Original to Embassy, Peiping,  
 5 copies to Department,  
 Copy to Embassy, Chungking,  
 Copy to Consulate, Tsingtao.

1288

DECLASSIFIED: E.O. 11652, 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 25, 1939

Canton's despatch no. 33 of September 19, on banditry, states that the areas of Kwangtung invaded by Japanese forces - especially the outlying districts and villages - have suffered greatly from banditry which spread rapidly as a result of the large quantities of small arms previously distributed among the bandits by the Chinese authorities, the flight of the provincial law enforcement agencies, the failure of the Japanese to assist the local authorities in maintaining order, the lack of food and ordinary means of livelihood, et cetera (interesting example cited on page 3); that "it is perhaps fair to say that a condition approaching anarchy has prevailed in wide areas"; that the Japanese, while having managed recently to improve matters slightly by subsidizing bandit gangs and organizing self-defense corps are "too few in number and too much concerned with conducting hostilities against Chinese forces and guerrillas to engage effectively in the proper policing of the occupied area"; that banditry is not serious in Chinese-controlled territory; that the Chinese commanders are nevertheless concerned over banditry in the Japanese-occupied areas as it hinders effective guerrilla warfare; that the newly appointed commander in chief of all guerrilla forces in the occupied areas of Kwangtung is trying to remedy the situation; that, despite some progress in recent months, banditry still "constitutes a very serious problem throughout most of the occupied areas".

FE:Chase

7283

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

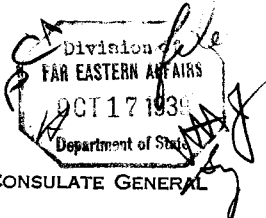
NO. -- RECEIVED  
DEPARTMENT OF STATE  
THE FOREIGN SERVICE  
OF THE  
UNITED STATES OF AMERICA

1939 OCT 16 PM 4 51

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

AMERICAN CONSULATE GENERAL

Canton, China, September 19, 1939.



CA  
Am/c

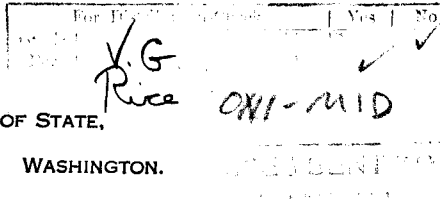
SUBJECT: Banditry in the Occupied Area of  
Kwangtung Province.

793.9-  
m/c  
893-109

THE HONORABLE

THE SECRETARY OF STATE,

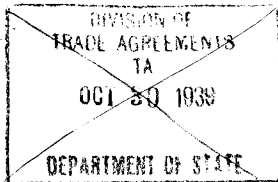
WASHINGTON.



SIR:

1/- I have the honor to enclose herewith copy of  
despatch no. 33 dated September 19, 1939, to the  
Embassy at Peiping on the subject "Banditry in the  
Occupied Area of Kwangtung Province."

82L



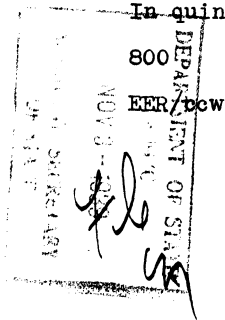
Respectfully yours,

*M. S. Myers*  
M. S. Myers,  
American Consul General.

Enclosure:

1/- Copy of despatch no. 33 dated Sept. 19, 1939.

In quintuplicate.



NOV 8 1939  
FILED

793.94/15420

FA



029

DECLASSIFIED: E.O. 11652, 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. 33

September 19, 1939.

SUBJECT: Banditry in the Occupied Area  
of Kwangtung Province.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to my despatch no. 18 of June 5, 1939, entitled "Developments in Guerrilla Warfare in Japanese Occupied Areas", and supplementary thereto to report on banditry in the occupied area of Kwangtung province.

Subsequent to July 7, 1937, the Kwangtung provincial authorities formulated and carried out certain military preparations which were reported to have included the training of eight hundred thousand men for provincial and local self-defence and guerrilla warfare. Evidently distrusting the radicalism considered to be typical of the skilled political propagandist, Yu Han-mou and other conservative Kwangtung officials failed to provide adequate political training for the local self-defence corps during at least the first year of hostilities. Perhaps this fact partially explains the lack of patriotism and of a sense of responsibility which later characterized the actions of large numbers of these men.

Members

DECLASSIFIED: E.O. 11652, 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 -

Members of the local self-defence corps were encouraged to provide their own weapons, and it was claimed by Chinese officials that at the beginning of Sino-Japanese hostilities the people of the province already possessed an estimated five hundred thousand rifles and some machine guns. These weapons had been acquired for village defence, for settling interclan disputes, and for carrying on banditry. The provincial authorities were reported, subsequent to the outbreak of hostilities, to have distributed several hundred thousands of additional rifles and to have encouraged the private acquisition of arms.

Beginning in October, 1938, a portion of Kwangtung province was penetrated by Japanese forces. In many localities where they met with no resistance, the Japanese interfered but little with town and village law enforcement agencies, which continued activities aimed at protecting the local populace from lawless elements. However, this invasion resulted in the withdrawal from the penetrated area of provincial law enforcement agencies. The field was thus opened for lawless elements of one locality to attempt to prey on neighboring areas, and on travelers.

Towns and villages which resisted the Japanese advance or which harbored guerrillas were, in numerous cases, punished by having grain stores and buildings fired, weapons confiscated and numbers of inhabitants executed. Upon the completion of such operations, Japanese forces were frequently withdrawn leaving disorganized and unprotected communities.

With trade disrupted, foodstuffs requisitioned or

destroyed

DECLASSIFIED: E.O. 11652, 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 -

destroyed and local industry stagnant, large numbers of men, faced with the alternatives of lawlessness or starvation, swelled the ranks of the professional and occasional bandits. Soon bands of as many as a thousand and more men were forcing their way into towns and villages, plundering them of portable valuables, seizing and holding people for ransom, and then leaving the places entirely demoralized and at the mercy of other lawless elements.

In illustration of conditions which followed Japanese occupation, happenings in the town of Kwanshan (官山) in Nanhai (南海) District, as related by a foreign observer, may be given. Kwanshan is a market town surrounded by approximately 25 villages, some of which have, in the past, been notorious for banditry. Many people in the area are normally engaged in the production of silk, but the silk trade was disrupted by the Japanese invasion, leaving many people without means of livelihood. Japanese forces captured Kwanshan early in December, 1938, and subsequently withdrew. The local elders hired approximately 30 guards for the maintenance of order, and for some time conditions remained peaceful. On May 10, 1939, a band of approximately 1,000 bandits, armed with rifles, machine guns, and a cannon, attacked the town and overpowered its guards. They looted a rice mill and the local pawnshop, and subsequently withdrew. Other robber bands, from the surrounding villages, now found it easy to prey on the town and for days it was looted by gangs who broke into shops and homes. When the foreign observer left Kwanshan in June, looters had removed virtually everything else of value and were taking away the timbers

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

- 4 -

of houses, while the owners stood helplessly by.

Such conditions are not, of course, universal in the occupied area. Places permanently garrisoned by Japanese troops, especially the larger towns, have enjoyed relative freedom from the depredations of lawless Chinese elements, especially in the daytime. Some towns and villages, permitted by the Japanese to retain sufficient arms, have succeeded in protecting themselves. However, it is perhaps fair to say that a condition approaching anarchy has prevailed in wide areas.

It is believed that the problem of widespread lawlessness described above is viewed with concern by responsible authorities, both Japanese and Chinese. The Japanese have reached understandings with a number of the larger gangs of bandits. The bandits have in some cases been subsidized to preserve order, i.e., to behave themselves, and in other cases have been reorganized into corps of puppet soldiers usually known as Pacification Armies (綏靖軍) or Pacification Corps (安民挺身隊). The Japanese have also encouraged numerous towns and villages to maintain local self-defence guards (自衛團). It is reported, on fairly good authority, that the self-defence guards of the town of Shikiu (市橋), in Fanyü (番禺) district, fearing that the town might be bombed or otherwise destroyed if any of the Japanese troops were killed, have protested from guerrillas the small Japanese garrison maintained there.

The Japanese troops are, at present, too few in number and too much concerned with conducting hostilities against

Chinese

DECLASSIFIED: E.O. 11652, 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 -

Chinese forces and guerrillas to engage effectively in the proper policing of the occupied area. Small Japanese garrisons in key points generally retire behind their barricades at night, when bandits can usually carry on their activities unmolested. The victims of bandit raids sometimes blow whistles and beat gongs, or attempt in other ways to call nearby Japanese soldiers to their assistance. However, the Japanese, fearing that they may be lured into a trap, usually do not dare to venture out at such times. As an instance, the experience of members of the New Zealand Presbyterian Mission at Kongchuen, about ten miles north of Canton, may be related. On the night of April 10, 1939, a band of armed robbers carried out a raid on the mission compound, during which they shot and killed Dr. Owen Eaton, of the mission's staff. A Japanese patrol stationed about 200 yards away failed to come to the mission's assistance, although about twenty shots were fired during the raid. The Japanese claimed, it is understood, that they did not hear the shots.

Banditry does not, according to competent observers, constitute a serious problem in those parts of this consular district which are within the Chinese lines. Nevertheless, banditry in occupied areas concerns the Chinese commanders because it embarrasses the conduct of guerrilla warfare. It has been claimed that some robbery by guerrilla bands has been necessary to enable them to survive. However, some units virtually abandoned guerrilla activities in favor of robbing and looting. Banditry, whether conducted by irregulars or by ordinary robber bands, has endangered the

broad

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

- 6 -

broad base of support among the common people of the occupied area on which the success of irregular warfare so largely depends. There have been instances of villagers fighting, or informing against, guerrilla units which prey on them instead of furnishing the guerrillas with information and other aid. The activities of ordinary bandits engender suspicion of all armed Chinese bands and impoverish the countryside on which irregular forces depend for supplies.

During June, 1939, General Heung Hon-ping (香翰屏) was appointed Commander-in-Chief of all guerrilla forces in the occupied area of Kwangtung and was ordered to re-organize these forces. Of late guerrilla units have, according to reports, increasingly abandoned robbery and secured necessary funds through the levying of tolls on goods passing through their respective districts.

Indications are that conditions have improved somewhat within the last three months. It remains true, however, that banditry is widespread and constitutes a very serious problem throughout most of the occupied area.

Respectfully yours,

M. S. Myers,  
 American Consul General.

Original and 1 copy to Embassy, Peiping.  
 One copy to Embassy, Chungking.  
 5 copies to Department.

800

EER/eb

0296

DECLASSIFIED: E.O. 11652, 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 X  
CONFIDENTIAL CODE  
PARTIAL  
PLAIN  
"Br"

Washington, NAVAL RADIO  
October 20, 1939.

AMEMBASSY,

CHUNGKING (CHINA). *via n R*

This cable should be sent  
It should be sent  
before

203

FOR THE AMBASSADOR.

We have read with special interest your 557, October 17, noon. An interpretive summing-up of the situation is very helpful to us here and I hope that you will when appropriate take further occasion from time to time to let us have in similar form the benefit of your observance of the general situation.

I suggest that you may wish to ask the Counselors at Shanghai and Peiping, with reference to your telegram, to send to the Department similar occasional comment on the general situation from their respective points of view when circumstances indicate to them the apparent advisability of so doing.

Sent to Chungking only.

793.94/15421

FA

100T 20 1939 PM  
793.94/15421

*Stull*  
*(Rm)*

FE:GA:HES  
Enciphered by  
Sent by operator M., 19  
PA/H  
*at least*

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

15751 ~~FE~~

# TELEGRAM RECEIVED

JR

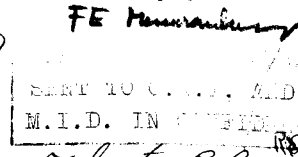
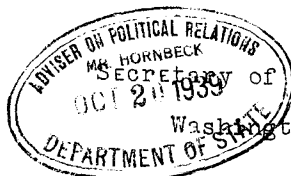
This telegram must be closely paraphrased before being communicated to anyone. (br)

FROM

Chungking via N. R.

Dated October 17, 1939

Rec'd 7:30 a.m.



Secretary of State,  
Washington.

557, October 17, noon.

One. Since my 493, August 13, 9 a.m.; and 520,

September 6, 10 a.m., there have been developments which lead me to the conviction that the Japanese position in China is materially deteriorating.

Two. Japan has since the beginning of spring of this year suffered the following defeats and disasters:

(a) Japanese military failed in efforts to invade Shansi having suffered military defeats at the hands of Chinese forces Shansi, southern Honan and northern Hupeh.

(b) Japanese forces were severely defeated by Russo-Mongolian forces at the Nomonhan. This defeat compelled the Japanese to withdraw forces from northern China and to move new troops into Manchuria to reinforce their position in Manchuria against the Russian threat.

(END SECTION ONE)

JOHNSON

WWC:HTM

OCT 25 1939



793.94/15421

FA

793.94

15306

Rel. to Chungking  
Oct. 21



7298

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

15752

## TELEGRAM RECEIVED

EDA

This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone (BR)

CHUNGKING VIA N.R.

FROM

Dated October 17, 1939

Received 7:30 a.m.

Secretary of State

Washington

557, October 17, noon. (SECTION TWO)

(c) Floods in the province of Hopei have brought devastation to the principal area from which the Japanese military expected returns from their military investment in China. So serious is the situation in that province that a new crop can hardly be expected until 1941. This means that the coming winter and next summer will see serious famine conditions throughout that area with banditry rife and trade stagnant.

(d) The conclusion of the Russo-German nonaggression pact was a severe blow to the prestige at home of the Japanese military who have controlled Japanese foreign policy since 1931. The resultant enhancement of the prestige of Moscow and Russian successful extension of influence into Poland and the Baltic States has presented Japan with a Russian government with revived interest in restoration of its position in eastern Asia.

(END SECTION TWO).

JOHNSON

WWC:RR

7296  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Quelefen NARS, Date 12-18-75

15753  
**TELEGRAM RECEIVED**

JR

1-1336

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

FROM

10 1 1 0 0 0  
Chungking via N. R.

Dated October 17, 1939

Rec'd 8:30 a.m.

Secretary of State,  
Washington.

557, October 17, noon. (SECTION THREE)

(e) The denunciation of the Japanese-American  
commercial treaty further damaged the prestige of Japanese  
military control of Japan's foreign relations as the  
Japanese began to appreciate the fact that this action on  
the part of Japan's chief customer was the result of  
Japanese handling of the situation in China.

(f) The outbreak of war in Europe has shut Japan  
off from European markets, particularly Germany. The contin-  
uance of warfare in China and continued delay in settlement  
of the "China Incident" with its drain upon Japan's  
financial position and industry makes it difficult for  
Japanese industry to enjoy the commercial benefits in  
markets hitherto dependent on European industry.

(END SECTION THREE)

JOHNSON

KLP

15154

## TELEGRAM RECEIVED

JR

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

FROM

Chungking via N. R.

Dated October 17, 1939

AMEMBASSY PEIPING  
AMCONSUL SHANGHAI

Rec'd 8:34 a.m.

Secretary of State,

Washington.

557, October 17, noon. (SECTION FOUR)

(g) The Japanese military after jeopardizing an  
expensive expeditionary force for the purpose of invading  
Hunan and occupying Changsha have suffered a SEVERE REVERSE  
at the hands of the Chinese troops. There seems to be no  
doubt that the occupation of Changsha, apparently considered  
an easy matter, was intended to signalize the setting up  
of a unified Chinese Government at Nanking under Wang  
Ching Wei and General Nishio. The Japanese Army in China  
must now make another effort in order to restore the  
moral of their forces or abandon that plan. Their failure  
in Hunan accentuated the (h) collapse of plans to  
inaugurate the unified regime at Nanking and thus lay  
the basis for a face-saving arrangement between Japan and  
the Wang Ching Wei regime which could be presented to the  
public in Japan as the settlement of the "China Incident".  
END OF SECTION FOUR.

JOHNSON

DDM

030

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

5755

## TELEGRAM RECEIVED

1-1336

FROM

EDA

This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone (BR)

CHUNGKING VIA N.R.

Dated October 17, 1939

Received 8:20 a.m.

Secretary of State

Washington

557, October 17, noon (SECTION FIVE).

(i) Still unexplained is the decision by the Japanese military to retire from Chungshan to initiate the successful and expensive occupation of Shensi. Chungshan, unless the forces thus withdrawn are for the purpose of assisting in the rehabilitation of the situation arising out of the Hunan defeat.

(j) The collapse of the plan for the setting up of unified regime in Nanking carried with it plans for the unification of Japanese controlled currency in the occupied areas.

Three. Chinese national morale has been buoyed up by these series of Japanese disasters. Chinese determination to continue the struggle confident of their ultimate ability to defeat the Japanese military has increased.

(END SECTION FIVE).

JOHNSON

RR:DDM

130  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15755  
**TELEGRAM RECEIVED**

FS  
This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (A)

**FROM** Chungking via N. R.  
Dated October 17, 1939  
Rec'd 10:54 a.m.

Secretary of State,  
Washington.

557, October 17, noon (SECTION SIX).

Four. To me at this distance from Tokyo and contem-  
plating fallacies purely from the Chinese angle (and with  
all due deference to better informed opinion in Tokyo) it  
appears that the recent revolt in the Japanese Foreign Office  
is symptomatic of the civilian revolt that has been growing  
internally in Japan against military domination of Japan's  
foreign relations, a domination that has isolated Japan (?)  
Japan's best markets and impoverished her to the point where  
she can hardly hope to recover ground thus lost. The com-  
ing winter may be expected to see Japanese policy turned to  
appeasement in fields where she has been truculently confi-  
dent of ultimate military success. It is my conviction  
that Japan has reached the peak of her military effort in  
China and that deterioration has begun.

Repeated to Peiping, Shanghai. Shanghai please repeat  
to Tokyo.

(END OF MESSAGE)

RR:WWC

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

Confidential

5/57  
 UNCLASSIFIED

PARAPHRASE

A telegram (no. 557) of October 17, 1939, from the American Ambassador at Chungking reads substantially as follows:

The Ambassador is convinced, as the result of developments which have taken place during the past two months, that substantial deterioration is taking place in the position of Japan in China. Since the beginning of the spring of 1939 Japan has suffered disasters and defeats as follows:

(a) On the Nomonhan front, Soviet and Mongolian forces administered to the Japanese forces a severe defeat which made it necessary for the Japanese to withdraw troops from north China and to bring new troops into Manchuria in order to strengthen the Japanese position in Manchuria against the threat from Russia.

(b) After being defeated by Chinese forces in Shansi, northern Hupeh, and southern Honan, the Japanese army failed in its attempts to invade Shensi Province.

(c) Chinese troops administered a severe defeat to the Japanese military after the latter had jeopardized an expensive expeditionary force in order to invade Hunan Province and occupy Changsha. Apparently the occupation of Changsha was regarded as easy of

accomplishment

793.94/15421

DECLASSIFIED: E.O. 11652, 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-

accomplishment and it appears certain that the plan was that the occupation of this city was to signal the establishment at Nanking of a unified Chinese Government under Wang Ching-wei and General Nishio. That plan must be given up or the Japanese military in China must now make a further effort in order to restore their forces' morale.

(d) The decision of the Japanese military to withdraw from Chungshan after beginning (?) the expensive and successful occupation of Shekki is unexplained as yet unless the forces withdrawn from Chungshan are to be used to aid in rehabilitating the situation growing out of the defeat in Hunan Province.

(e) The failure of the Japanese in Hunan has emphasized the breakdown of plans to commence the unified régime at Nanking and in this way to provide the basis for a face-saving arrangement between the régime of Wang Ching-wei and the Japanese Government -- an arrangement which could be submitted to the Japanese people as a settlement of the so-called China incident.

(f) Plans for the unification of Japanese-controlled currency in the areas occupied by the Japanese were included in the failure of the plan for inaugurating in Nanking a unified régime.

(g) Since 1931 Japan's foreign policy has been controlled by the Japanese military and their prestige suffered

DECLASSIFIED: E.O. 11652, 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-

CONFIDENTIAL

suffered a severe blow from the conclusion of a non-aggression pact between the Soviet Union and Germany. The successful extension of Soviet influence into Poland and the Baltic states and the enhancement of Moscow's prestige resulting from this pact have presented the Japanese with a Soviet Government whose interest in restoring the Russian position in eastern Asia has been revived.

(h) The prestige of Japanese military control of the foreign relations of Japan was dealt a further blow by the denunciation of the Commercial Treaty of 1911 between the United States and Japan as the Japanese began to realize that Japan's handling of the China situation was the cause of this action by the United States (Japan's best customer).

(i) Japan has been shut off from European markets, especially those of Germany, as a result of the war in Europe. On account of continued hostilities in China and continued delay in settling the so-called China incident which drains Japan's industry and financial position, it is difficult for industry in Japan to take advantage of the commercial benefits in markets which depended on European industry in the past.

(j) The chief area from which the Japanese military looked for returns from their military investment in  
 China



DECLASSIFIED: E.O. 11652, 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-

China has been devastated by the floods in Hopei Province. The situation there is so grave that it can hardly be expected that there will be a new crop before 1941 which means that during the winter of 1939-40 and the summer of 1940 serious famine conditions will exist in that region accompanied by trade stagnation and a prevalence of banditry.

The above-mentioned series of Japanese disasters has buoyed up the national morale and there has been an increase in determination on the part of the Chinese to go on with the struggle confident that ultimately they will be able to defeat the Japanese military.

With all due regard for the better informed opinion in Tokyo and although he is at some distance from that city and is looking at fallacies entirely from the Chinese angle, the Ambassador looks upon the revolt which occurred recently among officials of the Japanese Foreign Office as indicative of the civilian revolt which has been developing internally in Japan against control by the military of the foreign relations of Japan - a control which has shut Japan off from her best markets and has made the country so poor that recovery of the ground thus lost can hardly be looked for. The Ambassador feels certain that Japan has reached the zenith of her military effort in China and that deterioration has started. It may be anticipated that during the coming winter Japanese policy

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

-5-

policy will be one of appeasement in fields where the  
Japanese have exhibited truculent confidence of final  
military success.

793.94/15421

egc  
FE:EGC:HJN  
10/19

HFE

0308

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. 19.

AMERICAN CONSULATE GENERAL

Hankow, China, August 31, 1939.

DEPARTMENT OF STATE

1939 OCT 17 AM 11 13

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

Subject: Conditions at Kiukiang.

The Honorable

The Secretary of State,

Washington.

Sir:

G  
Dennis ONI-MID

I have the honor to enclose, for the information  
of the Department, a copy, in quintuplicate, of my  
despatch No. 11 of August 31, 1939, addressed to the  
Embassy, Chungking, concerning the above-mentioned  
subject.

Respectfully yours,

C. J. Spiker  
American Consul General

DEPARTMENT OF STATE  
ASSISTANT SECRETARY  
OF STATE  
NOV 3 - 1939

Enclosure:

Despatch No. 11 to the Embassy at  
Chungking, dated August 31, 1939.

In quintuplicate

800

JD/MYH

NOV 10 1939

RECEIVED

793.94/15422

FA

1305

DECLASSIFIED: E.O. 11652, 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. 11.

AMERICAN CONSULATE GENERAL

Hankow, China, August 31, 1939.

Subject: Conditions at Kiukiang.

The Honorable Nelson Trusler Johnson,  
American Ambassador,  
Chungking.

Sir:

I have the honor to report on conditions at Kiukiang. The memoranda enclosed with accompanying despatches\* cover the subject in some detail. The following paragraphs offer general conclusions and observations.

Conditions in Kiukiang have noticeably improved since February.\*\* The offensive directed at Nanchang, which in February was in the process of preparation has in the meantime been successfully concluded. The adjoining Chinese base on the mountain, Kuling, has been captured. The Japanese, despite their loss of control over much of the hinterland north of the Yangtze, are in a more comfortable position. This is reflected in a generally less tense atmosphere.

"Kiukiang

---

\*Hankow's despatches to the Embassy No. 7, Aug. 31, 1939, Looting of Seventh Day Adventist Chapel, Kiukiang; No. 8, Aug. 31, 1939, Inspection of Andersen, Meyer Property at Kiukiang; No. 9, Aug. 31, 1939, Japanese Occupation of Hsiao Ch'ih K'ou and K'ung Lung Properties of Women's Methodist Episcopal Mission; No. 10, Aug. 31, 1939, Restrictions on Movements of Americans at Kiukiang.

\*\*Hankow's despatch No. 593 of March 9, 1939, Conditions in Kiukiang and Observation on Japanese Military Mentality.

031

DECLASSIFIED: E.O. 11652, 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-

"Kiukiang is a more important military base than Hankow", Mr. Davies was told by a Japanese military source. This fact, despite possible exaggeration, together with a nearly morbid suspicion by the Japanese military authorities of foreigners accounts very largely for continued restrictions on the freedom of movement of Americans, discussed in detail elsewhere.\* The foreign community at Kiukiang has been living a very confined existence. The Japanese authorities have promised to ameliorate their position.


There has been only slight looting of American property since February.

There has been no active anti-foreign campaign launched by the Japanese authorities in Kiukiang.

Retail trade is increasing, mostly in Japanese products. Chinese currency is slowly being driven out by Japanese military notes. Crops in the Kiukiang area are expected to be good. The Chinese population is nevertheless in straightened circumstances because of Japanese exactions and depredations.

The guerrillas have been active in the vicinity of Shaho (沙河) and Hukow (湖口). Land communications between Kiukiang and Nanchang are reportedly interrupted at frequent intervals. The large Chinese forces on the north bank have advanced southward as the Japanese have retrenched.

Respectfully yours,

  
C. J. Spiker  
American Consul General

\*Hankow's despatch No. 10, August 31, 1939.

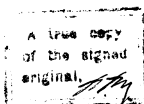
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

-3-

Original to Embassy, Chungking;  
5 copies to the Department;  
Copy to Embassy, Peiping;  
Copy to Embassy, Tokyo;  
Copy to Consulate General, Shanghai.

800

JD/MYH



031

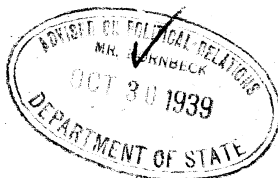
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE *RAH*  
DIVISION OF FAR EASTERN AFFAIRS *fac*  
October 24, 1939. *only*

Marine Intelligence Summaries  
for August.

While none of the items are individually noteworthy, the summaries as a whole derive interest from the frequently recurring items reporting increasing losses, frustration and deterioration of the Japanese Army, particularly in Shansi and the Yangtze Valley.

*BC*  
FE:Chase

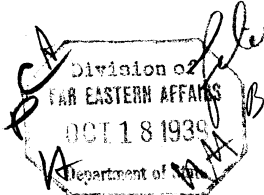


031

DECLASSIFIED: E.O. 11652, 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. 2536

AMERICAN CONSULATE GENERAL,  
Shanghai, China, September 15, 1939.

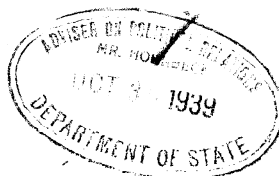


SUBJECT: Intelligence Summaries for August 1939.

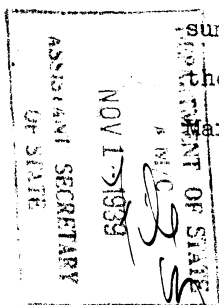
RECEIVED  
DEPARTMENT OF STATE  
OCT 17 1939

1939 OCT 17 PM 2 00

THE HONORABLE  
THE SECRETARY OF STATE,  
WASHINGTON.



I have the honor to refer to my despatch no. 2444  
of August 19, 1939, and to enclose, as of possible  
1/ interest to the Department, copies of intelligence  
summaries for the month of August 1939, prepared by  
the Intelligence Officer of the United States Fourth  
Marines.



Respectfully yours,

C. E. Gauss  
American Consul General

Enclosure:

1/ - Intelligence Summaries for August 1939.

800  
EFS:fc

Single Copy  
Copy to Embassy, Peiping.  
Copy to Embassy, Chungking.

NOV 3 1939  
FILED

793.94 / 15423

FA



0314

DECLASSIFIED: E.O. 11652, 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. 2536

*AM/c*

AMERICAN CONSULATE GENERAL,  
 Shanghai, China, September 15, 1939.

793.94

Division of  
 FAR EASTERN AFFAIRS  
 OCT 18 1939  
 Department of State

M  
 Stanton

SUBJECT: Intelligence Summaries for August 1939.

RECEIVED  
 DEPARTMENT OF STATE  
 OCT 17 1939

THE HONORABLE  
 THE SECRETARY OF STATE,  
 WASHINGTON.

COMMITTEES  
 AND RECORDS

RECEIVED IN RELATION  
 OCT 14 1939  
 DEPARTMENT OF STATE

I have the honor to refer to my despatch no. 2444  
 of August 19, 1939, and to enclose, as of possible  
 1/ interest to the Department, copies of intelligence  
 summaries for the month of August 1939, prepared by  
 the Intelligence Officer of the United States Fourth  
 Marines.

ASSISTANT SECRETARY  
 OF STATE  
 NOV 1 1939

Respectfully yours,

*C. E. Gauss*  
 C. E. Gauss  
 American Consul General

Enclosure:  
 1/ - Intelligence Summaries for August 1939.

800  
 EFS:fc

Single Copy  
 Copy to Embassy, Peiping.  
 Copy to Embassy, Chungking.

NOV 3 1939  
 FILED

793.94 / 15423

FA

DCH/am

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA.

RESTRICTED:

5 August, 1939.

R-2 REPORT, PERIOD 0800 29 JULY, TO 0800 5 AUGUST, 1939:

MILITARY OPERATIONS:

The Japanese claim there is "no vestige of truth" in the reports of the withdrawal of Japanese forces from the Yangtze Valley. Last week this office reported the withdrawal of three to four infantry divisions along with artillery and heavy bombers from the Pukow-Hankow front and this report has since been verified by the French Intelligence Division. The artillery units were transported down the Yangtze and entrained at Pukow and are reported to be moving north on the Tientsin-Pukow Railway. The destination of the infantry units could not be determined.

Although the Japanese forces on the Yangtze Valley front have been considerably weakened and evidence has been accumulating here of a deterioration in the morale of several Japanese units, especially those on the west Hupeh front, the Japanese are again making a bid for control of the southern Honan plains. Reports from the Chinese verify this new attack on southern Honan, which consists of a three column drive. The northern column is reported to be pushing northwestward in the direction of Wakang. The center column left Sinyang and was last reported to have captured Maotsi, northwest of Sinyang. The third column has reported the capture of Tungpeh. The Japanese objective is undoubtedly Nanyang as a preliminary to the capture of Sian. Nanyang throughout Chinese history has been known as the gateway to Sian, and with the capture of Sian, which the Japanese have been attempting for the past eighteen months, the main supply route from Russia would be cut.

1 0316

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

- 2 -

There are some indications that the Japanese will launch extensive attacks on all fronts. The immediate objective being Sian, Ichang and Nanning in Kwangsi province. It is expected that any drive on Nanning will be made through Pakhoi.

AVIATION:

Chungking last night was the target for Japanese planes for the third time this week. Although loss of life has been slight during these raids considerable property damage has been reported. Verified reports from Chungking state that last nights raid damaged both the French and German consulates. It is also reported that the British charge d'Affairs and the British vice-consul narrowly escaped injury when a bomb landed within 100 yards of their shelter. An American newspaperman, Mr. Durdin of the New York Times, had a narrow escape when a "200 lb., demolition bomb" dropped within twenty yards of his home, completely destroying it.

HANOI:

This office has received information from an excellent source that the Hanoi-Yunnanfu Railway is proving totally inadequate to handle the war supplies for China that are piling into Indo-China. The French seem to have changed their earlier view of absolute neutrality, which was adopted after the Japanese capture of Hainan Island, and are now permitting unrestricted transport of war materials through Indo-China. Even with former restrictions removed, however, there is now enough war supplies at Hanoi to keep the Hanoi-Yunnanfu railway working at capacity for the next six months.

WANG CHING WEI:

Wang Ching Wei is reported to have left Shanghai for Canton on July 28th. He has apparently been unsuccessful in his attempt to secure the necessary support from the Reformed Government at Nanking and the Provisional Government at Peking, which would permit him to emerge as the national leader of the proposed new Federal Government. Wang is now believed endeavoring to establish, with the aid of his many friends, a new

-3.-

Japanese dominated South China Government. The Japanese seem undisturbed by the coolness shown to Wang by the North and Central China Puppet Politicians and are confident of his ability in his latest venture.

It is reported that General Doihara's plan for the Government of China in the event of a Japanese victory is to set up four largely autonomous Governments, the Mongolian, North China, Central and South China Governments, all to be nominally under a weak federal Government. Doihara seems to feel that with four separate governments Japan could readily dominate China by playing one off against the other. The necessity of a National Government, although it will be without power, as Japan has no wish to experience another Koumintang, will lie in the International Relations of the "New China."

ANTI-AMERICAN:

The negotiations concerning the slapping of two Americans, Father Blaise and Mr. Smithberger (ex-Marine), on the outskirts of Peking, are still underway. The Japanese Army spokesman declined to comment on the case stating that it will be handled by diplomatic channels.

The Japanese state that while Blaise and Smithberger, accompanied by three Chinese girls, were proceeding along the road, Father Blaise stepped into a Japanese compound to urinate. The slapping started when a Japanese sentry saw Father Blaise urinating near a well in the compound, and Smithberger was in turn slapped when he protested the sentries treatment of Father Blaise.

It is understood here that the Japanese Embassy is willing to apologize for this slapping but that the Army will not permit any apology to be offered for what they believe was a lawful act on the part of the sentry.

- .4. -

ANTI-BRITISH:

Despite the Anglo-Japanese negotiations in Tokyo, violent anti-British activities continue throughout Japanese controlled territory. At Peking thousands of new anti-British posters have been placed in all public places reading, "Down with the banefully encroaching influence of Britain, the spirited people of the Yellow Race will not be the slaves of England." These posters, however, seem to leave the general public unmoved. There has been several fights reported between Japanese and British civilians when the latter attempted to tear down these posters. The Chinese police, during these affairs, look the other way and in no way attempt to interfere. Reports received here yesterday state the present anti-British campaign has gone streamlined and the Peiping anti-British committee has installed on the tower of Tienanmen Gate, near the Forbidden City, an electric sign reading "Down with Britain." Untold hardship is being placed on Britons in the interior who must leave under threat of physical violence and have no means of transportation as the railways being damaged by floods are not in operation. The servants and employees of these Britons fearing the anti-Briton mobs have quit. One British woman died from typhus as a result of these persecutions and two British missionary women were stripped in the presence of a Japanese male at the Japanese lines at Kaifeng.

FLOODS:

The disastrous flood of North China shows no sign of abating. The country side of Peking as far south as Poating (approximately 100 miles) is inundated to an average depth of six feet. In some places, however, whole towns are under water. At Tungchow it is reported that only the city walls and three house tops are visible above water.

The railways are out of commission. The Peking-Tientsin Railway, though under water in places, is the only railway reported not damaged. The Kinhan-Pingsui railway is reported washed out in many places with flood waters preventing repairs. The railway

-.5.-

constructed to Kupeikow last year is a complete wreck, with many miles of track washed away. In many places the built up embankments as well as bridges have been completely destroyed by the flood.

Prices on all foods in Peking are soaring daily, with foodstuffs from the surrounding countryside unable to be brought in as highways are impassable. Pork for the first time in the history of Peking, according to the Chinese press, is unobtainable in public eating places. Prices on the rapidly diminishing supply jumped from thirty four cents to one dollar and twenty cents per catty, in spite of police attempts to prevent profiteering.

SHANGHAI:

The Italian Marines tangled with Japanese-sponsored Chinese terrorists in the Italian Defense Sector on the morning of the third of August at about 0900. An Italian patrol spotted an armed Chinese walking into the premises at 1001 Jesufield Road (Western Area). Italian Headquarters were notified and soon the building was surrounded and the occupants ordered to surrender, which they soon did. 18 Chinese were taken into custody along with as many mausers, 14 hand-grenades and several swords, the whole lot being taken to the Italian billets located at 62 Robison Road.

The arrested Chinese stated that they were members of the "Special Service Corps of the Chung Kuo Kuomintang Anti-Comintern and National Salvation Army," in short, an anti-Chinese Communist organization.

At first the Italian Commander proposed to turn the Chinese over to the Municipal Police but it was not long until this proposition was changed--it was brought to the attention of the Italians that the arrested Chinese were members of a pro-Wang Ching Wei organization supported by Japanese authorities. The object of this organization is to eradicate communist elements and National Government agents opposed to Wang's peace movement and to execute any plan or plot to embarrass the Settlement authorities. To carry out the above aims there are about 230 members.

1320

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

-6.-

Major Fujino, Japanese Gendarmerie, soon made it known to the Italian Commander that as this Chinese organization was sponsored by the Japanese and as the arrest was made in Japanese-occupied territory the detained men should be released immediately. Further, he produced a list of numbers of pistols issued to members of the organization by the Japanese. The numbers corresponded with those held by the Italians.

At this juncture the Italian Forces sought instructions from their Embassy. Negotiations are still going on this morning between the Italians and the Japanese Gendarmerie Commander Colonel Kanaya. The Chinese will probably be released to the Gendarmerie. The Municipal Police have no jurisdiction over the arrested men as the house they were occupying is off the Municipal Roads and in Japanese controlled territory. It is believed that the confiscated arms and grenades will be retained, however.

The S.M.P. firmly believe that this organization is the one which 'ran wild' on Avenue Edward VII on the night of 22 July when attacks were made on several pro-Chinese newspapers. In fact one of the members of this terrorist gang approached a S.M.P. Inspector a few days later and remarked, "what did you think of our show," or words to that effect.

The action taken by the Italian Defense Forces and their Embassy is significant inasmuch as it appears that being pro-Japanese or not they are apparently not going to allow their sector to become Japanese dominated.

  
DONN C. HART

First Lieut. U.S. Marine Corps  
Assistant Regimental Intelligence Officer.

-----

1321

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

DCH/am

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA

RESTRICTED:

12 August, 1939

R-2 REPORT, PERIOD 0800 5 AUGUST, TO 0800 12 AUGUST, 1939:

MILITARY OPERATIONS:

The Japanese Army is believed to be taking severe punishment in its attempt to mop-up southeastern Shansi. Two divisions coming from the northwest arrived in the vicinity of Luan, where they were hopelessly bogged down by the abnormal heavy rains which turned the entire country side into a quagmire. The mechanized transportation upon which the Japanese depended for supplies have been rendered useless by completely washed out roads.

The Japanese Army is faced not only with constant guerrilla attacks which are reported to be seriously decimating their ranks, but with actual starvation. The hills surrounding Luan are crowded with guerrillas that make passage without the aid of their mechanized equipment impossible. No food can be obtained from the local countryside as the Chinese employing the tactics that have permitted them to fight the Japanese to a standstill for the past two years, have removed the entire populace and all the foodstuffs from in front of the advancing Japanese forces.

The latest reports received here state the rains are continuing with the usual summer intensity and there is nothing to indicate that the position of the Japanese will improve in the near future.

AVIATION:

The Japanese efforts to hammer the Chungking Government into submission by repeated aerial bombardments have failed to attain any important results. The Japanese have made twelve raids on the Capital since May, the effect of these indiscriminate attacks have stiffened rather than weakened the Chinese determination to carry the war to a successful conclusion.



AVIATION CONT'D:

It is unlikely that there will ever be a repetition of the horrible mass butchery the air raids inflicted last May. While all unnecessary people have been evacuated from the city, the remaining residents are afforded excellent protection from air raids in the new bomb-proof tunnels drilled in solid rock throughout the city.

The intensification of the Japanese bombing activity of Chinese cities is interpreted here as designed to weaken the Chinese morale, and break down the Chinese stubbornness.

POLITICAL:

The Japanese have embarked on what appears to be a new phase of their operations in China. This new phase as far as can be determined here consists of wrecking British prestige, undermining the Chinese currency and endeavoring, by means of peace publications through the Japanese controlled Chinese Press, to enlist influential Chinese support for the impending inauguration of the new Central Government. While it is known that several of the leading Puppet Officials are in more or less constant indirect liaison with the Chungking Government, and we have reliable reports of one unofficial attempt now in progress to mediate some of the outstanding differences between the two warring parties, there is no reason to believe that these tactics will produce any important results. For, with the Japanese Army bogged down on a two thousand mile front and spread so thin that they are showing definite signs of deterioration, Chinese optimism is increasing daily. The Japanese Army, to make matters worse, are unwilling to offer terms sufficiently reasonable to have any chance of Chinese acceptance by Chiang Kai-shek.

DECLASSIFIED: E.O. 11652, 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 -

POLITICAL CONT'D:

The Japanese, however, have apparently tossed pride to the winds in their attempts to cajole Chinese leaders to come over to the Japanese side. The Japanese controlled newspapers in the occupied area, especially in Peiping, have prominently displayed the Puppet Government's offer to guarantee the personal safety of such Chinese leaders who might wish to change allegiance. Along with this guarantee of personal safety goes a promise of good jobs and the restoration of the family fortunes and property rights of those officials who are willing to abandon Chungking.

These inducements are having no visible effect as the Japanese have failed to enlist the aid of even one notable political personage since Wang Ching Wei's desertion of the Chungking Government eight months ago.

The so-called "morale busting" campaign of the Japanese Army, which included the intensive bombing of Chungking might have had some effect on weaker Chungking officials had not the American Government's denunciation of the Japanese Trade Treaty and reports of a 150 million dollar munitions credit from Soviet Russia sent a wave of jubilation over unoccupied China which has done more to stimulate Chinese morale than any event since 1937.

The rumors of Russia's credit offer to China lacks official confirmation, but reports received here indicate there is some basis of truth in the Chinese claim. It is understood that Russia is waiting to see the result of the Anglo-Japanese conference at Tokyo, where the true strength or weakness of Britain's policy in the Orient will be revealed. Should Britain capitulate to Japan and give unstinted economic cooperation to Japanese controlled North China, which is the real goal of Japanese pressure, The Russian credit plans for China would probably never materialize.

- 4 -

WANG CHING WEI:

Wang Ching Wei is reported to have been promised 1,500,000 Yen by the Japanese to hold a "National Party Congress" ( a hoped for coalition of leaders from both the Chungking and Puppet Governments) designed to pave the way to peace and a new Government. Of this sum Mr. Wang is understood to have already received 500,000 Yen from the Yokohama Specie Bank.

As far as can be determined here there has been no set date for the "Congress" to meet but it will probably be sometime in September. It is further reported that it is the desire of both the Japanese and Wang's supporters to hold the "Congress" somewhere outside of the Japanese occupied areas in "Free China". Wang has high hopes that arrangements can be made with southwest militarists to hold the conference in Yunnanfu. If this can be arranged it will be the greatest blow the Chungking Government has yet experienced. While on the other hand if it is held in the occupied territory it is believed the Chinese will dismiss it as a strictly puppet affair and it is doubtful if any officials from Chungking could be persuaded to attend.

It seems that Wang Ching Wei is going to the "Congress" armed with a pact by which the Japanese agree, that with the formation of a Wang Ching Wei Central Government, the Nanking Reformed Government and the Provisional Government at Peiping will be abolished. (this may be the reason behind Wang Keh Min, former head of the Provisional Government, quitting this week). Other provisions of the pact include the promise that the old Chinese National Flag can be used and that on Mr. Wang's request the Japanese troops will be withdrawn from the occupied areas except Inner Mongolia where they will remain as a bulwark against communism. The provision providing for the withdrawal of Japanese troops is considered a matter of face saving alone, for any Government set up by the Japanese would need the Japanese troops for a long time to come to keep from being promptly liquidated.

1325

DECLASSIFIED: E.O. 11652, 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 -

WANG CHING WEI CONT'D:

The Chinese end of the bargain is reported to consist of complete acceptance of the Hirota 1935 plan which was rejected by General Chiang Kai-shek at Nanking. This plan called for cooperation between Japan, China and Manchukuo, suppression of anti-Japanese activities in China and joint measures for the prevention of the spread of Communism.

Nothing, however, has been mentioned on such points as Japanese "Cooperative Ownership" (Which is virtual confiscation) of Chinese mills and other industrial enterprises, Japanese trade monopolies, Japanese control of communications, dictation by Japanese of prices to be paid Chinese for raw materials or the use of Japanese military or sponsored notes in payment of these **raw materials** or even of the Japanese sponsored gambling and narcotic establishments. It is for these reasons, <sup>known</sup> as Japan's "New Vested Interests in China," that Wang's Government could only exist in the presence of the Japanese Army.

ANTI-FOREIGN:

We have reliable reports that the Chinese and Japanese leaders of the anti-British movement are planning a big meeting to be held in Tientsin on August 14th. This meet has been called to discuss eighteen proposals designed to tighten up on the British in particular and foreigners in general. These proposals include plans to organize anti-British newspapers, include anti-British education as a permanent course in all junior schools, put pressure on Britons and hamper British interests in North China, withdraw citizenship rights from those Chinese who continue in British employ, and to start anti-British movements in British Far Eastern Colonies and India.

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

- 6 -

ANTI-FOREIGN CONT'D:

The United Press Correspondent at Peking reports this morning that Peking is seething with rumours of projected anti-American, anti-French, anti-Christian and anti-White movements. Anti-American rumours seem to have no basis in fact as this correspondent's survey of the city disclosed no indication that there was any anti-American activities underway. He further states that most Americans in responsible positions believe that for the present at least the Japanese have no intention of sponsoring an anti-American movement. Furthermore the anti-American demonstrations reported throughout North China the first of the week were entirely local reactions to America's abrogation of the Trade Treaty and received no Japanese encouragement.

The Japanese spokesman's remarks on Friday were interpreted in Peking as meaning that an anti-French movement is next on the list of anti-foreign activities in North China, while an anti-Christian movement is reported already in full swing at Taiyuan.

SHANGHAI:

Chinese guerrillas operating along local railways:

With the second anniversary of the Sino-Japanese hostilities on hand, claims of active operations of over 100,000 Chinese guerrillas along the two trunk railway lines from Shanghai have been circulating. There can hardly be any reason to doubt the successful penetration of Chinese Guerrillas into this locality but the figure quoted can only be accepted as a highly exaggerated figure.

As far as can be ascertained, the total strength of Chinese guerrillas in areas adjacent to the local suburbs is approximately 50,000 men. Half of these men are units of the Chinese regular army, while the remainder are made up of wandering bands of armed men, who are generally represented to be guerrilla units and the majority of whom are known to be scattered in districts on both banks of the Whangpoo River and the lake side areas along the border of Kiangsu and Chekiang provinces. Apart from engaging the Japanese garrison troops in occasional skirmishes on the upper reaches of the Whangpoo, they are mainly concerned in wrecking

DECLASSIFIED: E.O. 11652, 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 -

bridges, damaging roads, and ambushing the passing Japanese military convoys on the highways. It is said that no trace of these units can be found within half a mile of the railway lines, although it is believed that an attempt may be made to cut the two trunk lines referred to above, the Shanghai-Hangchow and the Shanghai-Nanking lines. It is further believed that the mission of these guerrillas does not include an attack on the Japanese garrison in Shanghai.

The Wanglin Station along the Shanghai-Nanking Railway is located between the cities of Wusih and Changchow, at a point where the railway crosses the Canal. The outer defense circle of Wanglin is so close in proximity to the Tai Hu Lake that the town is a constant object of attack by guerrillas who have their bases in the lake side districts. The station itself, however, has thus far been free from any attack.

Some 20,000 men of the Loyal and Righteous National Salvation Army are at present operating in the vicinity of Shanghai. They are under the direct command of a committee known as the Kiangsu-Chekiang Committee of the Military Affairs Commission, which directs operations in the Kiangsu-Chekiang areas. Generalissimo Chiang Kai-shek is a member of the Committee. All affairs of the Committee are in the hands of General Tai Lih, who, strange as it seems, has his office in Hongkong, where he is at present residing.

It is reported that endeavors have been made by the committee with a view to placing all the guerrilla units operating in this part of the country under a central command, but, owing to the inability of the committee to supply them with sufficient funds and military supplies, the attitude taken by the guerrilla units in the various localities towards the committee in question is not very favorable. This point of view is quite understandable when it is mentioned that these units at present have a free hand in the collection of taxes and revenues in areas where they happen to be in control.

*Donn C. Hart*  
 DONN C. HART  
 1st Lt. USMC  
 Assistant Regimental Intelligence Officer.

1328

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

DCH/am HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA  
RESTRICTED: 19 August, 1939

R-2. REPORT, PERIOD 0800 12 AUGUST, TO 0800 19 AUGUST, 1939:

MILITARY OPERATIONS:

The Japanese after a four day drive captured Changshowtien, about 30 kilometers north of Anlu in Hupeh province. The Japanese report the only resistance encountered was detachments from the Chinese 132nd division. This drive is the first in the Hankow area since the reported Japanese mutiny and indicates a return of offensive power on this front.

Reports from Japanese sources claim that the new 4th Army (ex-communist) is now operating in the vicinity of Shanghai. The French confirm these reports and further state that the 4th Army fought a large scale battle near Fengshen in Pootung on the 16th and 17th of August. Since the formation of this Army they have limited their operations to the Nanking area with their base at Kuyung. This office can offer no explanation for this sudden change in their theater of operations.

The two Japanese divisions trapped in Shansi by the heavy rains, as reported last week, have fought their way as far as Licheng in their drive to the Peking-Hankow Railway. This represents a distance of 50 miles in a week with another 75 miles of quagmire to traverse with constant guerrilla harassment and food supplies non-existent. The flood coupled with the locust plague now raging throughout Shansi has made even living off the country during the summer practically impossible. It appears here that the only hope for these two divisions, who had to abandon all their mechanized equipment in the vicinity of Luan, is to reach the Peking-Hankow Railway. Some inkling of what the Japanese command thinks of their chances may be gathered from the fact that no reinforcements were sent them while they were besieged at Luan trying to save their mechanized equipment.

- 2 -

NORTH CHINA:

The continued torrential rains in Shansi Province are causing flood danger to wide areas in North China. The ever increasing flow coming down from the headwaters in Shansi added to the continued high waters in the eastern provinces will undoubtedly increase the already serious food shortage. Reports from Peking state that the Government edicts, although the Police have tried to enforce them, have proved of no avail. Dealers, after receiving their quota of foodstuffs from the Municipal Commission at controlled prices, are auctioning these foods to the highest bidder.

Adding to an already acute situation is the huge Locust Army that has descended on North China. Travelers from the northeast relate stories, which read like a page from Pearl Buck's "Good Earth," of Skies that have been blackened for days by Locusts that are destroying all plant life remaining above the flood waters. North China farmers have organized armies to combat these insect pests but their task is hopeless. Reports from Paoti, 100 miles southeast of Peking, state that spots not yet inundated by the rising flood waters are covered two inches deep with Locusts which are destroying every blade of grass.

HONGKONG:

At 0001 August 16th the Japanese carried out the first step of their long expected action against the British Colony of Hong-kong. Japanese troops were landed just north of Namtow in the delta of the Pearl River. They drove east across the Kowloon Peninsula, captured Shumchun, and at 1030 occupied Shatowkiao on the opposite side of the peninsula. The Japanese then commenced mopping up in the vicinity of Shumchun and continued these operations to the north.



133

DECLASSIFIED: E.O. 11652, 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 -

HONGKONG CONT'D:

Both the British and the Japanese profess that the Japanese action was not intended as a preliminary to a blockade of Hongkong and had nothing to do with the negotiations in Tokyo concerning Tientsin. The French Intelligence Division, however, reports that the Japanese are constructing barriers along the 35 kilometer front from Paotan to Shatowkiao. This barrier will cut off any supplies coming overland to the British leased territory on the Kowloon peninsula, and consequently Hongkong. The British and Japanese troops now face each other across this barrier at Shumchun. The Japanese action is interpreted here as a warning to the British to abandon their dilatory tactics in the present negotiations. It is, however, most probable that this action would have been the next Japanese move regardless of the outcome of the Tientsin conference.

SHANGHAI:

Second Anniversary of the Hostilities:

On August 11, 1939, a secret meeting was held in the Western District by pro-Japanese terrorist agents who decided to create an incident in the Settlement on August 15, instead of on August 13. It was also suggested that a Japanese subject be involved in this incident in order to embarrass the Settlement Authorities.

Further information received reveals that another meeting was held on August 14 when it was decided to postpone the resolutions passed on August 11 in view of the unsuccessful results attained in the two following incidents:-

(A) The arrest of a Japanese petty military officer by the British Defence Unit at Bubbling Well-Tifeng Roads on the afternoon of August 11. It transpires that the Japanese officer failed to carry out his mission as instructed which was to commit harakiri while being held by the British Defense Force in their offices.

DECLASSIFIED: E.O. 11652, 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 -

Second Anniversary cont'd:

(B) The bombing of the Inland Navigation Company, a Japanese concern, located in the Embankment Building, North Soochow-Honan Road during the evening of August 12 by two Chinese terrorist agents who travelled in a motor car carrying a "defaced" license plate. They failed to carry out their mission properly which was intended to involve and injure the Japanese employees of the Company. The bomb did not reach its objective but exploded in the roadway.

In connection with the use of motor cars by those people it has been learned that when defense units plates are used they are partly defaced, while those of a private car are generally altered or the last or foremost digits blocked out.

RICE:

The supply of rice in Shanghai has recently become one of the most pressing problems of the Municipal Authorities. A short period ago it became evident that the rice dealers were not abiding by the Shanghai Municipal Council regulation concerning the setting of the maximum retail price of rice at \$20.00 per picul (a picul or a "zar" weighs 133 lbs.)

The retail price of rice has advanced here until it has reached as much as \$34.00 per picul for the better quality. Part of the cause of this great increase is the hoarding of supplies by merchants, factories, shops and private individuals. Another cause, perhaps the chief one, is the control of the Yangtze River area supplies by the Japanese. Whereas, before the hostilities, ample supplies were available at Wuhu now very little rice reaches Shanghai from that river port.

The Japanese authorities buy, at their price, as much of the available supply as they wish to. It is said that a great deal of the Wuhu rice goes to the Japanese Army in North China and also that some is distributed to poverty stricken villagers to gain good will for the Imperial Forces.

- 5 -

RICE CONT'D:

The stock of rice in Shanghai on 18 August, 1939, was estimated to be in the region of 101,000 "zars" as against 140,000 "zars" reported on August 14th. During the period between 14 August and 17 August supplies of rice arrived here from the Sungkiang area at a daily average of approximately 3,000 "zars". Sungkiang is located about 45 kilometers up the Whangpoo from Shanghai. The Japanese military collect \$1.00 tribute on each bag of rice leaving Sungkiang and also \$2.00 a bag at Lungwha, just out of Shanghai. About 1,000 bags of "SEE MEE" (inferior grade) reached this city by the Shanghai-Nanking Railway between the 15th and 17th.

A further consignment of 5,500 bags of "SEE MEE" arrived at the Jukong Wharf (Hongkew) from Wuhu by a Japanese ship on the 17th. It is reported that half of this consignment will be taken delivery of by Japanese merchants and the remainder by Chinese dealers in the Settlement.

The demands in the local community and of the people in the suburbs of Shanghai during the past three days is estimated at 13,000 "zars" a day. At this rate of consumption the stock on hand is considered sufficient for a period of eight days. It is, however, known that the majority of the local wealthy and middle class people have purchased sufficient quantities to last for some time. Further, it is a common practice for mill and factory owners to feed their workers two meals a day and as the majority of mills and factories have ample supplies for some time in the future the situation is relieved considerably.

While no definite records are available, it is reported that a number of rice shops, the majority being in the extra-Settlement road area and area north of Soochow Creek, have run out of stock owing to the difficulty of purchasing rice from the Rice Market due to the excessive prices but they are open as usual. The shops in the C.C.L. (out of limits) area are in fear of being looted by unruly elements and this is believed to be another reason for their temporary suspension in that area. Those shops open for business are limiting the sale to any individual to a half "zar."

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

- 6 -

RICE CONT'D:

The Rice Market, 515 Foochow Road, closed on 18 August and will remain closed thru the 20th in the hopes that the supplies arriving from the Sungkiang area during the next three days will accumulate and the dealers may not quote prices as high as they have been doing. Some of the rice coming into Shanghai is sold directly to large restaurants and hotels. Thus the Rice Market cannot utilize such supplies to assist in steadying the prices.

The Shanghai Municipal Council is now negotiating with Japanese Naval and Military Authorities to make the necessary arrangements to effect shipments of rice from Wuhu to Shanghai. It is believed that there is a possibility of such negotiations being successful. The autumn harvest will be ready in less than two months.

There are ample supplies of rice available for purchase at Saigon which could be shipped here in a period of seven days. However, such purchases would be collectable in foreign currency. Consequently with the Chinese dollar at such an unfavorable rate of exchange Saigon rice would of necessity be sold on the local markets at a very expensive price.

Following are the prices of rice in Shanghai for the past two years:

1937	Best quality	- - - - -	\$12.98
	"See Mee" (inferior quality)	- - - - -	\$11.35
1938	Best quality	- - - - -	\$13.66
	"See Mee" (inferior quality)	- - - - -	\$12.60
June, 1939	Best quality	- - - - -	\$19.35
July, 1939	Best quality	- - - - -	\$20.00

133

DECLASSIFIED: E.O. 11652, 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 -

VEGETABLES:

On August 13, the Japanese authorities in Pootung issued a notice to the effect that as from August 16, 1939, the vegetable market in Pootung (provisional office at No. 334 Chi Chong Street, Pootung) would undertake the transportation of vegetables from Pootung to Hongkew via the Chi Chong Wharf (Japanese operated.) This means that vegetables from Pootung will be taxed by the Hongkew Vegetable Market (located in the Hongkew Market) before they can be sold in the International Settlement and French Concession. However, as the provisional office of the vegetable market in Pootung has not yet completed its arrangements, the proposed control over vegetable supplies from Pootung has not yet commenced.

The vegetable market (in the Hongkew Market) in Hongkew was established about six months ago and deals with the vegetable supplies from Kiangwan and Dazang which are put on sale in Hongkew. The vegetable dealers at the French Bund depend principally upon supplies from Hangchow and other places in the interior, while those dealers in the Settlement receive the greater part of their supplies from the interior which arrive by boats via the Soochow Creek.

*Donn C. Hart*  
DONN C. HART

First Lieut. U.S. Marine Corps  
Assistant Regimental Intelligence Officer.

-----

0 3 3 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

DCH/am HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA.  
26 August, 1939.

RESTRICTED:

R-2 REPORT, PERIOD 0800 19 AUGUST, TO 0800 26 AUGUST, 1939:

MILITARY OPERATIONS:

Two hundred thousand Hunan troops are being concentrated in Eastern Chekiang according to reports received here and are preparing for an attack on the strategic Hangchow-Nanking-Shanghai Triangle. This attack is reported to commence simultaneously with the general attack now in preparation in South China. The Japanese are reported to have withdrawn many of their outposts in the Hangchow-Nanking-Shanghai Triangle and are concentrating their forces along strategic lines in anticipation of the expected Chinese offensive. Extensive Japanese aerial reconnaissance has been reported during the week over Southern Kiangsu and Northern Chekiang.

Nothing further has been learned as regards the two Japanese divisions retreating from Luan to the Peking-Hankow Railway. The Chinese report that they are in complete control of Southern Shansi and that during the week they have been engaged in extensive "mopping-up" operations against Japanese stragglers. This seems to indicate that the condition of the Japanese troops has become even more desperate than reported last week.

During the week the Japanese reported two victories in the Nanking area. They claim to have captured Shangtangchen, 20 kilometers southwest of Chinkiang, and Hwangchihchen 15 kilometers east of Juhu. It is believed these attacks were made against guerrilla bases in an attempt to break the intensified guerrilla activity along the Yangtze River.

AVIATION:

During the week the Japanese conducted an air raid on Ichang in Hupeh Province. During the raid planes power-dived in the direction of the Standard Vacuum Oil Company's Installations. The bombs fell within two hundred feet of the Oil

- 2 -

AVIATION CONT'D:

Company's property doing but minor damage to the American owned buildings. The American Diplomatic Authorities have protested the careless Japanese bombing.

Chungking was subjected to another aerial bombardment on Wednesday when 27 Japanese planes made two raids on the city. The destruction has been reported as slight but the casualties in the newly constructed area were heavy. The heavy casualties were explained as due to the lack of sufficient dugouts and bomb-proof shelters. The greatest casualties were in the refugee camps where little or no protection was afforded.

POLITICAL:

On the 24th General Yamada, Commander-in-Chief of the Japanese forces in Central China, held a press conference in Shanghai which was extremely conciliatory in tone and which may be the forerunner of a new Japanese policy in China. In his speech General Yamada made an appeal for third power cooperation in China and a general understanding of the very difficult position of the Japanese.

This new Japanese policy has undoubtedly resulted from the recent events in Europe which have suddenly left Russia a free hand in Far Eastern Affairs, and also a fervent desire upon the part of Japan to reach some sort of a solution to their Central and South China problem. Reliable reports received here indicate that the Japanese position in Central China is rapidly becoming untenable. The casualties suffered by the Japanese Central China forces from disease in addition to their battle-field casualties are extremely high. Guerrilla fighting in Kiangsu Province alone resulted in approximately 950 Japanese casualties for the seven day period ending the 15th.

- 3 -

POLITICAL CONT'D:

The morale of the Japanese Army in Central China is at a very low ebb. The soldiers have long since dispensed with any sort of difference to their officers. The existing conditions in China coupled with the possibilities which might arise on the Mongolian border has given rise to several divergent schools of thought among the Japanese Army leaders as to the proper military course to pursue. The combination of these factors has led third power observers to the conclusion that the Japanese Army leaders see no way out of their present dilemma and do not know which way to turn.

TIENTSIN:

The situation in Tientsin is daily becoming more acute. The waters of the Hai River have been rising steadily. The Japanese, French and British Concessions are under from two to thirteen feet of water. The Japanese Concession is reported to be the hardest hit, the water there being an average of ten feet deep. The British Concession is without lights and the water supply previously irregular is now reported to have entirely ceased.

Refugees are crowding into the Italian Concession, the only Concession not flooded, and the trains running to Peking are crowded to capacity with refugees including Japanese. The food shortage in all the Concessions is growing acute and although martial law was proclaimed in the Italian Concession and all food provisions are under strict supervision, reports from Tientsin state that many Chinese in the Concessions face starvation. Adding to the misery of the refugees is sickness, which is rapidly approaching epidemic proportions. The bursting of most of the Tientsin septic tanks has caused the water to become so polluted that innumerable cases of gangrene are reported among those forced to wade in the water while suffering from cuts and scratches. Other illnesses are being caused by the thousands of refugees forced to sleep in the open with no shelter while the rain continues daily. Observers report the city will be lucky if the floods subside before the frosts beginning in early November.



- 4 -

TIENTSIN CONT'D:

The Japanese are still maintaining the blockade of the British Concession, the sentries using row boats and motor boats in which they perform their duties. The sentries, however, seem disinclined to inconvenience the British. This is attributed to a sense of comradeship that is evidencing itself due to their common misery and the necessity for joint action in caring for the terror stricken Chinese refugees who have lost everything. The Japanese controlled Chinese vernacular daily, however, continued with its anti-British campaign, with headlines claiming that the British troops are committing outrages upon the helpless Chinese refugees without any justifiable cause.

NORTH CHINA:

With the present want and suffering, and the probable famine throughout North China in the near future, peace talks similar to General Yamada's in Shanghai are proceeding in Peking. Informed Chinese circles state that these peace talks are resulting from European events and the increased influence of the older Generals over the extremist young officers. They report the older Generals are almost willing to enter into direct peace talks with Chiang Kai-shek.

In Peking there are an estimated twenty six thousand refugees from the flooded areas. The majority of these are penniless and dependent on charity or public relief. The housing of those refugees already in Peking is an acute problem, while it is impossible to make any provision for the other refugees arriving in Peking daily by the thousands. The food situation threatens to become an insurmountable problem in the near future. Prices are already soaring sky-high, with rice which was sixteen dollars a bag a month ago now forty dollars. The enormous clouds of locusts coming from the flooded areas to the dry lands in the vicinity of Peking are eating every green blade and leaf in sight. It is estimated they will take about a week to eat their way to Peking proper, and although the farmers are striving to gather in every possible crop before the plague, which laid Peking bare as a board just ten years ago, arrives, most of the crops are expected to be a total loss.

- 5 -

SHANGHAI:

Rice:

Shanghai witnessed a few rice "riots" during the past few days. None of the riots were of much consequence and in each case very little damage was done and only small amounts of grain were taken. The numbers engaged were few and most of the crowds consisted of spectators. At the first appearance of police authority the looters scurried immediately. Arrests made by the Municipal and French Concession Police showed that those engaged in these activities were of the "Loafer" element.

Demonstrations occurred in the Japanese Defense Sector as well as in other parts of the Settlement and in the French Concession. To date the number of such demonstrations is approximately six.

Japanese Military Authorities and the local Japanese Press have busied themselves of late attempting to make the Municipal Council appear responsible for the shortage of rice on the local markets.

Meanwhile the negotiations which commenced last week between the S.M.C. and the Japanese to arrange for larger stocks of rice to enter Shanghai are still in progress. It is reported that the price of rice at Wuhu is around \$5.00 per picul--the price in Shanghai has gone as high as \$50.00 and over. On 25 August the stock of rice in Shanghai was estimated to be in the region of 57,000 "zars". The daily demand in the local community and of the people in the suburbs of Shanghai is approximately 9,000 "zars."

The chairman of the S.M.C. is reported to have stated that he expected the present acute rice situation to ease up shortly. Another report states that Mr. Yu Ya-ching's purchase of 1800 tons of Saigon rice is expected to arrive in Shanghai sometime on the 26th.

DECLASSIFIED: E.O. 11652, 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 -

Rice cont'd;

During the week supplies of rice reached Shanghai from Sungkiang almost daily. A few thousand bags came down from Wuhu by rail. However, the daily quantities entering never amounted to more than half the quantities needed to satisfy the daily demand. On 20 August some fifteen boats carrying a total of 4,480 "zars" of rice were detained by the Japanese Naval Landing Party at a point just outside the western area (near Jessfield Park) whilst on their way to Shanghai via Soochow Creek. Negotiations for the release of the boats are now in progress between the Japanese authorities and the Chinese merchants to whom the rice belongs. If the shipment is allowed to enter the Settlement the "tribute" paid will probably necessitate the sale price being as high as at present.

It was reported last week that 6,500 bags of rice had arrived at the Jukong Wharf (Hongkew) by Japanese vessels on 17 August. Of this shipment 2,000 bags were brought into the French Concession on 22 August. The remainder is reported to have now been distributed to the Japanese mills in the Yangtze-poo area at a cost of £17.00 per "zar."

There has been several claims put forward that large stocks of rice were in storage in Shanghai. One report, appearing often, stated that 100,000 bags of rice were stored in the Bank of China godowns. An inspection by the S.M.P. disclosed only 3,353 bags of rice stored therein. However, there was a huge stock of stored wheat (53,000 bags) and a large quantity of beans and other cereals in the godown.

Although the Chinese of the Southern Provinces do not care to use as much flour in their daily diet as the Chinese of the Northern Provinces the sale of this staple here has increased considerably during the week. Evidently some of the Chinese inhabitants are intending to use more flour and less rice until the price of rice comes down to earth again.

DECLASSIFIED: E.O. 11652, 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 -

Rice cont'd:

On the morning of the 26th 10,000 "zars" of rice entered Shanghai coming from Sungkiang, Nanking and Kompo. Also part of the shipment held up by the Japanese in the vicinity of Jessfield Park was allowed to proceed down Soochow Creek. The remainder was sold to the populace outside of the perimeter at \$23.00 a "zar." However, most of this rice will filter through to the Settlement. The price of rice went down \$2.00 a "zar" on the market this morning.

It was also definitely established that the large purchase by Mr. Yu Ya-ching will arrive in Shanghai on 2 September.

Supplies of Vegetables--Controlled by Japanese Authorities:

During the mornings of 21 and 22, August 1939, attempts were made by members of the Shanghai City Government Police Bureau at Pootung to enforce the instructions issued by the Market Vegetable Department of the Yamasaki Military Detachment in regard to the consignments of vegetables produced in Pootung and destined for Shanghai. On these dates they rounded up a group of vegetable hawkers carrying their supplies in Pootung, who were taken to the Provisional Office of the vegetable market situated at the Chi Chong Wharf in the military zone escorted by policemen, the reason for this being because the hawkers were not in possession of special passes necessary for passing through the military zone. They were allowed to go after their supplies had been bought over by the authorities of the market at the price of \$1.00 per 100 catties. On these occasions, a few of the hawkers succeeded in escaping from the escorting policemen and crossing the Whangpoo as usual to Shanghai.

Since the said provisional office is situated in the military zone the vegetable hawkers were instructed to obtain the necessary "passes" as soon as possible, and that from September 1, 1939 they must first bring their supply of vegetables to that office where they would be transported by launch to one of the jetties on the north side of Soochow Creek between the Garden and Chapoo Road Bridges to be forwarded to the Hongkew Vegetable Market (located at the Hongkew Market) for disposal.

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

- 8 -

Supplies of Vegetables--Controlled by Japanese Authorities:

Regarding the transporting of vegetables especially potatoes, egg-plants, beans, tomatoes and cabbages into Zikawei Village and French Concession, via Hungjao, Great Western and Brenan Roads, the Japanese Military compelled the hawkers to sell to them at a reduced price only at Hungjao Road, west of the perimeter. The supplies entering the concession from Great Western and Brenan Roads have not been interfered with by the Japanese authorities.

FORTRESS IN CHAPEI:

A fortress is being constructed in Chapei, about 7 miles North of the Shanghai-Nanking Railway Station and South-east of Lotien. There formerly stood a Wireless Station at this spot which belonged to the National Government and which was destroyed during the Sino-Japanese hostilities. The Japanese authorities have now commenced constructing a fortress on this site which covers an area of approximately 50 mow of land.

There are four dugouts at each of the four cardinal points and each is about 20 feet in diameter and 35 feet in depth with reinforced concrete platforms apparently for heavy guns.

This proposed fortress is located at a distance roughly 7 miles from the southern bank of the Yangtze Estuary and a look out post is to be constructed near the shore.

In the center of this enclosure, there is a tunnel through which runs an electric cable and is connected with a number of important Japanese official military organs. Offices have been constructed above the underground structure and the work is being carried out on a large scale, there being more than 1,000 workmen (Chinese) employed.

The plan for the construction was issued by the Japanese authorities in October 1938 and the construction was formally commenced in February, 1939. Sometime in March 1939 a coolie foreman, particulars unavailable, was taken away by a number of Chinese guerrillas and nothing has been heard of him since his arrest. Considerable damage to the building materials being used was carried out at that time. The project was damaged again in

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

- 9 -

FORTRESS IN CHAPEI CONT'D:

July 1939 as a result of incendiarism. Following these two incidents a large depth of barbed wire entanglements was laid around the construction for protection.

ARRIVAL OF JAPANESE TROOPS:

The number of Japanese troops in the Shanghai area was increased by about 8,000 during the week. 6,000 of these were sent directly from Japan, the remainder coming from Nanking by rail.

On the 24th approximately 6,000 troops departed from Shanghai heading southeast. Early last evening 3,000 troops were marched from the vicinity of Kiangwan to Nantao via Chungsan Road which circles the Settlement on the land side.

It is believed that the Japanese will soon make a concerted drive against guerrilla forces operating in Southern Kiangsu.

*Donn C. Hart*  
 DONN C. HART

First Lieut. U.S. Marine Corps  
 Assistant Regimental Intelligence Officer.

-----

134  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

October 26, 1939

~~RB~~  
~~JMJ:~~  
~~WAK:~~

To note Hankow's despatch  
no. 14, August 31, 1939, containing  
a summary of observations made by  
Vice Consul Davies in traveling  
between Hankow and Nanchang in  
August.

793.94/15424

RA  
FE:Atcheson:HJN

DECLASSIFIED: E.O. 11652, 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. 14.

AMERICAN CONSULATE GENERAL

Hankow, China, August 31, 1939.

793.94

Subject: Observations in Traveling Between  
Hankow and Nanchang.

DEPARTMENT OF STATE

1 OCT 1 1939

The Honorable  
Secretary of State,  
Washington.

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

Division of  
EASTERN AFFAIRS  
OCT 18 1939

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

I have the honor to enclose, for the information  
of the Department, a copy, in quintuplicate, of my  
Despatch No. 6 of August 31, 1939, addressed to the  
Embassy at Chungking, concerning the above-mentioned  
Subject.

ASSISTANT SECRETARY  
OF STATE  
NOV 3 - 1939

Respectfully yours,

*C. J. Spiker*

C. J. Spiker  
American Consul General

Enclosure:

Despatch No. 6 to the Embassy at  
Chungking, dated August 31, 1939.

In quintuplicate

300

JD/MYH

793.94/15424

FA

NOV 6 1939



DECLASSIFIED: E.O. 11652, 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. 6.

AMERICAN CONSULATE GENERAL,

Hankow, China, August 31, 1939.

Subject: Observations in Traveling  
 Between Hankow and Nanchang.

The Honorable Nelson Trusler Johnson,  
 American Ambassador,  
 Chungking, Szechuan.

Sir:

I have the honor to summarize below military observations made by Vice Consul John Davies, Jr., during the course of his travels in August between Hankow and Nanchang.

Kiukiang:

A Japanese military source informed Mr. Davies while he was at Kiukiang that Kiukiang is a more important military base than Hankow. That statement, despite the fact that the Nanchang sector is served from Kiukiang, is accepted with reserve. The supplies and transport bases at Kiukiang appear to be concentrated principally in the western part of the city, although there were several depots in the eastern outskirts of Kiukiang.

The railroad to Nanchang was little used; there was no through service and that section of the line which was open was said to be often disrupted by Chinese attacks. There were scarcely more than a dozen freight cars, all Japanese, on the sidings at the Kiukiang terminus. Mr. Davies saw no locomotives,

DECLASSIFIED: E.O. 11652, 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-

but did observe at the Kiukiang station one gasoline-propelled armored car, to which were attached several small flat cars loaded with troops.

There was understood to be through truck traffic to Nanchang, although the route was said to be dangerous because of the constant possibility of Chinese attack.

The principal supply route from Kiukiang to Nanchang was via Poyang Lake and the Kan River. This route is discussed below.

Kiukiang is a divisional headquarters. The number of troops stationed at Kiukiang is unknown.

Japanese control of the hinterland on the north bank was said to be tenuous.

There was said to be little aerial activity, based on Kiukiang.

Kuling:

A Japanese garrison of about 200 was stationed on Kuling. Control of the range was reported to be maintained from the foothills and plains. Artillery was said to be posted on the flanks of the range. The Japanese did not appear to be worried over the possibility of a Chinese attack on the resort settlement.

Poyang Lake-Kan River Route to Nanchang:

Hukow was declared to be well fortified from attack from the country to the rear. It needs to be, as the area back of Hukow is dominated by the Chinese. During Mr. Davies's stay at Kiukiang heavy artillery fire from the direction of Hukow was heard on the afternoon of August 14.

There was an army post at Hukow and a navy base for its small lake patrol launches. These launches, which look as if they may have been small tugs, are protected by

DECLASSIFIED: E.O. 11652, 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-

improvised armor plate and carry one fixed machine gun or one-pounder forward. Mr. Davies did not notice armament on the aft end of the launches but observed fittings for the emplacement of a mobile machine gun at the stern. The vessels were manned by an estimated deck force of five to eight men, with a look-out on the roof of the bridge. These launches were stationed at intervals of about every seven miles down Poyang Lake as far as Wucheng.

Singtze had an army post and a small navy detachment.

The channel in Poyang Lake was well marked with buoys and flags.

No Chinese craft were to be seen on the lake. During the course of a morning, the ship on which Mr. Davies was traveling passed seven Japanese vessels proceeding towards the Yangtze. They were the familiar Japanese sea-going fishing vessels powered by crude oil engines.

Wucheng is a transshipping point where cargo and passengers are transferred to small fishing vessels for the voyage up the Kan river. The town has suffered badly from the war, with few sound houses left standing. Scrap iron was piled high on the shore, as it was at Nanchang and elsewhere. Among the scrap iron were iron bedsteads, wire-netting, twisted automobile chassis, three temple bells.

In Wucheng harbor Mr. Davies saw Chinese junks for the first time since leaving the Yangtze. They were tied up together and appeared to be deserted save for two or three Chinese aboard.

The lower third of the Kan River between its mouth and Nanchang was patrolled by armed launches at about the

0345

DECLASSIFIED: E.O. 11652, 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-

same intervals as Poyang Lake. No Chinese boat traffic was evident, nor were Chinese to be observed on the banks of the river.

The upper two thirds of the river were not patrolled, Chinese vessels moved about without apparent restrictions and farmers were to be seen on both banks. The villages appeared to be partially inhabited and intact. No Japanese were visible on shore.

Throughout the journey from Hukow to Nanchang, the Japanese with whom Mr. Davies traveled showed no concern whatsoever over possible attacks from shore. Many of the soldiers with whom he traveled were unarmed and those who had arms, laid them aside.

Nanchang:

A staff officer at Nanchang told Mr. Davies that the "front lines" were but seven miles from the city. Perhaps because the city is so large, it seems comparatively inactive for a front line base. So far as the Japanese are concerned, the Nanchang sector is at present a defensive one.

Nothing could be learned of Japanese strength in the Nanchang area.

The old air field on the city side of the river had no military planes on it when visited by Mr. Davies. The back end of the hangar was caved in and rusting.

The Chinese forces south of Nanchang are declared to be comparatively active. Some weeks prior to the visit of Mr. Davies, the date was indefinite, three columns of guerrillas broke into the outskirts of the city during the night and engaged the Japanese. A fourth column failed to coordinate. The three columns withdrew at daybreak.

DECLASSIFIED: E.O. 11652, 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-

The morale of the partisans is said to be high and the general impression gained is that they are better organized than the average group in the middle Yangtze. Their agents, usually sellers of vegetables, regularly gain access to the city so that guerillas are well informed concerning the Japanese forces.

Flight from Nanchang to Hankow:

The Japanese military authorities flew Mr. Davies back to Hankow in a recent Beechcraft biplane. Chinese in considerable force are in the area in a direct line between Nanchang and Hankow, and the plane followed the Kiukiang-Nanchang railroad to the southern extremity of the Kuling range. An altitude of perhaps six thousand feet was maintained, and no adjustment was made when mountains were crossed.

No trains were to be seen on the railroad, nor rolling stock on sidings. New galvanized iron roofs were visible at a number of towns and at Hsiushui (or possibly Teh-an, Mr. Davies was unable to determine which) where twelve of these barracks and store houses.

There was little activity on the waterways over which the plane flew, excepting the Yangtze.

Respectfully yours,

C. J. Spiker  
 American Consul General

Original to Embassy, Chungking,  
 In quintuplicate to the Department,  
 1 copy to Embassy, Peiping,  
 1 copy to Consulate General, Shanghai,  
 1 copy to Comyangpat,

300

JD/TMC

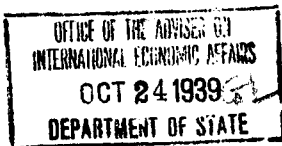
135  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

FS

FROM

GRAY



Swatow via N. R.

Dated October 19, 1939

Rec'd 1:25 p.m.

Secretary of State,  
Washington.

October 19, 3 p.m.

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

Increased military activity in the vicinity of  
Chaochowfu is reported during the last few days but  
Chinese claims of retaking the city are discounted.  
Japanese aerial units have been more active during  
that time. There has been a decrease in the exchange  
value of the Japanese military yen notes, the present  
value being undetermined due to the closing of local  
exchange shops.

Sent to Peiping, Chungking, Shanghai.

RR

YOUNG

793.94/15425

FA

OCT 25 1939

FILED

035

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

**TELEGRAM RECEIVED**

JR  
This telegram must be  
closely paraphrased be-  
fore being communicated **FROM**  
to anyone. (D)

Paris

Dated October 20, 1939

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS

OCT 21 1939

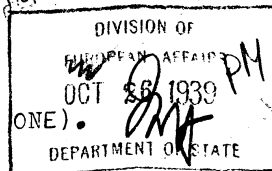
Department of State

Rec'd 3:03 p.m.

Shaw, S.N.-M.C.

2534, October 20, 5 p.m. (SECTION ONE).

STRICTLY CONFIDENTIAL.



Li Yu Ying called on me this morning. He left  
Chungking on the third of this month and was accompanied  
as far as Hanoi by T. V. Soong. He said that General  
Chiang Kai Shek had requested him to give me the following  
personal message.

His policies and convictions remained the same as  
they had been at the time of our conversations in Nanking  
in the autumn of 1934. I could be absolutely certain that  
whatever rumors to the contrary I might hear--he would  
continue to fight to the bitter end until Japanese troops  
should be withdrawn from Chinese soil. He positively  
would not agree to a compromise peace. He was absolutely  
confident with regard to his present position and felt  
certain that he could continue to maintain resistance to  
Japanese aggression not merely for two or three years but  
for an indefinite future if necessary.

BULLITT

KLP

793.94/15426

FILED

FA

CONFIDENTIAL

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

15759

TELEGRAM RECEIVED

MHM

Paris

This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (D)

Dated October 20, 1939

FROM

Rec'd 3:08 p.m.

Secretary of State,

Washington.

2534, October 20, 5 p.m.

(SECTION TWO)

My informant, Li Yu Ying, went on to say that Chiang Kai Shek had ordered him to break off his visit to the western provinces of China and leave hurriedly for Paris because of telegrams from Wellington Koo which indicated that the French Government was contemplating a change in its policy vis-a-vis China and Japan.

Koo had expressed the fear that France would first mollify Japan by placing further apparent restrictions on exports to China by way of French Indo-China (while in reality permitting the passage of goods as formerly) but that at a later date France would attempt to bring pressure on the Chinese Government to agree to a settlement of the present war satisfactory to Japan.

Li Yu Ying said that he was at Hanoi when the French Governor General had summoned the Chinese Consul and informed him that no more shipments would be permitted over the French railroad. Two days later, however, the French Governor General had summoned the

Chinese



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

15760

-2- October 20, 5 p.m. from Paris.

Chinese Consul and had informed him that trucks  
and gasoline could go through as heretofore. This  
action had seemed to indicate that Wellington Koo's  
fears were well grounded.

BULLITT

EMB

135

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

15761

### TELEGRAM RECEIVED

PAP

PARIS

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (D)

FROM

Dated October 20, 1939

Rec'd 5 p.m.

Secretary of State  
Washington

2534, October 20, 5 p.m. (SECTION THREE).

Li Yu Ying added that on arrival in Paris he had called  
at once on Mandel, Minister of Colonies, and had received  
a full and satisfactory explanation, which indicated that  
the same goods would continue to go forward over the French  
railroad through Indo-China as had been going forward in the  
past over that line.

He asked me if I was under the impression that the  
French Government intended to change its policy vis a vis  
China and Japan adding that Chiang Kai Shek had requested  
him to obtain my personal opinion on this point.

I explained the fears of the French and British which  
had produced the decision, now in suspense, to withdraw the  
French and British troops and gunboats from Chinese terri-  
tory. I added that certain French officials especially Leger  
had been intensely apprehensive that the Soviet Union might  
send bombing planes to assist the German army in attacking  
France and that their somewhat hysterical conclusion had been  
that France might be able to persuade Japan to attack the  
Soviet Union. They desired therefore to placate Japan.

BULLITT

EMB

135

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

15762

## TELEGRAM RECEIVED

CJ

FROM

PARIS

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (D)

Dated October 20, 1939

Rec'd 3:35 p.m.

Secretary of State,

Washington.

2534, October 20, 5 p.m. (SECTION FOUR).

I added that fears of a Soviet military attack on France  
had now greatly diminished and that Leger himself had said  
to me yesterday that he did not now believe that there was  
any danger that Soviet bombers would be sent to assist the  
German army. I did not, therefore, consider that there was  
any immediate danger of a fundamental change in French  
policy vis a vis China and Japan.

Li Yu Ying said that Mandel had stated to him that the  
French Government had information to the effect that the  
German Government had made an attempt to mediate between  
China and Japan (see my No. 2391, October 9, 5 p.m. and your  
No. 1277, October 19, 9 p.m.) and had gone so far as to  
state that he understood that Hitler had written a personal  
letter to Chiang Kai Shek.

BULLITT

EMB

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

15763

**TELEGRAM RECEIVED**

PAP

PARIS

This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (D)

**FROM** Dated October 20, 1938

Rec'd 5:20 p.m.

Secretary of State

Washington

2534, October 20, 5 p.m. (SECTION FIVE).

Li Yu Ying said that he could not guarantee that some  
 such move had not been made by the German Government since  
 he had been absent for some time from Chungking and Chiang  
 Kai Shok might have forgotten to mention the matter to him.

He felt absolutely certain, however, that if the Ger-  
 man Government had made any such proposal Chiang Kai Shok  
 had rejected it immediately. He was absolutely certain that  
 the Generalissimo would not consider any compromise now  
 with Japan. He had telegraphed Mandel's inquiry to Chiang  
 Kai Shok and expected to have a definite reply within the  
 next two or three days which he would communicate to me.

The Generalissimo, he added, was completely confident  
 that China in the end would emerge victorious.

(END OF MESSAGE).

BULLITT

EMB

7.

[illegible]

793.94

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

ω  
ω  
ω  
ω

1355

DECLASSIFIED: E.O. 11652, 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, 1938  
AM 9 20

The attached statement entitled "An Incident of the Undeclared War in China" was left with me by the writer, Miss Mary Callaghan, who requested that it be placed on file in the Department as a matter of record. The statement, for the most part, relates to certain difficulties encountered by Miss White in January 1938 at which time she was called upon to protect a number of Chinese women from assault by Japanese soldiers.

Reading of the statement is not necessary and no action is required.

*new*  
FE:Mackay:JPS

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

Miss Mary Culler White

Mokanshan, Che.  
 Forwarding Address:  
 Moore Memorial Church, Shanghai.



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

An Incident of the Undeclared War in China  
 (Not for publication.)

RECEIVED  
 DEPARTMENT OF STATE

*For Information Only*

1939 OCT 14 AM 9 20

The soldiers of the Japanese army of occupation in China are drunk with power and insane with lust. I speak advisedly having lived, as an isolated American, in territory now controlled by the Japanese.

COMMUNICATIONS  
 AND RECORDS

My station is Wuchen, Chekiang, but in November 1937 it became impossible to remain there, so I refuged with my Bible women and other Chinese friends to the village of Ba-deu...a hamlet about six English miles from the mountain resort of Mokanshan. There was a church there ~~where~~ with a voluntary or unsalaried pastor, Mr. Vi, who was so calm, so capable, so generous, and so beloved that many other Christian refugees came there also. I rented a house across the street from the church and settled down with my group to do missionary work.

During the latter part of December the "hsien" or county of Wukaung to which Ba-deu belongs was captured by the Japanese. Early in January the Japanese soldiers made their first visit to Ba-deu. A Chinese gentleman who was on the reception committee brought the ranking officer to call on me. I was introduced to him as an American Woman who was refugeeing there and carrying on missionary work with my Bible women, who were also introduced to him. He was most polite to me and to the people of the town; and, before he left, he wrote two notices in Japanese saying that the good people of this town were not to be molested and that the Chinese were instructed not to run when they saw Japanese coming. One notice was posted on the main bridge of the town and another at the Church. We felt reassured, and the next time the soldiers came we did not leave our home. Several visits passed without incident although on one occasion some private soldiers came into my home and asked to go up stairs. As they had no officer with them I refused, and after a little examination of our living room and our food, they left.

Then came the day of January 26th...a day never to be forgotten in the calendar of my life. It was just after breakfast and I was at the window in my upstairs bedroom when a group of Japanese soldiers called to me from the street. I answered cordially and they went on up the street past our house. A few minutes later they returned and beat on our front door, calling to me at the same time. I went down and opened the door but stood in the aperture as I did not wish them to come in. They insisted on coming in, and I said, using signs as well as words, that I would agree to let two come in. When these two came in the others pushed rudely past me and came in also. I tried to detain them in the living room, but again they pushed past me and went upstairs where my young ladies were. By the time I reached the second floor I found that my attractive young co-workers had scattered in the four rooms that comprised the upstairs; also that two beautiful girls from next door had fled to us because the Japanese had entered their house by a cellar door which we used in common. Two of the upstairs rooms were passage-ways as well as bedrooms, but the Japanese

793.94/15428

FILED

OCT 21 1939

FA

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

-2-

made for the inner rooms which had no exit. I followed one group of soldiers and saw the evil eyes of the men on the girls while one of their number pointed with his finger and ominously counted the beds! Another of the men had his hand stretched out to slip the bolt on the door and prevent the girls from escaping; but some power held him back for an instant and in that moment the girls fled to the outer room. Meantime one of my workers, a practical young woman of about thirty-five, was calling me to my room which was also an inside room. There I found several of my young women and my neighbor's girls. The Japanese were again trying to push in, but the young lady who had called me had grabbed a broom and was sweeping dust into their faces while she calmly pretended to be cleaning the room. The Japanese fear dust almost as much as they fear cannon balls, and some of them had come to a halt. Others were more bold, and pushed into the room. One, who had a small red cross kit with him selected a blooming girl belonging to my neighbor and asked me her age. I replied truthfully that I did not know. Our conversation was limited as the Japanese did not know English and spoke only broken Chinese; but by every gesture at my command, I was urging them out of the room and toward the stairs. I seemed doomed to failure for again a hand was stretched out to bolt the door; but for the second time a higher power held back the arm, and I was able to get the most dangerous one...the one with the red cross outfit...out of the room and to the top of the stairs. There he stopped, and in clearer Chinese than he had yet used, made his demand, "You give me two young women." (Two in Chinese meaning several.) Bear in mind that all these men were fully armed with mausers and rifles, and that this one had a hypodermic needle as well. Also remember that our exits were cut off both by the men on the stairs and others at the front and back entrances below. We were trapped! "You give me two women!" I went cold all over, but by the help of God, I talked on evenly in my best Chinese. "I have been polite to you, and you must be polite to us." With this expression repeated over and over, and with a volume of silent prayer going up from all our hearts, I finally got the group down the stairs and out on the street. Later the red cross man came back and offered to give me a hypodermic injection! But by that time I had Pastor Vi with me, and we sent for the officer in charge of the group. This man was able to understand English when it was written, so I wrote on a paper, "I am an American woman. This is my house. I have Chinese ladies living with me. We look to the glory and honor of great Japan to protect us all." After reading this and making many bows, they took their departure, the little piece of paper with "the honor and the glory of Japan" going with them.

After this incident I put a big sign on my door saying that this was the home of an American; but it was not needed at once as we had bad weather and the soldiers did not return. During the third week in February, however, they came back in force. This time they were looking for Chinese soldiers who had become active in the hills around Be-deu. At first only a few came, but on February 19th about two hundred came at 2.00 P.M. and occupied the town. The people of the village, sensing danger, fled to the mountains,

DECLASSIFIED: E.O. 11652, 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-

while the local Christians, and we who were there as refugees, went to the church and held a service of song and prayer. The men were seated on one side of a central aisle and the women on the other, with as many of the younger women as possible huddled together toward the front. Pastor Tai, who is our Presiding Elder, or District Superintendent, led the service, and carried off the trying situation with dignity and assurance. I was the door-keeper, and I bowed my best to the detachments of soldiers who came, asking them to come in and have seats on the men's side; but they were bent on mischief. A few of them searched for Chinese soldiers of whom there were none in the church or village; but most of them were looking for beautiful women of whom there were many right at hand. I tried to keep our visitors in the back of the church near the door. My prestige as an American was supposed to help in this respect; and of course they knew that I was an American, first, because some of them had been to Ba-deu before; second, because of the sign on my door; and third, because of my personal appearance. (I have fair skin, gray eyes and snow white hair.) But none of these things counted for much with that bunch of Japanese soldiers. One of them slipped past me and seated himself in a vacant pew on the women's side just behind my neighbor and one of her beautiful daughters. He pulled the hair of the mother and then of the girl. I walked forward and politely, but firmly, asked him to sit somewhere else. He moved, and things were quieter for a time; but more and more soldiers were crowding in at the door, and they began to talk and disturb the service. I turned and motioned to them, asking them to be quiet. One of them became defiant and made motions with his hands on his own neck, threatening to cut off my head. It was so absurd that I laughed as I said in Chinese, "I am not afraid." He then put his hand on his pistol and made the motion of taking it out and shooting me in the heart. I laughed again, and repeated that I was not afraid. On this he came forward, and taking me by the shoulder with his left hand, struck me in the chest with his right fist. It was more of a threat than a blow; but it was hard enough to hurt. I was surprised and indignant, but again I was able to smile and say "I am not afraid". Most of the young women were fully alarmed by this time, and they sat with faces averted and heads bowed. One soldier, bolder than the rest, walked up the aisle, and, selecting an attractive young lady at the end of the first pew, lifted away the hair that partially covered her face. He was looking at her with a dangerous stare, but I was at his heels, and I motioned him back to the door. He took me by both shoulders and gave me a shake; but he went back and let the girl alone. When I had resumed my seat, he came to where I was, and unbreaching his rifle, showed me a long cartridge in the cylinder, at the same time making threatening signs to show me how easily he could kill me. I smiled and said in English "I am not afraid." After that I was not molested; but the atmosphere was getting tenser and tenser all the time, and it was becoming harder and harder to keep the service going. All the men in the church were taken out on the street and searched. One preacher was slapped in the process and several persons had their lives threatened. About four o'clock, a Japanese soldier stalked through the church and entered the preacher's home which adjoined the church in the rear. Several others followed, and we knew that the house was being searched. We felt that it was best to leave the investigators entirely alone; but there was a half-witted woman

DECLASSIFIED: E.O. 11652, 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-

in the congregation whom I have taken care of for nineteen years. She was seated among the women where we thought she was safe; but she wanted to see what the soldiers were doing in the parsonage, so she slipped away, and went into the house. Soon we saw, through the rear door of the church that the house was being looted. Soldiers were coming down the stairs laden with bedding and clothing. This being carried out through a side door into a poultry yard which, in turn, opened on the street. This was too much for the feeble minded woman. She took hold of an armful of bedding as it was being carried out, and protested. The soldier slapped her twice so hard that the blows resounded through the church. Even so, she remained in the house to watch what was going on. The looting continued to the accompaniment of the scripture choruses which we were singing, "In nothing be anxious, in nothing be anxious; but in everything by prayer and supplication with thanksgiving let your requests be made known unto God."

After the looting of the house, the yard which was just outside the windows of the church was attacked. The chickens were caught and carried off, then the ducks, and last of all the pig family. The loud squawks and squeals almost drowned our voices, but we sang on. "In nothing be anxious" repeated over and over. I turned to the front door and saw three jinrickshas pass piled high with bedding... loot from other houses down the street...perhaps our own. Meantime the officers were making inquiries by writing Chinese and passing the paper to one of the preachers or a village elder who was with us in the Church. "Were there Chinese soldiers in the town?" Ans. "None". "Were there any plain clothes men?" Ans. "We don't know". "Why don't you know?" and so on. The minutes passed slowly. It seemed the longest half day of life. The last song died in our throats about the time that the interrogator wrote his supreme request and passed it to the village elder. "Will you give us some women?" My eyes were glued to the paper as that Non-Christian, but fatherly Chinese gentleman took the paper and wrote, "They are all God's daughter". And the soldier let it go at that. Night was falling by this time. The lamps and the oil had been looted, and we knew that our few candles were no defense against the dangers that would come with the dark. But God sent help through the ranking officer who came into the church about this time bringing his interpreter with him. Presiding Elder Tai appeared to this man to protect our group. After a bit of conversation, he took a Chinese pen and wrote three notices...one for each entrance to the church lot...saying this was an American church and that the people belonging to it were good people who should be protected. He then instructed our whole group of more than sixty people to remain in the church all night, saying through the interpreter, "If any of you go out on the street you will be shot by Japanese soldiers. We promised to stay put; but as I had no coat with me and no bedding for myself or my co-workers, I asked the officer to allow me to go home under the escort of a soldier and get some things. Calmly he looked at me and said, "I think your house has been occupied by Japanese soldiers." And I had left it carefully locked at 2:00 P.M.. Before the officer departed he gave us an anxious moment by proposing that some of the soldiers stay in the church all night to protect us! With profuse politeness we thanked him, but suggested that it

-5-

better for us to bar the door on the inside while the soldiers remained outside on sentry duty. After thinking it over he agreed to this, and gave the order to that effect. When the last soldier had gone and the big gate had been triple barred and locked, we sat down in the semi-darkness and then cold to relax a little. It was then 7:30 and we had been under the strain since 2:00 o'clock! But we could not relax long. There were stories to hear. My feeble-minded woman said that she had been taken to a dark room in the back of the house and criminally assaulted. Her graphic description of what had taken place, together with her subsequent pain and illness made us know that she was speaking the truth.

One of my Bible women also came and said that she had had a narrow escape. She was the youngish looking woman of about forty-five who had thought that her age would save her from insult. She said that she had grown frightened for the life of one of the preachers as he was being rigorously questioned in the church. For this reason she had left the group and gone into prayer room which was just across a little passage way from the rear door of the church. While she was praying she became conscious that there was some one in the room. She got up and found a Japanese soldier beside her. The man began to unbutton her sweater, and, thinking that he wished to loot, she helped him take it off. Next he began to unbutton her long Chinese robe. She thought he was searching for money, and she was getting ready to hand him what she had, when another soldier entered the room. The first one said to her in Chinese, "You come with me to the back of the house." At last she realized her danger; but, with the great presence of mind, said calmly, "Will you, sir, please go first?" As soon as he was outside the door, she darted across the passage way into the church, where she crowded up to the front and so escaped. These stories did not make it easier to pass the night as we sat or reclined on the hard benches of that cold church. But the hours wore away at last, and with the coming of dawn we could hear the Japanese soldiers starting for the hills back of Ba-deu. It took a long time for them to pass. No one came to tell us we could go out; but about 8:30 the street was clear, and we ventured out. Not an inhabitant of the town was to be seen. We ran to my house where we found the notice "Home of an American" torn from the top, and all the doors broken in. The place was in utter confusion from the top floor to the cellar. All that was desirable had been taken...bedding, clothing, valuables. The other things had been thrown on the floor and trampled on, or ruthlessly torn up. My brief-case and trunks had been ransacked and important papers and cherished pictures were lying in a dirty mass on the floor. All my Bible women had suffered in the same way, and their things and mine were hopelessly mixed in the debris that covered the floor of every room. We hastily salvaged what we could and ran with it to the Church. Later we went up and down the street and found all the houses open and empty of inmates. The people had fled when the Japanese had arrived the day before and had not yet returned. Some of our bedding was found in our neighbor's houses to which no one but the Japanese could have taken it, since they were the only people in the town except those shut up in the church.

-6-

The day thus strangely begun was Sunday, and we had our church service in the morning as usual; then we gathered our scattered cooking utensils together and prepared dinner, but before we had tasted it, four Japanese soldiers arrived. One of them had a red cross kit, and was able to speak a few fragmentary words in English. We began a service at once, but there were many interruptions. They said that they were looking for Chinese soldiers, but they soon began to make absurd demands. They said "We will sleep in this house to-night." To which I replied, "I have a house across the street which I will put at your disposal." When I took them over, showed them the mess, and explained its cause, the red cross man had the grace to bow his head in shame, and bring his hand to a salute.

But he was soon back in the church making other demands. He wanted Pastor Vi's boy, a lithe lad of about nineteen to be his ricksha coolie. We intervened by offering to find a coolie for him who could really pull a ricksha. Then he said roughly, "We must have women to go with us and cook our food. These two will do. Come on, now!" He had selected the two daughters of Pastor Vi, one of whom was a Bible woman and the other a trained nurse. One of the girls found courage to protest, and I looked that callow youth and said in English, "Never." He seemed to get my meaning for the four of them got up and made a final departure from the church.

The usually imperturbable Pastor Vi was now thoroughly aroused. Although night was fast coming on, he got up and said, "We must leave this place at once. Let all who can do so start immediately for Mokanshan". There was no way to go except on foot and the six mile walk included a climb of 2000 feet. In spite of these difficulties, two groups of about twenty each, started. The first got safely out of the village, but the second was stopped by Japanese soldiers who were returning enmass to make camp at Ba-deu. The soldiers would neither let the party go on to Mokanshan or return to the church. Pastor Tai and I were sent for, and when we went down to the place, we found that what the soldiers wanted was the bundles of bedding which the would-be-travellers were carrying. I explained to the captain that these people had been looted the night before and so had very little left. The officer replied naively, "Their bedding must have been taken by the local Chinese because the Japanese soldiers do not do such things." We knew, that it would do no good to argue, so we politely insisted that he let our people go back to the church, taking their bedding with them. At first he was adamant. The Japanese soldiers needed that bedding and we must "lend" it to them. But finally we hit upon the expedient of dividing each bundle and letting them have half. Even then they would not let our group return until I had promised that out of our scant supply we would find other bedding for them at the church and send it down. In return I extracted a promise that we might bar the church door and spend the night in peace. I also tried to secure a written premit for the party to go to Mokanshan the next morning, but this, the captain refused. When all had been arranged we went back to the church, sent what we had promised, then, for a second time, settled down to sleep on the benches on the floor of that cold building.

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

-7-

Early Monday morning all the able bodied members of our group were eager to start for Mokanshan. Pastor Tai and I went to headquarters of the Japanese, where, by much writing of Chinese and many bows we got a verbal promise that they would let the group pass. I was to take the party past the camp and the sentries, and then return to stay with the more helpless ones until they, too, could be evacuated. Before we started the Chinese Girls tied up their heads like peasants and put on the worst clothing they could borrow; but the camouflage was only a partial success, I took the group out of the back gate and across the hills that lay back of the church until we reached the main road where the Japanese had their headquarters. There we were halted and told to wait until the captain had time to see us. Moments dragged into hours and it seemed that the captain would never come. The girls were seated on a little hill just above the road where the Japanese were making a fort. The soldiers were all around us gathering rocks and digging up earth. They were staring at the girls and making rude jokes as they went about their work. We were like a little flock of kids there on the hillside, and I felt that the presence of one American offered by thin protection to the group. The time dragged on. More jokes, and more lewd glances. There was only one thing that we could do and that was to pray. And then, quite suddenly, a cultured Chinese gentleman whom I had never seen, came out of the captain's headquarters and said in perfect English, "May I introduce myself, Miss White, Mr. D. L. Sherertz and I have come down from Mokanshan to take you all back with us. Mr. Sherertz has the American flag with him and all will be arranged soon." And then I knew that this was Mr. Ho Tsang, a diplomat and former consul to New York who had been educated in Japan and who had now come along to interpret and act as a go-between. He returned to Mr. Sherertz and the conference at headquarters continued. We still stood or sat on the hillside, but everything was different now, for we knew that deliverance had come. A little later Mr. Sherertz appeared and the stars and stripes floated out between those lewd soldiers and that group of girls. I thanked God, and at the same time said in my heart, God is as real as that flag, only we cannot see Him. Mr. Sherertz told me that he had some sedan chairs outside the village so that we could return to the church, get the infirm and aged, and then all go to Mokanshan together. As we carried out this plan we found that the Japanese had suddenly become courteous. Then they even urged us to leave quickly as they said there might be fighting in the village within an hour or two. We were all on the road by noon... a long string of refugees composed of about fifty people. The flag and the gifted Mr. Ho got us safely past the Japanese sentries, and by nightfall all the party had reached Mokanshan. Thus our women and girls escaped that which they feared worse than death; but as I came away I was thinking of the thousands of women in Japanese occupied territory who have no American woman with them, no friendly Mr. Sherertz to come with the flag, and no knowledge of a heavenly father to whom they can pray. What of them?

Mary Culler White  
 Methodist Episcopal Church, South  
 Headquarters Doctor's Building  
 Nashville, Tennessee

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

-8-

Note - Since the writer of this article desires to return to China and expects to have to live in occupied territory, no part of this article can be published and none of it should be quoted unless all who are present are well known as bonafide friends of China.



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

ACCESS RESTRICTED

The item identified below has been withdrawn from this file:

File Designation 793.94/15429  
Date MAY 5, 1939  
From LT. B.M. GATES 45N  
To ONI

In the review of this file this item was removed because access to it is restricted. Restrictions on records in the National Archives are stated in general and specific record group restriction statements which are available for examination. The item identified above has been withdrawn because it contains:

- ☒ Security-Classified Information  
☐ Otherwise Restricted Information

R. E. Huss  
Authority

5/9/73  
Date

GENERAL SERVICES ADMINISTRATION

GSA FORM 7117 (2-72)

GSA DC 72-10421

WITHDRAWAL NOTICE

0371

DECLASSIFIED: E.O. 11652, 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

Chungking, October 4, 1939  
1939 OCT 21 AM 10 27

No. 341

DIVISION OF  
AIR COMMUNICATIONS  
AND RECORDS

Division of  
FAR EASTERN AFFAIRS  
OCT 23 1939  
Department of State

STRICTLY CONFIDENTIAL

Subject: Conversation with Mr. T. V. Soong.

RECEIVED	Yes	No

743  
RECEIVED  
OCT 23 1939  
AIR COMMUNICATIONS  
AND RECORDS

DEC 9 1939

ADVISER ON POLITICAL RELATIONS  
MR. HORNBECK  
OCT 28 1939  
DEPARTMENT OF STATE

793.94 / 15430

The Honorable

The Secretary of State,  
Washington.

Sir:

1-2/ With reference to my telegram to the Department No. 539,  
September 27, 9.00 A.M. (paragraph 2) regarding the presence  
in Chungking of Mr. T. V. Soong, I have the honor to enclose,  
copies of  
for the information of the Department, two memoranda based on  
a conversation between a member of my staff and Mr. Soong  
which took place at a luncheon given by Dr. Peng Hsueh-pei,  
Vice-Minister of Communications, at the Foreign Office Guest  
House on October 2.

With regard to Mr. Soong's statement (Enclosure No. 1)  
to the effect that no general counter-offensive against Japanese  
forces will be undertaken as long as the European war continues,  
and his implication that China's problems would be solved at  
the end of the war by "another Washington Conference", it is

hardly

FILED  
F A  
1939

0371

DECLASSIFIED: E.O. 11652, 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 -

hardly necessary to point out that Mr. Soong's attitude appears to be based on (a) the assumption that the European war will be won by nations which will favor restoration to the National Government of all - or the greater part - of its former territory; and (b) the assumption that the nations dictating a general settlement will be willing to risk war with Japan in their effort to restore this territory to the National Government; or Japan, as a result of a prolonged campaign in China and/or involvement in some other war, will be too weak to hold her territorial gains in the face of pressure from third powers. Even though regaining lost territory through diplomatic pressure may well prove to be a far more difficult task at the end of the current European war than it was after the World War, Mr. Soong's remarks seem to indicate that he believes China has a better chance of defeating Japan at the conference table than on the battlefield.

In connection with Mr. Soong's remarks to the effect that the Government would not move from Chungking even if Japanese bombers were based at Ichang, and his reference to the fact that the distance between Ichang and Chungking is considerably greater than that between many European capitals and enemy air bases - actual or potential - it may be pointed out that Mr. Soong did not discuss the comparative effectiveness of air defenses at Chungking and in European capitals. [Warsaw??]

With regard to Mr. Soong's admission that there were "some ugly aspects" connected with the Government's change in its policy of supporting National currency in Shanghai, the circumstances of the conversation did not permit an inquiry as to just what these were, but in spite of this reference Mr. Soong did not appear pessimistic regarding the future of the currency. (Enclosure No. 2).

In

037

DECLASSIFIED: E.O. 11652, 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 -

In connection with Mr. Soong's comment on the removal of head offices of Government banks to Chungking, the Department is probably aware that this removal - now in progress - was foreshadowed in the second paragraph of a National Government Mandate issued September 8, 1929, which reads: "A definite date shall be fixed by the Board of Directors of the Joint Office for the early removal of the head offices of the Central Bank of China, the Bank of China, the Bank of Communications, and the Farmers' Bank of China to the place where the seat of the National Government is located". It was in this mandate that the appointment of General Chiang Kai Shek as chairman of a joint board of the four Government banks was announced. Mr. Soong is a member of the standing committee of this board.

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson

Enclosures:

1-2/ As described.

Original to Department by air mail  
Four copies to Department by pouch  
Copy to Peiping (by hand from Shanghai)  
Copy to Tokyo (by hand from Shanghai)  
Copy to Shanghai (by pouch)

800  
TEW/tew

No Carbon Copies  
Received 7/10

STRICTLY  
CONFIDENTIAL

Enclosure No. 1  
to despatch No. 341,  
October 4, 1939.

Chungking, October 2, 1939

MEMORANDUM OF CONVERSATION

SUBJECT: Possibility of a general counter-offensive  
by the Chinese.

PARTICIPANTS: Mr. T. V. Soong.

Mr. Weil.

---

At the luncheon given today by Dr. Peng Hsueh-pei, I stepped on to the verandah with Mr. T. V. Soong - apart from the other guests - to hand him his passport, which the Embassy had visaed this morning. He repeated what he had previously told Major McHugh in this connection - namely, that he had no intention of going to the United States in the near future, but that he always liked to have a visa which was valid. We then talked for approximately ten minutes without interruption.

General remarks on conditions in Chungking, with particular reference to air raids, led to a discussion of last year's raids on Canton, the occupation of that city, and present conditions in occupied areas in South China. I commented on the small area held by the Japanese in South China and the difficulties they were reported to be experiencing there, and - having in mind recent rumors to the effect that a Chinese counter-attack on Canton originally planned for the Double Tenth had been postponed until the New Year - inquired whether such an attack might take place in the near future.

Mr. Soong's reply applied not only to South China but to the whole battlefield: He said there would be no general counter-offensive as long as the European war lasted; that such an operation would require more materials and equipment

than

- 2 -

than the Chinese could obtain under present circumstances; that the type of resistance now being carried on could be continued indefinitely; that all the Chinese had to do was to survive as a nation until the end of the European war, when he hoped there would be "another Washington Conference", at which the nations which had won the war would be backed by armies of seasoned troops.

Continuing on the subject of resistance, I then asked Mr. Soong whether he thought Ichang, if attacked, would be strongly defended. Mr. Soong replied that Ichang would be defended, but that its importance was not very great. I inquired what effect he thought the presence of a Japanese air base at Ichang might have on Chungking. Mr. Soong said he thought it would not be very serious; that flying time from Ichang was two hours; that most European capitals were less than two hours by air from potential or actual enemy air bases; that the Government would not be forced to move out of Chungking but would remain here "until we go back to Nan-king".

I asked Mr. Soong whether the loss of Ichang might not have an adverse effect on opinion abroad - insofar as observers' faith in the Government's ability to defend its territory was concerned. Mr. Soong said he thought foreign opinion of this sort did not matter very much at present; that the essential thing was to preserve the Government as an entity until the end of the European war.

T. Eliot Weil

TBW:tew

137

DECLASSIFIED: E.O. 11652, 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

Enclosure No. 2  
to despatch No. 341,  
October 4, 1939.

Chungking, October 2, 1939

MEMORANDUM OF CONVERSATION

SUBJECT: Attitude of Chinese in occupied areas towards  
National Government, with particular reference  
to financial circles.

PARTICIPANTS: Mr. T. V. Soong.

Mr. Weil

---

In the course of my conversation with Mr. T. V. Soong referred to in my memorandum of today's date regarding the possibility of a general counter-offensive by the Chinese, I asked Mr. Soong whether he did not think that Chinese in occupied areas would become discouraged and tend to lose interest in the National Government during coming years if a counter-offensive is postponed indefinitely. Mr. Soong replied that he did not think it would be a question of years; that things were happening so fast in Europe today that the European war would probably be over within one year; and that Chinese in occupied areas were not going to be fooled by promises made by Wang Ching-wei. I then inquired whether the change in the Government's currency policy (June, 1939) appeared to have had an appreciable effect on the attitude of Chinese financial circles in Shanghai towards the Government. Mr. Soong said this problem did have "some ugly aspects", but that he felt the fact that the Government was able to maintain its currency at all under present conditions tended to retain the loyalty of Shanghai Chinese.

Discussion of Shanghai financial interests led to the subject of the recent announcement that head offices of the four Government banks would move to Chungking, and I asked

whether

137

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

whether there was any part -

Mr. Soong replied that the bank's significance in the change.  
of Finance was sometimes ill-advised but that the Ministry  
would be in a better position to offer advice, and that they  
if the head offices were in Chungking. Ministry

The luncheon party then began to break up and the conversation ended.

T. Eliot Weil

TEW:tew



137  
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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese hostilities in Hankow district during  
July, 1939: report on subject.

793.94/15431

wb

For the original paper from which reference is taken

See #8

(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 8, 1939

From | Hankow (Spiker)  
To |

File No. 893.00 P.R. Hankow/145

793.94  
15431

7378  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

B. Relations with Japan:

1. Course of Hostilities.

Excepting for an unimportant sortie westward at the  
end of the month in the Sinyang, Honan, area, the Japanese  
forces

---

\*Hankow's No. 188, August 5, 1 p.m.

Political report  
July 1939  
Hankow, China

-7-

forces in Central China did not assume the offensive.

The outstanding military development in Central China during July was the withdrawal of large bodies of Japanese troops from this area.\* Ponderable troops movements down-river are believed to have represented a transfer of most of the 11th Division and parts of the 12th and 13th. The volume of the movement suggests that there may have been other units transferred which this office has not been able to identify.

This depletion of Japanese strength in Central China has necessarily meant a retrenchment of their military position. A number of towns in which there were Japanese garrisons are now denuded of Japanese troops, other places are held by reduced forces. As a consequence, Chinese regulars and guerrillas are moving about with greater freedom than they have at any time since Japanese occupation. It is known, for example, that at two places on the Yangtze River between Kiukiang and Hankow, Chinese units on the bank of the river are levying taxes on Chinese junk traffic.

Despite, however, a position increasingly favorable to them, the Chinese have been comparatively inactive. Reliable foreign sources have reported Japanese garrisons of eight men in one town and twenty in another quite unmolested by armed guerrilla bands,

numbering

---

\*Hankow's telegram 171, July 25, 2 p.m.

DECLASSIFIED: E.O. 11652, 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  
 July 1939  
 Hankow, China

-8-

numbering several hundred, who entered the towns in question and made purchases, moving about quite unconcerned.

The Chinese explain their inaction by stating that they have not yet received orders to launch a counter-offensive. More likely reasons are (1) a reluctance to provoke Japanese reprisals on the civilian population and (2) a Chinese peasant repugnance to assuming aggressive initiative.

2. Discontent among Japanese Troops.

According to reliable sources, the reported difficulties which the Japanese high command experienced in June over the refusal of certain Japanese units to assume the offensive were resolved by transferring some of the affected detachments and exhorting or punishing others.\* By mid-July the army authorities seemed to have the situation under control.

3. Chief of Army Special Service Section Transferred.

It was learned late in July that Major General S. Morioka, Chief of the Japanese Army Special Service Section at Wuhan, is to be transferred to Peiping. General Morioka, who is a moderate, is scheduled to be replaced by Major General Shibayama from Tientsin, who is reported to be more of an extremist. General Shibayama arrived at Hankow on July 26. He is said to have left unexpectedly on July 31 for Shanghai, one day before Morioka was to relinquish charge.

Morioka's

\*Hankow's despatch No. 820, July 19, 1939, Discontent Among Japanese Troops in Central China.

DECLASSIFIED: E.O. 11652, 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  
July 1939  
Hankow, China

-9-

Morioka's removal is understood to be the outgrowth of friction between him and General Doihara over (1) Morioka's moderate tactics and (2) the strong treatment meted out by Morioka to certain proteges of Doihara in the 11th and 12th Divisions who were involved in the recent unrest in those detachments. Rather significantly, Morioka did not meet Shibayama upon the latter's arrival at Hankow.

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations.

Report concerning -, for month of July, 1939.

22

793.94 / 15432

For the original paper from which reference is taken

See # 4108  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 22, 1939 From Japan (Dooman)  
 To

File No. 894.00 P.R./140

15432

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

(b) China.

Military Operations

793.94  
 Japanese military operations during the month under review mainly were concerned with continued campaigns against guerilla forces in already occupied territories and with a rather large-scale drive on regular Chinese troops in Shansi. In south-eastern Shansi it was reported that at least five divisions of Japanese troops had initiated a campaign against an estimated 190,000 Chinese troops. The Japanese claimed to have forced the Chinese to retreat towards the crossing over the Yellow River by July 21 and also to have inflicted 10,000 casualties. Fighting in other sections of the same province was also reported.

One new campaign against territory not already occupied was also reported. This was an attack launched on July 18 northward along the Peiping-Hankow Railway in Honan near Sinying against some 30,000 Chinese troops. It was stated that this campaign was initiated following reconstruction of a bridge over the Hwai River at  
 Changtaikwan

\* Embassy's despatch No. 4071, August 3, 1939.  
 Embassy's despatch No. 4028, July 12, 1939.

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

- 17 -

Changtaikwan.

The blockading of the China coast, particularly in South China, was reportedly further intensified during the month. It was announced on July 12 that the ports of Chuanchow, Tungshan, and Chaoan, in Southern Fukien would be closed to traffic on July 16, that the port of Swabue in Kwangtung would be closed on the 18th, and that offensive operations would be initiated against Hinghwa, South of Foochow, on the 19th. On July 21 it was announced that Santuao, Louan, and Shacheng, ports in Fukien, would also be closed. In the meantime it was reported that by July 15 the blockade at Wenchow and Foochow had been firmly established.

Comparatively heavy bombing operations were said to have been carried out during the month, particularly by the naval air forces; the severest attacks were reportedly made on coastal points and on communication centers and cities in Kwangsi, such as Kweilin, Liuchow, Lungchow, and Nanning. Several raids, notably those on July 6 and 7, were also made on Chungking.

General Bell



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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Sino-Japanese relations.  
Report concerning -, for month of August, 1939.

aa

For the original paper from which reference is taken

See ..... desp. # 54  
(Despatch, telegram, instruction, letter, etc.)

Dated ..... Sept. 5, 1939 ..... From | Amoy (MacVitty)  
To |

File No. .... 893.00 P.R. Amoy/143 .....

793.94 / 15433

15433

DECLASSIFIED: E.O. 11652, 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. Kulangsu Situation.

743.94  
The impasse which was reached in July between the Municipal Council on the one hand and the Japanese Consul General on the other, as noted in this office's review for July, with regard to the Japanese demands on the International Settlement of Kulangsu, was given accent by a letter from the latter to the former dated August 4 (see my despatch No. 26, August 7, 1939 to the Embassy at Peiping). Mr. Uchida, the Japanese Consul General, reiterated the Japanese official viewpoint with respect to the necessity for curbing anti-Japanese elements by increasing Japanese participation in Municipal affairs. He asserted that the only way that this could be done was by the appointment of a Japanese inspector of police to rank next after the British chief. The Municipal Council felt that it could not accept this demand.

Early in August Captain E. J. P. Brind, R. N., of H. M. S. BIRMINGHAM, Senior British Naval Officer in the port, reached the conclusion that it was useless to deal through the Japanese Consulate General as in his opinion the Japanese naval authorities in Amoy were actually responsible for the conduct of affairs. In a series of informal discussions with the Municipal Council and the Consular Body, and with the implied assent of the Japanese Navy, he drew up a Draft Agreement, the basic idea of which was the appointment

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

- 5 -

appointment of a Japanese liaison officer instead of a police inspector, said liaison officer to have no executive authority. The plan also contained clauses designed to safeguard the Settlement from further demands on the part of the Japanese and at the same time afford cooperation with the Japanese in their efforts to suppress elements claimed by them to be subversive.

This plan was presented to the Japanese naval authorities as having the approval of the Municipal Council and others concerned in the Settlement, and was discussed with them both by Captain Brind and by Captain Stapler, U.S.N., Commander South China Patrol. Although it was at first thought that the Japanese were inclined to favor the idea, Captain Brind received a reply from the Senior Japanese Naval Officer dated August 17 in which it was stated that the Japanese could not accept the suggestion for a liaison officer without authority, and that only an inspector of police would meet their requirements. It was also said that discussions between naval officers could only be informal and that concrete negotiations must be through the Japanese Consulate General.

Perhaps the most important result of this praiseworthy effort of Captain Brind's was that the Settlement authorities for the first time achieved a really united front and decided just how far they were willing to go in meeting the Japanese demands.

At about the time the above negotiations  
 broke

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

- 6 -

broke down the Japanese Consul General, Mr. Uchida, proposed on his own initiative that a solution might be reached by promoting the present Japanese sub-inspector to full inspector, to rank with but after the Russian inspector who has been in the Council's employ for seventeen years. In a series of informal talks with the American Consulate, which in turn discussed the matter with the Consular Body and the Council, it appeared that perhaps a satisfactory solution might be reached on the basis of Mr. Uchida's suggestion. Thereupon Mr. Uchida put the matter up to his Foreign Office, and this office communicated it to the Department and the Embassy at Tokyo.

In the meantime the Department had requested the Embassy at Tokyo to review the whole Kulangau question once again with the Foreign Office, reiterating the American Government's desire to arrive at a satisfactory settlement in a friendly manner but deprecating the Japanese tendency to continue the use of coercive measures; the Department instructed the American Chargé to point out that the United States had met the Japanese more than halfway, and that it now looked to the Japanese for reciprocal action.

Despite these representations, and despite Mr. Uchida's suggestions as noted above, the Foreign Office instructed their representative in Amoy to state that the appointment of an additional police inspector was absolutely essential from the Japanese point of view and that no settlement which ignored

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

- 7 -

that stand would be considered. However, Japanese demands in other matters were considerably reduced, and it was promised that any new Japanese appointees would not increase the financial burden of the Council. Mr. Uchida conveyed this to the Consular Body and the Municipal Council informally through the American Consulate. This had the effect of further crystallizing the opinion of those in Kulangau, who at the end of the month informally told Mr. Uchida that another Japanese inspector could not be considered. The reasons were: 1. The demand was backed up by various coercive measures and threats of force which had continued unabated since June 1939; 2. An appointee of the Japanese Government (and of any other Government) in an important administrative position in the Settlement would jeopardize the independence and international character of the Settlement; 3. The Japanese offer to bear any increase in the financial burden of the Council was rejected on the grounds that the Council, in order to maintain its independence, could not properly accept such an offer.

At the end of the month the situation was that the Japanese, on the one hand, refused to recede from their original demand for a Japanese inspector appointed by them on the police force of the Settlement; while the Council, on the other hand, would not accede to the demand which in their opinion was backed by force and tended to undermine the independence of the Municipal Council. It seemed likely that that organization would be willing to promote

its

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

- 8 -

its Japanese sub-inspector and enter into an agreement with the Japanese Consulate General for the settling of other outstanding questions, and that unless the Japanese Foreign Office could see its way clear to accept this solution the present deadlock would continue indefinitely.

Note: With reference to the Kulangsu situation, see the following:

#### Telegrams

Amoy's 90 to Department	August 6, 6 p.m.
Amoy's 91 to Department	August 9, noon.
Amoy's 92 to Department	August 12, noon.
Amoy to Peiping	August 19, 4 p.m.
Department 264 to Tokyo	August 21, 1 p.m.
Amoy to Peiping	August 22, 8 p.m.
Amoy to Peiping	August 23, 8 p.m.
Tokyo 429 to Department	August 23, 8 p.m.
Tokyo 431 to Department	August 24, 4 p.m.
Amoy to Peiping	August 24, 8 p.m.
Amoy to Peiping	August 31, noon.

#### Despatches

Amoy to Peiping	No. 26, August 7, 1939.
Amoy to Peiping	No. 27, August 9, 1939.

#### 2. Japanese Military Activities.

Aside from the intensive bombing of Changchow (漳州) by Japanese aeroplanes during the week ending August twelfth, which caused considerable property damage but only minor casualties, and the continued blockade of mainland points by the Japanese Navy, there was no military activity either by the Chinese or Japanese in southern Fukien during the month.

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

## CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning -, for month of August, 1939.

aa

For the original paper from which reference is taken

See ..... despatch # 439 to Embassy.  
 (Despatch, telegram, instruction, letter, etc.)

Dated ..... Sept. 6, 1939 ..... From | ..... Tsingtao (Sokobin)0  
 To |

File No. .... 893.00 P.R. Tsingtao/134 .....

793.94/15434

15434

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

vying expressions of solicitude or gratitude in matters concerning Americans, particularly in those cases of personal rights or injuries. This can be attributed directly to the notification of the abrogation of the 1911 treaty.

Japanese Economic Expansion Continues.

As a result of the floods in Tientsin, the activity which had been noted in previous months in the port of Tsingtao was given an impetus. There was undoubtedly a considerable movement through Tsingtao of Japanese troops, of Japanese military supplies and of export and import cargo, which ordinarily would have moved through the port of Tientsin. So great was the movement of cargo and supplies that an acute shortage of wharf labor arose, and the Japanese authorities found it necessary to devise means of attracting laborers to Tsingtao. Travel restrictions for Chinese were lifted on the Tsingtao-Tsinan Railway, while propaganda was carried on in the interior to attract coolie labor to this city. Attention was also paid to the matter of the high cost of living in Tsingtao, especially because of the wide variance from the cost in the rural regions.

Japanese Military Setback.

Probably the most important setback the Japanese military have received in this district since they entered it in January 1938 was the defection of mercenaries who had occupied the hsien city of Pingtu about 64 miles northwest of Tsingtao. It was not al-



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

3. Japan.

793.14  
No little amount of speculation as to Japan's future conduct in this region and especially its treatment of foreigners and foreign rights was aroused by the European events of the month. Responsible foreigners professed to have observed a more favorable disposition on the part of the Japanese toward the British, but in important directions nothing of great significance in this respect was manifested. As regards Americans, the American Consulate in Tsingtao did observe that the Japanese Consulate General acted very promptly in conveying

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

veying expressions of solicitude or gratitude in matters concerning Americans, particularly in those cases of personal rights or injuries. This can be attributed directly to the notification of the abrogation of the 1911 treaty.

Japanese Economic Expansion Continues.

As a result of the floods in Tientsin, the activity which had been noted in previous months in the port of Tsingtao was given an impetus. There was undoubtedly a considerable movement through Tsingtao of Japanese troops, of Japanese military supplies and of export and import cargo, which ordinarily would have moved through the port of Tientsin. So great was the movement of cargo and supplies that an acute shortage of wharf labor arose, and the Japanese authorities found it necessary to devise means of attracting laborers to Tsingtao. Travel restrictions for Chinese were lifted on the Tsingtao-Tainan Railway, while propaganda was carried on in the interior to attract coolie labor to this city. Attention was also paid to the matter of the high cost of living in Tsingtao, especially because of the wide variance from the cost in the rural regions.

Japanese Military Setback.

Probably the most important setback the Japanese military have received in this district since they entered it in January 1938 was the defection of mercenaries who had occupied the hsien city of Pingtu about 80 miles northwest of Tsingtao. It was not al-

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

- 9 -

together clear what happened, but reports were circulated during the month that the mercenaries were not proving loyal at all times to the Japanese high command. Apparently no military action was taken by the Japanese to recapture the city of Pingta.

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations.  
Report concerning -, for month of August, 1939.

22

For the original paper from which reference is taken

See ..... # 2503 .....  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 6, 1939 ..... From | Shanghai (Gauss)  
To |

File No. 893.00 P.R. Shanghai/131 .....

793.94/15435

15435

DECLASSIFIED: E.O. 11652, 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. Japan.

a. Japanese Policy Following the Russo-German Non-Aggression Pact. Japanese reaction to the sudden conclusion of the Soviet-German Non-Aggression Pact was watched locally with much interest. It was agreed in well informed quarters here that this dramatic development was a serious shock to Japan and would undoubtedly necessitate reorientation of her foreign policy. Local Japanese reaction to this development was not particularly marked, the Japanese controlled press not engaging in any attacks upon Germany.\* A few minor indications of a change of feeling among the Japanese armed forces were reported from which it appeared that Germans had to some extent supplanted the British as objects of distrust and dislike. There was much speculation concerning the policies which would be followed by Japan and how such policies would affect Shanghai and its large foreign interests. It was felt by some observers that Japan might follow a more moderate policy vis-a-vis foreign interests; others thought that Japan might come

to

\* Telegram to the Department no. 768, August 24, 3 p.m.

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

- 8 -

to terms with Russia and devote all her energies to settling the "China incident" and eliminating the foreign interests which she regards as "obstacles" to the rapid achievement of this objective.

b. Military, Naval and Aerial Operations. No important military operations were undertaken by the Japanese forces during the month. Chinese guerrillas continued to harass Japanese lines of communication over a wide area and to attack small Japanese outposts. Their activities appeared to be increasing, probably because of the withdrawal of a considerable number of Japanese troops from the Yangtze valley area many portions of which are said to be very lightly held at the present time.\*

Japanese naval forces continued their blockade of Kienchow but made no attempt to occupy that port. Japanese planes are reported to have heavily bombed several cities in southern Chekiang and in particular, Ningbo the provincial capital.

0399

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

793.94

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations: developments of month of August,  
1939.

For the original paper from which reference is taken

See #150 to Embassy, Peiping

(Despatch, telegram, instruction, letter, etc.)

Dated Sept 7, 1939 From Tsinan (Hawthorne)  
To

File No. 893.00 P.R. Tsinan/120

U. S. GOVERNMENT PRINTING OFFICE 1-1540

FRG.

793.94/15436

15436

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

c. Japan.

1. Military situation.

A considerable number of Japanese troops are reliably  
understood

- 79394
- 
1. Cf. Consulate's despatch to Embassy no. 143, August 24, 1939, file 800/820.02.
  2. Consulate's despatch to Embassy no. 148, September 5, 1939, file 300/820.02/702.



- 5 -

understood to have been relieved from duty in Shantung and to have been transferred elsewhere during August.<sup>1</sup> Thus the Shantung "bandit suppression" campaign appears to have been brought to an end, at least for the time being, without a great deal having been accomplished in that direction. Troops withdrawn were largely replaced by armed pro-Japanese Chinese, ex-bandits and others, which rabble now partially or entirely garrisons many stations on both the Kiaotsi and Tsinpu lines and is charged with the policing of intramural Tsinan. And while Japanese sources report that Chinese "volunteers" on August 17 defeated a detachment of about 300 communist troops which attempted to attack Hsintien, near Tsinia, and also rounded up a small group of "bandits" on the outskirts of Tsinan, reports from other sources prove that the Japanese are still unable to trust their Chinese proteges. For example, an American wrote the Consulate from Tenghsien, on the Tsinpu line that on September 3 "rumors were rife that the head of the local Self-Protection Corps and his body guard had all been shot at the station, his troops disarmed and entrained for other parts, and his family taken off too. All of which reports have been confirmed."

Though no important engagement occurred, the reduction of the Japanese garrisons in the interior of Shantung was the signal for increased Chinese military-guerrilla activities in this consular district. In this connection, the Japanese military reported skirmishes during the month near Changtien, on the Kiaotsi line, near Teping and Loling,

in

---

1. Cf. Consulate's strictly confidential despatch to Embassy no. 141 of August 22, 1939, file 800.

DECLASSIFIED: E.O. 11652, 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 -

in northern Shantung, and the following operations and results thereof in southern and western Shantung:

"Number of skirmishes .....	260
" " enemy troops engaged ..	31,480
" killed in action .....	26,760
" taken prisoner .....	1,540

The booty consisted of 5 machine guns, 765 rifles, 19,782 cartridges, 36 pistols, 1 trench mortar, 484 hand grenades and 100 horses."

On the other hand, a report from an American source in Tsingtao states:

"Guerrilla fighting has been reported from Cnucheng .... and Chowtsun during the week (ending August 5). Casualties have been reported as very heavy for the Japanese forces. The renewed guerrilla activity is resulting from the withdrawal of a part of the forces occupying the interior districts."

Attacks on the two railways which traverse this consular district were more frequent than at any time during the past year, no less than six railway "accidents" having come to the Consulate's attention and no doubt others occurred during August. The most serious of these attacks occurred on the Tsinpu line near the Shantung-Kiangsu border on August 20, when a passenger train was derailed and subjected to intense machine gun fire, killing and wounding hundreds, mostly Chinese..

Tsinan was again threatened by guerrilla attack on August 19 which, however, was averted by Japanese "mopping-up" operations in this vicinity, in which bombers participated. Martial law was once more enforced from 10 p.m. (Tokyo time) to daylight from August 19 to around the close of the month, and many more Chinese were arrested.

C. Relations of a general international character.

Nothing to report.

D.

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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Japanese military operations in Swatow district during  
 August, 1939: report on subject.

793.94/15437

wb

For the original paper from which reference is taken

See #64  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 8, 1939 From Swatow (Young)  
 To

File No. 893.00 P.R. Swatow/141

793.94  
 15437

DECLASSIFIED: E.O. 11652, 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.

Japanese military operations in the district during the month under review failed to achieve anything of great importance. The occupied territory remained the same strip of territory extending from Swatow to Chaochowfu without any

apparent

-3-

apparent efforts being made to effect an increase. It was reported that there were three divisions of the Chinese National Army, numbering in all probably 15,000 men, in the vicinity of the occupied territory, but they were kept at a distance by daily flights of Japanese naval air units which utilized bombs and machine-guns to compensate for the comparatively small number of Japanese troops left in control of this area, for it has been estimated that there are less than 5,000 Japanese troops and it has been stated on good authority that the city of Chaochowfu and many of the towns and villages are very lightly garrisoned. This would seem to bear out the impression given at the time of the occupation, that the reason for the Japanese capture of Swatow was merely to prevent further shipments of supplies from entering through Swatow for eventual delivery to the Central Government.

There has been sporadic fighting between the Chinese and Japanese forces, with doubtless many casualties on both sides, but all attempts to obtain the numbers of killed and wounded have proved fruitless.

At the beginning of the month Japanese Consul Matsudaira was replaced by Consul Guyehiko Takai, as it was understood that Mr. Matsudaira was here only temporarily to "break ground" and that he would return to Canton after a brief sojourn in Swatow. Previous to his arrival in Swatow Mr. Takai had served in both Peiping and Tientsin and it is believed that his assignment to Swatow is of a permanent nature. He has proved to be cordial and friendly toward the local American community and has stated that his position here is not so much a consul as

it

7 4 0  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Quatefen NARS, Date 12-18-75

-4-

it is a liaison officer between the members of the foreign  
community and the Japanese military authorities.

740  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Japanese military operations in China during August  
were practically at a standstill. Comments in  
this regard.

wb

For the original paper from which reference is taken

See #4134  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 14, 1939 From Japan (Dooman)  
To

File No. 894.00 P.R./141

U. S. GOVERNMENT PRINTING OFFICE 1-1560

793.94/15438

793.94  
15438

7 4 0 8

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

(b) China.

1. Military Operations\*

Japanese military operations in China during the month under review were, according to the reports received, practically at a standstill. The only land operations of any importance which were known to have occurred at all were the continuation of the offensive in Shansi in attempting to drive Chinese troops out of that province, and the northward push along the Peking-Hankow Railway. Little was disclosed as to the results of either of these operations. Action against guerillas in the occupied areas was also believed to be at a minimum.

---

\* Prepared with the assistance of the office of the Military Attaché.



- 13 -

minimum.

In regard to the blockading of the China coast it was announced that the port of Haimen in Chekiang Province would be blockaded on the 8th of August.

Aerial activity during August was also reported to have been slight although raids on Chungking were undertaken on several occasions as well as on several other centers in China.

## 2. General Relations

Reports continued to appear in Japan concerning the so-called peace movement of Wang Ching-wei and attention in this regard was particularly directed to Wang's speech on August 9 at Canton. This address was viewed as a favorable event towards the pacification of the Canton and Kwangtung area. It was noteworthy that his appeal for a local truce in South China was received in Japan with approbation.

Considerable interest, particularly amongst financial circles in Japan, was manifested in regard to the rumored scheme of the Chinese National Government to set up a new currency system which was either to take the place of or help bolster up the depreciating Chinese National currency. It was feared that the British were behind this scheme and would help to establish the new currency. It was emphatically declared that should Great Britain appear to support any new currency system Japan would take no part in it and would moreover look upon the act as unfriendly to herself.

Japanese

7411  
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

- 14 -

Japanese activities in China generally throughout the month appeared to have been very quiet. Little further apparently occurred in regard to the establishment of a new Chinese government, nor were there any new measures or developments disclosed as to what further steps it would take or plans it might have to carry out its program in China.

741  
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

## CROSS-REFERENCE FILE

### NOTE

Sino-Japanese hostilities.

**SUBJECT** Map of Shantung, showing extent of the new  
regime's jurisdiction, transmitted.

aa

For the original paper from which reference is taken

See # 153 to Embassy.  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 14, 1939 From Tsinan (Hawthorne)  
To

File No. 893.00/14453.

U. S. GOVERNMENT PRINTING OFFICE 1-1540

793.94 / 15439

793.94 / 15439

041

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

## CROSS-REFERENCE FILE

### NOTE

### SUBJECT

Withdrawal of Japanese troops from the  
Shantung area. Portion of letter from  
American resident of Weihsien, quoted,  
regarding conditions in Weihsien area,  
including -.

aa

For the original paper from which reference is taken

See # 156 to Embassy  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 18, 1939 From Tsinan (Hawthorne)  
To \_\_\_\_\_

File No. 893.48/1805

793.94/15440

793.94  
15440

7 4 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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Platform adopted by the present Cabinet of Japan  
under Premier Abe, as reported in the JAPAN  
ADVERTISER of Sept. 14. Outlines -, enclosing  
newspaper clippings on the subject.

aa

793.94/15441

For the original paper from which reference is taken

See # 4139  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 20, 1939 From Japan (Dooman)  
To

File No. 894.00/878

193.94  
15441

DECLASSIFIED: E.O. 11652, 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

**Memorandum of Conversation**  
Division of Far Eastern Affairs

DATE: October 11, 1939.

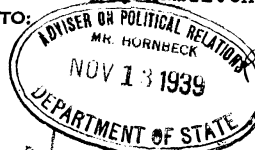
SUBJECT: Question of the Establishment of a New Centralized Government under Wang Ching-wei

PARTICIPANTS: Mr. Morito Morishima, Counselor of the Japanese Embassy,

and

Mr. Hamilton

COPIES TO:



*Tel to Tokyo, Nov. 13*

During the course of a call Mr. Morishima, Counselor of the Japanese Embassy, said that he thought that a new central régime would be set up very soon under Wang Ching-wei and that entirely harmonious relations existed between the present régime at Peiping and the present régime at Nanking. He stated that the new central régime would not be a puppet régime, as some Americans seem to think, but would be a fully independent and well-established government.

I asked Mr. Morishima how long he thought the new régime or the present régimes at Peiping and at Nanking would last if the Japanese armed forces should be withdrawn from China today. Mr. Morishima replied that he thought it would probably be necessary, from the point of

793.94/15442

0 4 1 C

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

2785

-2-

of view of combating communist activities, for the Japanese forces to remain at certain points in China for a certain period of time. He said that he thought that Wang Ching-wei's government would make a request of the Japanese Government that the Japanese Government keep Japanese armed forces at such points for a period of time. I inquired whether Mr. Morishima thought that Mr. Wang Ching-wei would make such a request of the Japanese Government or whether the Japanese Government would suggest to Mr. Wang Ching-wei that he make such a request.

When Mr. Morishima referred to "Manchukuo" and to the fact that our consular officers there took matters up with the authorities of the "Manchukuo" régime, I asked Mr. Morishima whether he thought that the "Manchukuo" régime would last if Japan should withdraw its armed forces from Manchuria. Mr. Morishima replied that Japan had signed a treaty with "Manchukuo" providing for the stationing of Japanese troops in Manchuria. I said that I was aware of that fact but that I still raised the question whether any régime should be regarded as a government when and if it had to depend upon the presence of the military forces of a foreign country to sustain itself.

*mmh*

FE:MMH:HES

041F

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

5768

October 19 1939

CONFIDENTIAL - STAFF USE ONLY

No. 731

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 11, 1939, between the Counselor of the Japanese Embassy and an officer of the Department in regard to the question of the establishment of a new centralized government under Wang Ching-wei.

793.94/15442

Enclosure:

Memorandum of conversation  
of October 11 between  
Mr. Morishima and Mr.  
Hamilton.

FA

OCT 27 1939 PM

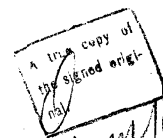
Copy to Chungking.

Field distribution: Tokyo, Peiping (Chungking),  
Shanghai.

FE:EGC:JPS  
10-14

CR

OCT 17 1939 PM





DECLASSIFIED: E.O. 11652, 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 19 1939

CONFIDENTIAL - STAFF USE ONLY.

No.

To the American Consul General,  
 Shanghai, China.

The Secretary of State encloses for the confidential information of the American Consul General a copy of a memorandum of a conversation of October 11, 1939, between the Counselor of the Japanese Embassy and an officer of the Department in regard to the question of the establishment of a new centralized government under Wang Ching-wei.

Enclosure:

Memorandum of conversation of October 11 between Mr. Morishima and Mr. Hamilton.

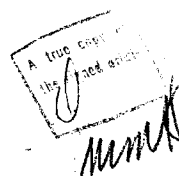
Field distribution: Tokyo, Peiping (Chungking),  
 Shanghai.

FE:EQC

X-16-39

793.94/15442

FA



0418

DECLASSIFIED: E.O. 11652, 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 19 1939

CONFIDENTIAL - STAFF USE ONLY

No. 1822

To the American Ambassador,  
Tokyo.

The Secretary of State encloses for the confidential information of the American Ambassador a copy of a memorandum of a conversation of October 11, 1939, between the Counselor of the Japanese Embassy and an officer of the Department in regard to the question of the establishment of a new centralized government under Wang Ching-wei.

2793.94/15442

Enclosure:

Memorandum of conversation of October 11 between Mr. Morishima and Mr. Hamilton.

FA

Field distribution: Tokyo, Peiping, (Chungking), Shanghai.

29C.  
FE:ECG:JPS  
10-14

CR V *any*  
OCT 17 1939 PM

*HEP*  
FE  
*27.11.1.*

*D*  
*mmk*

7419  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15767

## TELEGRAM RECEIVED

JR

This telegram must be closely paraphrased before being communicated to anyone. (br)

Peiping via N. R.

Dated October 24, 1939

Rec'd 1:12 p.m.

Secretary of State,  
Washington.

Division of  
Far Eastern Affairs

OCT 24 1939

Department of

COPIES IN  
SENT TO C.I. & A.  
M.T.D. IN CONNECTION

555, October 24, 4 p.m.

Chungking's 557, October 17, noon, section (g).

793.94  
An American resident of Kaifeng Honan who arrived here yesterday on a visit and whose reports have hitherto proved accurate states that for many months the Japanese military at Kaifeng have been training a corps of Chinese soldiers with the intention of using them in pacification work or garrisoning Kaifeng thus relieving the strain on Japanese troops. He reports that ten days ago the Japanese held an imposing ceremony at which the Chinese corps of 800 men who had previously drilled unarmed were given rifles, ammunition and their pay; the same night the entire corps revolted killed their Japanese military "advisers" (some four or five officers) and joined the Chinese forces in the region. The informant commented on the significant connection between this revolt and the Japanese reverse at Changsha, of which he stated Chinese in Kaifeng were well informed through radio. The presumption is that the Japanese were

bitter

OCT 31 1939

793.94/15443

FA

7 4 2 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

15768

-2- #555, October 24, 8 p.m., from Peiping,

bitter over this wrecking of their plans and trouble,

Repeated to Chungking, Shanghai. Code text by air  
mail to Tokyo.

LOCKHART

RR: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

(CONFIDENTIAL)

789

PARAPHRASE

A telegram (no. 585) of October 24, 1939, from the American Embassy at Peiping reads substantially as follows:

The Japanese military at Kaifeng have for a number of months been training a corps of Chinese soldiers, the intention of the Japanese being to make use of this corps in garrisoning Kaifeng or in pacification work and in this way to relieve the strain on Japanese soldiers. About the middle of October, at an imposing ceremony held by the Japanese, rifles, ammunition and their pay were given to the Chinese corps composed of 800 men who previously had drilled unarmed. On that very night the entire corps revolted and joined the Chinese forces in that area after killing their Japanese military advisers comprising some four or five officers. The above information was received from an American living at Kaifeng (Honan Province) who came on October 23 to Peiping for a visit. In the past this American's reports have proved to be authentic. He remarked on the significant connection between the revolt of the Chinese corps and the defeat of the Japanese at Changsha in regard to which Chinese in Kaifeng were well informed by means of the radio. This wrecking of their trouble and plans is assumed to have embittered the Japanese.

egc.  
 FE:EGC:MHP  
 10/26/39

FE

793.94/15443

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 23, 1939

MEM:

PA/H:

With reference to the military situation during recent weeks in the Changsha area and at Hankow and Hangchow, I have discussed developments with Major Betts of M.I.D., who is of the opinion that we are in possession of as complete a picture of the military situation in these areas as could reasonably be expected under the circumstances.

18

at

He briefly outlined the situation to me as follows:

Hangchow - Hangchow has been for some time a Japanese outpost and there is known to be periodical guerrilla activity in the near vicinity of this city. Major Betts states that reports available to M.I.D. lead him to the opinion that recent press reports of a Chinese foray against and into Hangchow are based on guerrilla raids which were probably better organized than usual but which have no greater military significance than they have had in the past and which indicate no fundamental change in the military situation in that area.

Hankow - Recent Chinese air raids on Hankow are reported to have inflicted

damage

142  
DECLASSIFIED: E.O. 11652, 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-

considerable damage to Japanese air bases there, but there are believed to have been no other recent military developments of special significance in the immediate vicinity of Hankow. Reports on the recent air raids are attached.

Hunan - The Chinese and Japanese positions are now believed to be approximately the same as they were before the beginning of the recent Japanese campaign. The attached reports give a general summary of the details of this campaign.

*M.D.*  
FE:Penfield:MHP

0424

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

PREPARING OFFICE  
WILL INDICATE WHETHER

Collect  
Charge Department  
OR  
Charge to  
\$

TELEGRAM SENT

Department of State

*Gray*  
TO BE TRANSMITTED  
CONFIDENTIAL CODE  
☒ NONCONFIDENTIAL CODE ☒  
PARTIAL  
PLAIN  
Gray  
Washington, NAVAL RADIO

1939 OCT 26 PM 6 45

October 26, 1939.

AMEMBASSY,

CHUNGKING (CHINA). *via RR* *7Pm*

INFO: AMERICAN CONSUL, HANKOW (CHINA).  
*208*

Information received by the Department in regard to casualties and destruction of material, etc., in connection with recent bombings and combat at and around Changsha and at Hankow is fragmentary and conflicting. The Department would therefore appreciate receiving concise but comprehensive reports containing all specific information which it may be practicable discreetly to obtain and send in regard to recent losses and damage sustained by each side in the localities mentioned above.

Sent to Chungking. Repeated to Hankow.

793.94/15443 A

*FE*  
FE:JMP:REK

FE

*CR*  
OCT 26 1939-PM

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19\_\_\_\_

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

FA



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

5770

FE

## TELEGRAM RECEIVED

EDA

FROM

A portion of this telegram must be closely paraphrased before being communicated to anyone (BR)

PEIPING VIA N.R.

Dated October 27, 1939

Received 11:16 a.m.

AMEMBASSY CHUNGKING  
AMCONSUL SHANGHAI

Secretary of State

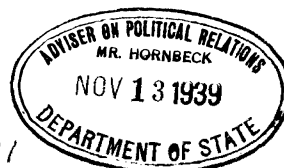
Washington

562, October 27, 3 p.m. 793.94/15421

Department's 203, October 21, 2 p.m. to Chungking.

One. If day to day developments in North China the past year made clear any one fact it is that the Japanese are applying to this region exactly the same methods and tactics they employed in Manchuria. Military, political, financial, economic and cultural policies are now so completely interwoven into one pattern that one is forced to the conclusion that the Japanese believe that they are here to stay at least in larger cities and along the railways in the areas actually occupied. The (PLAIN) Japanese population at Peiping according to a late census is now in round numbers thirty seven thousand, Tientsin forty four thousand, Kalenan seven thousand, Tsingtao twenty two thousand, Tatung four thousand, Shinchichwang seven thousand and Tsinan eleven thousand. These figures

represent



793.94/15444

NOV 20 1939

FA

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

15171

EDA - 2 - #562, October 27, 3 p.m. from Peiping

represent tremendous increases over a year ago. There  
has also been a pronounced influx into the smaller  
towns.

(END SECTION ONE)

LOCKHART

CSB

142

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

15772

**TELEGRAM RECEIVED**

EDA

FROM

A portion of this telegram must be closely paraphrased before being communicated to anyone (BR)

PEIPING VIA N.R.

Dated October 27, 1939

Received 11:17 a.m.

Secretary of State

Washington

562, October 27, 3 p.m. (SECTION TWO)

The big development companies are here and are getting into everything that gives the slightest promise of re- turning a profit and the Japanese Government is seeing to it that the way is paved. If ever a policy of industrial development and economic cooperation between China and Japan is put into operation in North China by mutual consent the Japanese are certain to be the dominant factor because they are from long experience industrialists and economic exploiters and the promoters of the larger enterprises know that they can count on their Government to support them.

(GRAY) Two. The Federal Reserve Bank is losing no ground if indeed it is not slowly gaining in areas actually under Japanese occupation. Foreign exchange transactions in Federal Reserve Bank notes can easily be effected at the open market rate but the great drawback to the conduct of foreign trade with this currency

is

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

5773

EDA - 2 - #562, October 27, 3 p.m. from Peiping Section 2

is that such transactions are hampered by the import and export restrictions which make it difficult to carry on such trade except at the government fixed rate which was and that is, also an obstacle faced by businessmen in Shanghai in using Chinese national currency. I believe the currency problem in North China will solve itself in due course but the process will be slow. The average Chinese of the street is not greatly concerned whether the new currency is supported with adequate reserves or not, or whether it can be used in foreign trade transactions.

(END SECTION TWO)

LOCKHART

CSB

7429

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

15774

MP **TELEGRAM RECEIVED**

This telegram must be Peiping via N. R.  
closely paraphrased before being communicated to anyone. (br) ~~11~~ **FROM** ~~11~~ **Dated** October 27, 1939  
Rec'd 6:55 p.m.

Secretary of State,  
Washington.

562, October 27, 3 p.m. (Section Three)

*it is different*  
1 to determine as between the businessman and the missionary who will be the greater loser as the result of the Japanese occupation of North China. If "Manchukuo" can be taken as an example, they will both lose heavily, but at least the missionary is still in Manchukuo albeit his work is curtailed and hampered, but the businessman has *all but disappeared* ~~from~~ from that region for the same reasons that the great majority of them are almost certain to disappear from North China within a decade if the present policies are continued. The terms "Asia for the Asiatics" and "the new order in East Asia" will have a much clearer meaning a few years hence. The foreign businessman in the occupied areas is being harassed as he has never been before and many missionaries in the interior are encountering serious obstacles as regards their work. Signs are cropping out that there is cause for real anxiety for the future of missionary work. Missionaries are discouraged and the businessman likewise sees nothing ahead but trouble and hardship.

Four. The Japanese have put out many peace "feelers" during

143

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

15775  
-2- 562, October 27, 3 p.m., from Peiping

during the past year, but the present peace movement  
which they and their Chinese adherents are sponsoring  
reflects a much greater urge on their part than <sup>is</sup> evident <sup>per</sup>  
to bring hostilities to an end.

(End Section Three).

LOCKHART

RR: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

15676

**TELEGRAM RECEIVED**

NC

This telegram must be  
 closely paraphrased  
 before being communicated  
 to anyone. (br)

FROM PEIPING

Dated October 27, 1939

Rec'd 8:20 p.m.

Secretary of State

Washington

562, October 27, 3 p.m.(SECTION FOUR)

There is reason to believe that they fear that the war will drift into an endurance contest, if, indeed it has not already done so, and that in such a contest the Chinese have some formidable assets on their side. To fortify themselves against such a contingency it is obvious that the Japanese are now conducting military operations on a far less grandiose scale than formerly. The profligate expenditure of money has ceased. Men and materials are being conserved. Risks are being reduced. There is a distinct drift away from military exploits and towards political and economic development. Another attempt to capture Changsha and a renewal of the effort to occupy Shansi will probably be made and if these succeed it may well be that they will be the last big military operations of the war. From then on the major effort will be in the direction of: (one) establishing a new central government at Nanking; (two) further attempts at concluding peace; (three) endeavors to regain lost good-will in other parts of the world, especially in the

United

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

15177

NC -2- #562 from Peiping, October 27, 1939

United States; (four) further strengthening of the economic and financial hold on China and, by no means least, (five) to pacify Wang Keh Min and Provisional Government at Peiping and bring them into the fold of the new Nanking Government, which effort will fail unless a change takes place in the attitude of Wang Keh Min and others identified with the Provisional Government.

Repeated to Chungking, Shanghai. Code text air-mail to Tokyo.

(END MESSAGE)

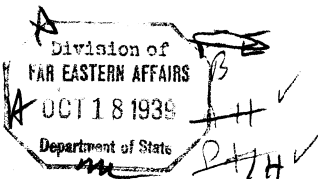
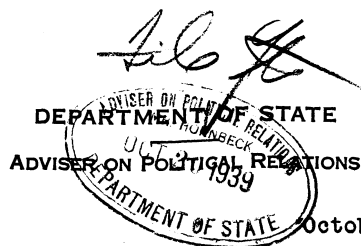
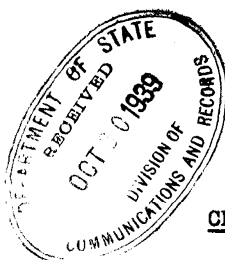
LOCKHART

RR  
CEB



043

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



October 18, 1939.

CHINA SITUATION: MILITARY OPERATIONS.

A few days ago the Reverend Robert F. Fitch, who has been a resident of Hangchow, China, for more than thirty years, and who has remained in residence there during most of the period of the Japanese-Chinese hostilities, and who came to this country from there recently, told me that Chinese armed forces were in occupation of the countryside all around Hangchow, that on one occasion those armed forces cut to pieces a Japanese force of two thousand men which attempted to cross the river from Hangchow southward, and that those Chinese armed forces could whenever they chose drive the Japanese out of Hangchow.

The Associated Press news dispatches dated Chungking October 16, copies of which are here attached, indicate that the Chinese armed forces have now made a successful foray against and into Hangchow.

It is interesting to note the differences in the AP stories as printed in the New York Times and the New York Herald Tribune respectively. The Times story begins, "The Chinese Army today reported an attack on the walled city

795.94 / 15445

FA

of  
 OCT 31 1939  
 FILED

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

- 2 -

of Hangchow ..." Its second paragraph begins, "The Chinese said they attacked Sunday night ..." The Herald Tribune story begins, "Chinese Army sources reported today Chinese forces had stormed the walled city of Hangchow ..." Its second paragraph begins, "The city, ... was thrown into confusion ..." And its third paragraph begins, "Storming the city yesterday after an all-night attack, the Chinese were reported to have ..."

SKH  
Stanley K. Hornbeck

PA/H:SKH:ZMK

DECLASSIFIED: E.O. 11652, 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

ADVISER ON POLITICAL RELATIONS

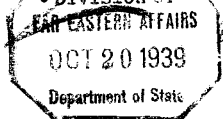
October 20, 1939.

FE:

I for one would like to know more than we know from press reports which we have had regarding what actually has taken place in a military sense at and around Changsha, and at Hankow, and at Hangchow during the last two weeks.

Might we not to advantage ask Chungking, Hankow and Shanghai to telegraph us special reports, reasonably comprehensive and as specific as possible regarding these three matters.

Stanley K. Hornbeck



PA/H:SKH:ZMK

0436

DECLASSIFIED: E.O. 11652, 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  
PARTIAL  
PLAIN

Gray

Washington, NAVAL RADIO

939 OCT 27 4 41 October 27, 1939

AMERICAN CONSUL,  
SHANGHAI (CHINA).

INFO: AMEMBASSY, CHUNGKING (CHINA).

425  
Associated Press despatch under Chungking date line  
of October 16 states that the Chinese army has reported  
an attack on the walled city of Hangchow, but the despatch  
contains little specific information in regard to this  
attack. The Department would appreciate receiving a  
concise but comprehensive report containing all specific  
information which it may be practicable discreetly to  
obtain and send in regard to: character and number of  
troops participating in this action; casualties;  
property damage, including damage to public utilities  
such as electric light plant; destruction of material,  
et cetera; and present military situation at and  
in vicinity of Hangchow.  
Sent to Shanghai. Repeated to Chungking.

793.94/15445

FA

NA  
OCT 27 1939 PM

FE:JRP:HJN

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19\_\_\_\_

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

## NEW YORK TIMES

OCT 17 1939

### CHINESE SOLDIERS ATTACK HANGCHOW

Set Fire to Ammunition Dump  
and Puppet Headquarters  
in City Near Shanghai

#### TROOPS IN HUNAN PUSH ON

General Chen Says Japanese,  
With Loss of 30,000, Are  
Still Falling Back

CHUNGKING, China, Oct. 16 (AP)—The Chinese Army today reported an attack on the walled city of Hangchow, capital of Chekiang province and only ninety miles southwest of Shanghai, which left the city in confusion.

The Chinese said they attacked Sunday night, killing numerous Japanese soldiers, destroying the power plant and firing an ammunition dump and the headquarters of the Japanese puppet regime.

They reported that they cut off communication from Shanghai by tearing up railroad tracks and dynamiting bridges, thereby establishing Chinese control of the surrounding countryside.

Hangchow was captured by the Japanese on Dec. 24, 1937, and since has been attacked periodically by guerrilla bands.

#### Changsha Victory Hailed

By F. TILLMAN DURDIN

Wireless to THE NEW YORK TIMES.

NANYO, Hunan, China, Oct. 16—The recent Chinese victory over the Japanese attackers north of Changsha was called the biggest Chinese success since the beginning of the war with Japan by General Chen Cheng, field commander in chief of the Chinese forces in Hunan and Kiangsi, in an interview here today. General Chen asserted that the Japanese losses in this recent fighting exceeded 30,000.

Foreign journalists, en route from Chungking to the front north of Changsha, were received by General Chen at this South Hunan village, which for a time after the fall of Hankow last year was headquarters for Generalissimo Chiang Kai-shek. Nanyo nestles at the foot of the sacred Heng Mountains, to which thousands of pilgrims came this Fall despite wartime conditions.

General Chen reported that Chinese troops were continuing their successes at the front. Three thousand Japanese are surrounded at Tungcheng and facing annihilation, while the encirclement of Yochow is progressing favorably, he said.

"We expect soon to take Fenghsien, near which we have just wiped out 500 men at Wupuchen," General Chen stated.

#### Expects Another Drive

The commander foresaw the possibility of a renewed Japanese offensive against Changsha. He said that reports had been received that the Japanese were marshalling five new divisions for a second drive, but stated that these reports lacked confirmation.

Pointing to a map on which hundreds of crosses marked spots where the roads had been torn up by the Chinese, General Chen attributed the Chinese victory in a large measure to the virtually complete destruction of communications over the area of the Japanese advance. General Chen said that the Japanese were unable to bring up any but light weapons, that their transport broke down and their food gave out and they were thus forced to retreat when the Chinese counter attacked.

General Chen asserted that this Chinese victory in North Hunan showed that the Japanese conquest of vast areas in the interior of China were impossible. Declaring that China would make her influence in world affairs increasingly felt with the development of military strength, he hoped that the world powers would give the close attention to the Chinese-Japanese war that such hostilities deserve.

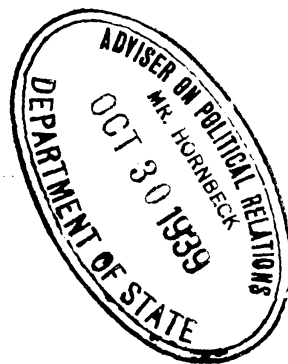
#### Chiang's Aide Hopeful

SAN FRANCISCO, Oct. 16 (AP)—Lieut. Gen. Y. H. Wen, aide to Generalissimo Chiang Kai-shek and a graduate of West Point, here on a "tour of inspection," talked freely today concerning the war in China.

"China must keep on fighting to the last man for the world's peace and justice," he said. "From a military standpoint, the Japanese are in a bad position and their political position at home is even more critical."

"The Japanese offensive of the last few weeks has been stopped in its tracks and as time goes on their forces will find their positions more and more untenable."

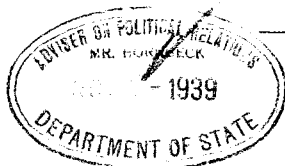
General Wen said that the munitions industry is decentralized and established in hundreds of small villages in China and that the Japanese never can halt the flow of production.



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

HSM

## TELEGRAM RECEIVED



FROM

Shanghai via N. R.

Dated October 31, 1939

Rec'd 1:33 p. m.

Secretary of State,  
 Washington.

Division of  
 Far Eastern Affairs  
 - 1939  
 Department of State

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

960, October 31, 7 p. m.

Reference Department's 435, October 27, 5 p. m.,  
 concerning reported Chinese attack upon Hangchow.

From a foreign source it has been ascertained that the attack in question which took place on the night of October 14 was carried out by a mixed force of Chinese guerrillas and regulars believed to have numbered between two and three thousand men; that walled city was entered simultaneously from the north and southwest; that buildings used by the Japanese military and the local puppet administration and police were the objectives; that four or five buildings of this character located in the northern and three or four in the southern sections of the city were set on fire but neither the electric light plant or other public utilities were damaged; that there was considerable street fighting in the early hours of October 15 in which both sides are said to have suffered fairly heavy losses; that the Chinese forces withdrew at dawn but for four or five days remained in close proximity to the city and

prevented

793.94/15446

FA

7 4 3 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

hsm -2- No. 960, October 31, 7 p. m., from Shanghai

prevented foodstuffs entering from the countryside. Strength of Japanese garrison is placed by this source at between four and five thousand but this is believed to be an under-estimate. Chinese sources in Hangchow claim that there are between forty and fifty thousand Chinese guerrillas and regulars in the immediate vicinity of Hangchow and that further attacks may be expected.

Situation there is understood to be quiet at the moment but guerrilla attacks, which in the past have not been carried out in force, may be expected to continue both against Hangchow and the railway. There are eight Americans in the walled city and two at the Hangchow Christian College about five miles to the south; all are reported safe and were not affected by the attack.

Repeated to Chungking.

GAUSS

WNC

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

5778

DEPARTMENT OF STATE  
 RECEIVED  
 DIVISION OF FAR EASTERN AFFAIRS  
 OCT 26 1939  
 October 6, 1939  
 DIVISION OF  
 COMMUNICATIONS AND RECORDS  
 WAF:  
 BCM:  
 PA/H:  
 EA

In assembling material for a speech by Mr. Ballantine, I had occasion recently to sift a great deal of material on the subject of Japan's positive economic accomplishments in China. The sifting process brought out a few new thoughts -- which are contained in the attached memorandum. You may be interested in considering them.

ADVISER ON POLITICAL RELATIONS  
 MR. HORNBECK  
 OCT 20 1939  
 DEPARTMENT OF STATE  
 OFFICE OF THE ADVISER ON  
 INTERNATIONAL ECONOMIC AFFAIRS  
 OCT 21 1939  
 DEPARTMENT OF STATE  
 ASSISTANT SECRETARY OF STATE  
 OCT 20 1939  
 MR. TOLSON

793,74/15447

FE:Jones:HJN

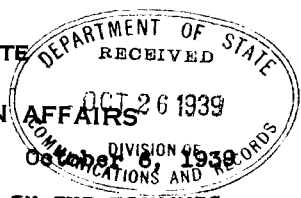
OCT 26 1939

FILED



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

DEPARTMENT OF STATE  
 DIVISION OF FAR EASTERN AFFAIRS



5773  
 DCR  
 file

PROGRESS WHICH JAPAN HAS MADE IN THE ECONOMIC  
FIELD IN THE ESTABLISHMENT OF A "NEW  
ORDER IN EAST ASIA"

So far as economics are concerned, Japan's new order in East Asia means economic sufficiency within an area under Japanese control. The Japanese have, for many years, regarded their dependence for materials vital to the carrying on of a war (iron, petroleum, and so forth) upon remote foreign areas not under their control as the weakest point in their armor and have devoted their principal energies to reinforcing it. Japan now actively seeks in China a source for raw materials which she requires and a market for her goods which cannot be cut off by foreign countries.

In making her present effort to develop in China a source of her materials and a market for her products, Japan has to a considerable degree burned her bridges behind her. It is generally recognized in Japan and throughout the world that Japan's principal economic asset is an abundance of cheap labor and that the present economic strength of Japan (aside from silk culture) has been built upon the exploitation of that labor, e.g., in importing

793.94/15447

FILED

OCT 26 1939

F/FG

793 94

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

5780

-2-

importing raw materials and manufacturing products for export. Japanese industry has concentrated hitherto principally upon light industries, that is, industries manufacturing consumption goods. Witness the wide range of Japanese industries producing consumption goods for exportation (textiles, toys, pottery, rubber goods). It appears now, however, to be an essential part of the plan of the Japanese military authorities to convert Japan within a very brief period of time into a country producing heavy industrial products, such as iron and steel and manufactures thereof, heavy chemicals, et cetera. Since the beginning of the hostilities with China, the Japanese Government has deliberately concentrated capital and energy upon an expansion of heavy industries. There has thus occurred a marked shift in Japan's industrial set-up. Meanwhile, Japan's light industries have because of lack of capital and lack of raw materials declined both in absolute and relative importance in the Japanese economy. Japan's heavy industry is at present, of course, engaged principally in manufacturing materials and instruments of war. It appears to be the plan of the Japanese military authorities, once the present hostilities are ended, to direct the production of Japan's present heavy industries from war products to peacetime products and to create a market for those products in China.

What

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

0781

-3-

*yes but:  
 there will be  
 a danger of  
 claiming  
 rights*

What has been the procedure which Japan has followed in establishing her new economic order in East Asia? (1) As the Japanese troops have advanced in China they have taken possession of all Chinese national, provincial, and municipal enterprises. These public enterprises consist principally of railways, electric power companies, salt fields, water works, navigation facilities, and certain iron and coal mines. (It must be pointed out that these enterprises are taken over free of debt, both local and foreign debts (if any) being repudiated.) (2) Japanese troops have also occupied practically all privately-owned Chinese industries of substantial size (cotton and woolen mills, flour mills, chemical plants, cement factories, privately-owned iron and coal mines, and so forth). (3) At the same time the Japanese troops have confiscated or purchased at arbitrary rates with questionable currency available stocks of raw materials (cotton, wool, hides and skins) and have instituted Japanese purchasing monopolies.

Privately-owned Chinese enterprises which were seized by the Japanese have in general (with the exception of certain privately-owned coal and iron mines) become "Sino-Japanese enterprises". The usual procedure which has been followed in the organization of these enterprises is as follows: While Japanese forces are in occupation of the properties, either individual Japanese or groups of

Japanese

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

5182

-4-

Japanese engaged in similar enterprises in Japan "persuade" the Chinese owners to "invest" their plant and properties in a new company. The capitalization of the new company is expanded, the Japanese taking the controlling share. The Japanese interests may or may not furnish new operating capital but they usually assume management of the new enterprise.

With respect to public enterprises seized (including the privately-owned coal and iron mines) there is a great disparity between the Japanese plans and actual facts. During the fall of 1938 the Japanese organized two large official development companies, the North China Development Company and the Central China Promotion Company, each with a large capital stock and each controlled by the Japanese Government. It appears to be the plan of the Japanese to reorganize and reshuffle Chinese public enterprises into industry groups dominated from a managerial standpoint by similar industry groups in Japan but controlled effectively, by reason of stock ownership, by one of the two official development companies. For nearly two years now the press in the Far East has been filled with Japanese plans for the organization of these new companies, the details as to capitalization and the position of the new companies in Japan's "new order" being supplied. The fact is that as late as August 1939 only two of the

proposed

7 4 4 c  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15183

-5-

proposed subsidiaries of the North China Development Company are believed to have been organized: the North China Telephone and Telegraph Company and the North China Transportation Company. Obviously, reconstruction of communications was essential to military operations and was given priority. The transportation company is still more or less of a fiction as far as the railways are concerned, however, for the railways of north China are under the effective management of personnel of the South Manchurian Railway. Subsidiaries of the transportation company -- the North China Automobile Company and the Menchiang Automobile Company -- control automobile and truck transportation in north China and Inner Mongolia respectively, and another subsidiary is projected to control transportation of inland waterways. Those in charge of railway transportation have positive achievements to their credit: They have repaired and restored to operation the Chinese railways which had fallen into Japanese hands.

Numerous other projects are planned as subsidiaries of the North China Development Company: The North China Salt Industry Company is projected to exploit the north China salt fields; a clay mining company is proposed; seven new companies are projected to exploit coal mines in seven districts of north China; a new electric power and electric light company is projected with a large capital

-6-

1184

capital to take over the management of the various electric power and distribution facilities in north China; a new mining company is projected to develop the Lungyen iron mines and an iron manufacturing company to operate the iron works at Shihchingshan and Taiyuan. Japanese plans for the organization of these companies have been retarded by various factors, chief among which are absence of decision as to the ultimate policy to be pursued, lack of coordination between the various agencies involved in Japan and China, and failure to establish peace and order throughout the occupied regions. Meanwhile, the plants and properties which have been seized are being occupied and worked by such Japanese interests as are able to persuade the military authorities to entrust them with their exploitation.

The Central China Promotion Company is projected on a smaller scale. At the time of its organization, the Company was slated to control the following subsidiaries which were planned at that time:

Central China Iron Mining Company (to exploit the iron mines in the Yangtze valley, particularly the iron mines near Wuhu)

Central China Water and Power Company (to control all electric power plants and waterworks in central China)

Central China Telecommunications Company (to operate the telephone, telegraph and radio services)

Central China Fishing Company (to control the marine products industry)

Central

DECLASSIFIED: E.O. 11652, 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-

Central China Bus Company

The Shanghai Inland Steam Navigation Company

The Shanghai Real Estate Company (to take over confiscated real estate)

Whether these subsidiaries have in fact been organized is not known, but it is probable that most of them have been brought into existence in as much as they involve principally the taking over of existing facilities and their operation under monopoly conditions. Another subsidiary, the Central China Sericultural Company, has been organized with the object of exercising a monopoly control over the production and trade in raw silk.

With equal thoroughness, Japanese have set about monopolizing the products of China's agriculture -- cotton, wool, silks, hides and skins and tobacco. In as much as Japanese troops are in control of most of the lines of communication in north and central China, and as agricultural products originate in the interior and congregate at various points along the communication routes, the Japanese military forces have been in a strategic position to exercise monopoly control. Competing buyers have simply not been allowed in the agricultural districts, except with the permission of the military authorities, and transportation facilities have not been allowed except for those products which the Japanese have desired to ship. In fact, therefore, the Japanese military authorities

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

15786

-8-

authorities in north China have established purchasing monopolies for cotton, wool and hides and skins. In addition, the Provisional régime at Peiping bolsters the monopoly control by issuing from time to time embargoes upon exportation, decrees providing for export permits, et cetera.

Before leaving the subject of Japan's efforts in the economic field to create a "new order" in East Asia, mention should be made of the rehabilitation work done by the Provisional régime in Peiping. Substantial amounts of money have been spent upon improving highways and waterways. Mention should also be made of the fact that the Japanese cotton mills at Tsingtao, which were destroyed by the Chinese, have been rebuilt. Further, Japanese interests have completed in Tientsin various factories, including an electric power plant, which were either planned or under construction at the beginning of the hostilities.

It is clear from the foregoing that although Japanese plans far outrun the facts, the Japanese have acquired a strong hold upon economic life in those areas of China which they have seized. But the interesting and important question is, how much is Japan's economic strength and security augmented by the conquests which have been made? Let us leave aside for the moment the huge and continuing cost of the conquest to Japan in  
 blood



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

181

-9-

blood and money and concentrate on the assets with a view to their evaluation. We must at once rule out as assets all of those enterprises which are merely engaged in reconstructing war losses in China and all of those service and manufacturing industries in which Chinese management has simply been replaced by Japanese management. Those enterprises may furnish certain Japanese with outlets for their energies and perhaps with financial dividends which will give them a more abundant life in Japan, but they do not add appreciably to the economic strength of Japan. A critical examination of the various Japanese undertakings in the occupied portions of China discloses that basically the only Japanese activities in China which contribute to Japan's economic strength are those which furnish needed raw materials to Japan's industries.

What are Japan's raw material needs? Clearly the most vital are iron, cotton, coal, petroleum, copper, wool, rubber, wood pulp, and others of lesser importance. China cannot, of course, supply to Japan petroleum, copper, rubber, wood pulp or even appreciable quantities of wool (China's export wool is almost wholly carpet wool and Japan requires clothing wool). The question of the usefulness of China's resources to Japan then revolves chiefly about iron, cotton, and coal (and the least important of these is coal, in view of the large production

in

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

1788

-10-

in Japan and Manchuria). To what extent is Japan at present obtaining increased supplies of these commodities in China?

The greatest benefit which Japan has thus far derived from China is probably increased supplies of coal. During the first five months of 1939 Japan's imports of coal from China amounted to 805,000 long tons of coal as compared with 610,000 tons during the same period in 1938, and 531,000 tons in the same period of 1937. However, it is notable that shipments of coal from Manchuria to Japan decreased from 1,064,000 long tons during the first five months of 1937 to 504,000 tons during the same period in 1938, and to 299,000 tons in 1939. It appears that the industrial expansion programs in Japan and Manchuria are outrunning coal production and apparently coal imports from China at present are not even large enough to offset decreases in imports from Manchuria. Meanwhile, it has been recently reported that industrial production in Japan is being seriously interfered with by shortage in electric power. Coal is being rationed there even among large industrial plants. Nevertheless, China does possess important coal resources and these are being developed by the Japanese.

It

-11-      188

It appears probable that Japan will eventually satisfy an important part of her coal requirements in China although at the present time such is not the case. As a matter of fact a very large proportion, if not all, of Japan's increased imports from China consist of increased supplies from the British-controlled Kailan mines.


It is predicted that cotton production in China during the present season will be smaller than in many years. During the 1936-1937 season production amounted to 3,870,000 bales; in 1937-1938, 3,556,000 bales; in 1938-1939, 2,300,000 bales; and production during the current season is estimated less than 1,900,000 bales. Imports of raw cotton into Japan from China during the period September-July 1936-1937 amounted to 195,000 bales; during the same period in 1937-1938, 319,000 bales; and during the same period in 1938-1939 only 65,000 bales. The foregoing pictures give an adequate answer to the question whether Japan is at the present time or may be expected in the near future to obtain increased supplies of cotton in China. The reasons for the sharp decline in cotton production are, of course, the failure of the Japanese to pacify the countryside, guerrilla warfare, and droughts and floods.

With respect to iron, although no statistics of Japan's imports are available, it is exceedingly doubtful 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

-12-

that the amount of iron Japan is now receiving from China approaches her pre-war imports from that country. The bulk of Japan's pre-war imports of iron from China came from the Tayeh Iron Mines near Hankow, which were destroyed by the Chinese before their retreat from that region. These mines are being repaired but they are not yet in operation. Japan is apparently pinning great hopes upon the Lungyen Iron Mines located in South Chahar, which were seized intact by the Japanese. According to the most recent report on the subject from Peiping, the daily output of the Lungyen Mines has been restored to 600 tons, most of which is being smelted in the iron foundries at Shihchingshan near Peiping. This daily production is equivalent to about 220,000 tons per year, which is only a fraction of Japan's pre-war imports of iron from China (of about 1,200,000 tons). Furthermore, it appears that production in the Lungyen Mines cannot be further developed without large capital investment in machinery and in railway facilities.

  
FE:Jones:HJN

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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Anniversary of the establishment of the  
 Chinese Republic. Transmits copy of  
 statement issued by General Chiang Kai  
 Shek on the occasion of --.

22

For the original paper from which reference is taken

See # 345  
(Despatch, telegram, instruction, letter, etc.)

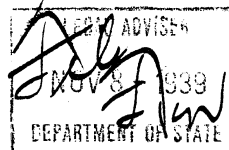
Dated Oct. 10, 1939 From China (Chungking)  
 To Johnson

File No. 893.00/14456

793.94 / 15448

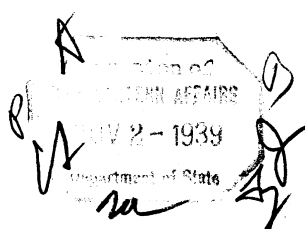
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
 Department of State letter, August 10, 1972  
 By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED



FROM

JR



GRAY

Foochow

Dated November 1, 1939

Rec'd 1:26 p.m.

Secretary of State,  
 Washington.

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

November 1, noon.

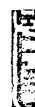
It is reliably reported that nineteen planes are now bombing Yungan and that nine planes bombed Hinghan this morning. Report that three bombs fell on American property there is being investigated. There have been two alarms sounded in Foochow this morning and there were three yesterday, but no planes have appeared since October 30, when one reconnoitred over the city. Haikow was bombed yesterday, and a Japanese transport and gunboat are reported to have entered Santuao harbor.

Sent to Peiping. Repeated to Chungking.

WARD

DDM

NOV 8 1939



F/EG

793.94/15449

745  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15791 FE

### TELEGRAM RECEIVED

EDA

A portion of this telegram must be closely paraphrased before being communicated to anyone (A)

TOKYO

Dated November 1, 1939

Received 11:05 a.m.

Secretary of State

Washington

567, November 1, 7 p.m. (SECTION ONE)

793.94 JSP  
(GRAY) One. The meeting now taking place of the Prime Minister ~~Far East~~ and Foreign, War, Navy and Finance Ministers acting as president and vice presidents of the Asia Board and General Yanagawa, director general of the board, has been called for the purpose of formulating "specific plans for the settlement of the China incident". The press anticipates that the Asia Board will reaffirm previous Japanese declarations with regard to the general principles of policy, notably the Konoze statement of December 22, 1938 namely: (a) recognition by China of Manchukuo, (b) anti-Comintern agreement among Japan, China and Manchukuo which would provide for the continued stationing of Japanese troops in certain parts of China and the designation of Inner Mongolia and North China as "special areas", (c) economic cooperation among the three countries which would include right of Japanese to reside and carry on trade freely in China.  
(END GRAY)

793.94/15450

F/F G

NOV 13 1939  
Two

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

15792

JR -2- #567, November 1, 7 p.m. (SECTION ONE) from Tokyo.

Two. The press hints very broadly nevertheless that the meeting today may not be productive of a complete program of both policy and action. So far as we can learn the Japanese are still as far as they have ever been from devising guarantees for the carrying out of the above listed peace terms which would be compatible with the demands of Chinese with any claim to respectability. The suggestion frequently made in various telegrams from Peiping and elsewhere in China that there are divided counsels among the Japanese military leaders in China with regard to the questions whether Wang Ching Wei should be set up as the head of a central government and whether the present Nanking and Peiping regimes should be continued is fully borne out by information recently obtained from an entirely reliable Japanese source.

Three. According to our informant the questions immediately above presented arose in a somewhat different form as early as the autumn of 1937 when the attack on Nanking from Shanghai was decided on by General Matsui. General Yanagawa, above mentioned, who commanded the detachment which landed at Hangchow Bay and later commanded the army which advanced along the south bank of the Yangtze contended that Japan could not conquer and destroy Central China; he believed that the  
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

15793

-3- #567, November 1, 7 p.m. (SECTION ONE) from Tokyo.

Nanking campaign was a mistake but urged that when  
 Nanking was captured it should be reduced to ashes and  
 the army withdrawn to Shanghai and later evacuated.  
 END SECTION ONE.

GREW

KLP:WWC

7458

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

5794

### TELEGRAM RECEIVED

JR

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (A)

FROM Tokyo

Dated November 1, 1939

Rec'd 12:54 p.m.

Secretary of State,

Washington.

567, November 1, 7 p.m. (SECTION TWO).

In his view not only did Japan's future lie in  
North China, in which area she could safely entrench  
herself, but the occupation as well of the Yangtze basin  
and South China would be beyond the capacity of Japan  
to maintain for an indefinite period.

Four. The question whether there should be set  
up a new central Chinese Government and the Peiping and  
Nanking local regimes suppressed thus stems out of the  
older problem above described. There is and has been  
much talk, of course, of ~~establishing~~ <sup>setting up</sup> a strong and completely HCP  
independent new government in China. If this were the  
prevailing thought there should have been no such delay  
as there has been in establishing the much talked of new  
Government under Wang Ching Wei. We incline very strongly  
therefore to accept as substantially true the statement  
of our informant that the repeated postponements in the  
creation of such new government, which would be headed by

Wang

7 4 5 5

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

5795

-2- #567, November 1, 7 p.m. (SECTION TWO) from Tokyo.

Wang or some other person, is due primarily to the inability of the Japanese to agree among themselves upon the area over which Japan is able to exercise overlordship. There is obviously some disagreement among the Japanese with regard to the acceptability of Wang, his determination to retain a large measure of independence from Japanese control and his desire to remove restrictions on Americans and other foreign rights being irreconcilable with extremist concepts of the "new order", but this matter is secondary both in importance and in time.

Five. Discussions in the press are of course couched in the most guarded language but when read in the light of the foregoing information they strongly suggest that the Asia Board will forthwith reaffirm the Konoye statement and will agree upon the establishment of a central Government under Wang, but that it will have difficulty and need more time in reaching any decision with regard to the extension by such government of de facto authority over North China and to the character of the assistance which Japan will bind itself to give to that government in areas outside North China.

Repeated to Peiping, Peiping please repeat to Chungking. (END OF MESSAGE)

GREW

CSB

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (no. 567) of November 1, 1939, from the American Ambassador at Tokyo reads substantially as follows:

The meeting which is now taking place of the Prime Minister and Foreign, War, Navy and Finance Ministers acting as president and vice presidents of the Asia Board and General Yanagawa, director general of the board, has been called for the purpose of formulating "specific plans for the settlement of the China incident". The press anticipates that the Asia Board will reaffirm previous Japanese declarations with regard to the general principles of policy, notably the Konoye statement of December 22, 1938 namely: (a) recognition by China of Manchukuo, (b) anti-Comintern agreement among Japan, China and Manchukuo which would provide for the continued stationing of Japanese troops in certain parts of China and the designation of Inner Mongolia and North China as "special areas", (c) economic cooperation among the three countries which would include right of Japanese to reside and carry on trade freely in China.

Nevertheless, a complete program of policy and action may not result from the meeting now going on, according to very broad hints in the newspapers. So far as the Embassy has been able to learn the Japanese still are no nearer than they have been in the past to working out guarantees

793.94/18450

Handwritten notes in left margin:  
 1. 11/1/39  
 2. 11/1/39  
 3. 11/1/39  
 4. 11/1/39  
 5. 11/1/39  
 6. 11/1/39  
 7. 11/1/39  
 8. 11/1/39  
 9. 11/1/39  
 10. 11/1/39  
 11. 11/1/39  
 12. 11/1/39  
 13. 11/1/39  
 14. 11/1/39  
 15. 11/1/39  
 16. 11/1/39  
 17. 11/1/39  
 18. 11/1/39  
 19. 11/1/39  
 20. 11/1/39  
 21. 11/1/39  
 22. 11/1/39  
 23. 11/1/39  
 24. 11/1/39  
 25. 11/1/39  
 26. 11/1/39  
 27. 11/1/39  
 28. 11/1/39  
 29. 11/1/39  
 30. 11/1/39  
 31. 11/1/39  
 32. 11/1/39  
 33. 11/1/39  
 34. 11/1/39  
 35. 11/1/39  
 36. 11/1/39  
 37. 11/1/39  
 38. 11/1/39  
 39. 11/1/39  
 40. 11/1/39  
 41. 11/1/39  
 42. 11/1/39  
 43. 11/1/39  
 44. 11/1/39  
 45. 11/1/39  
 46. 11/1/39  
 47. 11/1/39  
 48. 11/1/39  
 49. 11/1/39  
 50. 11/1/39  
 51. 11/1/39  
 52. 11/1/39  
 53. 11/1/39  
 54. 11/1/39  
 55. 11/1/39  
 56. 11/1/39  
 57. 11/1/39  
 58. 11/1/39  
 59. 11/1/39  
 60. 11/1/39  
 61. 11/1/39  
 62. 11/1/39  
 63. 11/1/39  
 64. 11/1/39  
 65. 11/1/39  
 66. 11/1/39  
 67. 11/1/39  
 68. 11/1/39  
 69. 11/1/39  
 70. 11/1/39  
 71. 11/1/39  
 72. 11/1/39  
 73. 11/1/39  
 74. 11/1/39  
 75. 11/1/39  
 76. 11/1/39  
 77. 11/1/39  
 78. 11/1/39  
 79. 11/1/39  
 80. 11/1/39  
 81. 11/1/39  
 82. 11/1/39  
 83. 11/1/39  
 84. 11/1/39  
 85. 11/1/39  
 86. 11/1/39  
 87. 11/1/39  
 88. 11/1/39  
 89. 11/1/39  
 90. 11/1/39  
 91. 11/1/39  
 92. 11/1/39  
 93. 11/1/39  
 94. 11/1/39  
 95. 11/1/39  
 96. 11/1/39  
 97. 11/1/39  
 98. 11/1/39  
 99. 11/1/39  
 100. 11/1/39

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-

guarantees for implementing the above-mentioned peace terms which would, with any claim to respectability, be consistent with Chinese demands. Information obtained a short time ago from an entirely reliable source (Japanese) completely bears out the suggestion made often in various telegrams from China, including Peiping, that Japanese military leaders in China are divided in their opinion concerning <sup>the</sup> questions whether the present Peiping and Nanking regimes should be continued and whether a central government should be established with Wang Ching-wei as its head. As long ago as the fall of 1937 when General Matsui decided on the attack on Nanking from Shanghai these questions came up in a rather different form, according to the above-mentioned Japanese informant. Although General Yanagawa, who was of the opinion that the Nanking campaign was a mistake, argued that Japan could not vanquish and destroy central China, he insisted that Nanking when taken should be completely burned and the Japanese army removed to Shanghai and later withdrawn from China. (Yanagawa was in command of the detachment which landed at Hangchow Bay and was in command at a later date of the army which advanced along the south bank of the Yangtze River.) General Yanagawa was of the opinion that Japan would not be able to maintain the occupation of South China and the basin of the Yangtze for an indefinite time

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

-3-

time and that the future of Japan lay in North China where the Japanese could entrench themselves with safety.

Thus in the older problem described above there originated the question whether the local regimes at Peiping and Nanking should be put down and a new central Chinese Government established. The matter of establishing a completely independent, strong new government in China is and has been much talked about of course. There should have been no such delay as has existed in setting up the much discussed new government headed by Wang Ching-wei if the above were the prevailing thought. Therefore, the Embassy is very strongly inclined to regard as substantially correct the Japanese informant's statement that inability of the Japanese to reach an agreement among themselves concerning the area which Japan is capable of controlling is the principal reason for the repeated postponements in the setting up of a new central government with Wang Ching-wei or some other person at its head. Apparently the Japanese disagree to some extent among themselves concerning the acceptability of Wang Ching-wei whose wish to remove restrictions on the rights of Americans and other foreigners and determination to remain largely independent of Japanese control are not reconcilable with the extreme ideas of the so-called new order. This matter is, however, secondary both in time and in importance. Although the

most

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

-4-

most guarded language is of course used in the newspaper articles, these articles when considered in the light of the above information suggest strongly that the Asia Board will again affirm immediately the Konoye statement and will agree upon the institution of a central government headed by Wang Ching-wei but will require more time and will have trouble in arriving at any decision concerning the kind of aid which Japan will promise to afford the new central government in regions beyond North China and concerning the extension by such a government of de facto authority over the North China area.

asc  
FE:ASC:MHP  
11/4/39

FE

7464

DECLASSIFIED: E.O. 11652, 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**

HSM \_\_\_\_\_ Chungking via N. R.  
This telegram must be \_\_\_\_\_  
closely paraphrased before \_\_\_\_\_  
being communicated to any FROM \_\_\_\_\_  
one. (Br) \_\_\_\_\_  
Dated November 2, 1939  
Rec'd 9:55 a. m.

Secretary of State,  
Washington.

583, November 2, 1 p. m.  
793.94/15443a  
Department's 208, October 26, 7 p. m.

Embassy staff has made discreet inquiries regarding  
results of recent fighting at Changsha and estimates  
that Japanese casualties numbered fifteen to twenty  
thousand and Chinese approximately thirty thousand.  
Physical damages around Changsha were small owing to  
the fact that Changsha has been only partially restored  
since its destruction by fire and that so far as can be  
ascertained the Japanese did not (repeat not) bomb the  
city. The whole action is regarded generally as a major  
Chinese victory. It is reported that the Japanese forces  
abandoned large quantities of equipment when their attack  
on Changsha was repulsed.

Hankow will presumably report the desired information  
regarding damages at that place.

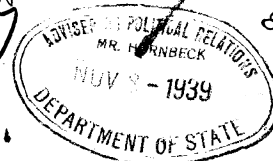
Repeated to Hankow.

KLP  
DDM

JOHNSON

NOV 9 1939

F/FG



793.94/15451



0465

DECLASSIFIED: E.O. 11652, 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

A telegram (no. 583) of November 2, 1939, from the American Embassy at Chungking reads substantially as follows:

Japanese casualties at Changsha were from fifteen to twenty thousand and Chinese were about thirty thousand, according to estimates made by the staff of the Embassy after discreet inquiries. On account of the fact that the Japanese did not, so far as can be learned, bomb Changsha and that the city has undergone only partial restoration since it was destroyed by fire, the physical damages around the city were not large. There are reports that when the attack on Changsha was repulsed large amounts of equipment were abandoned by the Japanese troops. It is generally considered that the entire action was a major victory for the Chinese.

FE:ASC:MHP  
11/4/39

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

FILE NO. <u>793 944/15452</u>		DATE DUE <u>9/7/53</u>
DATE OF DOC. <u>1939</u>	SECURITY CLASS. <u>SECRET</u>	DATE CHARGED <u>4/7</u>
TO/FROM		ENCLOSURES
CHARGE TO <u>O'Neill</u>		OFFICE SYMBOL <u>Ly</u>
Form DS-933a (9-1-51) 16-55507-1 GPO (Signature) DEPARTMENT OF STATE		

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

ADVISER ON POLITICAL RELATIONS  
 MR. HORNECK  
 NOV 3 - 1939  
 DEPARTMENT OF STATE

RECEIVED  
 SECRETARY OF STATE  
 NOV 3 1939  
 NOTED

WE ARE STILL FIGHTING

PM 2 08 Address by  
 His Excellency, Dr. Hu Shih  
 China Society in America, Incorporated  
 October 30, 1939  
 New York City

AND RECORDS

793.94

*Handwritten notes:*  
 Please note  
 last two pages  
 are included

UNDER SECRETARY OF STATE  
 NOV 1 - 1939  
 MR. WELLES

ASSISTANT SECRETARY OF STATE  
 NOV 4 - 1939  
 MR. TAPLEY

ASSISTANT SECRETARY OF STATE  
 NOV 6 1939  
 MR. ELLISON

The months of October and November are full of memorable dates. October 5th is the second anniversary of President Roosevelt's Chicago speech. October 10th is the 28th anniversary of the Chinese Revolution. November 3rd is the second anniversary of the 1st meeting of the Brussels Conference of the signatories and adherents to the Nine Power Treaty. November 11th is the 21st anniversary of the Armistice of the last World War. These memories bring us back to fundamentals. So I shall devote the twenty minutes allotted me to a restatement of the fundamental issues which are involved in the present conflict in the Far East and which must receive serious consideration and satisfactory solution before the conflict can be really ended.

Almost exactly 2 years ago, at a meeting in this city, I had the occasion to point out that issues behind the Far Eastern conflict were two: (1) the clash of Japanese imperialism with the legitimate aspirations of Chinese nationalism; and (2) the conflict of Japanese militarism with the moral restrictions of a new world order. I still believe that these are the real issues. But I now see they are closely related to each other.

In order to see these issues in their close relationship, we must go back a few decades in history when three of the seven great world Powers, Germany, Italy and Japan, first succeeded in achieving their internal unity and began to embark on their new national life in a world which had been, for the most part, already appropriated by the more advanced colonial empires. These three Powers are now calling themselves the "Have Not" nations simply because they came to the world too late, - Italian independence, German unity, Japanese restoration being almost contemporaneous events taking place about 1870. Naturally in their

expansionist

793.94/15452

F/EG  
 NOV 7 1939

7 4 6 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

- 2 -

expansionist movements, they turned to those regions which Walter Lippmann once called "the stakes of diplomacy", regions vast in territory, rich in resources, but weak in government and in the power of resisting an external aggression. Parts of Africa, Arabia, Persia, the Balkan States, Turkey and China were among these "stakes of diplomacy" where, during the last century, the struggle for colonies and special concessions was very acute and where the "law of the jungle" reigned almost supreme.

It did not require special wisdom to see that an international conflagration was brewing out of these imperialistic struggles. In fact, an international war, - a "world war", - did break out in China in 1900 and was participated in by eight Powers of the world, including Japan and the United States. The allied forces of these eight Powers stormed the forts of Taku, and marched on the ancient capital of Peking which they occupied for several months. In the meantime vast hordes of Czarist Russian armies poured into Manchuria. There were loud outcries of "Partition of China" and there was imminent danger of a real world war to be fought on the unequal division of spoils in China.

That international conflagration at the turn of the century was averted by the gradual working out of an international order in the Far East under the leadership of the Anglo-Saxon peoples. An Englishman, Alfred E. Hippisley, and an American, William W. Rockhill, worked out the principle of the Open Door policy in China and your great Secretary of State, John Hay, adopted it as early as 1899 and proclaimed it to the world in a series of notes to the various Powers interested in China. Throughout the years of the so-called "Boxer War" and the peace negotiations following it, the American insistence on the Open Door in China and the British support of that policy had a sobering effect on the more aggressive Powers, especially Russia, Germany and Japan. And the result was the evacuation of the allied forces after the peace protocol had been signed and put into effect. Thus was

China

-3-

China saved from the fate of being the seat of the first world war in the 20th century.

The Open Door policy has since been the cornerstone of the international order in the Far East. It has been incorporated in all the international agreements affecting China, and it has been regarded as one of the few great principles of the foreign policy of the United States.

The principles of the Open Door policy are most explicitly stated in the Nine Power Treaty of 1922, Article I of which says

"The Contracting Powers, other than China, agree:

(1) To respect the sovereignty, the independence, and the territorial and administrative integrity of China;

(2) To provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government;

(3) To use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

(4) To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would bridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States."

From this statement we can see that the Open Door principle is not merely an economic policy with its sole emphasis on equal opportunity for commerce and industry. It is a political doctrine of great historic significance in that it, as is shown by the first Article of the Nine Power Treaty, stresses the importance of respecting "the sovereignty, the independence and the territorial and administrative integrity of China" and providing "the fullest and most unembarrassed opportunity for China to develop and maintain for herself an effective and stable government". As recent historical scholarship has indicated, the founders of the Open Door policy clearly conceived from the very beginning that the economic phase of the Open Door, namely, equal

opportunity

-4-

opportunity of trade, was dependent upon the political independence and territorial and administrative integrity of China. The door of China can be kept open only by an independent, sovereign state of China with a modern government sufficiently effective and stable to protect the rights and interests, not only of China herself, but of the nations having friendly relations with her.

This Far Eastern international order, dating back to the end of the last century and receiving its full and unmistakable restatement in the Nine Power Treaty, naturally became a part of the new post-War world order which, as we all know, not merely stands on the Covenant of the League of Nations, but was also supported by a series of other idealistic treaties, such as the treaties of the Washington Conference and the Kellogg-Briand Pacts. It is this international order of the Pacific region, in its older and newer forms, that has been responsible for the sheltering and protection of China throughout the first three decades of the century against many a threatening aggression; and for enabling her to work out the necessary steps in her process of developing a modern effective and stable government for herself. Under its shielding, China brought about two important and fundamental political revolutions (1911-12 and 1926-27) fought several civil wars and, at least from 1927 on, was beginning seriously to convince the outside world of her ability to develop and maintain for herself a modern national state. She was successfully unifying the country, modernizing her institutions and her means of transportation and communication and building up a modern national life.

But unfortunately the rise of modern national state in China was not to the liking of our nearest neighbor, Japan, whose military caste had long believed that Japan had a divine mission to dominate, not only Eastern Asia, but the whole world. These militarists, and in particular the young officers, could not and would not tolerate China's endeavors to build up a unified and modernized state. They were determined to crush nationalistic China before it could attain stability and strength. So eight

years

- 5 -

years ago on the evening of September 18, 1931, the Japanese army in Mukden created the "Mukden Incident" and in a few months the Japanese troops were occupying the major portion of the Three Eastern Provinces (Manchuria).

But Japan could not invade China and occupy Chinese territory without at the same time destroying the international order both in the Far East and in the world at large, under which the respect for Chinese sovereignty and territorial integrity had been explicitly pledged and China was solemnly promised "the fullest and most unembarrassed opportunity" to work out her national development. China naturally appealed to the League of Nations and to the signatories and adherents of the Nine Power Treaty. What happened during those memorable years of 1931 and 1932, when the League of Nations attempted to mediate for a peaceful settlement of the Sino-Japanese dispute, need not be retold here. Suffice it to say that the world at that time was not prepared to support that international order by curbing the aggressions of Japan. The League pronounced a judgment and proposed a settlement which was tantamount to a surrender to Japan's wishes. But when Japan <sup>she</sup> refused to accept the settlement and withdrew from the League, nothing more was done by the supporters of Collective Security.

When Japan left the League, a German Cabinet Minister said to the Japanese representative at Geneva: "We don't think you are right, but we thank you for your good example". The good example of Japan has since been successfully followed by other aggressor states in East Africa and Europe.

The whole structure of post-War world order, which had cost eight and a half million lives and 200 billion dollars to bring into existence and under which the nations, the great and strong as well as the small and weak, lived in comparative peace for more than a decade, now rapidly broke down and was finally scrapped when the new European War began two months ago. The failure of this new world order <sup>to support</sup> ~~in sustaining~~ its own principles during the early stage of the Sino-Japanese dispute doomed it to ultimate downfall.

-6-

These, then, are the fundamental issues involved in the Sino-Japanese conflict. A new national state of China has arisen and become the object of fear and attack by the Japanese Imperialists. In trying to crush nationalistic China, Japan has also destroyed the international order, under the shadow of which the Chinese national state had been growing up and gaining strength. In the place of this international order, Japan's militarists are trying to set up the "New Order" of East Asia, which Mr. Hallett Abend has aptly called "the New Disorder".

Japan's war in China has been going on for more than eight years. Its latest phase of open and continuous hostilities has been going on for 28 months. It is unnecessary to inform this sympathetic and enlightened assembly that after 28 months China's resistance is as determined as ever before, and that the war will go on for many months and possibly years to come and will be ended only when China can be assured of a just and honorable peace.

Nor is it necessary to remind you that our enemy is bogged down more and more deeply and has shown some anxiety to terminate the so-called "China Incident" which has cost Japan a million casualties, is killing 1000 of her men a day without a major frontal battle, and has exhausted her gold reserve in two years.

Under these circumstances, and with the European War going on, many of our American friends are beginning to think that an early peace may be possible in the Far East. Mr. Walter Lippmann is thinking aloud "Toward Peace in Half the World", and Mr. Richard J. Walsh, editor of Asia, is writing that "The Peace Must Begin in the Orient".

But I wish to point out to these friends that, as far as I can see, there is no prospect of an early peace. Why? Because the Japanese militaristic caste has not yet repented their aggressive policy, and because so far there is no power, either inside Japan or elsewhere in the world, which can bring that militaristic caste to its senses and make it accept a peace that will be just and enduring.

A just



7 4 7

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

-7-

A just and enduring peace in the Far East must offer satisfactory adjustment to the fundamental issues behind the war. It must fulfill these basic conditions:-

(1) It must satisfy the legitimate demands of the Chinese people for an independent, unified, and strong national state.

(2) It must not result in vindicating any territorial gain or economic advantage acquired by the use of brutal force in open violation of international law and solemnly pledged treaty obligations.

(3) It must restore and greatly strengthen the international order for the Pacific region so that orderly and just international relationships shall prevail and recurrence of such an aggressive war shall be impossible.

I repeat: such a just and enduring peace is not in sight, and therefore my people are determined to fight on until such a peace is achieved.

7 4 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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese relations.  
Report concerning -, for month of June, 1939.

aa

793.94/15453

For the original paper from which reference is taken

See # 121  
(Despatch, telegram, instruction, letter, etc.)

Dated July 10, 1939 From Foochow (Ward)  
To

File No. 893.00 P.R. Foochow/137

15453

2. Japan.

a. Japanese air raids.

79294  
After more than a week's respite the Japanese resumed their program of aerial attacks on northern Fukien on June 7, carrying out a total of 28 raids during the month in which almost 500 bombs were dropped. The number of casualties has not been revealed. Putien, Diengloh, Futsing, Kienow, and other interior towns were bombed, but most of the attacks were concentrated on forts and other points along the lower Min River. Foochow and Nant'ai were subjected to only five air raids during June, with about 80 casualties reported.

b. Activities of Japanese naval vessels.

Varying numbers of Japanese naval ships and trawlers stationed at Matsu Island, opposite the mouth of the Min River, continued their depredations at and around Sharp Peak anchorage and along the coast during the course of the month. Villages and fishing boats were burned, and a launch containing a large number of passengers was seized.

On June 26th six Japanese naval vessels arrived off Sharp Peak, and on the morning of the 27th, the day on which the announced military operations against Foochow were to begin, about one hundred Japanese marines succeeded in occupying Sharp Peak Island, which commands the mouth of the Min River. A number of Japanese boats then attempted to pass through the barrier, but were repulsed by Chinese fire from the Changmen Forts.

Apparently no further attempts were made to cross the barrier or approach the mainland at that point, and

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

-8-

the Japanese troops, which were later increased in number, seemed content with strengthening their position on the island.

Although at one time it was rumored that forty Japanese naval craft were anchored along the coast north of Sharp Peak, only fifteen vessels were officially reported in the vicinity at the end of the month.<sup>1</sup>

7 4 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

## CROSS-REFERENCE FILE

### NOTE

### SUBJECT

For the original paper from which reference is taken

See .....  
(Despatch, telegram, instruction, letter, etc.)

Dated ..... From }  
To }

File No. ....

7 4 1 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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese relations.  
Report concerning -, for month of July, 1939

aa

For the original paper from which reference is taken

See # 2209  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 14, 1939 From China (Lockhart)  
To

File No. 893.00 P.R./160

793.94/15454

15454

DECLASSIFIED: E.O. 11652, 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. Japan:

a. The military situation:

As in June, the most important military operations during the month took place in Shansi Province. A force, said to comprise 60,000 Japanese troops, undertook a large scale campaign against Chinese troops and guerrillas in the region west of the Taihang Mountains in southeastern

79394  
13-23  
(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

- 14 -

southeastern Shansi, but, although Luan and Tzechow were occupied, the Japanese executed a general withdrawal during the first week in August. Considerable numbers of Japanese troops were reported to have been sent down river from Hankow and observers felt that Central China would remain quiet for the time being. Several Japanese attempts to invade Changshan district in Shantung failed. The Japanese carried on operations against Chinese military and guerrilla forces in Shantung, but it appeared that the task of pacifying Shantung would require more troops than the Japanese had available for the purpose. The expected attack on Tzechow did not materialize.

43

b. Operations in Shansi:

Following their reverses in the Chungtiao Mountains in southern Shansi in June (see Embassy's monthly report for June), the Japanese shifted their operations eastward to the region west of the Taihang Mountains, a branch of the Chungtiao range. Luan and Tzechow were the dual objectives of the Japanese campaign in this area from July 3 to 31, the Luan-Tzechow highway having long been a base of operations for 8th Route Army troops and a hideaway for Central Government and provincial troops. In this drive the Japanese are said to have employed 60,000 men and carried out simultaneous attacks from the north (Pingyao and Taihu), west (Yichang and Chiang-shien), and south and east (Sinsiang, on the Peiping-Hankow Railway in Honan).

The Japanese announced the capture of Luan July 14 and Tzechow July 19; the fall of Luan was hailed by the Japanese as one of their principal victories over the

8th

43. Press reports during July.



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

- 15 -

both route army since the commencement of hostilities. The Chinese, however, reported towards the end of July the recapture of various cities taken by the Japanese and on August 7 the Chinese military spokesman at Chungking announced that the Japanese were engaged in a general withdrawal from southeast Shansi towards the Pingpu Railway; the Japanese explained this withdrawal by stating that their campaign in the Shan-Tzechow area had been completed July 31. In this campaign the mountainous terrain again assisted the Chinese by minimizing the Japanese advantage in artillery and mechanized equipment.

<sup>44</sup>  
 An American missionary at Taiku, Shansi, reported August 5 that towards the end of June and during the first few days in July about one Japanese division (20,000 men) had passed south from Taiku for the attack on Luan; that after these troops had passed through Taiku, heavy rain fell and that from July 9 to the end of the month rain fell continuously; that the Japanese relied on motor trucks for transportation, but that after July 9 no trucks had departed from or arrived at Taiku. This missionary understood that the Japanese had marched south from Taiku and occupied Luan without opposition, to discover that city practically deserted, and then had found themselves isolated with their communications through the mountains broken. He believed that the Japanese subsequently had had a difficult time at the hands of Chinese regular and guerrilla forces (the Chinese officially claimed that the Japanese losses during the first half of July were 7,000). This informant

expressed

44. Mr. Moyer, American Church Mission, Taiku, called at Embassy August 5.

- 16 -

expressed the opinion that the Japanese used poor judgment in undertaking an offensive in this region during a season of customary heavy rainfall. Torrential rains also fell in Hopei Province during July, and washouts on the Peiping-Hankow Railway and serious damage to the railway bridge near Chengtingfu undoubtedly hindered the shipment of supplies to the Japanese troops operating in Hanchi.

c. Miscellaneous operations:

Fighting was reported during July throughout the perimeter of the occupied areas in Kwangtung Province. During the middle of the month, Japanese forces failed in several attempts to invade Chungshan district. The Pearl River was declared closed, for military reasons, to all third power vessels commencing July 27, and, as the month ended, Japanese forces, under cover of heavy bombardments by warships and planes, were again trying to occupy Chungshan district. It was thought that the closing of the river and the arrival of Japanese reinforcements might also be the forerunners of a Japanese occupation of Hakkoi. In the Swatow area, military operations were confined to fighting in and around Chaochowfu, but no attempt was made by the Japanese to enlarge the zone of occupation.

Reports from Hankow indicated that most of one Japanese division and parts of three others (even more, according to some sources) had been sent down river, their destination reportedly being North China or Manchuria. Observers believed that the Central China front

would

- 
45. Canton's August 3, 4 p.m., to Peiping and the Department (monthly summary).  
46. Swatow's August 3, 4 p.m., to Peiping only (monthly summary).

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

- 17 -

would remain quiet for a month or two, in view of the reduction of Japanese troops. Chinese troops in Central China increased in number as the result of organized guerrillas, but no Chinese action was anticipated in the near future.<sup>47</sup>

The expected Japanese attack on Foochow and other points in that area failed to materialize. It seemed apparent that the Japanese object was to effect a blockade of Fukien ports, rather than to attack any particular port; an indication of this policy was the Japanese action in laying an additional barrier across the mouth of the Min River; the Chinese also laid an additional barrier. Three Americans were evacuated from Foochow July 5; some of the Chinese who left the city early in the month had returned at its close, although the population of Foochow<sup>48</sup> was still only about 60 percent of normal.

The Japanese naval authorities extended their blockade of the South China coast during the month to include several more ports in Fukien and Kwangtung provinces. According to press reports, the Chinese military spokesman at Chungking stated July 2 that this blockade would not affect the flow of arms and munitions into China.<sup>49</sup>

#### d. Aerial activities:

The Japanese air force was fairly active during July. According to Japanese reports, Japanese planes supported military operations in Shansi, and important raids were made on Haimen, Chekiang (July 1); Chungking, Szechwan (night raids July 5/6 and 6/7, and evening raids July 24 and 31); Shaohing, Chekiang (July 6); Liuchow,

Kwansei

47. Hankow's 171, July 25, 8 p.m.

48. Foochow's August 5, 6 p.m., to Embassy (Peiping) only (monthly summary).

49. Reuters, Chungking, July 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

- 18 -

Kwangsi (July 8, 18 and 22); Tushan, Tzechwan, and Katung, Hupeh (July 12 and 25); Nanning, Kwangsi (July 22); and Weilin, Kwangsi (July 31). Raids were also reportedly made on various places in Kwangtung, Fukien and Kwangsi provinces. The American Consul at Foochow reported that Japanese air raids continued throughout the month, the total for the district being 38; Foochow was bombed <sup>30</sup> three times.

The four Japanese air raids on Chungking in July caused some property damage, but the casualties were comparatively few. As reported on page 3, several bombs fell in the vicinity of the American Embassy and the U.S.S. Tutuila. Bombs also fell near U.S.S. Falcon and on the night of July 6/7 this British gunboat narrowly escaped a direct hit; the ship was slightly damaged, but the personnel were unharmed. <sup>51</sup>

The Chinese air force was apparently not active during July, but on July 17 Chinese anti-aircraft fire brought down a large Japanese plane near Huangmei, eastern Hupeh; the Japanese military admitted that a major general and eleven other occupants of the plane were killed in the crash. <sup>52</sup>

The damage suffered by American properties through Japanese air bombing is reported on page 2.

#### c. Military operations in the occupied areas:

The American Consulate General at Tientsin stated that Chinese guerrillas were active during the month even in the vicinity of Tientsin, reportedly inflicting considerable losses on the Japanese. <sup>53</sup>

#### Reports

50. Foochow's August 5, 6 p.m., to Embassy (Peiping) only (monthly summary).
51. Chungking's 427, July 7, 10 a.m.
52. Hanoi, Hankow, July 17; Reuters, Chungking, July 19.
53. Tientsin's despatch to Embassy (Peiping) No. 841 of August 5 - "Political Report for July 1939".

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

- 19 -

Reports from Shanghai indicated that guerrillas continued their activities, and during the month tore up a section of the Shanghai-Nanking Railway and derailed a train.

The Japanese expedition against General Yi Hsieh-chung in southern Shantung appeared to have resolved itself into a game of "hide and seek" in which neither side seemed likely to gain any important advantage. The Japanese reportedly achieved initial success in a "bandit suppression" campaign launched June 26 in western Shantung, but after July 7 no Japanese claims to success were made. The Japanese were opposed in northern Shantung by troops of General Shih Yu-san which reportedly invaded Shantung from Hopei. Guerrillas continued active in northwestern Shantung. Commenting on the Japanese operations in Shantung, a foreign observer in Tsinan stated at the end of July that (1) the Japanese were concentrating on the "pacification" of Shantung once and for all, for which purpose they had brought in heavy reinforcements, (2) that strenuous efforts were being made to increase still further the Japanese forces by replacing Japanese troops on garrison duty with pro-Japanese Chinese militia and Japanese civilian volunteers, and (3) that, if the Chinese continued in their practice of disbanding large units in the face of Japanese pressure and of employing guerrilla tactics, the Japanese task would be rendered extremely difficult, if not impossible, of accomplishment, except by the use of a larger military force than it appeared could be spared from service elsewhere.

I-

54. Shanghai's August 1, 1 p.m., to Embassy (Peiping) only (monthly summary).  
 55. Tsinan's despatch to Embassy (Peiping) No. 131 of August 3 - "Monthly Political Report for July 1939".

DECLASSIFIED: E.O. 11652, 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 -

f. Political activities in  
the occupied areas:

The week July 3 to 9 was celebrated in the Japanese occupied areas as "Asia Reconstruction week". The press and orators stressed the need for "self-determination for all races in East Asia", strengthening of a common front in East Asia on the basis of anti-Communism, and cooperation between Japan, China and "Manchukuo".

Reports from well informed sources in Shanghai indicated that a conference took place there July 8 attended by Japanese military, naval, diplomatic and consular officials, Wang Chin-wei, and representatives of the "Provisional Government" and "Reformed Government". It is understood that the establishment of a new central government was discussed, but that the representatives of the two regimes mentioned manifested a definite lack of enthusiasm towards this project which would probably curtail, if not extinguish, their rights and powers. The conference is said to have come to the conclusion that for the present emphasis should be laid upon peace propaganda and that the creation of a new central government should be left in abeyance for several months. It was reportedly decided to institute a peace campaign, great care being taken to make it appear that this movement emanated from the Chinese people themselves. The plan for this campaign, if correctly reported, represents a much more subtle approach than heretofore to the question of peace and the cessation of hostilities, which the Japanese are reported to be increasingly desirous of bringing about. The success of such a campaign, however,

Remains

56. Panel, Peking, 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

- 11 -

37  
 remains problematical.

In July 9, the day after the conference, Wang Ching-wei issued a further lengthy statement advocating peace and cooperation with Japan. He endeavored to show that Dr. Sun Yat sen had advocated close political and economic cooperation with Japan, dilated upon the destructive influence of the Communists, and reiterated his acceptance of Prince Konoye's statement (see Embassy's monthly report for December 1938) as an acceptable basis for peace and cooperation between China and Japan; he concluded by expressing the belief that two courses are open to China - one is to follow General Chiang Kai-shek's policy of resistance, which Wang predicted would result in the destruction of the entire nation, and the other is to revive the teachings of Dr. Sun, to bring about a cessation of hostilities and to establish a lasting peace in East Asia. Wang stated that he had decided to follow the second course; this intimation that he had definitely broken away from General Chiang Kai-shek and the policy of resistance was considered by some observers as perhaps the most significant part of his statement. The Japanese controlled press voiced enthusiastic approval of the statement, but reaction among English language newspapers in Shanghai, with one exception (rumored to be Japanese subsidized) was unfavorable; the Chinese press virtually ignored the statement.

The circumstances surrounding the issuance of Wang's statement indicated that the whole affair had been carefully organized by the Japanese and Wang's adherents. During the month, a newspaper formerly published by Wang

recommended

37. Embassy's (Peiping) 547, July 14, 12 noon, and Shanghai's despatch to Peiping No. 1818 of July 25 - "Activities of Wang Ching-wei".

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

- 22 -

recommended publication at Shanghai, and efforts were made without much apparent success by Wang and his adherents to influence Chinese public opinion and to subvert local Chinese educators, publishers and business men.

The fifth meeting of the "United Council" of the Japanese controlled Peiping and Hanking regimes was held in Tsingtao July 11 and 12. According to a Lomei report from Tsingtao July 12, the meeting decided on reform of the educational system, coordination of judicial administration, and cooperation between the "Federal Reserve Bank" and the "Hua Hsing Bank".

A Japanese controlled provisional government for Hainan Island was inaugurated at Hoihow July 17.

Japanese population in the occupied areas:

The Japanese army spokesman at Shanghai stated July 16 that there were at present 300,800 Japanese civilians in China, as compared with 67,145 prior to the outbreak of hostilities; the following figures were given out by the spokesman (first figure represents present population, second, the population before the hostilities): Central China - 95,800 and 29,145; North China - 200,000 and 35,000; South China - 1,500 and 6,000; Shanghai - 45,000 and 28,000; Hanking - 5,000 and 100; Hangchow - 1,300 and nil.

The Japanese embassy at Peiping announced July 18 that the Japanese population in North China at the end of May 1939 was 170,926, representing an increase of 125,758 over that on July 1, 1937. The embassy issued

the

- 58. Shanghai's August 1, 1 p.m., to Embassy (Peiping) only (monthly summary).
- 59. Canton's August 3, 4 p.m. to Embassy (Peiping) (Monthly summary) repeated to the Department.
- 60. Lomei, Shanghai, July 16.
- 61. Lomei, Peiping, July 18.



- 23 -

the following comparative list of the Japanese population in North China during the last three years:

	<u>July 1937</u>	<u>July 1938</u>	<u>May 1939</u>
North China (total)	42,188	92,160	170,926
Principal cities:			
Peiping	4,024	20,262	33,019
Pientsin	11,409	23,896	41,531
Tsingtao	12,820	16,053	24,085
Tsinan	2,034	3,731	10,521
Taiyuan	11	---	6,746
Kweichow	---	977	1,906
Shihchiachuang	---	3,494	7,006

It will be noted from the above list that nearly 126,000 of the total Japanese population in North China reside in the principal cities.

7 4 9  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## CROSS-REFERENCE FILE

### NOTE

#### SUBJECT

Sino-Japanese relations.

Report concerning -, for month of  
August, 1939.

aa

For the original paper from which reference is taken

See ..... # .....  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 11, 1939 From Canton (Myers)  
To

File No. 893.00 P.R. Canton/139

793.94 / 15455

15455

DECLASSIFIED: E.O. 11652, 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. Japan.

(a) Military Activities in Canton Area:

Japanese forces, which had been attempting to occupy Chungshan district since July 9, were withdrawn or repulsed early in August. On August 7 the Pearl River was reopened to navigation under the same conditions that existed prior to its closure on July 27.\*

During the middle of August considerable Japanese reinforcements or replacements arrived in the Canton area. On August 16 Japanese forces landed at Nantow (南頭), near the Kwangtung-Kowloon border. By August 18 approximately 15,000 Japanese troops were in control of the entire border area. This occupation was effected for the alleged purpose of cutting supply lines between Hong Kong and the unoccupied hinterland. Late in August numbers of these troops were withdrawn from the border area.\*\*

(b) Japanese Aerial Activities:

Japanese planes are reported to have carried out raids on Shuichow and Yingtak in northern Kwangtung, on Pakhoi and other towns in the southwestern part of the province, and on Wuchow, Nanning, Kweiping, Liuchow and other points in Kwangai.

(c) Chinese Guerrilla Activities:

Chinese guerrilla forces engaged the Japanese troops in numerous skirmishes in the Canton area and on Hainan Island.

(d) Japanese Use of Puppet Troops:

The Japanese forces in the Canton area appear to be making increasing use of locally enlisted Chinese puppet troops, both for the purpose of preserving local order and for use in fighting loyal Chinese troops.

j93.44

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

# CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Situation in the Far East.  
 Developments during the past week, reported.

aa

For the original paper from which reference is taken

See memorandum  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 19, 1939 From State Department  
 To FE (Bacon)

File No. 890.00/167

793.94/15456

15456

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Settlement of the China Incident would  
be a solution of the current difficulties  
in Japanese-American relations. Summary  
of editorial in the KOKUMIN of Oct.27,  
in regard to --

aa

793.94 / 15457

For the original paper from which reference is taken

See ..... Tel # 559, midnight.  
(Despatch, telegram, instruction, letter, etc.)

Dated ..... Oct. 27, 1939 ..... From |  
To | ..... Japan (Grew).

File No. .... 711.94/1325 .....

15457

DECLASSIFIED: E.O. 11652, 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

RFP

GRAY

Tokyo

Dated October 27, 1939

Rec'd 2:25 p.m.

Secretary of State

Washington

559, October 27, midnight.

Our 555, October 26, 5 p.m.

The KOKUMIN in its editorial column this morning dwells at some length on the current difficulties in Japanese-American relations and suggests that those difficulties could best be solved by hastening the settlement of the China incident. The following is a summary of the editorial:

Despite the influence, ability, and prestige of both Foreign Office Nomura and Ambassador Grew it is doubtful whether the proposed conversations between them on Japanese-American relations would be productive of results. In the light of the complicated European situation the only two nations with which Japan can contest diplomatically on a "50-50 basis" at the present time are the Soviet Union and the United States. The attitude of the former toward Japan is extremely doubtful while the latter may be said to have already declared itself a diplomatic enemy. Since the outbreak of the European

war

Note  
 11/3/94

711.94/1325

049

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

RFP -2- #559, October 27, midnight from Tokyo

war the United States has acted as a watch dog for British and French interests in the Far East, and now Britain and France, encouraged by Ambassador Grew's address, are again pressing. After all is said and done, Japan and the United States hold diametrically opposed views in regard to the settlement of the Far Eastern question and no amount of talk will reconcile these views. Japan has striven at great cost to itself to make Americans understand its position. While it might be better from one point of view for Japan to throw overboard its subservient attitude toward the United States and argue the matter out now, rather than let Japanese American relations drift rapidly from bad to worse, such argument would appear almost useless. It would seem wiser to proceed with the settlement of the incident, for with the establishment of a new central government in China the powers would have to alter their policies toward that country. Then would be the time to adjust Japan's relations with the powers. By hastening the settlement of the China affair, Japan would also expedite a settlement of the fundamental difficulties in Japanese American relations.

Copies by air mail to Shanghai, Peiping. Shanghai requested to repeat to Chungking by naval radio.

GREW

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

CROSS-REFERENCE FILE

NOTE

SUBJECT

Soviet aid to China indicates no apparent objective unless it is the granting of just sufficient assistance to the Chinese to barely keep them fighting preparing the ground work of an exhaustive and discouraged population for Bolshevism.

793.94/15458

For the original paper from which reference is taken

See Tel. 2605- 6pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 28, 1939 From France (Bullitt)  
To

File No. 760d.61/359

15458



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

CROSS-REFERENCE FILE

NOTE

SUBJECT

Settlement of Sino-Japanese relations.

Possible conversations between Japanese  
 and American officials expected,  
 with respect to -, portions of newspaper  
 articles on the subject, quoted.

aa

793.94/15459

For the original paper from which reference is taken

See tel # 560, 7 p.m.  
 (Despatch, telegram, instruction, letter, etc.)

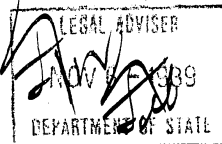
Dated Oct. 28, 1939 From Japan (Grew)  
 To

File No. 711.94/1326

15459

DECLASSIFIED: E.O. 11652, 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



FROM  
GRAY

JR

Foochow via N. R.

Dated November 2, 1939

Rec'd 2:35 p.m.

Secretary of State,

Washington.

November 2, 8 p.m.

My November 1, noon.

COPIES SENT TO  
ONE AND AID.

793.94

It is now reported that large squadron of planes which flew over Yungan yesterday did not bomb it. In the bombing of Hinghua yesterday morning British hospital was destroyed but with only one or two deaths resulting. Americans and American property there unharmed.

Sent to Peiping, repeated to Chungking.

WARD

CSB

793.94/15460

F/FG

NOV 7 1939

7499

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

5197

*FE*  
*FA/11*

**TELEGRAM RECEIVED**

PAP  
 This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (Br)

FROM SHANGHAI VIA N.R.

Dated November 2, 1939

Rec'd 6:10 p.m.

Secretary of State  
 Washington

*FE memo*

ADVISED ON POLITICAL RELATIONS  
 MR. HORNBECK  
 NOV 13 1939  
 DEPARTMENT OF STATE

*A*  
*file*  
*B*  
*193.94/15421*  
*m*  
*by*

965, November 2, 3 p.m.

Reference Department's No. 203, October 21, 2 p.m. to  
 Chungking.

One. Viewing the situation from this post in Japanese  
 occupied China there seems no prospect of any early defini-  
 tive settlement of the China incident. There are no indi-  
 cations here of any modification of Japanese objectives or  
 policy in China. Japan's major military effort was considered  
 as substantially completed with the occupation of Hankow  
 and Canton. Recent Japanese military reverses in China are  
 not regarded by military observers here as of major impor-  
 tance. Guerrilla tactics by Communist and other forces in  
 Shansi and the north appear to have been successful, but  
 in Central China the sporadic guerrilla activities while  
 disconcerting have brought no important results.

Two. Sober Japanese opinion maintains that the project  
 for a "recognized" Central Government Regime will mature  
 in the very near future, thus freeing Japan to deal more readi-  
 ly with any situation or opportunities that may develop out

of

793.94/15461

FA

7501

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

5798

PAP -2- 965, November 2, 3 p.m. from Shanghai

of the European conflict and at the same time establishing a means to "legalize" the dominant economic position into which Japan has thrust herself in occupied China through the introduction of an economy fashioned on the Manchurian pattern gradually extending through North China into Central China with Chinese and third power interests generally immobilized during the process of penetration and consolidation by restrictive measures imposed under the guise of military necessity.

(END SECTION ONE).

GAUSS

JRL:CFW

793.94/15421

750  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15799

## TELEGRAM RECEIVED

JI

This telegram must be  
closely paraphrased be-  
fore being communicated  
to any one. (br)

FROM Shanghai via N.R.

Dated November 2, 1939

Rec'd 3:10 p.m.

Secretary of State

Washington

965, November 2, 3 p.m. (SECTION TWO)

Three. Japan has approached the currency problem more cautiously here than in the north, but the ground work has been laid for opportune development. Through the Central China Development Company Japan holds substantial monopoly control of inland navigation rail and other transportation, public utilities, telecommunications, fisheries, salt, coal, iron, silk, cotton and other raw materials. Lack of capital has restricted any rapid development but confiscatory methods have established Japan in control of existing substantial and profitable activities.

Four. With the husbanding of material and men by avoidance of further large scale military operations, and with monopoly control of profitable enterprises and the accumulation of revenues from tax sources, it is believed here that the drain of the China incident

on

150

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

15800

-2- 965, November 2, 3 p.m. (SECTION TWO) from Shanghai  
via N.R.

on the resources and reserves of Japan has to a certain  
extent been moderated. Customs revenue balances in  
Japanese banks on September 30 totaled 330 million  
dollars. (END SECTION TWO)

GAUSS

CSB

150  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15801  
**TELEGRAM RECEIVED**

**FROM**

JR

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

Shanghai

Dated November 2, 1939

Rec'd 7:02 a.m., 3rd.

Secretary of State,  
Washington.

965, November 2, 3 p.m. (SECTION THREE).

693.002  
Approximately 85 per cent of the customs revenue is  
collected in Japanese occupied ports. While official  
information is not available it is believed that receipts  
from salt revenue and consolidated and other taxes in  
occupied China must reach a very substantial total.  
One cannot doubt that these revenues are availed  
of to support the Japanese occupation. Foreign and  
domestic obligations secured on these revenues are not  
being serviced.

Five. Observers here while remarking on China's  
continued resistance and united front, fail to find any  
evidence of a substantial strengthening of the Chinese  
position. With heavily reduced revenues and difficult  
trade channels, China's resources cannot be improving  
and her reserves must be dwindling.

GAUSS

KLP

3504

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

15802

**TELEGRAM RECEIVED**

PAP

This telegram must be closely paraphrased before being communicated to anyone. (Br)

FROM

SHANGHAI VIA N.R.

Dated November 2, 1939

Rec'd 4:30 a.m.

Secretary of State

Washington

965, November 2, 3 p.m. (SECTION FOUR).

With the European conflict, it would appear that Britain and France are lost to China as possible sources of loans, credits and supplies. Soviet assistance apparently can only be had at a substantial price. There are persistent reports here of increasing activity by the Communists for greater influence in the Government; also reports of friction between Communist and National Government forces in the field. Foreign observers also commented that young Chinese seeking to serve China against Japan are preferably directing their steps toward the Communist camps.

Repeated to Chungking and Peiping. Code text by air mail to Tokyo.

(END MESSAGE).

GAUSS

CFW

793.94/15421



3505

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

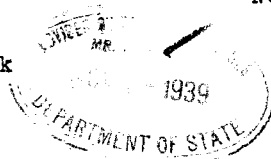
DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

November 9, 1939.

PA/H  
Mr. Hornbeck

U  
Mr. Welles



I call attention to ~~the~~ statements in the attached despatch of September 26 from the American Consulate at Tsinan (Shantung Province) reading as follows:

"... while Shantung has passed through many 'dark ages', what with famine, pestilence, brigandage and internecine strife, never in recent years has this part of China been thrown into such utter chaos as obtains at present. For this state of affairs the promoters of the much-advertised 'New Order in East Asia' must be held largely responsible as having brought about the collapse in many districts of the government machinery set up by the National Government of the Republic of China without having thus far placed in operation any efficient or satisfactory substitute therefor.

"Banditry is rife and lawlessness the order of the day throughout the length and breadth of this consular district, except in the more important towns along the main channels of communication, and even in such places

peace

1 0506  
DECLASSIFIED: E.O. 11652, 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

-2-

peace and order is more apparent  
than real. And with the human  
suffering and misery which may be  
expected this winter due to the  
poor harvests it is to be anti-  
cipated that conditions will grow  
worse rather than better."

*my m. w.*

793.94/15462

FE:MMH:HES

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

15804

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

11.6.38

~~ILP~~ RB

~~ILP~~

~~TWA~~

~~ILP~~

To note this brief  
despatch

RA

793.94/15462

7508

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

No. 163.

AMERICAN CONSULATE,  
Tsinan, China, September 26<sup>th</sup>, 1939.

SUBJECT: THE NEW (DIS)ORDER IN EAST ASIA.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping, China.

Sir:

I have the honor to report that, while Shantung has passed through many "dark ages", what with famine, pestilence, brigandage and internecine strife, never in recent years has this part of China been thrown into such utter chaos as obtains at present. For this state of affairs the promoters of the much-advertised "New Order in East Asia" must be held largely responsible as having brought about the collapse in many districts of the government machinery set up by the National Government of the Republic of China without having thus far placed in operation any efficient or satisfactory substitute therefor.

Banditry is rife and lawlessness the order of the day throughout the length and breadth of this consular district, except in the more important towns along the main channels of communication, and even in such places peace and order is more apparent than real. And with

the

793.94/15462

F/F G

NOV 1 1939

0505

DECLASSIFIED: E.O. 11652, 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 -

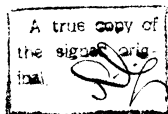
the human suffering and misery which may be expected this winter due to the poor harvests it is to be anticipated that conditions will grow worse rather than better.

An American medical missionary stationed at Ichowfu (Lini), in southern Shantung, wrote the Consulate on September 18, 1939, that

"Conditions within a mile rather make me hesitate to go out. In the twenty six years I have been here I have never known conditions to be as bad as at present. So far as I know there is no attempt at control. One patient in coming twelve li to the hospital was stopped three times by as many different gangs. Many are shot by automatics. As I have removed a good many bullets I know what is being used."

This brief description of conditions in the Ichowfu area is typical of the reports being received in Tsinan concerning the disorder prevailing in other sections of this consular district.

Respectfully yours,



Carl O. Hawthorne,  
American Vice Consul.

800  
COH/KCC

Original to Embassy, Peiping,  
5 copies to Department,  
Copies to Embassies, Chungking and Tokyo,  
Copy to Consulate, Tsingtao.

051  
DECLASSIFIED: E.O. 11652, 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 13, 1939.

~~DA~~  
~~Top~~  
Peiping's 2269, September 26, encloses a report of August 22 from Tsinan which states that the situation was tense, martial law being enforced; that there was considerable guerrilla activity in the vicinity of Tsinan; that traffic on the Tsinpu line had been frequently delayed by guerrilla activities; and that during August the Japanese forces along the railways were reduced to a minimum and Japanese garrisons at small stations were replaced entirely by armed pro-Japanese Chinese.

793.94/15463

~~HEP~~  
FE:Penfield:HES

051

DECLASSIFIED: E.O. 11652, 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. 2269

Peiping, September 26, 1939.

Subject: Transmission of Tsinan Consulate's  
Report on Military Situation, August,  
1939.

793.94

Division of  
FAR EASTERN AFFAIRS  
NOV 6 - 1939  
Department of State

For Distribution-Check		Yes	No
Grade	1		
File	1		
Hawthorne		OK	NO

DEPARTMENT OF STATE  
A.M.C.  
NOV 10 1939  
ASSISTANT SECRETARY  
OF STATE

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

*in strict confidence*

The Honorable  
The Secretary of State,  
Washington, D.C.

Sir:

I have the honor to transmit herewith, for the in-  
formation of the Department, five copies of despatch  
No. 141 dated August 22, 1939, addressed to the Embassy  
at Peiping by the Consulate at Tsinan, regarding the  
military situation in the Tsinan consular district.

Respectfully yours,

For the Ambassador:

*Frank P. Lockhart*  
Frank P. Lockhart  
Counselor of Embassy

Enclosure: 1, as stated.  
Original and 4 copies to Department.  
Copy to Embassy, Chungking.  
710/800

JBP-SC

4

*cf. n*

NOV 22 1939

710/800

793.94 / 15463

F/FG

15463

DECLASSIFIED: E.O. 11652, 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

No. 141.

AMERICAN CONSULATE,  
Tainan, China, August 22, 1939.

SUBJECT: MILITARY SITUATION.

The Honorable  
Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

Supplementing the Consulate's telegram of August 22, 4 p.m., I have the honor to report that the situation in Tainan is again tense. Martial law has been enforced from 10 p.m. (Tokyo time) until daylight since August 19th. Public places are being subjected to frequent searches and many people have been arrested.

In explanation of the foregoing, the Consulate is reliably informed by a source having close connections with the new regime that quite a number of guerrillas have again appeared in the vicinity of Tainan. The same source reports that an undetermined number of guerrillas crossed the Yellow River at Hsingkiatu (邢家渡), about 10 miles east of Tainan on August 20th, with the apparent intention of participating in an attack on this city.

Chungkung (仲宮), about 30 miles south of Tainan, was attacked on August 16th, while two encounters are also

Reported



DECLASSIFIED: E.O. 11652, 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 -

reported recently to have occurred in the vicinity of Putingfu (Hweimin). Unconfirmed reports have reached Tsinan to the effect that Yih sien (嶧縣), in southern Shantung, has been retaken by Chinese forces who are said also to be seriously threatening Tsining (濟甯); the puppet Magistrate at that place is known to have arrived in Tsinan on August 19th to report on conditions prevailing in the area under his nominal jurisdiction.

Aside from communication difficulties due to floods between here and Tientsin, traffic on the Tsingpu line has frequently been delayed by guerrilla activities for several hours at a time during the past few days. The through train between Peiping and Pukow was derailed near Yen-chowfu (兗州府) on the night of August 9-10, a bridge near Tawenkow (大汶口) was dynamited on August 17th while many passengers are understood to have been killed and injured when a train was derailed on August 20th near Hanchwang (韓莊), on the Shantung-Kiangsu border.

Lieutenant General Numata (沼田徳重), who has made his headquarters in Tsinan since April<sup>1</sup>, is reliably understood to have been relieved by Major General 麥倉 from Suchowfu, Kiangsu, and to have been ordered to proceed with his troops to "Manchukuo." In this connection, two east-bound train-loads of troops, horses, artillery and other equipage were observed by the writer during the journey from Tsingtao to Tsinan yesterday.

Consequently, and with reference to this office's telegram to the Embassy of July 21 (1939), 10 a.m. (paragraphs 2 and 3), it now appears that Japanese troops being

replaced  
 Cf. Consulate's despatch to Embassy no. 61 of April 5, 1939, file 800.

- 3 -

replaced by Chinese militia are destined for "Manchukuo" rather than for use on campaign duty in Shantung. In this regard, it is reported by a reliable source that the Japanese military authorities have issued instructions that the "Japanese precautionary forces" along the railways be reduced to an absolute minimum and that Japanese garrisons at small stations be replaced entirely by armed pro-Japanese Chinese. This order is apparently being rapidly carried out, as there were noticeably fewer Japanese troops along the Tsingtao-Tsinan Railway on August 21st than on August 12th when the undersigned made the trip to Tsingtao. Furthermore, several small stations now appear to be completely in charge of armed Chinese, some of which, at least, being followers of the notorious bandit chief Liu Kuei-t'ang (劉桂堂), better known as Liu Hei-c'hi (劉黑七).

At Tsowhsien (鄒縣), on the Tsinpu line, according to a reliable informant, the Japanese garrison has recently been reduced by about two-thirds, leaving only 40 to 50 men. This notwithstanding the alleged presence in that region of several thousand irregulars. To replace the troops withdrawn, the Japanese commander in Tsowhsien assumed charge of the local Pao An Tui, normally under the Magistrate, and provided that force with Japanese uniforms and equipment.

It is also reported that General Pang Ping-hsun (龐炳勳), who formerly commanded the 39th Chinese Division in Shensi and who is now said to be in Honan, has sent a detachment of troops into southern Shantung with orders to interrupt traffic on the Lunghai Railway.

Respectfully

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

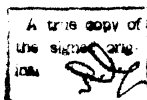
- 4 -

Respectfully yours,

Carl O. Hawthorne,  
American Vice Consul.

800  
COH:KCC/KCC

Original to Embassy, Peiping, }  
5 copies to Department, } All copies sent to Peiping  
Copy to Embassy, Chungking. } by safe hand.



DECLASSIFIED: E.O. 11652, 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**

JI

A portion of this  
telegram must be closely  
paraphrased before being  
communicated to any one.  
(br)

Hankow via N.R.

Dated November 3, 1939

Rec'd 2:33 p.m.

Secretary of State  
Washington

260, November 3, 3 p.m. (GRAY)

Department's 208, October 26, 7 p.m. to Chungking  
583 and Chungking's/November 2, 1 p.m. to the Department.

Persistent inquiries have elicited little additional  
reliable information to add to (END GRAY) my number  
240, October 3, 3 p.m. and number 246, October 14,  
2 p.m.

Most reliable foreign sources believe that one  
motor fire truck and from 15 to 30 planes were destroyed  
and a number of others were damaged by bombs. Chinese  
claim 100 planes destroyed. Japanese have preserved  
greatest secrecy and claim only three planes injured  
and twenty-one tins of gasoline burned; also that one  
of the Chinese bombers was shot down by Japanese  
pursuit planes near Kiukow, 100 miles west of Hankow,  
the bodies of two Russians having been found in  
wreckage while others of crew escaped. Heaviest  
casualties were among Chinese and Korean coolies

employee

793.94/15464

F/FG

NOV 13 1939

DECLASSIFIED: E.O. 11652, 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- 260, November 3, 3 p.m., from Hankow via N.R.

393.1163 a11 3  
employed on airfield. Semiofficial reports state 50 killed, 87 injured. It is believed that a small number of Japanese aviators and ground crew were also killed or wounded. One Italian priest was wounded and two Chinese were killed by bomb which fell in Catholic Mission premises adjoining airfield. One striking result of raid was to reduce aerial activity from Hankow air base to almost nothing, most of the planes having been shifted to other fields. Two things stood out in raids: the accuracy of Chinese bombing and the ineffectiveness of the Japanese defense. Repeated to Chungking and Peiping.

SPIKER

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

(Confidential)

PARAPHRASE

A telegram (no. 260) of November 3, 1939, from the American Consul General at Hankow reads substantially as follows:

Persistent inquiries have elicited little additional reliable information to add to that already reported concerning losses and damage sustained by Chinese and Japanese in connection with recent bombings and combat at and around Changsha and at Hankow. The Chinese claim that one hundred airplanes were destroyed. It is generally thought by reliable foreigners that a number of airplanes were damaged by bombs and that from fifteen to thirty airplanes and one motor fire-truck were destroyed. The Japanese who have been very secretive about the matter claim that twenty-one tins of gasoline were burned and only three airplanes were damaged. They claim also that Japanese pursuit planes shot down one of the Chinese bombing planes near Kiukow (one hundred miles to the west of Hankow) and that in the wreckage there were found the bodies of two Russians, others of the crew having made their escape. It is thought that a small number of Japanese ground crew and aviators were wounded or killed. The greatest number of casualties occurred among coolies -- Korean and Chinese -- working at the airfield. According to semi-official reports, 87 were injured and 50 were killed. A bomb which fell in the premises

DECLASSIFIED: E.O. 11652, 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-

premises of the Catholic Mission next to the airfield killed two Chinese and wounded an Italian priest. In the raids two things were noticeable -- the ineffectiveness of the Japanese defense and the accuracy of the Chinese bombing. The reduction to almost nothing of aerial activity from the air base at Hankow (most of the airplanes having been moved to other fields) was one outstanding result of the air raid.

2  
EJC.  
FE:EJC:JFS  
11-7

JWP  
FE

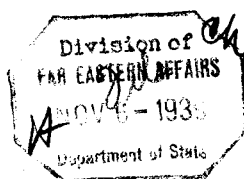
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

TELEPHONE PLAZA 3-4676

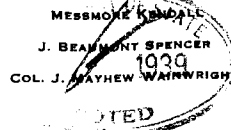
THE SQUARE TABLE CLUB  
FORUM TO DISCUSS NATIONAL AND INTERNATIONAL PROBLEMS  
GIVING EACH A "SQUARE DEAL"  
57 WEST 58TH STREET  
NEW YORK

PRESIDENT  
FERDINAND D. SANFORD  
VICE-PRESIDENT  
ROBERT INGERSOLL BROWN  
F. HARTLEY SHEARER  
CHAIRMAN  
LAURENS MORGAN HAMILTON  
TREASURER  
CYRIL GRAY COGSWELL  
SECRETARY  
GEORGIANA HARRIMAN OWEN

November 2, 1939.



DIVISION OF COMMUNICATIONS AND RECORDS  
CAPTAIN WILLIAM SEAMAN BAINBRIDGE  
MURGE PELHAM ST. GEORGE BISSELL  
MAJOR-GENERAL JAMES G. HARBORD



Hon. Cordell Hull,  
Secretary of State,  
State Department,  
Washington, D. C.

Dear Mr. Secretary:

The enclosed clipping from the Herald-Tribune may have escaped your notice. I am sure that you will agree with me that the United States and Great Britain should do everything in their power to maintain friendly relations with Japan. After all, she is fighting the Asiatic Menace of Communism which had its birth in China. Those who are studying the question realize that the government of China is absolutely impossible to work with. The old regime in China, I am told, prefers a Japanese "protectorate" to domination by the Bolsheviks. Our Bishop Tucker, who has many friends in China, has received letters corroborating this from members of old, prominent Chinese families.

Russia is a world menace and Japan, on the side of the Allies, would be an invaluable bulwark against the Asiatic tide of Communism.

The whole country respects and honors you, dear Mr. Hull, for your splendid statesmanship.

Believe me, with highest esteem,

*Georgiana H. Owen*

*ad*  
*clipping*  
*Let us help keep Japan on the side of the Allies -*  
*S. H. Owen*

793.94/15465

F/FG 15465



## Calverton Delves Into U. S. History And Hangovers

Also Talks on Bierce,  
Persecution of Jews,  
Colonial America

The reason George Jean Nathan drinks, the trouble with America, the best cure for a hangover, the danger to democracy, why he felt naked with his clothes on, what's wrong with the Communist party and what Ambrose Bierce prayed about women were among the topics on which V. F. Calverton, a Woolcottian-looking little dark man, talked on the occasion of the publication of his seventeenth book. Mr. Calverton, not yet 40, founder

'Eat Cheese'



## Trail Blazed in Hunt For Mother, Baby

Down on Alaska Ice,  
Lives Are Imperiled

By the Associated Press.

ANCHORAGE, Alaska, Nov. 2.—Friends feared for the life of a mother and her 18-day-old baby today as they awaited word from a dog sled crew attempting to reach the two, stranded by a forced landing of their plane on a small lake.

The rescuers planned to take Mrs. Christine Beckman, her daughter, Pilot Jimmy Dodson and Ole Blendheim, another passenger, to McGrath, 12 miles from the place of landing. Forced down in a driving snowstorm Monday night, the plane could not take off because the lake was too small.

The temperature fell to four above zero Tuesday night.

## Japan Reminds U. S. Of War in China

Says That It Bars  
Peace 'Privileges'

By H. O. THOMPSON.

United Press Staff Correspondent.

TOKYO, Nov. 2.—The influential Japanese Institute of the Pacific, whose leaders include Gen. Nobuyuki Abe, the Premier, said in a statement today that America must realize that hostilities are going on in China and that peace time "privileges" are inapplicable.

The statement was issued as an answer to a recent speech by Joseph Clark Grew, American ambassador, who said that Japanese ought to realize that the United States was dissatisfied with actions of the Japanese army in China. In its reply today, the Institute of the Pacific congratulated Mr. Grew on his frankness but said Japan's viewpoint must be considered.

Former Premier Kenkichi Yoshizawa, also a director of the Institute, supplemented the statement in an interview. He said he believed the Japanese government appreciated the seriousness of American problems and expressed confidence that the Foreign Office would do its best to improve relations.

"Grew's frankness was appreciated," he said. "We feel that Japan should likewise be frank in exposing her viewpoint in order to improve conditions. We realize that unless something is done conditions could

(Continued on Page Five.)

NEW YORK WORLD-TELEGRAM, THURSDAY, NOVEMBER 2, 1939

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

052

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

# KEEPING FAITH WITH OUR ALLIES

(Published in the New York Times on November 23rd, 1919)

Shall America, so vital a factor in the World War, fail to give support to those nations who shed their blood for the same Great Cause? It was the united strength of the Allies that led to ultimate victory, and with this same spirit of unity we should continue to stand together.

Unfortunately, behind the smoke-screen politics are being played to the detriment of some of them. Japan has had little recognition, yet she was one of the most powerful assets in the whole issue. It is known that the Central Powers made repeated attempts to come to terms with her just when her assistance was most vital to the Entente, but she proved unswerving in her loyalty to the Allied Cause.

.....One hears only of Japan's aggressions in China. What about the little slices termed "fields of influence" held by some of our other Allies? If a resurrected Diogenes should flash the rays of his little lantern upon the actions of some of the representative governments of Europe, what strange revelations there might be disclosed. It is startling to learn that the aggression imputed to Japan by the world through her acquisition of Kiao-Chow obtained by "right of conquest" compared with 74% of territory held by these European powers, amounts to only about 6%. These powers, even without the justification among themselves have acquired a habit of arranging the area of China they desire and then proceed to portion it off to suit their respective interests. Later China is notified and coerced into signing treaties. Yet China joined the Allied Cause to help establish the Freedom of Nations!

It is almost impossible for the average person to follow the intricacies of the political issues arising from this secret treaty of 1917, which has called forth such condemnation of Japan by those who do not understand. When the President first became cognizant of the treaty at the Peace Table, he insisted upon copies of it being produced and placed before the Council of Ten. One thing is clear: He did not consider it satisfactory in itself, but the best solution obtainable under the circumstances. Italy had just withdrawn from the conference and the whole political structure of Europe was threatened. "How could he do otherwise than acknowledge the treaty as it stood? Was it not because a sacred treaty had been violated and called a "scrap of paper" that the war was waged?

Japan's delegates stated at the Conference of Versailles that "The policy of Japan is to hand back the Shantung peninsula in full sovereignty to China, retaining only the economic privileges granted to Germany and the right to establish a settlement at Tsingtao."

Before the open court of the world Japan has spoken.

Her new Ambassador, Kijuro Shidehara, has reiterated the statements made by Japan's representatives at the Peace Table. Just as she has always kept her word with America, so will she keep her word now. Japan has ever manifested the highest regard for American ideals and we are convinced she will abide by the covenant made at the Peace Table and duly proclaim a definite time when she will restore Kiao-Chow.

Remember in 1918 how impressed we were with this message from Japan delivered through Viscount Ishii, representing the Japanese Commission:

"We shall proceed to Washington carrying to your great President and to the American people a message of fraternity and confidence and cheer. It is our ambition, if that is necessary, to impress upon the American people the solemn fact that Japan stands with you heart and soul in your lofty purpose, and we are honored by your trust and good will."

We are opening the door to let in the dawn of a new consciousness emerging from the war, and in this awakening Japan will be with us heart and soul. For today we are turning a fresh page in history, wherein secret treaties and entangling alliances will play no part, for all countries will want clean records on their sheets. Until this is accomplished and governments recognize their moral obligations toward one

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

another, America must continue as mediator among all nations.

Japan, in restoring to China the leased territory of Kiao-Chow, a port so vital to China's national defense and world trade, redresses a grave wrong perpetrated by Germany on a defenseless people. Thus Japan will be one of the world leaders in a newer era of civilization, pointing the way to her European Allies, whose valorous deeds have thrilled mankind, that they also have a part to fulfill to a nation enslaved by foreign invasion -- a victim of the desecration of her land and of all she holds most sacred.

The searchlight of public opinion in the Far East reveals the fact that the foreign governments enjoying "fields of influence" in China have their own houses to put in order.

Belgium who has felt the bitterness of a tyrant's oppression, must realize the pathos of China's position. She, of all nations, should wish to make reparation to China for her "acquired" concessions. France, we are sure, will denounce the act of her Legation in August last in seizing Leo-Hai-Kai -- France, for whom our sons have given their lives in her struggle for self-preservation, and felt it an honor and a privilege to aid in restoring Alsace-Lorraine, must desire to rectify this deplorable blunder of her Legation. Then Great Britain, whose war record stood for "fair play", seriously contemplates her responsibility as a power full nation toward a people struggling for their emancipation, she must take under consideration the return of the seaport of Wei-Hai-Wei, of which she took possession in 1899.

When all governments recognize their moral responsibility toward one another then and then only will the great principles for which the Allies fought and shed their blood be established.

The Allies who fought for Liberty, for Freedom and Civilization, cannot fail to recognize China's rights.

Once the glorious promise to mankind conceived in the League of Nations is given birth, America shall have fulfilled her Great Destiny. No longer, then shall we prate of "America for America" but "America for the World".

GEORGINA HARRIMAN GORM.

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

In reply refer to  
 FE 793.94/15465 -

My dear Miss Owen:

By direction of the Secretary of State, the receipt is acknowledged of your letter of November 2, 1939, with its enclosures, in regard to matters relating to the situation in the Far East.

The contents of your letter and its enclosures have been noted with care, and your courtesy in bringing the newspaper clippings to the Department's attention and your cordial tribute to Mr. Hull are very much appreciated.

Sincerely yours,

*M. M. H.*  
 Maxwell M. Hamilton  
 Chief  
 Division of Far Eastern Affairs

Miss Georgiana H. Owen,  
 The Square Table Club,  
 57 West Fifty-eighth Street,  
 New York, New York.

NOV 8 1939 PM

*EGC.*  
 FE:EGC:HJN  
 11/7

*Jmb*  
 FE

*PAP*

A true  
 the  
 nat.

793.94/15465

F/FG

15465

152  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

HSM

GRAY

FROM Hankow via N. R.

Dated November 6, 1939

Rec'd 5 a. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 6 - 1939  
Department of State

COPIED  
O.N.I. A. D.

261, November 6, 11 a. m.

793.94  
293.01  
A so-called "Hupeh provincial government" was "inaugurated" yesterday at Wuchang by the special service sections (i. e., political branches) of the Japanese army and navy. The "governor" (Ho Pei-jung, an elderly retired official born in Hupeh and educated in Japan) and "commissioners" were selected from among such obscure and unimportant Chinese as the Japanese have been able to "persuade" to cooperate with them. The event aroused no enthusiasm among the Chinese and the Japanese took great precautions to guard the persons of their nominees. The foreign consuls were invited but only the Italian attended.

Repeated to Chungking, Peiping and Shanghai.

SPIKER

KLP

NOV 8 1939

RECEIVED

F/FG

793.94/15466

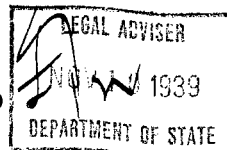
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

TELEGRAM RECEIVED

ESM



PLAIN



5808

FROM Shanghai via N. R.

Dated November 6, 1939

Rec'd 9:18 a. m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 6 - 1939  
Department of State

978, November 6, 4 p. m.

My 617, July 18, 5 p. m.

793 94/15227

Japanese Consul General has communicated to senior consul for information of consular representatives notification dated November four referring to previous communication regarding operations against Santuao and placing of obstacles and dangerous objects along the line connecting Chown Point and South Point and stating: "I have the honour to inform you, at the request of Vice Admiral Koikawa, Commander in Chief of the Imperial Japanese China Seas Fleet, that upon necessity of military operations the danger zone has been intensified and extended to all over the bay of Santuao as from eight a.m. (Japan time) November first, 1939. It is requested therefore that third power vessels including men-of-war will refrain from approaching the area.

The Japanese authorities cannot assume the responsibility for losses, either direct or indirect, that might be suffered by any third power vessels attempting to force their

793.94/15467

F/FG

NOV 13 1939

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

5809

hsm -2- No. 978, November 6, 4 p. m., from Shanghai

their way through the bay in disregard of the above request."

This notification has been communicated to the American naval authorities in Shanghai. As the American position in regard to communications of this nature has been made clear to the Japanese Consul General's communication unless so instructed. *authorities on various occasions I shall notify to the Japanese*

Repeated to Chungking and Peiping, and Foochow; by airmail to Tokyo.

GAUSS

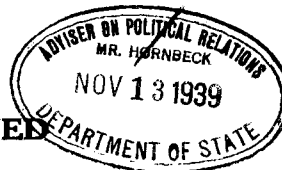
KLP

2

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

TELEGRAM RECEIVED



ESM

Hankow via N. R.

This telegram must be  
closely paraphrased before FROM Dated November 6, 1939  
being communicated to any-  
one. (Br)

Rec'd 11:10 a. m.

Secretary of State

Washington.

Division of  
FAR EASTERN AFFAIRS

NOV 6 - 1939

Department of State

COPIES IN BUREAU  
SENT TO C. I. D.  
K. I. D. 11

REK

262, November 6, 4 p. m.

793.94

During the last half of October there were heavy  
arrivals at Hankow from down-river of Japanese troops  
and material, including planes, trucks and motorboats.  
There are reports of Japanese concentrations in villages  
along and west of the lower Han River and renewed Japan-  
ese activity in the direction of Shasi and possibly  
Ichang. Heavy arrivals of troops and supplies here  
have slackened off but air activity from this base has  
suddenly been renewed.

Repeated to Chungking, Peiping, Shanghai.

SPIKER

KLP

793.94/15468

F/FG

NOV 15 1939

RECEIVED



0529

DECLASSIFIED: E.O. 11652, 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

A telegram (no. 262) of November 6, 1939, from the American Consul General at Hankow reads substantially as follows:

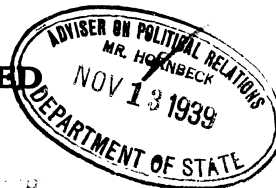
Renewed activity on the part of the Japanese in the direction of Shasi and perhaps Ichang and concentrations of Japanese in villages west of and along the lower Han River are reported. A large number of Japanese soldiers and large quantities of materiel, including motorboats, trucks and airplanes arrived at Hankow during the last two weeks of October from down-river. Although there has been a slackening in the heavy arrivals at Hankow of supplies and soldiers, there has been a sudden renewal of aerial activity from the Hankow base.

890  
FE:ECC:MHP  
11/8/39

FE:JRP

DECLASSIFIED: E.O. 11652, 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



PA/H

FROM

Canton via N. R.

Dated November 7, 1939

Rec'd 8:50 a. m.

HSM  
This telegram must be  
closely paraphrased before  
being communicated to any-  
one. (Br)

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
NOV 7 - 1939  
Department of State

SENT TO CHINA  
M.I.D. IN

REK

134, November 7, 4 p. m.

Reliably reported large concentration of Japanese  
transports and shallow draft boat carriers off Bocca  
Tigris coupled with the closure of Pearl River for  
"four or five days", allegedly due to mines, and re-  
ported offensive movements of Japanese units Kowkong  
leads to inference that an attack in the direction of  
Kwangsi via west Pearl River may be imminent.

Repeated to Chungking, Peiping, Hong Kong.

KRENTZ

KLP

793.94

793.94/15469

NOV 16 1939

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

Confidential

P A R A P H R A S E

A telegram (no. 134) of November 7, 1939, from the American Consulate General at Canton reads substantially as follows:

That there may be imminent an attack towards Kwangsi Province by way of West Pearl River may be inferred from reliable reports of a large concentration off Bocca Tigris of Japanese shallow draft boat carriers and transports, reports of offensive movements by Japanese units at Kowkong and the closing for "four or five days" of the Pearl River due allegedly to mines.

793.94/15469

egc  
FE:EGC:HJN 11/8

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations.  
Report concerning -, for month of August, 1939.

aa

For the original paper from which reference is taken

See # 869  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 21, 1939 From Tientsin (Caldwell)  
To

File No. 893.00 P.R. Tientsin/136

793.94 / 15470

15470 -

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. Japan.

a. Japanese Concession at Tientsin

79394  
Flooded. With the exception of the Japanese Bund, the entire Japanese Concession and the military storage space in the 3rd Special Area were flooded on August 20. Some areas in the native city and near the East and Central stations remained above water, but the Japanese military and civilians have suffered heavy loss, since the concession is even lower than the French or British Concessions and lacks godown facilities for military stores and commercial cargo such as are available in the French and British Concessions. Before the imposition of the barrier restrictions on June 14, 1939, large quantities of Japanese-owned cargo were removed from godowns in the British and French Concessions and, owing to the lack of adequate godown space, stored in the open outside these concessions, so that the flood losses of Japanese firms have been particularly heavy.

On

DECLASSIFIED: E.O. 11652, 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-

On two nights following the flooding of Tientsin on August 20th, five fires occurred in Japanese military establishments or stores, at least one building of the Haikwanseu barracks having been destroyed.

A Japanese consular officer in Tientsin stated informally that of the 40,000 Japanese civilians in Tientsin approximately one half had been evacuated within a short time after the flood, to Peiping, Dairen, and Japan.

At the end of the month the Japanese were preparing to dyke and pump out their concession.

b. Military Operations. No important military operations were undertaken in North China during August. The usual guerilla warfare continued in which both sides undoubtedly experienced difficulties because of the serious flood, particularly in Hopei and Shansi. Radio broadcasts from Chungking exulted over Chinese victories while DOMEI News Agency gave accounts of successful Japanese "mopping-up" campaigns.

c. "Mengchiang". According to Japanese press reports, plans were under way for the amalgamation of the three "autonomous" regimes in the "Mengchiang" area into one central government.

DECLASSIFIED: E.O. 11652, 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

# CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Sino-Japanese conflict: developments of month of September, 1939.

793.94/15471

For the original paper from which reference is taken

See #68  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 5, 1939 From Swatow (Young)  
 To

File No. 893.00 P.R. Swatow/142

15471

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

(b) Relations with Japan.

793.94  
 pg 24

During the first half of September there was little of interest from a military point of view occurring in this consular district. The Japanese military authorities held lightly with roving garrisons the narrow territory following the site of the former railway and including the course of the river connecting Swatow and Chaochowfu, a distance of about thirty miles. Daily flights of Japanese naval air craft were observed patrolling the entire area and unconfirmed reports reached Swatow of bombing and machine-gunning in various localities.

During the last ten days of the month Japanese planes were reported to have been systematically carrying out bombings in an area about six to eight miles south-west of Chaochowfu and including the small towns and villages of Tsa Kar (大寮), Ling (下塘), Lu Leng (後龍), Li Kau Kau (池厝港) and Pang Kau (楓口), in all more than twenty villages. The severe bombing brought about a large evacuation of the populace from

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

-3-

the area, many of them seeking refuge in Kit Yang and other places. It has been estimated that this area usually has a population of 100,000 and that of this number about 4,000 have been incapacitated by the recent bombings.

On the last two days of the month a single Japanese armed motor launch circled about at the entrance of the Kit Yang River (at the extreme western end of Swatow harbor) and opened machine gun fire on Chinese troops stationed along the river banks. Casualties may have been caused but the long distance from the shore makes it seem likely that there were none.

An interesting development was noted on September 16th with the arrival in Swatow by Japanese military transport of approximately 1,500 Chinese soldiers said to have come from Kueih (無錫), Jiangsu Province, although they are believed to be natives of various parts of China. They claim to be a part of the Chinese National Army which has swung over to a belief in the principles espoused by WANG Ching-wei and their purpose in being sent to Swatow is twofold, according to Japanese Consul Takai, who stated that they were to cooperate with the Japanese forces, but to foster in the minds of the Chinese troops still loyal to CHIANG Kai-shek, a growth in the desire for peace with Japan along lines set forth by WANG Ching-wei as well as a hatred for Communism. These Chinese troops have been distributed throughout the area under Japanese control but it is still too early to judge what success has been as yet achieved by them.

(c) Relations

DECLASSIFIED: E.O. 11652, 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. 137

RECEIVED  
 DEPARTMENT OF STATE  
**AMERICAN CONSULATE**  
 Foochow, China

1939 NOV 7 PM 2 08

September 11, 1939.

COMMUNICATIONS  
 AND RECORDS

SUBJECT: Recapture of Pingt'an Island.

1-1055

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

I have the honor to refer to this Consulate's  
 despatch no. 132, dated August 12, 1939, reporting  
 the Japanese capture of Pingt'an Island and its  
 background in Fukien politics, and in that connection  
 to transmit herewith a copy of this Consulate's  
 despatch no. 107 of today's date to the Embassy,  
 concerning the recapture of Pingt'an Island on  
 September 5 by the Chinese forces.

Respectfully yours,

*Robert S. Ward*  
 Robert S. Ward  
 American Consul

Enclosure:

Copy of despatch no. 107,  
 dated September 11, 1939.

800  
 RSW:hcy/tkw

In quintuplicate.

793.94/15472

F/FG

NOV 20 1939

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

Enclosure no. 1 to despatch no. 137, dated September 11, 1939, from Robert S. Ward, American Consul at Foochow, China, on the subject of "Recapture of Pingt'an Island."

No. 107

AMERICAN CONSULATE  
Foochow

September 11, 1939.

Subject: Recapture of Pingt'an Island.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to this Consulate's despatch no. 102, dated August 12, 1939, in which was set forth an account of the Japanese capture of Pingt'an Island on July 6, and in that connection to report that the island was recaptured on September 5 by a company of about one hundred and fifty soldiers of the 80th Division, assisted by volunteers from various points on the island itself. These volunteers had been in training for some time, and had apparently been in communication with the units of the 80th Division on the mainland.

The reoccupation of the island was apparently carefully planned and quickly carried out. On the day of the 4th all boats along the coast near Haik'ou and opposite Pingt'an Island were commandeered by the Chinese forces, and all communications with the island cut. Late on that same night the landing party, well armed and equipped, put off in small boats from Haik'ou and various other points along the coast, and were  
evidently

DECLASSIFIED: E.O. 11652, 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-

evidently able to make landings on the island almost unopposed, because by the morning of the 5th they were in possession of Ping'an City.

There was reported to have been a fairly stiff fight in the city itself, and it is said that a hundred or more of the pirate gang who had occupied the island were surrounded in the government yamen and wiped out.

Yü Ah-huang (余阿煌) and other leaders of the group were more fortunate. Yü himself is reported to have escaped by boat to a Japanese gunboat, and a group of a half dozen other bandit leaders were found to have left for Amoy, perhaps a week before the recapture of the island, so that none of the instigators of the original capture of the island were actually caught. This circumstance has given rise to a great deal of uneasiness among the people on Ping'an Island and in the areas of the mainland around Haik'ou and Putsing, where it is commonly said that Yü will certainly come back.

Respectfully yours,



Robert S. Ward  
 American Consul

800  
 RSW:hcy/tkw

Five copies to Department, sent under cover of despatch no. 137 of September 11, 1939.  
 Copy to Embassy Chungking.

193.44/15472

754  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

92.94  
CROSS-REFERENCE FILE

NOTE

SUBJECT Alleged defection of Shih Yu-San.  
Declaration of allegiance to the Japanese. Reports concerning developments in connection with-

FRG.

793.94/ 15473

For the original paper from which reference is taken

See #162, to Embassy, Peiping.  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept 25, 1939 From Tsinan (Hawthorne)  
To

File No. 893.00/14458

15473

DECLASSIFIED: E.O. 11652, 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

# CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Political report for September, 1939.  
 Copy of-, transmitted herewith.

793.94/ 15474

For the original paper from which reference is taken

See #167 to Embassy, Peiping  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct 6, 1939 From Tsinan (Hawthorne)  
 To

File No. 893.00 P.R. Tsinan/121

15474

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

E. Japan.

a. Military situation.<sup>1</sup>

793.94

The most important military development during the month was the rebellion against the Japanese of Chang Pu-yun (張步雲) and his 10,000 troops which had been "cooperating" with the invaders since August 1938. It appears that following the recent withdrawal of Japanese garrisons from the Poshing-Loan (Kwangjao) area the responsibility for the maintenance of peace and order in that region was entrusted to Chang and his followers. Having established his control Chang renounced allegiance to the puppet regime, whereupon the Japanese sent 2,000 troops from the Kiaotsi Railway

none

1. Cf. Consulate's telegrams dated September 18, 4 p.m. September 20, 4 p.m. and September 23, 11 a.m., and its despatches to Embassy nos. 152, 156 and 162, file 800.

DECLASSIFIED: E.O. 11652, 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 -

zone to bring him to book. This expedition, according to reliable information from a neutral source, was practically annihilated by the "rebels."

On the other hand the defection of General Shih Yu-san (石友三), with 20,000 troops in Hopei and some 15,000 men in Shantung under his command, was claimed by the Japanese. This report had neither been confirmed nor disproved by the end of the month.

The Japanese reported clashes with "bandits" along the Tsinpu line near Taining on September 5th and in the vicinity of Fenghsien on September 18th, while a neutral observer in Liaooheng (Lungchangfu), in western Shantung, reported (on September 22nd) "constant activity and battles in all the surrounding country."

Guerrillas derailed several trains during the month and another machine gun attack on a Tsinpu passenger train near Lincheng was reported to have occurred. The Consulate also received reliable reports during September that the four divisions of regular Chinese troops under General Yu Hsueh-chung have been reorganized and that they are still far from defeated (See paragraph 2, Consulate's telegram of September 18, 4 p.m.). The Japanese military and their puppets continued their efforts to increase the use of Chinese mercenaries for the establishment and maintenance in this district of the authority of the new regime. To this end, measures were taken to reorganize the Peace Maintenance Corps (保衛團), for service in which young men are being trained. It is ultimately planned to provide from 140 to 200 corpsmen for service in each hsien (or county),

whose



DECLASSIFIED: E.O. 11652, 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 -

whose duty will be "to preserve peace and attack the outlaws."

A system of trenches which will encircle Tainan was undertaken with the use of conscripted labor and reports were current that a considerable number of pro-Japanese Chinese troops are to be transferred to Shantung from "Manchukuo" at an early date, which, it is rumored, will be commanded by General Ch'i Hsieh-yuan (齊燮元), the present puppet Minister of Peace Preservation of the "Provisional Government."

b. Extent of Japanese-sponsored regime's control.<sup>1</sup>

On September 1st the puppet Government of Shantung claimed to be in control of 80 of the 92 hsien (or counties) which comprise this consular district. However, in the opinion of this office, the situation remained substantially as reported in June, i.e.: "railways, coal mines, important motor roads and cities are directly and more or less effectively controlled by Japanese garrisons ..... but Japanese control in cities and areas not actually garrisoned is nominal or entirely lacking." Furthermore, at least two hsien in northeastern Shantung reverted to "bandit" control in consequence of Chang Puyun's rebellion during the month.

c. Relations of a general international character.

Speeches made locally on several occasions during recent months by representatives of the Propaganda Section of the Japanese Army are understood to have urged Chinese listeners to expel all occidentals.<sup>2</sup> It would

therefore

1. Cf. Consulate's despatch to Embassy no. 153 September 14, 1939, file 800/801.
2. Cf. Consulate's despatch to Embassy no. 148 September 5, 1939, file 800/820.02/702.

DECLASSIFIED: E.O. 11652, 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 -

therefore appear that the European war and Japan's rapprochement with Russia may afford an excellent opportunity for the Japanese military (in the name of the Chinese people) to accomplish in the near future what would have otherwise been more gradual, viz. the liquidation in occupied territory of the special rights and privileges now enjoyed by certain foreign powers, including the United States, under the so-called unequal treaties. In this connection, reference is made to this Consulate's despatch to the Embassy no. 69 of April 26, 1939, file 820.02/800.

DECLASSIFIED: E.O. 11652, 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, 1939.

~~JWP~~  
~~RB~~

Foochow's despatch 127, August 5, 1939.

Consul Ward has written a 15-page despatch describing in detail developments at Foochow between June 25 and August 5, 1939. These developments included a threatened Japanese attempt to capture the city, Japanese air raids, meetings of Americans to consider the situation, the Consulate's advice to Americans to withdraw, meetings and plans of the British residents, questions relating to the establishment of a "safety zone", evacuation of some foreigners, Chinese plans for evacuation and partial destruction and defense of the city, a conversation with the Chinese military commander, Japanese air raids on nearby places, and handbills dropped by Japanese planes. These developments in their important aspects have been reported by Mr. Ward in his telegrams.

The despatch may be valuable for purposes of reference.

793.94/15475

FE:Atcheson:JPS

7548

DECLASSIFIED: E.O. 11652, 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. 127

AMERICAN CONSULATE  
DEPARTMENT OF STATE  
Foochow, China

1939 NOV 8 AM 11 13

August 5, 1939.

Division of  
East Asian Affairs

Memo in File

CONFIDENTIAL

SUBJECT: The Threatened Japanese Attack on Foochow.

1-1056

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

COPIES SENT TO  
O.N.I. AND M.I.D.  
R&K

I have the honor to transmit herewith a copy of  
this Consulate's despatch no. 97 of August 5, 1939,  
to the Embassy on the subject of the threatened  
Japanese attack on Foochow.

Respectfully yours,

*Robert S. Ward*  
Robert S. Ward  
American Consul

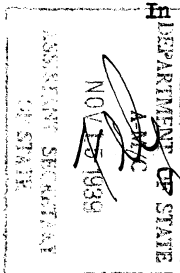
Enclosure:

Copy of despatch no. 97,  
dated August 5, 1939.

800  
RSW:tkw

In quintuplicate.

4 Carbon Copies  
Received *[Signature]*



793.94/15475

F/FG 475

1549

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

Enclosure no. 1 to despatch no. 127, dated August 5, 1939, from Robert S. Ward, American Consul at Foochow, China, on the subject of "The Threatened Japanese Attack on Foochow".

No. 97

AMERICAN CONSULATE  
Foochow

August 5, 1939.

CONFIDENTIAL

Subject: The Threatened Japanese Attack  
on Foochow.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to the Shanghai Consulate General's telegram no. 541, June 27, 12 noon, to the Department, the Embassy, and this Consulate, quoting a communication received through the Senior Consul at Shanghai from the Japanese Consul General there announcing the intention of the Japanese naval forces to commence operations against Foochow and Wenchow on that day, and further to refer to this Consulate's telegrams, addressed to the Embassy and repeated to Department, of June 27, 12 noon, June 27, 5 p.m., June 27, 10 p.m., and subsequent dates, on the subject of the threatened attack, and in that connection, to submit herewith for the Embassy's files and for convenience in reference, a connected account of the course of events from June 27, when the intention to attack this area was announced, to July 15, at which latter date it was clear that an attack was no longer imminent.

Rumors

DECLASSIFIED: E.O. 11652, 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-

Rumors of a Japanese decision to take Foochow had apparently become current about June 25, and on the afternoon of the 26th the arrival of six Japanese vessels, comprising a transport, a large trawler, two cruisers, a destroyer, and one other ship at Sharp Peak at the mouth of the Min River gave rise to widespread apprehension of immediate hostilities.

These fears appeared confirmed when, during the course of the next morning, the island of Sharp Peak, commanding the entrance to the river on which Foochow stands, was taken by a landing of a hundred or more Japanese marines. A squadron of six planes had bombed the island just before the occupation, and when it had been completed they flew inland and severely bombed the Changmen forts on the mountainous shore of the mainland to the west and slightly to the north of Sharp Peak.

This attack was followed closely by the attempt of an undetermined number of small Japanese craft to cross the river barrier at Kuant'ou, to the south and east of the Ch'angmen Forts. The Forts had, however, not been silenced, and opened fire, successfully repulsing the Japanese.

At 10 a.m. on the same day three Japanese bombing planes circled over Foochow for some time, flying very low, and evidently reconnoitering or photographing the area.

Representatives of the Chinese military and naval authorities in Foochow immediately accessible to the office appeared convinced that the Japanese would

undertake

DECLASSIFIED: E.O. 11652, 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-

undertake a large-scale attack on the city sometime within twenty-four hours.

Shortly after mid-day the British Consulate called this office to state that it had received an official warning of the Japanese intention to begin hostilities.

Almost immediately thereafter a radio message from the U.S.S. PILLSBURY conveyed to this office the substance of a Japanese naval declaration of the intention of their forces to begin operations against Wenchow and Foochow on that day, warning naval vessels to proceed east of a stated longitudinal line by noon of June 29, and stating that "since these cities and vicinities will become zones (of) hostilities all third power nationals residing these areas requested take refuge elsewhere as soon as possible". This notice also said that "after noon twentieth harbors mentioned will be closed by dangerous objects and other obstacles". The communication then gave generally the positions of these "dangerous objects and other obstacles". A second radiogram which came a few minutes later from Swatow repeated the gist of this warning, the full text of which reached the Consulate the same evening in the Shanghai Consulate General's telegram of June 27, 12 noon.

The concentration of Japanese naval vessels at the mouth of the river, the several aerial bombing raids on points in the district, the capture of Sharp Peak, the attempt to cross the barrier, and the mounting tension in the city, all within a few hours time,

seemed

DECLASSIFIED: E.O. 11652, 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-

seemed to point to the validity of this warning, and the Consulate therefore called a meeting of the informal "Council of Americans" (instituted during past Foochow crises) to meet at the consular residence at 2 p.m.

Composed of the American agent of the Standard-Vacuum Oil Company and of the leaders of the various American missionary institutions and enterprises in and around Foochow, this group was broadly representative of all of the American residents of the district. Before them I laid the facts available to me, and urged that any of them or of the American members of their staffs or missions who could leave should do so. I pointed out that it was the stated determination of the Provincial Government to destroy the city of Foochow rather than to let it fall into the hands of the Japanese, and that even if this were not done, it appeared almost certain that if the city were attacked, the regular police authority would collapse with the withdrawal of the Chinese civilian and military authorities, and there would follow a period during which they would be without protection against looting and mob violence. I added that they must be well aware that these very grave dangers were only in addition to those which they would certainly have to face from the direct anti-foreign acts and attitudes of whatever Japanese force might be successful in occupying the city. They were also informed that with the closing of the river and the destruction of roads, there might well not be another opportunity to get out for many months to come.

None



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

-5-

None of those present were willing to leave, however, and each stated that none of the Americans he represented could be prevailed upon to go. Arrangements for the removal to Nant'ai of women and children in missions in exposed places in the city were then made, and each mission and organization was asked to supply the Consulate immediately with an exact statement of the location of every American member, and to keep it fully informed of the movements of each of them throughout the period of the crisis.

A meeting of British subjects resident in Foochow was called at the British Consulate at 5:00 p.m., and on the invitation of the British Consul, I attended it. At that meeting it was decided to concentrate as many British nationals as could leave their places of residence, and all British women and children, in the British consular compound. I did not feel that such a step would have been justified in the case of my own nationals, but it seemed clear that the British had at the time a somewhat different problem to meet, and I therefore took no part in the discussion.

My British colleague also stated at this meeting that he hoped to bring ten or twelve British sailors from the H.M.S. DUCHES up to Foochow. He had several times earlier in the day broached that subject to me, and had suggested that I make a parallel request for a naval landing party from the American naval authorities. I did not feel, however, that such action on my part would be either justified by the situation or, from a

more

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

-6-

more general standpoint, wise, and replied that I had considered the step proposed but did not intend to take any immediate action on it.

Somewhat later in the evening a ranking Chinese official called at the Consulate to inform it in strict confidence that it had just been decided not to destroy the city by fire prior to the general withdrawal before the hourly expected Japanese advance on the city. This decision he stated to have been based on the consideration that the cutting of roads into the interior - which was already in progress - would render the mass evacuation of the populace in any short period of time impossible, and the burning of the city would thus trap perhaps a hundred thousand people in a conflagration which they could not escape.

The official quoted stated, however, that this decision against the burning of the city did not mean that many structures would not in fact be destroyed: the electric light plant, the telephone company, and various other large buildings immediately useful to the invaders had been drilled for dynamite charges and would be destroyed by the Chinese before their retreat.

In the same conversation it was stated that the Chinese military authorities realized that the city could not be held by the troops now here; that those troops would be moved out of Foochow by night, with only sufficient resistance to cover the retreat. The regular police were already being withdrawn, according to this official, and their places taken by volunteers.

The

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

-7-

The remaining government officials were to leave that night or the night following, whereafter, the informant said, travel up-river from Foochow would be interdicted.

Americans and others who had occasion to cross the bridge from the city to Middle Island and that from Middle Island to Nant'ai reported that workmen were busily engaged in drilling them too, and it was later reported that considerable charges of dynamite had already been placed in them, to permit of their immediate destruction whenever the Japanese forces, which were believed to be planning to approach from the south, should reach Nant'ai, the island of foreign residence south of Foochow.

In spite of all these feverish preparations, of the fact that most of the wealthy Chinese had already gone, and of the almost frantic urgings of the Government that the whole populace should leave while there was yet time, the people themselves appeared to be remaining relatively calm, and there was no genuine panic among them, as there had been on the night of October 31, 1938. When the city awoke on the morning of June 28 to find the Japanese still not come, a story to the effect that the threatened attack was not to take place began to circulate widely, and various explanations as to why the city had been spared gained currency.

On the afternoon of that day (the 28th of June) the Consulate was officially informed that the Chinese Government had ordered the Min River closed to all traffic from midnight that night, after which time

passage

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

-8-

passage into or out of the mouth of the river was interdicted. This step was taken in reply to the Japanese blockade of the port laid down in the original Japanese warning to third power nationals of their intention to attack Foochow, which was, according to the warning, to become effective at noon on June 29. The notification of the port's closing was accompanied by a verbal intimation that the barrier across the river was being closed and heavily mined to make abortive any further attempts by Japanese naval vessels - of which there were then rumored to be a large number nearby - to cross it.

Upon the receipt of the Chinese notification of the closing of the river, the Consulate informally approached the Provincial authorities in connection with the safety zone proposed by this office in May, 1938, pointing out that this project had originally contemplated a series of developments as a result of which the American community in Foochow would be caught here, with all means of egress cut off, between the Chinese defending and the Japanese attacking forces. The Chinese military authorities themselves now evidently regarded just such a situation as imminent, and it would therefore appear appropriate to issue orders that the safety zone, as outlined in the proposal already submitted, be respected. In response to this request, the Consulate was informed that upon the receipt of a formal despatch asking that that action be taken, the Chinese Government would issue orders to the military and police concerned that the area referred to had been

recognized

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

-9-

recognized by it as a safety zone, it being understood that I would take such action as was feasible to procure Japanese recognition of the zone. This was done in the Consulate's telegram of June 29, 7 a.m., and acceptance of the proposal in practice was subsequently procured from the Japanese, as was confirmation of the orders given from the Chinese. It may be of interest to note here that, although the relations between this office and the British Consulate were very friendly throughout the crisis - as they have always been - my colleague found himself unable to support the zone project, referring to it as "the American zone". He had ordered the concentration of nearly all the British subjects in Foochow in his consular compound - where they were to reside for some two weeks - and he felt that the compound itself, with the guard of British naval ratings which were to be brought up, offered more security than would a larger area, which he believed would only become dangerously overcrowded. He was assured that his attitude in the matter was causing this office no embarrassment in its negotiations for the zone. Nor was there then or later any evidence of the overcrowding of which he had been apprehensive.

The day previous (June 28) the Consulate had communicated orally with all American organizations in and around Foochow urging that American property be clearly marked as such, and it telegraphed the same warning to every American mission in the consular district outside of Foochow. Perhaps the most conspicuous, and the most clearly marked and mapped, of all

these

DECLASSIFIED: E.O. 11652, 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-

these properties was the Union High School on the Upper Bridge Road outside the West Gate of Foochow. Three stories high, it was the largest building of a readily identifiable group of mission properties. Between 12:45 and 1:00 p.m. on June 29 a Japanese plane, one of a squadron of five which had appeared over the city, bombed this building and destroyed it. Eyewitnesses said that that particular plane had moved directly to its objective, had flown very low over it to identify it, and after having bombed it, had remained in the vicinity to make any effort to stop the fire which was burning it down impossible. No one in Foochow doubted that the attack had been deliberate.

At a further meeting of his nationals that day, the British Consul again urged all who could leave to do so, informing them that the Japanese had agreed not to mine the mouth of the river until July 6. That evening he completed the concentration of British nationals in the British consular compound, and during the night a naval officer and eight naval ratings were brought up from H.M.S. GRASSHOPPER to assist in the evacuation and offer such protection as they could.\* The GRASSHOPPER, it was stated, was to come within the barrier to meet the evacuees at 7:00 a.m. the next morning (June 30).

The British Consul offered to include in the group evacuating any Americans who desired to go, and one, the wife

---

\*This naval guard remained in Foochow until July 31.

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

-11-

wife of the then Standard-Vacuum Oil Company manager, decided to accept.

Meanwhile, the bombing of so well-known and unmistakably American an institution as the Union High School, and the evidently increased apprehension of the British residents in Foochow, led to the circulation in the city of a rumor, said by some to come from reliable British sources, that the Japanese intended to enter Foochow that night. The remaining populace began streaming out of the city, exhausting the available facilities for transport. Although the general tension had increased sharply, this exodus was in the main orderly.

The Chinese authorities informed the British Consul on June 30 that they could not permit any passage over the barrier, the river having been officially closed. Upon the receipt on July 1 of a message from the Commander of the South China Patrol confirming the statement that the river would not be mined until July 6, this Consulate again circularized resident Americans, urging any who desired to leave to take this opportunity to do so. When it was clear that three or four, and possibly more, would leave, the office contacted the Chinese authorities, and as a result of joint representations on the part of the British and American Consulates, permission was procured for two launches, one British and one American, to proceed down river to Woga Island, where the evacuees were to walk around the barrier to a point at which ship's boats might pick them up. The date for the evacuation was first set for July 4, but

was

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

-12-

was later changed to July 5. At 1 a.m. on that morning three launches, two carrying the evacuees and the third transporting their baggage, left Jardine's jetty on Nant'ai for Kuant'ou where they picked up a Chinese government pilot, and thence to Woga Island. H.M.S. DUCHESS and the U.S.S. ASHEVILLE stood in to assist in the transfer of those of the evacuees whose destination was Shanghai to the S.S. YUNNAN and of those travelling via Hong Kong to the S.S. SEISTAN. These arrangements were carried out on schedule, three Americans being among the evacuees.

It was reported on July 6 in Foochow that the Japanese naval vessels at the mouth of the river had seized from 80 to 100 of the small Chinese fishing junks which ply the inlets of the Fukien coast and had towed them all in to a point near the inner bar at the mouth of the Min River and sunk them there. It was soon evident that the Japanese were laying a barrier of their own across the river, leaving open a channel which was said to be known only to themselves.

Admiral Li, who had continued to hold the Ch'ang Men Forts throughout the period of threatened invasion, was then stated to have answered this most recent Japanese move by planting more mines in the already allegedly heavily mined passage through the original Chinese barrier. And then, either on his initiative or that of General Ch'en Ch'i, the commander of the One Hundredth Army, orders were issued to every household in Foochow to supply its quota of stone slabs.

Government



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

-13-

Government coolies undertook their transport down river, and it shortly became known that the Chinese Government was itself laying a third barrier across the already blockaded, closed, and twice barricaded Min River.

Although the laying of these additional barriers seemed to indicate that while the Japanese on their part did not regard the immediate capture of Foochow (and the consequent opening of the river) as practicable, the Chinese on theirs did not contemplate withdrawing from the area without resistance, disquieting rumors of Japanese activities continued nevertheless to be received in Foochow. A report reaching the city some days after the events described was to the effect that the Japanese had on July 2 attempted to effect landings at four different points on the coast of Fukien northeast of Foochow, but had in each instance been successfully repulsed.

It was also reported that the island of Ping'an had been captured by a small force of Japanese assisted by Chinese pirates. It later became clear that the capture had in fact been made by pirates alone, assisted by a few Japanese bombing planes, the circumstances of the action being such as to leave it without effect on the general political situation.

Japanese air-raids continued frequent. P'ut'ien was bombed on June 30, Futsing and Changle on July 1, the Ch'ang Men Ports on July 2, Shabsien City on July 3, the Chang Men Ports again and Kienow on July 6, Futsing on July 7, Hankong on July 11 and the Ch'ang Men Ports twice on that day and again on July 12, when Yenping

was

0562

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

-14-

was also bombed, and P'ut'ien and Hankong on July 13. In several of these raids considerable quantities of handbills were dropped over Foochow and other fairly populous cities, but under police orders most of them were immediately destroyed, and copies were difficult to obtain, since possession of them was held to be evidence of traitorous tendencies. The texts of three typical samples of these handbills are being enclosed, in the original Chinese and in English translations, as of possible interest.\* In one of them the populace is urged to accept paper money issued by the Japanese military at its face value; in a second they are told of the triumphs of the Rome-Berlin Axis and of the coming downfall of Chiang's government, and are urged to return to their homes, while in a third the plight of Fukien, cut off from the rest of unoccupied China and by the Japanese blockade from the rest of the world, is represented, and the Fukienese are told that the present time affords an excellent opportunity for Fukienese to undertake the government of Fukien.

If these handbills and others like them were perhaps read more widely than the Provincial Government intended, there appeared on the surface at least to be no disposition to follow the advice which they contained. When it became clear that another Japanese threat - one more specific and definite than any which had preceded it - to attack Foochow had failed to materialize, and

that

---

\*Enclosures nos. 1, 2, and 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

-15-

that the city was to continue to enjoy its uneasy and imperfect peace, the old rumors of some basic agreement between General Ch'en I and his friend Consul General Uchida again were heard, but not above a whisper, and it is likely that whatever the Japanese think of the Chairman of the Province, the considerations which deterred them from attacking this area were probably not those of friendship. In the course of a call which the writer paid on July 14 on General Ch'en Ch'i, Commander of the 100th Army and the 80th Division, and the actual defender of Foochow, that official set forth what seem more likely to have been the reasons why this city has so far been spared: if it is to be defended at all, it would be costly to capture; its capture would cut it off from its mountainous hinterland, leaving it a worthless and empty shell; and even so, a strong garrison would have to be maintained here to hold it against counter-attack.\*

In the minds of some of the older generation among the citizenry there is still another reason: of the two Chinese characters which are rendered in English as Foo chow, the one which reads "Foo" has always been an omen of good fortune.

Respectfully yours,

Robert S. Ward  
 American Consul

Enclosures:

- 1-3. Copy of handbills, in Chinese text and English translation.
4. Memorandum of conversation, dated July 14, 1939.

800

RSW:hoy

Five copies to Department, under cover of despatch no. 127 of August 5, 1939.

Copy to Embassy Chungking.

\*See enclosure no. 4: Memorandum of a conversation with General Ch'en Ch'i.

DECLASSIFIED: E.O. 11652, 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. 97, dated August 5, 1939,  
from Robert S. Ward, American Consul at Foochow, China,  
on the subject of "The Threatened Japanese Attack on  
Foochow".

Translation of handbill dropped by Japanese planes

ANNOUNCEMENT.

The Japanese army having occupied this land, the military notes used by the Japanese troops are actually issued by the Japanese Government, wherefore they are everlasting and very credible. Their value may not be lowered and no discount is allowed. They may be used in exchange for all things of value, or for change of all kinds of bank-notes. When the people want to buy rice, food products, etc., the Japanese troops will arrange for the immediate delivery to them, the price and place to be notified from time to time. Should anybody rumor or slander against the military notes to hinder their circulation, he will be seized and treated as a traitor and severely punished according to the military law. Announcement is hereby made that nobody shall disobey.

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

佈告

日本陸軍 的 日本 不得 各 日 若 當 特  
 日本 銀錢 法 軍 人 依 此  
 佈告

占據本行地 政府 不准 可以 即 對 看 各  
 本行地 發 折 兌 當 於 軍 直  
 佈告

日軍所使 故 此 永 遠 各 種 價 物 人 民 要 買 價 錢 地 點 造 謠 誹 謗 極 力 查 拿

軍用手票 信用 頂 大 可 得 交 換 米 糧 等 貨 隨時 指示 妨 害 使 用 定 豫 戾 懲

大日本軍司令官

1566

DECLASSIFIED: E.O. 11652, 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. 97, dated August 5, 1939,  
from Robert S. Ward, American Consul at Foochow, China,  
on the subject of "The Threatened Japanese Attack on  
Foochow".

Translation of handbill dropped by Japanese planes

SITUATION IN EUROPE CHANGED.

The machine guns mostly used by the Chinese troops  
are made in Czechoslovakia. But Czechoslovakia has  
now been incorporated by Germany and Hungary, and there  
is no such a nation in existence.

The civil war in Spain has resulted in such a way  
that the Franco Army has come out to be the final victor.  
The present German-Italian relations become more  
stabilized with the annexation of Spain.

Although England, France and U.S.S.R. are afraid  
of their growing influence and conclude Anti-Aggression  
Pact, yet as they do not gain the upper hand they are  
very anxious about the explosion of European war which  
has the possibility of coming true now and then.

As a consequence of this, all countries are devot-  
ing their entire strength in getting strong preparations  
for themselves. Hereafter they can no longer supply  
munition to China.

The life of the Chiang's Government is becoming  
shorter and shorter. He has chartered a big steamship  
of 8000 tons anchoring at Hanoi, to prepare for the  
evacuation of the important men of the Central Govern-  
ment to foreign countries. Having been deceived, you  
all are like cage-birds without knowing anything of the  
outside world. This also you may not know. Under such  
circumstance of being deceived, you have unknowingly

lost

DECLASSIFIED: E.O. 11652, 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-

lost the land handed down by your forefathers. Your houses are burnt under Chiang's "scorched earth" policy. The old and feeble have been found lying in the ditches and channels. The strong-bodied are scattered about to the four quarters. The fathers and sons cannot see one another. Elder and younger brothers, wives and children are separated and scattered abroad. As men are not stone-hearted, who can forget their affection? Anyhow you have to manage to return to your home and see your relatives. That is the proper way.

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

# 歐洲情勢變化

中國軍隊使用最多之捷克機關槍。是捷克國所製造的。但捷克現已為德國及匈牙利所併合。而無該項國家存在了。西班牙之內亂。最後勝利亦已歸佛朗哥軍。目下德意之提攜。更加入西班牙而愈形鞏固。

英法蘇三國雖恐其勢力強大。而締結共同防禦協定。但因無勝算把握。現正非常焦慮。歐洲大戰隨時皆有爆發的可能。因是。各國皆傾全力以充實其已國軍備。今後弗能再接再濟軍火于中國。

蔣政權之運命。至是愈益短促。已預定八千噸大火船停泊河內。以作中央各要人逃往海外時乘坐之準備。君等以被蒙蔽。如籠中之鳥。毫不知外間情事。諒對此亦有所不知。



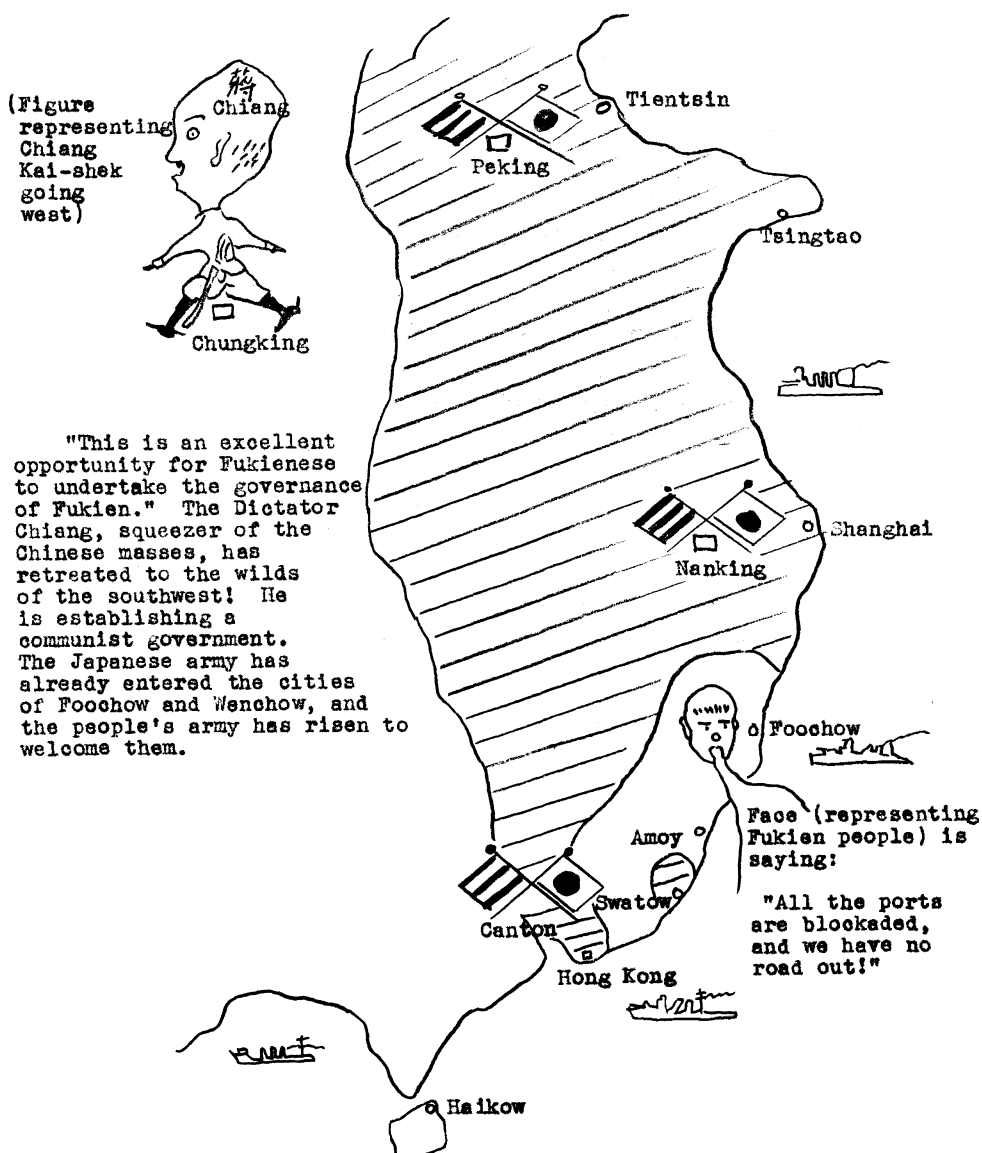
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

在欺騙蒙蔽之環境下。不知不覺之間。失去祖宗傳來之土地。  
家屋被蔣氏之佳土政策焚燒。老弱填平溝壑。壯者散之四方。  
父子不相見。兄弟妻子離散。人非木石。誰肯忘情。  
無論如何。總須設法歸家一視。終是正當辦法。

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

Enclosure no. 3 to despatch no. 97, dated August 5, 1939,  
 from Robert S. Ward, American Consul at Foochow, China,  
 on the subject of "The Threatened Japanese Attack on  
 Foochow."

Translation of handbill dropped by Japanese planes



Tr: RSW

057

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



057

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

Enclosure no. 4 to despatch no. 97, dated August 5, 1939, from Robert S. Ward, American Consul at Foochow, China, on the subject of "The Threatened Japanese Attack on Foochow".

AMERICAN CONSULATE  
Foochow

July 14, 1939.

MEMORANDUM

CONFIDENTIAL

Subject: Sino-Japanese hostilities;  
conversation with General Ch'en  
Ch'i with reference to the  
possibility of an attack on  
Foochow.

I called by appointment this morning at 10:30 on General Ch'en Ch'i, Commander of the 100th Army and the 80th Division, to pay my respects upon my resumption of charge of the Consulate.

After a courteous exchange in the course of which I thanked the General for the cooperation and consideration which the Consulate had received during my previous period here, I asked if he cared to express himself on the subject of the present situation at Foochow, particularly with reference to the possibility of a Japanese attack.

He said that he could not predict whether the Japanese would attack Foochow; that that was a matter which they had to decide for themselves; but that if they did decide to invade Foochow, there were two questions with which they would be confronted: first, how many soldiers could they afford to employ in the invasion of the province (which they realize is a mountainous one) and, second, whether the city of Foochow would in any case be worth taking.

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

-2-

So far as the question of the number of troops was concerned, the General asserted that if the Japanese could send 5000 troops to attack the province, the Chinese would be ready to despatch 10,000 to resist them; that if the Japanese could send 10,000, the Chinese would double the number; and that the Japanese should not imagine that they could occupy northern Fukien without paying a high price for it in men and effort. He said that the speculation as to whether the Japanese will come was not a matter of concern to himself; that all necessary military preparations had already been concluded; and that in the event the Chinese decided to retreat, full preparations had already been made to carry out the "scorched-earth" policy.

At this point, I interrupted the General to ask if it had been definitely decided to carry out the "scorched-earth" policy in Foochow. The General replied that preparations to carry out that policy had been completed, so that if it was found desirable to do so, it could be done, but that that did not mean that the policy need certainly be carried out.

I then asked the General by what route he thought the Japanese would invade northern Fukien were they to attack Foochow. I pointed out that the land approaches to Foochow were very mountainous; that the roads forming these approaches had been cut; that the river was now blocked by two barriers, and that it would evidently soon be blocked by a third. If the Japanese intended to come up the Min River, why had they themselves placed a barrier across its mouth when it was already once barricaded?

There

0574

DECLASSIFIED: E.O. 11652, 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-

There was a slight pause in the conversation at this point, and I hastened to assure the General that if for strategic or other reasons he did not wish to answer this inquiry, I hoped that he would not hesitate for a moment to say so, and that I had no concern whatever with the defence measures of the Chinese Government.

General Ch'en then said that it was his opinion that if the Japanese did invade the area, they would attempt a landing in the inlet near Lienkong (連江), and proceed from that point to Kuant'ou in back of the present barrier. This force would then cooperate with one outside the barrier to blow up the barrier, opening the river, so that Japanese naval vessels might proceed to Pagoda. This route would require a smaller landing force, and would be relatively quicker and easier, the General thought.

However, he said, there were two other points at which the Japanese might consider making a landing, i.e., at Putien or Futsing. Landings at either of these points would, according to the General, be very costly for the Japanese in man-power, and he did not believe that it was likely that they would be attempted, although he noted in passing that Hankong was bombed yesterday.

Alluding to the Japanese statement made yesterday, a report of which appeared in this morning's Chinese papers, to the effect that the Japanese were beginning hostilities against Tungshan, Chaoanhsien, and Chuanchow, the general said that he did not believe that Chuanchow would be attacked; that if an attack were contemplated

on

DECLASSIFIED: E.O. 11652, 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-

on either Foochow or Chuanchow, Foochow would be attacked first, whereafter it would be very easy to take Chuanchow.

General Ch'en then said that according to information which he had received, the Japanese declaration of their intention to attack Foochow had been prompted by the Japanese Navy, which at that time actually intended to attack the city, but that the Japanese Army authorities were opposed to the attempt, because they felt that if the navy tried it and was unsuccessful, the army would then be committed to employing a considerable force in northern Fukien to take Foochow; that it (the Japanese Army) realized that a relatively small force would be ineffectual; that even if Foochow were taken, it would not be possible to progress far beyond the city into the mountainous region to the west and north of it; and that a large garrison would have to be left in the city to defend it after it had been taken. By that time, the General said, the city would be worthless, and there would be no way of obtaining rice or other supplies, since the Chinese in the interior would prevent the transport of such supplies to Foochow, and it would be impossible for any trade to exist between Foochow and its hinterland.

It is pertinent to note here that throughout this conversation, General Ch'en appeared perfectly at ease and in the best of health and spirits. His reception of me was markedly courteous, and there was no indication in his speech or action that he felt any particular apprehension or strain.

A true  
 the original  
 Mm

Robert S. Ward  
 American Consul

800/300  
 RSW:hcy/tkw

DECLASSIFIED: E.O. 11652, 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

DEPARTMENT OF STATE  
Foochow, China  
1939 NOV 8 AM 11 15

Division of  
Far Eastern Affairs  
NOV 9 - 1939  
Department of State

August 12, 1939.

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

SUBJECT: Japanese capture of Pingt'an Island and  
its background in Fukien politics.

1-1055

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

I have the honor to transmit herewith a copy  
of this Consulate's despatch no. 102 of August 12,  
1939, to the Embassy, reporting the Japanese capture  
of Pingt'an Island and its background in Fukien  
politics.

Respectfully yours,

*Robert S. Ward*  
Robert S. Ward  
American Consul

Enclosure:

Copy of despatch no. 102, dated  
August 12, 1939.

800  
RSW:hey

In quintuplicate.

DEPARTMENT OF STATE  
ASSISTANT SECRETARY  
OF STATE  
NOV 14 1939

NOV 16 1939

793.94/15476

F/FG

15476



057

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

Enclosure no. 1 to despatch no. 132, dated August 12, 1939, from Robert S. Ward, American Consul at Foochow, China, on the subject of "Japanese capture of Pingtan Island and its background in Fukien politics."

No. 102

AMERICAN CONSULATE  
Foochow

August 12, 1939.

Subject: Japanese capture of Pingtan Island  
and its background in Fukien  
politics.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to this Consulate's telegram of July 13, 10 p.m., in the first paragraph of which it is stated that the alleged capture of Hait'an Island on July 6 and 7 had been effected by a force of some four hundred Chinese and Formosan bandits with the assistance of less than forty Japanese, and in confirmation of that report to submit for the Embassy's files the subjoined description of what in Chinese circles here is regarded as the actual background of the Island's seizure.

The first reports of the attack on Hait'an to appear in Foochow pictured it to have been, as it was stated in various radio broadcasts to have been, an outright capture of the island by Japanese forces, effected on July 6. Foochow's only newspaper carried no report of it until July 9, when it stated that a number of Japanese sailors and some Chinese bandits had landed on the island under the cover of a severe Japanese bombardment from naval vessels standing nearby

DECLASSIFIED: E.O. 11652, 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-

nearby; the following day it carried an account of the ruthless slaughtering of the people and the raping of women which had gone on after the landing. The Pingt'an (Hait'an) Self-Defence Corps was stated to be grimly determined to fight to the end, as evidenced by the fact that none of its members had fled to the mainland.

But from the accounts of persons close to the scene a somewhat different picture of the event soon began to emerge. An intelligent American who has lived for many years on the mainland just opposite Hait'an reported on July 9 that the landing, while it had in fact been covered by bombing and bombardment, and was followed by wholesale looting, had been carried out with probably not more than forty Japanese, the main force being Chinese and Formosan. Chinese fleeing the area were reported to have said that it was generally believed on the island that the attack was the first step in the ambitious plans of a bandit group who hoped to train 2,000 men in Hait'an and with them, and supported by Japanese naval bombardments and aerial bombing, to attack Futsing, Changleh, Sunghsia and Haik'ou on the central coast of Fukien Province.

It then began to be persistently reported that not forty, but only four or five Japanese had taken part in the landing. An eyewitness, reporting his experiences in the melange, stated further that these five Japanese had got mired in the sand off the shore, and had actually been carried to the island on the backs of the Chinese whom they were accompanying.

Shortly

DECLASSIFIED: E.O. 11652, 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-

Shortly it became known that one Yü Ah-huang (余阿煌) had assumed the District Magistracy of the island, and it became clear that the "conquest" had in fact amounted only to a struggle between two factions on the island itself, into which the Japanese had been drawn, perhaps somewhat against their better judgment, and before they could procure terms from the bandits which would afford any basis for the establishment of a pro-Japanese regime in the coastal areas of northern Fukien.

Yü is a former lieutenant of the redoubtable Kao Cheng-hsueh (高誠學), the present Magistrate of Fuan, recently High Advisor to <sup>the</sup> Fukien Provincial Government, once renowned as a bandit, a kidnapper, and a champion of social justice. Kao, a graduate of the Anglo-Chinese College, well-educated and highly regarded by his teachers, was successful in creating a private army, which he called the Fukien Branch of the Chinese People's Revolutionary Alliance (中華民族革命大同盟福建支部), sponsored by Generals Ch'en Ming-shu (陳銘樞) and Ts'ai T'ing-k'ai (蔡廷楷), and which made him, ipso facto, one of the most influential men in Fukien politics. It also made it necessary for him to sell out temporarily to Japan, since he had to equip it with adequate rifles, machine-guns, and the accoutrement of an army. Accepting a Japanese appointment, he pirated a Chinese vessel carrying Yuan \$200,000 and fled to Formosa, where he purchased the desired arms, and returned with them. Subsequently (in 1936) he kidnapped four important

provincial

DECLASSIFIED: E.O. 11652, 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-

provincial officials fifteen miles from Foochow, and after extorting a handsome ransom for them, was at length prevailed upon to return to the good graces of the Government, which was eager to forgive him his crimes as an expression of its gratitude for his magnanimous attitude in not having beheaded his captives.

In 1936 this resourceful individual was charged by the Provincial Government with the extermination of banditry in the areas over which he had once, as a bandit chieftain, maintained unchallenged sway. He is said to <sup>have</sup> seriously undertaken, in the discharge of this commission, to purge Hait'an Island of the piratical remnants of those of his own former forces who had disapproved of his reformation. This enterprise was interpreted among his erstwhile henchmen as being simply an effort to settle old scores, and those who survived waited their chance for revenge.

Meanwhile, Kao, possessed now of the full confidence of the Provincial Government, proceeded to Fuan to take up his post as Magistrate there, leaving hundreds and perhaps thousands of his still faithful followers scattered up and down the coastal areas of northern Fukien. Aware of the extent of his influence, the Japanese are stated to have repeatedly sent emissaries to attempt to win him over to the acceptance of the leadership of a new puppet Government in Fukien, but he has persisted in refusing. It is said that Yü Ah-huang, the leader of the present vendetta against him, broke finally with him over his unwillingness to accept Japanese service.

After

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

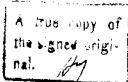
-5-

After negotiations which are said to have been long drawn out, and characterized more by Yü's desire for Japanese assistance than by a wish on the part of the Japanese to deal with a man held in generally such low esteem, the Japanese were represented as having agreed, on certain terms, to cover the landing of Yü's bandits on Hait'an by bombing and bombardment. They were unwilling, however, to supply Yü with arms, it is said.

It is probable that, if this account is true, the Japanese action was dictated by (1) a fear that if they became associated with Yü, they would either have to employ larger forces than they had available, or risk an unsavory defeat, and (2) the realization that if they sponsored Yü's movement, they could not hope to use Kao later.

For Yü and his followers the whole escapade meant no more than an opportunity for loot from the homes of citizenry who had fled from what they believed was a Japanese attack and for revenge upon the followers of Kao. Kao himself continues the equitable administration of the District of Fuan, while the Provincial Government projects the recapture of Hait'an "from the Japanese".

Respectfully yours,



Robert S. Ward  
 American Consul

800  
 RSW:hey

Five copies to Department, sent under cover of despatch no. 132 of August 12, 1939.  
 Copy to Embassy Chungking.

DECLASSIFIED: E.O. 11652, 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 10, 1939.

~~GA~~  
~~RCM~~

Foochow's despatch 100, Aug. 11 elaborates upon radio reports in regard to the Japanese landing at Sharp Peak. The principal event of interest was the closing by the Japanese of the Great Eastern Extension Telegraph Company office there when they landed on June 27. The station was later reopened and permitted to function on July 22.

114P  
FE:Penfield

DECLASSIFIED: E.O. 11652, 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. 130

RECEIVED  
 DEPARTMENT OF STATE  
**AMERICAN CONSULATE**

Foochow, China

1939 NOV 8 AM 11 15

August 11, 1939.

RECEIVED  
 DEPARTMENT OF STATE  
 COMMUNICATIONS  
 SECTION

COMMUNICATIONS  
 SECTION  
 REK

SUBJECT: Japanese landing at Sharp Peak.

1-1055

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

I have the honor to transmit herewith a copy of  
 this Consulate's despatch no. 100 of August 11, 1939,  
 to the Embassy, reporting the Japanese landing at  
 Sharp Peak on June 27, 1939.

Respectfully yours,

*Robert S. Ward*  
 Robert S. Ward  
 American Consul

Enclosure:

Copy of despatch no. 100, dated  
 August 11, 1939.

800  
 RSW:hcy

In quintuplicate.



793.94/15477

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

Enclosure no. 1 to despatch no. 130, dated August 11, 1939, from Robert S. Ward, American Consul at Foochow, China, on the subject of "Japanese landing at Sharp Peak."

No. 100

AMERICAN CONSULATE  
Foochow

August 11, 1939.

Subject: Japanese landing at Sharp Peak.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to this Consulate's telegrams of June 27, 12 m., June 29, 10 a.m., and July 13, 1 p.m., regarding the capture by the Japanese of the island of Sharp Peak lying at the mouth of the Min River, and, in confirmation of the facts set forth in those messages, to report that at about eight o'clock on the morning of June 27 Sharp Peak was occupied by a force of approximately one hundred Japanese marines.

The landing of this force had been preceded by a heavy aerial bombardment by six planes, and was effected without opposition, there having been no Chinese troops on the island. Notwithstanding that circumstance, the advance of this small troop was, according to one eye-witness report, covered by gunfire from two or three of the six Japanese naval vessels anchored nearby. A second group of over one hundred men was then put ashore from the Japanese transport, and the landing party, which now numbered between two and three hundred

men



0585

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

-2-

men, undertook to round up all the Chinese who were on the island. Some sixty were said to have been found and herded together under guard, a Chinese naval officer and one other Chinese having been killed, and a little boy who had tried to run away having been severely wounded in the knees.

The officer in command of the party, accompanied by a squad of his marines, then proceeded to the offices of the Great Eastern Extension Telegraph Company and demanded of the Chinese clerk there that the British flag flying over the compound be lowered and the office itself be closed down. The British assistant manager of the telegraph station and two or three British marines were on the premises at the time. One of the marines (according to the statement made to a member of the staff of this office by the clerk first addressed) objected strongly to this procedure, stating that the property was British and could therefore not be interfered with. The Japanese to whom he was speaking drew a revolver on the marine, and appeared about to shoot him when the Chinese intervened, begging that no action be taken, and assuring the Japanese that the British and Chinese there present would withdraw. Meanwhile the squad of Japanese had effected the arrest of the numbers of local inhabitants who had taken refuge in the compound, and one of the British marines signalled to the British gunboat standing off Sharp Peak for the despatch of a motor-boat to take off the foreigners.

This

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

-3-

This arrangement appeared welcome to the British assistant manager, and the Chinese clerk managed in about two hours time to put the office in order for its closing, which was then effected. Japanese marines escorted the assistant manager, the British marines, and the Chinese clerk to the ship's boat, which took them aboard the British gunboat, whence the two employees of the telegraph company were sent up to Foochow to report.

The Foochow manager of the Great Eastern Telegraph Company disapproved of his assistant's action in permitting the closing of the Sharp Peak station - especially since its closure left the foreign community in Foochow with no means of communication with the outside world except through the radio stations in the British and American consulates, the mails having been disrupted by the threatened Japanese attack on the city - and asked for his resignation.

The matter was then taken up with the British Consulate and Embassy, and when it was thought that Japanese consent to the re-opening of the station had been procured, a new assistant manager was despatched to Sharp Peak on July 4. He was not, however, permitted to land, and went aboard the H.M.S. DIANA with the three other foreign operators of the company who had been brought down from Shanghai to staff the station. There followed long negotiations, the point at difficulty being reported to have been the Japanese insistence on the "right" to censor all communications which

passed

DECLASSIFIED: E.O. 11652, 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-

passed over the station's wires. This was evidently finally agreed to, and on July 22 the station was put into operation once more.

To maintain the service, two more Chinese telegraphers were then employed, but the closing of the river by the Chinese authorities prevented their being sent down to Sharp Peak until, by an informal arrangement between the Company, the Chinese authorities, and this Consulate, they were permitted to proceed through the barrier with this writer on August 10, when the MOHAWK made its first trip to take delivery of the emergency food and medicinal supplies being brought to Sharp Peak on an American naval vessel.\*

Respectfully yours,

A true  
 the sign  
 nat.

Robert S. Ward  
 American Consul

EOO  
 RSW:hcy

Five copies to Department, sent under cover of despatch  
 no. 130 of August 11, 1939.  
 Copy to Embassy Chungking.

---

\*The importation of these supplies is being made the subject of a separate despatch.

7588

DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations: developments of month of Aug., 1939.

793.94/15478

For the original paper from which reference is taken

See #2267  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept 25, 1939 From China (Lockhart)  
To

File No. 893.00 P.R./161

U. S. GOVERNMENT PRINTING OFFICE 1-1540

FRG.

15478

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

- 12 -

3. Soviet Russia:

a. German-Soviet non-aggression agreement:

(see page 4.)

4. Japan:

a. Japanese policy in China:

792.94  
812.21

The announcement of the signing August 23 of the German-Soviet non-aggression agreement resulted in the resignation August 23 of the Hiranuma cabinet; according to press reports, Baron Hiranuma felt responsible for the failure of his cabinet's policy of strengthening the anti-Comintern pact with Germany and Italy. A new cabinet under General Abe was announced August 30; it was reported that the new cabinet would follow an independent policy in foreign affairs, and that attention would be concentrated upon the "supreme objective" of disposing of the "China incident".<sup>33</sup>

There was evidence that the Japanese authorities felt that major military operations in China had come to an end, and that henceforth Japan would devote itself to consolidating and strengthening its military, economic and political position in the occupied areas.<sup>34</sup> It was believed by many observers that, apart from possible operations to occupy Ichang and Changsha (thus extending Japanese control over the rich agricultural lands of the Yangtze Valley and obtaining control over valuable mineral resources in Hunan), the Japanese would confine their military activities to the suppression of Chinese troops and guerrillas in the occupied areas.

Although

<sup>33</sup> Reuters, Tokyo, August 30.

<sup>34</sup> Embassy's (Peking) 480, August 23, 4 p.m.

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

- 18 -

Although some observers felt that, as a result of the German-Soviet rapprochement, Japan might follow a more moderate policy in regard to British and other foreign interests in China, others considered that Japan might come to terms with Russia and devote all her energies to the settlement of the "China incident" and the elimination of foreign interests which she regards as obstacles to the rapid achievement of this objective.

b. The general military situation:

For the third consecutive month the most important military operations in China took place in Shansi Province, and, as in June and July, the Japanese attempts to clear southeastern Shansi of Chinese troops and guerrillas proved unsuccessful. The Japanese losses suffered during these operations are understood to have been heavy, and there are indications that the Japanese have more or less given up hope of conquering the mountainous regions of southern Shansi and in the future may confine their activities in this province to consolidating their positions in the north and the railway zones.

The occupation by Japanese forces of the border between Kwangtung Province and Kowloon Leased Territory caused alarm in Hong Kong, but tension decreased when many of the Japanese troops were withdrawn shortly after the announcement of the German-Soviet non-aggression pact.

The Japanese air force continued to be active.

35

c. Operations in Shansi:

It will be recalled (Embassy's monthly report for

July

35. Press Reports during August and information from Military Attaché, American Embassy, Peiping.

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

- 14 -

July) that during July a force of three Japanese divisions had been operating without much success in the region west of the Taihang mountains in southeastern Kansai, although they had captured Luan and Tzechow. In August, the Japanese renewed operations in this area in an endeavor to clear Chinese troops and guerrillas from the region. The operations centered along the Peitsin highway (running from Paichengchen on the Lungpu railway through Tsinhsien, Tunliu, Luan, Kaoping to Tzechow), the area between Tunliu and Hungtung (on the Lungpu railway), and the road connecting Tzechow and Souma (on the Lungpu railway); fighting also occurred at several points east of the Peitsin road. The Japanese failed in their major objectives and, as the month progressed, the fighting turned in favor of the Chinese. On August 11 the Chinese advance had reached to within six miles of Tzechow, but determined Japanese resistance held out until August 21 when the city was captured by a Chinese column advancing from near Yangcheng in the west. Upon the fall of Tzechow, one of the two Japanese divisions stationed there withdrew north to Kaoping, and the other division retreated south to Peai, the railhead of the Paoching Railway which connects Peai and Minhsiang on the Paiping-Hankow Railway. Kaoping was taken by the Chinese August 24 and the Japanese division there continued its retreat northward to Luan, where at the end of the month they were being attacked by the Chinese. On August 29 the Chinese were also reported to be attacking the Paoching Railway

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

- 18 -

railway, in an effort to prevent the Japanese division  
 in goal from reaching Hsinlung.

Commenting on the Japanese operations in this area  
 during August, the American Military Attaché in Peiping  
 stated that:

"Again it appears to this observer that they  
 (the Japanese) have not only not succeeded in  
 achieving any success but are definitely worse  
 off than before they started in spite of their  
 employment of three full strength provisional  
 divisions... Based on Huan (captured July 14th),  
 the Japanese were, in the middle of August,  
 trying to establish a line of communications  
 along the Peitsin highway in an endeavor to  
 control the territory between the Tungpu rail-  
 way and this highway, and at the same time to  
 drive a wedge between Chinese forces east and  
 west of the highway. All that the Japanese  
 succeeded in doing was to get themselves in  
 a dangerous position from several points of  
 which they were able to extricate themselves  
 only with the greatest difficulty and, no  
 doubt, with substantial losses. Opposed to  
 them were, as reported last month, Central  
 Government troops, 8th Routers and Shanai  
 provincials, in all about 100,000 men". 36

#### a. Miscellaneous operations:

Several thousand Japanese troops landed on the night  
 of August 15-16 at Mantao in the Pearl River delta area  
 and advanced along the northern border of Newoon Leased  
 Territory; Hanchuan was entered on the morning of Au-  
 gust 16 and a detachment was sent to Shatoukok, thus  
 blocking traffic from British leased territory to Kwang-  
 tung Province. The Japanese stated that this was done  
 to cut supply lines between Hong Kong and the Chinese  
 occupied hinterland, but some observers felt that it con-  
 stituted a Japanese attempt to exert further pressure  
 upon Great Britain through a threat to isolate Hong Kong.  
 The Japanese action caused serious concern in Hong Kong.

and

36. Situation Report No. 9793, September 8, 1939, from  
 Military Attaché, American Embassy, Peiping.  
 37. Canton's September 2, 5 p.m., to Embassy (Peiping)  
 and Department, monthly summary.



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

- 16 -

and the British frontier area was evacuated and placed  
 on a war footing by the British military. The situation  
 was tense for a few days, but on August 27, four days  
 after the announcement of the German-Soviet non-aggression  
 pact, Japanese troops at Nantao were moved away and the  
 Japanese garrisons at Hanchun and Hatoukok were con-  
 siderably reduced.

Japanese forces which had been attempting to  
 occupy Changshan district in Kwangtung Province were  
 withdrawn early in August.

sporadic fighting took place between Chinese and  
 Japanese troops in the Swatow area, and Japanese air  
 raids on the adjacent region continued.

The Japanese forces in Central China were compara-  
 tively inactive during August, apart from minor opera-  
 tions in the area north and west of Nanchang, Jiangxi,  
 and to the north of Nanyang, Honan, neither of which had  
 important results. Japanese air forces based on Hankow  
 continued bombing raids on Chungking and other places.  
 There was considerable replacement of Japanese forces  
 during the month, certain replacements being conspicu-  
 ous for the number of very youthful and seemingly in-  
 experienced troops. Chinese irregulars continued to  
 harry small Japanese garrisons and their communications,  
 but remained fundamentally on the defensive. In the  
 latter part of August, marked infiltrations of Chinese  
 guerrillas from Honan down the Han River valley into  
 northern Hupeh in the Kaohokow-Taoyang sector led to  
 the belief that the Chinese might be preparing for an  
offensive.

38. Hong Kong's HSE, September 1, 6 p.m.  
 39. Swatow's September 3, 3 p.m., to Embassy (Peking)  
 and Department, monthly summary.

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

- 17 -

offensive. The Japanese gave no evidence of undertaking  
 the rumored offensive against Ichang.<sup>40</sup>

c. Aerial activities:

The Japanese air force continued active during August. According to Japanese reports, raids were made on Chinese troop concentrations, air fields, and on cities in Kwangsi along the motor roads to Indochina; important raids were also stated to have been made on Chungking, Szechwan (August 3, 4, 25, and 28 - all night raids); Ichang, Szech (August 6 - two raids); Fenchuan, Chekiang (August 9); Suyuan, Suiyuan (August 10); Changchow, Fukien (August 12); Tuenling, Hunan (August 19 and 21); Hsiating, Szechwan (August 19); Hsiangtan, Hunan (August 20); Lishui, Chekiang (August 26); and on air fields near Chungking on the early morning of August 31. Raids were also made in Kwangtung and Kiangsi provinces. The American Consul at Foochow reported that ten Japanese air raids were carried out in August, seven being directed at the Min River forts.<sup>41</sup>

According to independent reports, the Japanese raid on Hsiating caused particularly heavy civilian casualties and severe property damage, including the wrecking of a Canadian mission. Incendiary bombs dropped by the Japanese during the raids on Ichang resulted in the burning of two British river steamers; the British gunboat Sannet narrowly escaped being hit in these raids; one British civilian was wounded.<sup>42</sup>

The Chinese air force was not active and did not

distinguish

40. Hankow's September 2, 5 p.m., to Embassy (Peiping) and Department, monthly summary.  
 41. Foochow's September 1, 5 p.m., to Embassy (Peiping) and Department, monthly summary.  
 42. Reuters, Chungking, August 21.  
 43. Reuters, Shanghai, August 6 and 7.

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

- 18 -

distinguish itself in the defense of Chungking against Japanese raiders. Reports from Chungking indicated, however, that a number of new airplanes had recently been received and that Chinese aerial activity might revive.

The damage suffered by American properties through Japanese air bombing is reported on pages 3 and 4.

f. Military operations in the occupied areas:

A foreign observer in Tsinan reported that a considerable number of Japanese troops were withdrawn from Shantung during August, reportedly being sent to Manchuria; the troops withdrawn were reportedly replaced by Chinese mercenaries. This informant stated that the Shantung "bandit suppression" campaign appeared to have been brought to an end, at least for the time being, without a great deal having been accomplished. The withdrawal of Japanese troops was the signal for increased Chinese military-guerrilla activity, although no important engagements occurred. A number of skirmishes were reported from widely separated areas and attacks on the railways were more frequent than at any time during the past year, the most serious occurring near the Shantung-Kiangsu border August 20 when a passenger train was derailed and machine-gunned.<sup>44</sup>

Reports from Shanghai stated that Chinese guerrillas continued to harass Japanese lines of communications over a wide area and to attack small Japanese outposts. Their activities appeared to be increasing, probably

because

44. Tsinan's August 31, 5 p.m., to Embassy (Beiping) and Department, monthly summary.

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

- 13 -

because of the withdrawal of a considerable number of Japanese troops from the Yangtze Valley area, many parts of which were said to be very lightly held.<sup>45</sup> The Shanghai-Nanking Railway was reported to have been damaged by Chinese forces August 21, traffic being interrupted for one day.<sup>46</sup>

Reports from Tsin-tao indicated that there had been some defection of Chinese mercenaries, and that Pingtu, one of the more important interior cities, had been occupied by Chinese guerrillas.<sup>47</sup>

There was little military activity in Hopei Province, as the extensive floods hampered operations by both Japanese and guerrillas.

4. Political activities in the occupied areas:

Tang Ching-wei, who is reported to have gone to Canton late in July, broadcast an appeal for peace from that city August 9, and, according to press reports, invited the Chinese forces in Kwangtung to conclude a regional armistice. The Chinese military leaders in Kwangtung replied with open messages, rejecting his overtures and denouncing him as a traitor.<sup>48</sup>

Tang Ching-wei returned to Shanghai from South China August 19. Little was heard of his activities until the convening of the so-called "Sixth National Congress of the Kuomintang" which was held in the greatest secrecy in Tang's Shanghai headquarters from

AUGUST

45. Shanghai's despatch to Embassy (Peiping) No. 1911 of September 6, 1939 - "Political Report for August 1939".
46. Nanking's September 2, 9 a.m., to Embassy (Peiping) and Department, monthly summary.
47. Tsin-tao's September 1, 12 noon, to Embassy (Peiping) and Department, monthly summary.
48. Reuters, Chungking, August 14 and 15; Canton's September 2, 5 p.m., to Embassy (Peiping) and Department, monthly summary.

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

- 20 -

August 28 to 30. This "congress", which appears to have been composed largely of Wang's friends and adherents, set up a "legitimate Kuomintang" party organization, elected Wang chairman of the "Central Executive Committee", and resolved to call a "national congress" to bring about the establishment of a "constitutional government"; the "congress" adopted a 20-point platform covering various questions, and issued a lengthy manifesto which denounced the "Chungking Kuomintang", General Chiang Kai-shek and the communists, and advocated peace with Japan. Upon the conclusion of the "congress", the Japanese controlled press and Wang's own publications gave the congress and its activities much publicity, but Chinese circles generally displayed little interest in the matter. It was rumored in Shanghai that Wang and his Japanese sponsors hoped to be able to inaugurate his "constitutional government" on October 10; there was some doubt, however, whether this could be achieved by that date.

The feeling of the Chinese population residing in the International Settlement and French Concession at Shanghai continued to be definitely hostile to Wang Ching-wei, in spite of the strenuous efforts being made by him and his adherents to win over the public; two assassinations of Chinese connected with Chinese newspapers or other publications hostile to Wang, which were believed by many Chinese to have been perpetrated by pro-Wang terrorists, served to increase this hostility during the month.

The sixth meeting of the "United Council" of the

Japanese

49. Shanghai's despatch to Embassy (Peiping) No. 1911 of September 6, 1939 - "Political Report for August 1939".

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

- 21 -

Japanese controlled Peiping and Hanking regimes, scheduled to be held in August, was postponed to September. Reports from Chinese sources in Peiping indicated that Wang Kesh-min, head of the "Provisional Government", and his Japanese mentor, General Kita, continued to manifest a definite lack of enthusiasm towards the proposed establishment of a central government for the occupied areas under Wang Ching-wei.

0599

DECLASSIFIED: E.O. 11652, 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

HSM

This telegram must be  
 closely paraphrased  
 before being communi-  
 cated to anyone. (Br.)

FROM

Hong Kong via N. R.

Dated November 9, 1939

Rec'd 6 a. m.

Secretary of State,  
 Washington.

406, November 9, 9 a. m.

Referring to Canton's 134 of November 7, 4 p. m.,

McHugh was informed last night by authoritative British  
 naval circles that the majority of the Japanese Third  
 Fleet is believed by them to be concentrated at present  
 in the Gulf of Tonkin including landing boat carriers.  
 The aircraft carrier KAGA also appeared in that area two  
 days ago. The unusual extent of naval concentration  
 there is interpreted by the above source to mean that a  
 major operation against Nanning is imminent. They  
 believed that a landing would be made at Pakhoi and  
 stated that a total of 240 aircraft including those  
 based on Hainan Island are available. They denied that  
 there were any indications of large scale activity in  
 the Pearl River stating that transport movements which  
 had been observed there during the last ten days had  
 now shifted to the southward.

Repeated to Chungking, Canton, Shanghai and Peiping.

SOUTHEARD

793.94/15479

NOV 20 1939  
 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

(CONFIDENTIAL)

PARAPHRASE

A telegram (no. 406) of November 9, 1939, from the American Consul General at Hong Kong reads substantially as follows:

It is believed that at the present time the majority of the Japanese Third Fleet, including landing boat carriers, is concentrated in the Gulf of Tonkin, according to information received on the evening of November 8 by <sup>Major</sup> Captain McHugh from authoritative persons in the British Navy. Two days ago the KAGA (aircraft carrier) appeared also in the Tonkin Gulf area. The above-mentioned British naval informants interpret this unusually large Japanese concentration as indicating that there is about to take place a major operation against Nanning. These informants say that there are available altogether 240 aircraft, including those having their base on Hainan and they think that a landing will be made at Pakhoi; they deny that there are any signs of activity on a large scale in the Pearl River and state that the movements of transports which since the last few days in October had been noticed in the Pearl River have been moved to the south now.

29C  
 FE:MIC:MHP  
 11/10/39

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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Sino-Japanese relations: developments of month of Sept., 1939.

793.94/15480

For the original paper from which reference is taken

See #92 to Embassy, Peiping  
 (Despatch, telegram, instruction, letter, etc.)

Dated Oct 7, 1939 From Chefoo (Roberts)  
 To

File No. 893.00 P.R. Chefoo/150

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

**B. Relations with Other Countries:**

**1. Japan.**

**(1) Military Situation.**

There were reports of guerrilla attacks from points

as

- 793.74
- 
- (1) Radio September 2, 3 p.m. to American Embassy at Peiping, repeated to the Department and to the American Embassy at Chungking.
  - (2) Despatch No. 84 of September 12, 1939 to American Embassy at Peiping, entitled "Search of American Consul at Chetoo".
  - (3) Telegrams September 13, 3 p.m. and October 3, 12 noon to the American Embassy at Peiping, repeated to the American Embassy at Chungking and to the Department of State.
  - (4) Despatch No. 90, October 4, 1939 to the Embassy at Peiping entitled "Search of Vice Consul Service by Chinese Police".

DECLASSIFIED: E.O. 11652, 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 -

as widely separated as Suiping and Fenglai. However, the Chinese irregular forces were not large and Japanese controlled garrisons were able to hold the main towns and villages along the sea coast, with the exception of Laichowfu, once again in guerrilla hands.

The Japanese naval garrisons at Chefoo and Weihaiwei made periodic sorties in trucks into the interior without bringing about any change in the general military situation. Guerrilla tactics were to avoid any battle with the Japanese and the Chinese forces cooperating with the Japanese and to employ night raids, sniping, and the cutting of roads to annoy the occupying forces.

(2) Japanese Coal Control.

On September 13, 1939 the Japanese Special Military Mission notified the Kailan Mining Administration that the Japanese had taken over the control of all sales of coal at Chefoo. The mining company and the coal dealers were forbidden to deliver any coal not covered by a purchase permit countersigned by the Special Military Mission. The Japanese claimed that the control is a military measure.

Much confusion in the coal trade resulted. Prices of coal quoted by independent dealers were advanced by profiteers. The Kailan Mining Administration, with its yards

DECLASSIFIED: E.O. 11652, 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 -

yards full of coal, for two weeks could do no business while the Special Military Mission worked out a permit system. After some two weeks of uncertainty, application forms were prepared by the Japanese Consulate and distributed through the consuls to foreign residents of Chefoo. These consumers of coal are required to submit to the Special Military Mission through their Consulates and the Japanese Consulate monthly applications.

Eighteen Americans who applied for their winter's supply of coal have received permits. There appears to be no fixed policy in granting the permits. Small consumers requesting three to five tons received their permits without change. Others had quantities reduced and supplies limited to one, two, three and six months. The American Presbyterian Hospital which applied for four hundred tons of coal received a permit for seventy tons for the month of October.

While officials of the Bailan Mining Company state there are ample stocks of coal at the mine and in storage and that Chefoo should not have any difficulty in receiving its supply this winter, it is feared the Japanese interference in the coal trade will bring about a shortage of coal. In normal times the coal company has difficulty in finding sufficient shipping when consumption is at its peak, that is during the coldest months of the year. The imposing of a control over sales and a permit system by the Japanese will slow down distribution and make it <sup>a</sup> little

more

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

- 5 -

yards full of coal, for two weeks could do no business while the Special Military Mission worked out a permit system. After some two weeks of uncertainty, application forms were prepared by the Japanese Consulate and distributed through the consuls to foreign residents of Chefoo. These consumers of coal are required to submit to the Special Military Mission through their Consulates and the Japanese Consulate monthly applications.

Eighteen Americans who applied for their winter's supply of coal have received permits. There appears to be no fixed policy in granting the permits. Small consumers requesting three to five tons received their permits without change. Others had quantities reduced and supplies limited to one, two, three and six months. The American Presbyterian Hospital which applied for four hundred tons of coal received a permit for seventy tons for the month of October.

While officials of the Bailan Mining Company state there are ample stocks of coal at the mine and in storage and that Chefoo should not have any difficulty in receiving its supply this winter, it is feared the Japanese interference in the coal trade will bring about a shortage of coal. In normal times the coal company has difficulty in finding sufficient shipping when consumption is at its peak, that is during the coldest months of the year. The imposing of a control over sales and a permit system by the Japanese will slow down distribution and make it <sup>a</sup> little

more

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

- 6 -

more difficult for the Chefoo householder to keep a regular supply of coal coming to his bins.

(3) Labor for Dairen.

Local police were active in rounding up unemployed vagrants and others for transport to Dairen. Of some four hundred odd swept into the police net and shipped to Dairen for labor three hundred were returned to Chefoo as physically unfit.

The Japanese then attempted to enlist 1,500 men with an offer of \$30.00 per month wages for work in the coal mines. It is reported that the Chinese are reluctant to accept employment at Dairen fearing they are required for the "Manchukuo" army.

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

GRAY  
**TELEGRAM RECEIVED**

EDA

CANTON VIA N.R.

Dated November 9, 1939

FROM Received 1:18 a.m. 10th

Secretary of State

Washington

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

REK

Division of  
FOREIGN AFFAIRS  
NOV 10 1939  
Department of State

135, November 9, 5 p.m.

- 15469

Reference my 134, November 7, 4 p.m., Pearl River

reopened effective November 10.

KRENTZ

RR

796.94/15481

DIVISION OF  
INTERNATIONAL COMMUNICATIONS  
NOV 13 1939  
DEPARTMENT OF STATE

NOV 14 1939

DECLASSIFIED: E.O. 11652, 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  
 ADVISER ON POLITICAL RELATIONS

November 16, 1939.

A-M.  
 Mr. Messersmith:

CI.  
 Mr. McDermott:

*U. S. S. S.*

I think that you will  
 interested in reading the  
 underlying despatch and  
 enclosure.

*SKH*  
 Stanley K. Hornbeck

*seen:*  
 NOV 27 1939  
 MR. WELLES

UNDER SECRETARY OF STATE  
 DEC 2-1939  
 MR. WELLES

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

*HH*  
*JWB*

11.13.39

*HH*  
*PAH*

To note this brief despatch.  
 It will be interesting to  
 watch these people all  
 work.

*HA*

*11.13.39*



DECLASSIFIED: E.O. 11652, 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  
Chungking, October 25, 1939.

No. 354.

Subject: Reported Japanese Attempt to Influence  
the Sentiment of American Missionaries  
in China.

1939 NOV 10 AM 11 09

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

A  
H  
file

File  
mef

3011 M.D.

To London & Paris

NOV 20 1939



793.34 / 15482

The Honorable

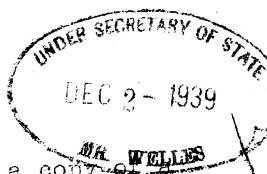
The Secretary of State,

Washington.

London  
Paris 11/20/39

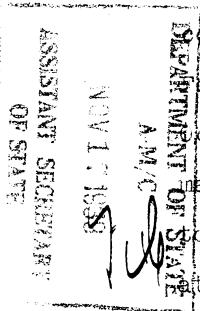
CR

Sir:



1/

I have the honor to enclose herewith a copy



Confidential report in English supplied by the Chinese  
Foreign Office informally to the Embassy under date of  
October 23, 1939, relating to efforts allegedly being  
made by the Japanese Government through propaganda agents  
to induce American missionaries in China to take a favorable  
attitude toward Japanese activities in that country. The  
report states that there is a belief on the part of the  
Japanese authorities that American missionaries in China

exercise

F/FG

7611

DECLASSIFIED: E.O. 11652, 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 -

exercise a determining influence on American public opinion  
and on the attitude of the American Government.

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson.

Enclosure:

1/ Copy of report as described.

Original by air mail to the Department.  
Four copies to the Department.  
Copy to Peiping  
Copy to Shanghai  
Copy to Tokyo.

820.02

WRP:MCL

161

DECLASSIFIED: E.O. 11652, 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. 354  
Dated October 25, 1939.

Confidential

Report No.....

After careful selection the Tokyo authorities have decided to send a first group of six Japanese to China to engage in subtle propaganda among American mission workers in this country, it is learned from reliable Japanese quarters.

Japanese officials realize that the severity of American public opinion toward Japan is largely due to missionary efforts on behalf of China. They also believe that the missionaries exercise an important influence upon the Washington Government.

For this reason the Tokyo authorities have decided upon making efforts to cultivate the "understanding" of American missionaries in China as a "fundamental measure" to influence American public opinion on the Japanese invasion.

Recently a number of Japanese agents in China have been instructed to study the "practical aspects" of such efforts and their reports to Tokyo are said to have convinced the Japanese Government of the difficulty of the task.

In the opinion of the Tokyo authorities, the only practical way is to select a group of "specially qualified" persons to cultivate contact with American missionaries, to serve as channels for expressing to them the Japanese viewpoint, and to win their goodwill and understanding by means of quiet and subtle propaganda.

The matter is said to have been discussed in recent meeting between Tokyo officials and Japanese Christians and Y.M.C.A. workers with long experience in the Western countries. As a result of these meetings, six Japanese have been chosen for the work. Two of them have already left for South China, while the remaining four will soon leave for North and Central China.

The

061

DECLASSIFIED: E.O. 11652, 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 Japanese authorities in all principal Chinese cities under Japanese occupation have been instructed by Tokyo to cooperate with these men and also to recommend other persons fitted for the work.

At the same time the Asia Development Board in Tokyo, the Japanese War Office and Japanese diplomats in the United States have all been advised of the matter.

The Japanese assigned to this work will maintain close but secret contact with the Japanese military and civil authorities on the spot. They have been warned, however, not to betray their connections with the Japanese Government, nor to show any connection with the Central China Religious Federation which is known among foreign missionaries to be under the direct supervision of the Japanese military.

The main work of these Japanese will be to cultivate the "understanding" of foreign missionaries in China, but they have also been instructed to devote close attention to Chinese Christians in the occupied territory.

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

495 *FE*  
*DR*  
 DIVISION OF PERSONNEL  
 THE WHITE HOUSE  
 WASHINGTON  
 NOV 4 1939  
 November 4, 1939.

Respectfully referred to the  
 Department of State for preparation  
 of reply.

*Lu 12/2/1939*

F. D. R.

*793.94*  
*not*  
*50-A-40*  
*793.94119*

*Letter to the President*  
*Nov. 9.*  
*file*

*12:45*  
*me*

ADVISED ON POLITICAL RELATIONS  
 MR. HORNBECK  
 NOV 4 - 1939  
 DEPARTMENT OF STATE

DEPARTMENT OF STATE  
 RECEIVED  
 1 - 1939  
 DIVISION OF  
 COMMUNICATIONS AND RECORDS

DEC 11 1939

793.94/15483

F/FG483

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

485

FE  
DOR  
file

November 1, 1939.

MEMORANDUM FOR THE PRESIDENT

Reference, the call which Dr. W. W. Yen, former Chinese Minister to the United States, is to make on you on November 2, at twelve-thirty, noon.

Dr. Yen will present to you a letter, dated July 20, from Chiang Kai-shek, a copy of which, as supplied for your advance information by the Chinese Ambassador here, is hereunder attached. Chiang Kai-shek has asked Dr. Yen to "exchange views with you concerning the general situation in the Far East".

793.94/15483

In the letter under reference, Chiang Kai-shek states that the main points of his thought relate to: (1) the upholding of the principles of the Nine Power Treaty, with emphasis upon adoption by this Government of economic measures against Japan; (2) China's need of material assistance; and (3) the European situation in relation to the Far East.

The Department offers comment as follows:

With regard to Chiang Kai-shek's first point, it is believed that the attitude and position of this Government with regard to the question of treaty observance and with regard

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

497

- 2 -

regard to the principles which this Government believes should govern relations between and among nations have been made clear in many public statements by high officials of this Government, and that this Government's attitude and position remain unchanged. With reference to the suggested adoption by this Government of economic measures against Japan, it is believed that the whole question of our future commercial relations with Japan must, naturally, depend upon developments. Both the executive and the legislative branches of the Government have been giving consideration to this subject. Suggestions for action by this Government are examined in the light of the traditional policies of the United States and of the current attitude of the American people, and within the framework of the laws of this country. -- Chiang Kai-shek also suggests that this Government might call a conference either to bring about a settlement of the Far Eastern situation or as a preliminary to the taking of economic measures against Japan. It is believed that until Japan's military leadership shall have become convinced of the necessity of modifying its objectives and altering its methods, action by the Government of the United States directed toward bringing about an adjustment of the Sino-Japanese conflict by diplomatic processes would be inopportune: such an adjustment, if achieved, could only be on a basis which would have the effect of assisting Japan

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

498

- 3 -

Japan toward acquisition of a legal title to some portion of what the Japanese armies have seized (and are by no means sure of holding) by force. It is believed that the calling at this time of a conference as a preliminary to the taking of economic measures against Japan would have little or no chance of serving a useful purpose, especially in view of the preoccupation of other powers with military operations in Europe and prevailing uncertainties regarding current diplomatic moves and developments.

With regard to Chiang's second point, China's need of material assistance, it is understood that this Government desires to be constructively helpful where it is appropriate and possible for it to act within the framework of the established policies and laws of the United States.

With regard to Chiang's third point, the European situation in relation to the Far East, it is to be noted that Chiang's letter was written before the outbreak of war in Europe. After the war began, the Chinese Government appeared for some time to be apprehensive lest the foreign relations of Great Britain and France, and possibly developments between the Soviet Union and Japan, might assume an orientation unfavorable to China. On September 5, the American Ambassador to China called on Chiang Kai-shek and communicated to him, under instruction from the Department, a statement that we had no indication of any material

developments



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

499

- 4 -

developments which would seem to make warrantable the apprehensions of which Chiang had given an intimation. This Government has constantly exchanged with the British and the French Governments information in regard to the Far Eastern situation; our attitude and position in regard to features of that situation have on numerous occasions been made known to those Governments; and it is believed that our views are clearly understood by them. During recent weeks various developments in China have given the Chinese Government renewed confidence in the capacity of China to resist; developments in relations of other countries have tended to allay the Chinese Government's apprehensions referred to above; and Chiang Kai-shek has repeatedly affirmed that China has no intention of making peace on the basis of Japanese terms as currently (and more or less vaguely) outlined by Japanese spokesmen or agents.

CH

Enclosure:  
 Copy of letter from  
 Chiang Kai-shek,  
 July 20, 1939.

PA/H:SKH:REK  
 FE:MMH:REK

VAA Jms  
 FE  
 24 11 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

500 ✓

## DEPARTMENT OF STATE

RECEIVED  
 ADVISER ON POLITICAL RELATIONS

OCR  
 file

1939 OCT 2 AM 10 08

October 14, 1939.

The paper here attached was handed to me this morning by the Chinese Ambassador for strictly confidential information and consideration.

This paper is a copy of a letter which Dr. W. W. Yen is carrying, from Chiang Kai-shek to President Roosevelt.

Dr. Yen is due to arrive in New York on October 24. He comes as head of the Chinese group which will participate in the forthcoming conference of the (Council of the ?) Institute of Pacific Relations. In addition, and "under cover", he comes as an emissary from Chiang Kai-shek to the President.

The Chinese Ambassador is considering whether he should or should not request of the White House an appointment, in advance of Dr. Yen's arrival, for reception of Dr. Yen by the President. He feels that, whether or not he adopts that procedure, he should send to the President in advance of the conversation to be held between the President and Dr. Yen a copy of this letter, in order that the President may have had time to consider the contents and may be in position to give Dr. Yen at the outset an indication of his thought on the subject matters dealt with in the letter and related matters. The Ambassador invites comments and suggestions.

PA/H:SKH:ZMK

SKH  
 Stanley K. Hornbeck

793.94/15483

0619

DECLASSIFIED: E.O. 11652, 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 Peiping (Chungking)  
Shanghai*  
(Copy of translation)

STRICTLY CONFIDENTIAL

*November 25 1939*  
501

Chungking, July 20, 1939.

My dear President Roosevelt:

I wish to thank you, first of all, for your kind letter of April 18 replying to my message of March 25, and to express my deep appreciation for your approval of certain remarks which I had occasion to make in the interests of international order and justice.

I am now sending Dr. W. W. Yen, who served for several years as China's diplomatic representative in the United States, to Washington to see you and, on my behalf, exchange views with you concerning the general situation in the Far East. I have also asked him to bring you this letter in which, with your permission, I am going to set forth my points of view for your consideration.

The main points of my thought relate to the following: first, the upholding of the principles of the Nine Power Treaty: second, China's need of material assistance: and third, the European situation in relation to the Far East.

Regarding the first point, it is quite clear that Japan has in no way changed her untenable attitude toward international treaties. She is not more inclined now than at the time of the Brussels Conference to show any respect to the Nine Power Treaty which she freely signed. What Japan fears, however, is strong insistence backed by effective weapons upon the observance of treaty rights and obligations which she considers herself able to ignore with impunity, as long as the parties concerned only voice their dissatisfaction by words. She has even been encouraged

His Excellency  
Mr. Franklin D. Roosevelt,  
President of the United States of America,  
Washington, D. C.

793.94/15483

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

502

to believe that violations of treaties might become faits accomplis which would eventually obtain recognition by the Powers.

In your speech delivered before Congress on January 4, you spoke of the "many methods, short of war, but stronger and more effective than mere words, of bringing home to aggressor governments the aggregate sentiment of our people". I am sure that all such methods must have been thought out and carefully examined by you and your Government. I venture to think, however, that there are certain measures which may be found particularly efficacious and which may therefore hasten the termination of the present conflict.

Now, the weapons at the disposal of the United States which will prove effective necessarily include the absolute prohibition of the exportation of materials and implements of war to Japan, especially iron and petrol, the prohibition of the importation of staple Japanese products, the increase of tariff rates on those products as has been done in the case of German imports, the closing of certain ports to Japanese ships, and other measures of a similar nature. There are, of course, stronger and more effective weapons. But these economic reprisals which are fully justified in international law and, I believe, also permissible under American domestic law, will be sufficient to bring home to Japanese militarists the weight of public opinion of the United States which they cannot afford to ignore.

These measures, which will have the effect of weakening Japan's sinews of war and her general economic conditions, will inevitably compel her to take the only safe course left her by agreeing to solve all problems concerning China and other interested Powers at the council table. It will then be possible for the United States, by virtue of the Nine Power Treaty or her well recognized position as a peace-promoting State, to call a conference at which the participating Powers may be

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

503

able to seek, by processes of free negotiation, a settlement based on reason and justice. Measures of reprisal are thus only the means to an end -- an end desired by all peace-loving nations and bound to be accepted even by aggressor nations.

The termination of the conflict by conference may perhaps be brought about in another way. The Government of the United States may first invite the Powers chiefly concerned to a conference at Washington or elsewhere and, in the event of Japan declining to participate, would be the more justified in applying to a recalcitrant country the measures outlined above. The enforcement of such measures even for a brief space of time will surely bring Japan back to her senses and ultimately make her accept the conference proposal. Thus, the principles of the Nine Power Treaty may be upheld.

The second point of my thought relates to China's need of material assistance. After about two years' hard struggle for national existence, China, I believe, is now in a much better position than at any time during that period. The morale of our people as well as our army is excellent: the whole nation is more firmly united than ever: and the strength of our armed forces, in consequence of their recent reorganization and intensive training, is much greater than ever before. I state these facts because I know that, as the most trustworthy friend of China, you are deeply concerned with the outcome of our struggle.

I do not mean to say, however, that we are without serious handicaps. Owing to financial and transportation difficulties, our army is not yet adequately equipped as it should be. Furthermore, in the event of a European war, new difficulties are bound to arise in the matter of transportation, and any material aid which friendly nations may then be willing to accord to China, will certainly meet with more obstacles in reaching its destination.

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

504

Having enjoyed the benefit of America's moral support and financial help in the form of commercial credits, China looks forward with great earnestness to further timely material assistance from the American Government and financiers. Substantial amounts granted at this juncture would be of inestimable value to us in view of Japan's attempt to undermine our currency and economic fabric.

China is traditionally a peace-loving country. Relentless and ceaseless pressure of Japanese aggression in China has forced us to take up arms to resist, for we realize that as long as Japanese aggression persists, no peace consonant with justice and in conformity with the principles of the Nine Power Treaty can be attained. Unless and until such a peace is secured, China is determined to fight on and will never yield or surrender. If material assistance to China by friendly nations can be assured, there will not be the slightest doubt that she can and will curb the ambition of the Japanese militarists. In this way, China will be enabled not only to protect her own territorial and political integrity, and the rights and interests of the Western Powers in China, but also to contribute a large share to the maintenance of international peace and order.

The third point of my thought concerns the European situation in relation to the present conflict in the Far East. The present situation in Europe seems to be very discouraging. Should war break out, involving all the great democratic Powers in Europe, it is a certainty that Japan would employ all means of coercion and intimidation vis-à-vis Great Britain and France in order to bring about a change of the attitude they have hitherto assumed toward the Sino-Japanese conflict.

In such an eventuality, the attitude and action which the American Government may take, will prove to be the decisive factor in the shaping of future events in the Pacific. The recent transfer of the American fleet to the Pacific demonstrates

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

505

your great statesmanship and proves that you are fully aware of, and prepared to assume, the responsibilities which will fall upon your great country in the Pacific region when war breaks out in Europe. In that event, I sincerely hope that your country will exercise its best influence on the democratic Powers in Europe so that they may not come to any understanding with the aggressor nations in the Far East, which would be contrary to the spirit of the Nine Power Treaty, detrimental to the rights and interests of China and prejudicial to the successful prosecution of China's war of resistance.

The calling of a conference to settle the present bloody conflict, the enforcement of measures of reprisal against a treaty-breaking Power as a means to an end, the rendering of further assistance to a nation that is fighting for the maintenance of law and order among nations as well as for its own existence, the assuming of more responsibilities in the Pacific region in case of war in Europe, and any other possible methods, short of war, for securing peace are consistent, I suppose, with the laws of the United States and the current opinion of the American people, and may also, I venture to hope, be considered within the bounds of practicability.

I have no doubt that you have been giving serious consideration to the various aspects of these measures. What I feel inclined particularly to emphasize is the importance of the time factor. We have already fought for two years a war of resistance which, on account of Japan's increasing pressure, political, economic as well as military, is now entering its most critical stage. I therefore cannot refrain from expressing the fervent hope that your Government will take some positive action in dealing with the aggressor and giving further assistance to the defender before the end of the present year. I trust that other signatories of the Nine Power Treaty will not fail to follow your lead.

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

508

The attitude and action of the United States, with all her prestige, strength and resources, constitute a factor which Japan, however defiant and desperate she may be, must reckon with. The United States is at present the only country which Japan yet respects and to whose admonitions she cannot refuse to listen. You therefore hold the key to the solution of all Far Eastern problems, and consequently other problems of the world.

Knowing that you are endeavouring to achieve the same end as we are now fighting for, namely, the upholding of the sanctity of treaties and the maintenance of international peace and order, and confidently believing that your great country is China's real friend in time of crisis, I take the liberty of writing you this confidential letter, setting forth unreservedly for your kind consideration my personal views which, I am sure, represent the unanimous sentiment of the Chinese people. Any views which you may express to Dr. Yen in his capacity as my personal representative will be deeply appreciated and will receive my closest attention.

Very sincerely yours,

(Signed) Chiang Kai-shek.



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

(COPY: FE:HES)

THE EXECUTIVE YUAN

PERSONAL

Chungking, China.  
 August 17, 1939.

The Honorable Franklin D. Roosevelt,  
 President of the United States of America,  
 The White House, Washington, D.C.,  
 U. S. A.

Dear Mr. President:

I take great pleasure in sending you this message of remembrance and greetings through Dr. W. W. Yen, former Chinese Ambassador to Washington, who is on his way to attend the Institute of Pacific Relations Conference in Victoria as head of the Chinese Delegation.

Allow me to thank you for your esteemed letter received sometime ago through the courtesy of the American Embassy here and for your kind sentiments expressed therein toward the Chinese Government and people. Through Ambassador Johnson I was glad to learn also that you were enjoying good health and giving close and sympathetic consideration to the situation in China.

It is a source of satisfaction to me, as it must be to you also, to note the extension of economic co-operation between our two countries, particularly at the present moment. For your leadership which has made such friendly cooperation possible, I wish to assure you of my hearty appreciation.

I cannot let this opportunity pass without expressing my high admiration of the courageous and statesman-like step you have recently taken in declaring the abrogation of the American Trade Treaty with Japan. Prompted though it was by the necessity of protecting America's commercial interests, this timely measure was heartily welcomed and appreciated in China, especially as it came at a time when international developments were none too encouraging. I cannot sum up the reaction of the Chinese nation better than to quote Generalissimo

Chiang

*Copy for State*

507

*Copies sent to Peiping (Chungking)  
 Shanghai*

793.94/15483

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

508

-2-

Chiang Kai-shek who, only a few days before the world knew of your historic move, expressed the following belief: "The power making for justice held in the hands of friendly nations is now in process of gathering energy, and when the fitting moment comes it will make itself felt in a very effective manner. We believe that no friends will abandon or betray us while we ourselves remain sound and upright."

To you, Mr. President, I need hardly say that China is in effect fighting the battle of all democratic nations. The oft-recurring incidents in which the Japanese have trampled upon American rights and interests with impunity make me feel indeed sorry that our invaders have, in their undeclared war in this land, brought American rights and interests within the ambit of their lawlessness and aggression. Clearly, for America to help China financially and otherwise in checking the aggressor's ambition is to safeguard the security of America itself. On the other hand, I feel confident that if America should exert the full weight of its economic pressure on Japan, the latter's feet of clay must give way.

I look forward to ever closer friendship and cooperation between our two countries under your illustrious leadership.

With kindest personal regards,

Sincerely yours,

(Signed) H. H. Kung

H. H. Kung

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

509

November 9 1939

My dear Mr. President:

In response to your memorandum of November 4, 1939, there is enclosed for your consideration a draft of a letter to General Chiang Kai-shek, Chairman of the National Defense Council of the Chinese Government, in reply to his letter of July 20, 1939, which was handed to you November 3 by Dr. W. W. Yen, former Chinese Minister to the United States. There is also enclosed a draft of a letter to Dr. H. H. Kung, President of the Executive Yuan of the Chinese Government, in reply to his letter of August 17, 1939, which Dr. Yen also presented to you.

If you approve of the draft letters, I would suggest that upon signature they be returned to this Department for forwarding to General Chiang and Dr. Kung through

The President,

The White House.

793.94/15483

F/FG

0628

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

-2-

through our Embassy at Chungking. The letter from  
General Chiang and that from Dr. Kung are enclosed here-  
with.

Faithfully yours,

Wardell Hull

Enclosures:

1. Draft of letter to  
General Chiang Kai-shek.
2. Draft of letter to  
Dr. H. H. Kung.
3. From General Chiang to  
the President, July 20,  
1939, returned.
4. From Dr. H. H. Kung to  
the President, August 17,  
1939, returned.

OR 0207  
NOV 5 1939

GA  
FE:GA:HJN  
11/7

FE  
mm/14

PA/H-244

0629

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

510

*November 10, 1939*

My dear General Chiang:

I acknowledge the receipt of your letter of July 20, 1939, which was delivered to me on November 3 by your distinguished countryman, Dr. W. W. Yen, who was at one time Chinese Minister to the United States.

I greatly appreciate receiving through your letter and through Dr. Yen an expression of your views in regard to various aspects of the situations in the Far East and in Europe. As the situations have changed in important respects since your letter was written, especially by reason of the outbreak of hostilities in Europe, and as Ambassador Johnson called upon you on September 5 and, under instruction, discussed various questions bearing upon those which you mention, I shall not attempt to comment in detail on the views expressed in your letter.

I assure you that, as stated to you by Ambassador Johnson, the fundamental and traditional foreign policy of the United States is unchanged. Our attitude and position in regard to the situation and problems in the Far East have on numerous occasions been made known to various of the other governments concerned.

1003.04/15483

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

511

I have had several pleasant conversations with the present Chinese Ambassador, Dr. Hu Shih. Officials of the Department of State are at all times accessible to him, and the agreeable relations which he maintains in Washington provide continuous opportunity for helpful exchanges of views in regard to all aspects of the situation in the Far East, which situation continues to receive the closest attention of a number of officials of this Government including myself.

I have greatly enjoyed meeting and talking with Dr. Yen.

Very sincerely yours,

His Excellency  
 General Chiang Kai-shek,  
 Chairman, National Defense Council,  
 Chungking, China.

9A  
 FE:GA:HES  
 11-8

FE PA/H  
 m m A. 224

204  
 204

0631

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

512

November 10, 1939.

My dear Dr. Kung:

I have received and I appreciate the kind remarks contained in your letter of August 17, 1939, which was presented by Dr. W. W. Yen with whom I had a pleasant conversation on November 3.

I was gratified to note in your letter the statements of appreciation of the position and attitude of this Government. I need not reaffirm at length that we are giving the closest attention to developments in the Far East and that the attitude and policy of this Government remain unchanged.

With kind personal regards, I am

Very sincerely yours,

His Excellency  
Dr. H. H. Kung,  
President, Executive Yuan,  
Chungking, China.

GA  
FE:GA:REK  
11/7/39

FE  
*m.m.R*

PA/H  
*S.M.H*

793.94/15483

0632

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

513

November 26 1939

STRICTLY CONFIDENTIAL

No. 549

To the American Ambassador,  
 Peiping.

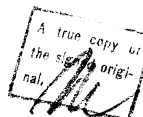
The Secretary of State encloses for the strictly confidential information of the American Ambassador a copy of a letter of July 20, 1939 addressed to the President by General Chiang Kai-shek, a copy of the President's reply thereto of November 10, a copy of a letter of August 17, 1939 addressed to the President by Dr. H. H. Kung and a copy of the President's reply thereto of November 10. The letters from General Chiang and Dr. Kung were handed to the President by Dr. W. W. Yen during the course of a call which he made on the President.

793.94/15483

## Enclosures:

1. From General Chiang to the President, July 20.
2. From the President to General Chiang, November 10.
3. From Dr. Kung to the President, August 17.
4. From the President to Dr. Kung, November 10.

NOV 26 1939 PM



Copy to Chungking.

Field distribution: Peiping (Chungking), Shanghai.

793.94/15483

F/FG

E.G.C.  
 FE:EGC:MHP RA FE  
 11/22/39

MTH



0633

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

November 25 1939

STRICTLY CONFIDENTIAL

To the American Consul General,  
Shanghai, China.

The Secretary of State encloses for the strictly confidential information of the American Consul General a copy of a letter of July 20, 1939 addressed to the President by General Chiang Kai-shek, a copy of the President's reply thereto of November 10, a copy of a letter of August 17, 1939 addressed to the President by Dr. H. H. Kung and a copy of the President's reply thereto of November 10. The letters from General Chiang and Dr. Kung were handed to the President by Dr. W. W. Yen during the course of a call which he made on the President.

Enclosures:

1. From General Chiang to the President, July 20.
2. From the President to General Chiang, November 10.
3. From Dr. Kung to the President, August 17.
4. From the President to Dr. Kung, November 10.



Field distribution: Shanghai, Peiping (Chungking).

793.94/15493

FE:EGP:MHP FE  
11/22/39

NOV 24 1939 PM

793.94/15483

F/FG

*MTH*

0634

DECLASSIFIED: E.O. 11652, 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

Washington,

November 22, 1939.

514  
TO BE TRANSMITTED  
X CONFIDENTIAL CODE X  
NONCONFIDENTIAL CODE  
PART AIR  
PLAIN  
NAVAL RADIO

AMEMBASSY,

CHUNGKING (China) *via NK*

223

Strictly Confidential.

Department's 459, November 21, 8 p.m., to Shanghai.

The two covers in question contain replies to letters which the Department has received from the addressees. The substantive paragraph in one contains a statement that QUOTE as stated to you by Ambassador Johnson, the fundamental and traditional foreign policy of the United States is unchanged UNQUOTE; and in the other, the statement QUOTE that we are giving the closest attention to developments in the Far East and that the attitude and policy of this Government remain unchanged. UNQUOTE

Sent to Chungking only.

*Willes*  
Acting

793.94/15483

GA  
FE:GA

PA/H:SKH:ZMK

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19 \_\_\_\_\_

D. C. R.—No. 80

1-1462 U. S. GOVERNMENT PRINTING OFFICE

793.94/15483

F/FG

This cable was sent in confidential Code. It should be carefully guarded before being communicated to anyone. *A-1*

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

## CROSS-REFERENCE FILE

### NOTE

### SUBJECT

Naggiar said he was returning to Moscow to investigate report that Soviet Union proposed to Japan that they collaborate in the division of China.

793.94/15484

For the original paper from which reference is taken

Tel. #2723 11 p m  
See \_\_\_\_\_  
(Despatch, telegram, instruction, letter, etc.)  
Dated Nov. 10 1939 From Frnace (Bullitt)  
To \_\_\_\_\_  
File No. 761.94/1154

U. S. GOVERNMENT PRINTING OFFICE 1-1840

bb

15484

063E

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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Sixth Plenary Session of the Central Executive Committee  
of the Kuomintang: opening of-, at Chungking, Nov 12.  
Address by General Chiang as published in CENTRAL NEWS:  
Salient statements of-,

FRG.

793.94/  
15485

For the original paper from which reference is taken

See Tel #591; Noon  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov 13, 1939 From China (Chungking) (Johnson)  
To

File No. 893.00/14463

U. S. GOVERNMENT PRINTING OFFICE 1-1640

FRG.

15485

DECLASSIFIED: E.O. 11652, 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

PAP

PLAIN

CHUNGKING VIA N.R.

Dated November 13, 1939

Rec'd 4:45 a.m.

10/14  
793.94

Secretary of State

Washington

591, November 13, noon.

Sixth plenary session of the Central Executive Committee of the Kuomintang opened in Chungking November 12 and following are salient statements made by General Chiang in address as published in CENTRAL NEWS:

Reviewing events since last session of committee nine months ago he stated that Japan's military, political and economic offensives are daily drawing nearer their foredoomed failure. Initiative of troops and patriotism of people convince him of China's ultimate victory. Japan's present immediate objective is to create so-called "new Central Government" in China and secondly to reconcile third powers to its program. This political trick cannot subdue China when military power has not sufficed to do so nor will cessation of attacks on Great Britain and France reconcile them. "Nomura has indeed been courting America's favors, yet as long as Japan is bent on murdering the Nine-Power Treaty and the open door principle the American Government

893.00  
17463

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

PAP -2- 591, November 13, noon from Chungking

Government and people will not be deceived by sugar-coated words. For the time being Japan, of course, desires Soviet Russia's friendship. Should she be sincere, however, why must she compel Wang Ching Wei to sign an anti-communist pact and designate North China and Inner Mongolia as special areas under her influence? Even today while hoping for closer relations with Germany she is nevertheless urging the latter to prosecute the anti-Comintern pact, a task that the Berlin Government can no longer undertake. Japan's friendly gestures and pledge of neutrality regarding the European war are all deceptive as her very encroachment on the vital interests of western nations in China go indirectly to weaken their position in the world and facilitate directly her fixed scheme of world conquest. ... The Chinese leader then expressed his confidence that friendly powers in the interest of all would not be duped by Japan into sponsoring either directly or indirectly the cause of aggression. Since the Mukden incident China's foreign policy has been based on four points: resisting aggression to protect our territorial and administrative integrity; upholding the validity of international conventions, especially that of the Nine-Power Treaty, the League Covenant and the anti-war pact; refusing adhesion to any anti-communist pact; maintaining absolute independence in diplomacy. The final and fixed aim

in

7631

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

PAP -3- 591, November 13, noon from Chungking

in all our efforts is to secure national emancipation and  
equality."

Repeated to Shanghai, Peiping. Shanghai mail to Tokyo.

JOHNSON

OPW

0640

DECLASSIFIED: E.O. 11652, 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

TELEGRAM SENT

TO BE TRANSMITTED  
 CONFIDENTIAL CODE  
 NONCONFIDENTIAL CODE  
 PARTAIR  
 PLAIN

Collect  
 Charge Department  
 OR

Department of State

Charge to  
 \$

Washington, *Gray*  
 November 13, 1939.

1939 NOV 13 PM 5 21

AMEMBASSY,

TOKYO (JAPAN). VIA SHANGHAI.  
 INFO: AMEMBASSY, PEIPING (CHINA).  
 AMEMBASSY, CHUNGKING (CHINA).  
 For your information.

*See 893.01/598*

One. On October 11 the Counselor of the Japanese Embassy, when calling on an officer of the Department, expressed the opinion that a central regime would be set up very soon under Wang Ching-wei; that the regime would not repeat not be a puppet one; that it would be a fully independent and well-established government; but that it would probably be necessary, from the point of view of combating communist activities, for Japanese forces to remain at certain points in China for a period of time. On November 7, during a call on another officer of the Department, the Counselor again referred to the proposed regime, stating that the Japanese placed great hopes in its establishment; that the Japanese expected the regime to become a stable and independent one like Manchukuo; that he did not repeat not expect the Japanese to raise questions of de jure recognition of the new regime by the United States and other powers but it was hoped that, as a solution to many difficulties, foreign governments would deal and cooperate with the new regime. In regard to the question

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19 \_\_\_\_\_

793.94/15485A

F/Fg



0641

DECLASSIFIED: E.O. 11652, 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  
 PARTIAL  
 PLAIN

Washington,

- 2 -

of Japanese troops, the Counselor stated that it was hoped that the time would come when they could withdraw but that of course was a very difficult question.

Two. It is our opinion that the proposed regime, if set up, would be a purely artificial creation, and that its existence would depend upon Japanese armed support; that the regime would lack any spontaneous repeat spontaneous or genuine <sup>broad</sup> support on the part of the Chinese public; and that it would be designed primarily to serve the special purposes of Japan which, as in the case of the regimes established during recent years under Japanese auspices in Manchuria, Inner Mongolia, at Peiping and at Nanking, would result in depriving the people and the Government of the United States, and the people and governments of other third countries, of long-established rights of equal opportunity and fair treatment in China which are legally and justly theirs. We could not repeat not regard the setting up of such a regime as evidence of a disposition on Japan's part to pursue a course in and with regard to China which would be in accord with fundamental principles and policies in which this Government believes. The setting up of such a regime would therefore in our opinion serve to

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19\_\_\_\_, \_\_\_\_\_

0642

DECLASSIFIED: E.O. 11652, 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

Collect

Charge Department

OR

Charge to

\$

## TELEGRAM SENT

Department of State

TO BE TRANSMITTED  
CONFIDENTIAL CODE  
NONCONFIDENTIAL CODE  
PARTAIR  
PLAIN

Washington,

- 3 -

render more difficult rather than to facilitate an adjustment  
of American-Japanese relations.

Sent to Tokyo. Repeated to Peiping and Chungking.

~~RECEIVED~~

*Free*

NOV 23 1959 PM

FE:LES:MMH/REK

*FE*  
*mmh*

*PA/H*  
*Sick*

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19\_\_\_\_, \_\_\_\_\_

D. C. R.—No. 50

1-1452 U. S. GOVERNMENT PRINTING OFFICE

8

## JAPANESE CABINET TO STAND GROUND

Revolt Lowers Prestige, but  
Attention Will Be Kept on  
U. S. and Chinese Problems

### GREW'S TALKS WILL GO ON

Plan for Wang's Regime to Be  
Given Today—Embargo Is  
Urged in Chinese Press

By HUGH BYAS

Wireless to THE NEW YORK TIMES.

TOKYO, Monday, Jan. 8—More than a majority of the House of Representatives—276 members from a total of 448—have now signed a declaration of non-confidence in Premier Nobuyuki Abe's Cabinet. The government, however, still adheres to its decision to face the session and continue its two major policies, a settlement in China and renewal of a commercial treaty with the United States.

The Cabinet is somewhat shaken by the extent of the opposition that is developing against it. The agitation is still a soldiers' campaign, led largely by members whose careers are in the making. None of the recognized party leaders has signed the declaration or committed himself to support a vote of non-confidence if one is actually moved, nor have any of the members who are sponsoring the agitation even hinted that they will oppose the budget or other vital legislation.

Their attitude is simply that the Abe Cabinet is not good enough to handle Japan's difficult situation. They clamor for a new Cabinet, knowing that they will not be consulted in the process nor allowed to share its authority.

The Cabinet, in the meantime, does not intend to retire, and can probably arrange matters so that a vote of censure will not obtain a majority. Its prestige has been severely injured, but then General Abe's appointment was a complete surprise and his Cabinets never did have much prestige.

The importance of the present revolt lies in its revelation that the party politicians have again recovered their courage. The stupor caused by the political assassinations in the "Young Officer" revolts is passing away. The politicians still cannot form governments, but they are asserting their power to dismiss governments of which they disapprove.

Whether General Abe's Cabinet retires next month or next year, it seems likely that he will be the last of Japan's amateur Premiers.

### New Grew Talk Scheduled

TOKYO, Monday, Jan. 8 (UP)—Foreign Minister Admiral Kichisaburo Nomura and the United States Ambassador, Joseph C. Grew, will resume negotiations this week in an effort to find a working agreement to replace the Japanese-American commercial treaty which expires on Jan. 26, it was understood today.

The conversations, which have been under way intermittently since President Roosevelt denounced the basic agreement between the two powers, may be resumed tomorrow.

Admiral Nomura, it was understood, is prepared to tell the Ambassador of the government's decision to sponsor a new "Central Chinese Government" under former Chinese Premier Wang Ching-wei and may inform him of the date when the new regime will be proclaimed.

Persons close to the Foreign Minister said he would tell the Ambassador that Japan planned to turn all China's foreign relations to the new China regime as rapidly as possible and that Mr. Wang already was pledged to respect all American rights in China.

Reopening of the Yangtze River to international commercial traffic, as demanded by the United States, will be announced by the new Chinese Government as one of its first acts, the informants said. The stream at first will be opened as far as Nanking, but an extension will be made to Hankow in the Spring, it was said.

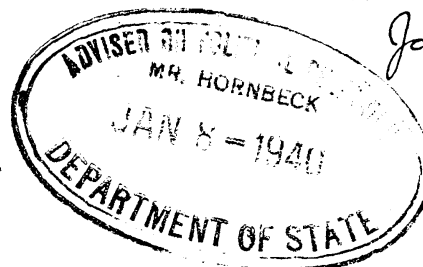
### Cabinet Meets Today

The Cabinet was scheduled to meet in extraordinary session today to hear complete details of the agreement to launch Mr. Wang's government as worked out by Japanese authorities in China and approved by the China Affairs Board—supreme Japanese organ for China relations.

Premier General Nobuyuki Abe and his key Ministers already have approved the program, which is reported to include a draft text of the proposed peace treaty which Japan will sign with Mr. Wang as soon as Mr. Wang's regime is firmly established.

After the full Cabinet's approval the Premier will report to Emperor Hirohito and then will meet with heads of the political parties to apprise them of the detailed program in advance of the reopening of Parliament on Jan. 20.

In line with traditional Japanese procedure the details of the China program were worked out nominally by army officers in China and then approved by the War Office which, in turn, submitted the plan to the China Affairs Board. The board approved the program yesterday after an explanation by its Inspector General, Lieut. Gen. Heisuke Yanagawa. The Ministers of War, Navy, Foreign Affairs and Finance all attended the session.



1644

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

# TELEGRAM RECEIVED

PAP

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (Br)

FROM

CANTON VIA N.R.

Dated November 15, 1939

Rec'd 5:10 a.m.

Secretary of State

Washington

PRIORITY.

140, November 15, 4 p.m.

I have been informed in confidence by Japanese Consul  
General that Japanese forces are landing at Pakhoi today  
and expect to complete occupation immediately.

Repeated to Chungking, Peiping, Hong Kong.

KRENTZ

CFW

793.94/15486

F/F G

NOV 20 1939

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

NO: 140

# AMERICAN CONSULATE

Foochow, China

*A/H/c*

RECEIVED  
DEPARTMENT OF STATE  
1-1055

NOV 14 PM 4 21

DIVISION OF  
COMMUNICATIONS  
AND RECORDS

*A*  
*file*  
FAR EASTERN AREA  
NOV 15 1939  
Department of State

September 30, 1939.

RECEIVED  
DEPARTMENT OF STATE  
NOV 15 1939  
COMMUNICATIONS AND RECORDS

SUBJECT: Pingt'an Island falls again.

THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

SIR:

*Ward*  
*h*

*ONLY MID*

795.94/15487

I have the honor to refer to this Consulate's  
despatches no. 132, dated August 12, 1939, and no. 137,  
dated September 11, 1939, recounting respectively the  
capture of Pingt'an Island by Japanese forces on July 6  
and its recapture on September 5 by Chinese soldiers,  
and in that connection to transmit herewith a copy  
of the Consulate's despatch no. 109 of today's date  
to the Embassy, concerning the second fall of Pingt'an  
Island into Japanese hands.

Respectfully yours,

*Robert S. Ward*

Robert S. Ward  
American Consul

Enclosure:

Copy of despatch no. 109, dated  
September 30, 1939.

800/350  
RSW:hcy

In quintuplicate.

NOV 22 1939

F/FG

0646

DECLASSIFIED: E.O. 11652, 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. 140, dated September 30, 1939, from Robert S. Ward, American Consul at Foochow, China, on the subject of "Pingt'en Island falls again".

No. 109

AMERICAN CONSULATE  
Foochow

September 30, 1939.

Subject: Pingt'en Island falls again.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping.

Sir:

I have the honor to refer to this Consulate's despatches no. 102, dated August 12, 1939, and no. 107, dated September 11, 1939, recounting respectively the capture of Pingt'en (平潭) Island by Japanese forces on July 6 and its recapture on September 5 by a company of soldiers of the Chinese 80th Division, and with reference to those reports, I have now the further honor to state that sometime between September 20 and 25 a group of Chinese bandits, possibly augmented by a force of Formosans and armed with Japanese army rifles, munitions, and a few Japanese machine-guns, landed on the Island and was successful in driving out the small company of Chinese soldiery who had been charged with the defence of the Island, and completed its occupation in the midst of a great deal of bloodshed and confusion.

Reports brought to interested American missionaries by their Chinese converts and others who may or may

not

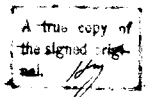
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
 Department of State letter, August 10, 1972  
 By Milton C. Gustafson NARS, Date 12-18-75

-2-

not be in a position to testify to the facts indicate that the bandit group took over certain school buildings, the property of the American Methodist Mission, and apparently also some other property of the Women's Foreign Missionary Society. The Consulate has been unable to procure any definite or reliable information concerning this alleged occupation of American property: it is not even clear, for instance, whether the property is actually occupied by Chinese outlaws or by Formosans acting under the direction of the Japanese military.

Whatever may be the situation of the American property on the Island, it is fairly clear that the invaders are acting under Japanese direction, since one of the latest reports to be received in Foochow after the second capture of Pingt'an is to the effect that the Japanese flag now flies on all public buildings on the Island, the old five-barred flag of the first Chinese Republic occasionally appearing beneath it.

Respectfully yours,



Robert S. Ward  
 American Consul

800/350  
 RSW:hcy

Five copies to Department, sent under cover of despatch no. 140 of September 30, 1939.  
 Copy to Embassy Chungking.  
 Copy to Consulate General Shanghai.

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

NO. 2600

AMERICAN CONSULATE GENERAL,  
 Shanghai, China, October 12, 1939.

1939 NOV 15 PM 3 11

DIVISION OF  
 COMMUNICATIONS  
 AND RECORDS

*A y [unclear] file*  
*P [unclear]*  
*Wm [unclear]*

SUBJECT: Intelligence Summaries for September 1939.

SEARCHED	INDEXED	SERIALIZED	FILED	YES	NO

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

793.94

I have the honor to refer to my despatch no.  
 2536 / 15423 of September 15, 1939, and to enclose, as of  
 possible interest to the Department, copies of  
 1/ intelligence summaries for the month of September  
 1939, prepared by the Intelligence Officer of the  
 United States Fourth Marines.

DEPARTMENT OF STATE  
 ASSISTANT SECRETARY  
 OF STATE  
 DEC 15 1939

Respectfully yours,

*[Signature]*

C. E. Gauss  
 American Consul General

Enclosure:

1/ - Intelligence Summaries for  
 September 1939.

800  
 EFS:fc

In single copy.  
Copy to Embassy, Peiping.  
Copy to Embassy, Chungking.

DEC 18 1939

FILED

793.94/15438

F/F G 15448



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

DECLASSIFIED  
 E.O. 11652, Sec. 3(E) and 5(D) or (E)  
 OSD letter, May 3, 1972  
 By [Signature] NARS Date 2/19/73

DCH/am HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA.  
 2 September, 1939.

RESTRICTED:

R-2 REPORT, PERIOD 0800 26 AUGUST, TO 0800 23 SEPTEMBER, 1939:

PEIPING:

With destitute refugees invading Peiping by the thousands, the food and housing problem has become acute. Marshall Wu Pei Fu has appealed to both the Provisional Government and the Government of the surrounding provinces for funds to aid these starving Chinese and Russians. Peiping authorities estimate that six thousand Chinese and two thousand White Russians are completely destitute and dependent on charitable aid. Cholera has been reported in Tientsin and the Japanese Army is contemplating cutting off the evacuation of refugees from the infected areas to prevent an epidemic. If this action is taken it will mean certain death for hundreds of thousands in the flooded area, but will permit the Peiping authorities to cope in a small way with the refugees already in Peiping.

Reports from Peiping state constantly increasing cases of white slavery, affecting both Chinese and Japanese refugee girls in the provisional capital. Destitute girls are approached at the station and offered rooms and food, Later these girls are placed in various houses of prostitution. Japanese papers in Peiping are advertising, "Gay and fresh Japanese girls from Tientsin here for your entertainment."

European events are having repercussions in Peiping, although no word has passed the censors regarding the Russian-German accord. As in Shanghai Swastika Flags have disappeared from the motor cars of German nationals. This week the Japanese controlled Chinese language papers featured stories stating that Europe was divided into two camps both seeking the aid of the Japanese, thus putting the fate of the white race at the mercy of the yellow peoples.

DECLASSIFIED: E.O. 11652, 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 -

TIENTSIN:

The Japanese Army reports that an estimated thirty thousand square kilometers in North China are under flood waters. Further estimates by the same source claim that ten thousand people have been drowned, three million have been affected by the flood and six hundred thousand are in need of immediate relief. Ten million yen worth of supplies stored in Tientsin godowns has been reported a total loss, while the total property damage in Tientsin is put at four hundred million yen. The Japanese to alleviate in some measure the suffering of the thousands of refugees have permitted the Bank of China and the Bank of Communications of Shantung and Shansi to circulate Koumintang notes at two hundred and forty percent discount until the end of September.

The British and French Consul Generals requested the Japanese Consul General to use his influence in having the examination and search of Chinese coming out of the Concessions relaxed in order to let the refugees find shelter elsewhere. They also asked for permission to use the Japanese godowns in their respective Concessions as refugee havens.

Wang Keh Min head of the North China Provisional Government berated the Japanese Military Authorities in Tientsin for obstructing refugee aid. He stated that at a time like the present there should be no discrimination, and that political considerations should be done away with.

It is reported that the local Tientsin Military, despite the recent Russo-German accord, have instructions to resume the anti-British agitation but to cease to provoke anything resembling a general anti-white sentiment.

While the present flood has done almost incalculable damage, and according to the best authorities will take months to subside, the possibility of the Tientsin area being menaced by new flood waters coming from the interior in the near future was announced by the Japanese Military Authorities. The Japanese report they are breaking the dykes and doing everything else in their power to divert the flood waters from the Tientsin area.

- 3 -

SHANTUNG:

While the neighboring provinces are suffering from floods, reports received here state that the province of Shantung is faced with the greatest drought in its history. Most of the spring crops including millet, laoliang, sweet potatoes and soya beans, are withering in the fields and unless considerable rain alleviates this condition they will be a total loss. This will mean certain famine for millions, while the neighboring provinces, having lost their crops due to flood and the locust plague, stand in more need than ever of the cereals Shantung usually exports to them.

The financial situation has shown no turn for the better since the Japanese instituted enforced use of Federal Reserve Bank Notes. Even before the present acute shortage, the farmers refused to accept these notes as payment for grain but readily sold grain for Chinese banknotes recognized by the Central Government.

The political situation in Shantung has changed but little since the Japanese occupied the province two years ago. Skirmishes between Japanese forces and Chinese guerrillas are constantly reported, but no large scale clashes have been reported recently. The Japanese troops are keeping the main highways under constant repair for military purposes. They recently installed a bus-line which functions daily from Kaomi to Chucheng for passenger and freight traffic.

ECONOMIC:

To enforce a recent decree by the Nanking "Reformed" Government to the effect that customs duties must be paid in Hwa Hsing Commercial Bank Notes, Japanese employees of the Yokohama Specie Bank occupied the Shanghai Customs Offices yesterday. When the Chinese employees and officials from the Central Bank arrived at office hours yesterday morning the Japanese had already taken over. The Chinese officials immediately left the Customs building and filed a report of the incident with Chungking and Sir Frederick Maze, Inspector-General of the Customs.

- 4 -

ECONOMIC CONT'D:

Payment of customs duties in Hwa Hsing Bank Notes has the effect of increasing those duties by sixty four percent. For according to the present open market exchange rates one hundred Hwa Hsing dollars are equivalent to one hundred and sixty four Chinese National Yuan. As a result of this stiff increase and the unfamiliarity of the Japanese with the customs proceedings no duties were accepted yesterday. The few traders who attempted to pay duties in Hwa Hsing Notes were told to come back later when the Japanese had familiarized themselves with the routing. There is some indication that the Japanese will be replaced in the customs building by Chinese clerks from the Hwa Hsing Bank.

Nothing has been learned as to the disposition of the customs to be collected in Hwa Hsing Notes. Presumably they will be deposited in the Yokohama Specie Bank per Anglo-Japanese Customs Pact of 3 May, 1938, under which terms the revenue of the Shanghai Maritime Customs was deposited with the Yokohama Specie Bank instead of the Hongkong and Shanghai Banking Corporation. The Japanese were in turn supposed to use these funds to service China's Foreign obligations. On 20 January, 1939, the Japanese announced that since China had not paid her share on the installments Japan would no longer undertake to service these obligations. Since then the customs receipts have been on deposit in the Yokohama Specie Bank. However, the Japanese are strongly suspected of using this fund to buy foreign exchange. This, undoubtedly, will be the fate of the Hwa Hsing Notes collected as customs duties.

SHANGHAI:

Rice:

Regardless of the fact that there has been no appreciable increase in the stores of rice in the Settlement and French Concession during the past week the price here has dropped almost daily until on 1 September the retail price of second grade rice ranged from \$22.00 to \$25.00 while first grade rice sold from \$27.00 to \$31.00 a "zar."

- 5 -

Rice cont'd:

Part of this decrease in price is due to less purchasing by rice shop owners who are not anxious to increase their stocks at the present time as a plentiful supply of grain and a consequent drop in price is expected. But more important is the willingness of the Japanese to allow supplies of the grain to enter Shanghai from the interior. The Shanghai Municipal Council recently was notified to this effect. One of the reasons for the easing of restrictions on incoming supplies is the Japanese Military now have sufficient stores on hand.

The stock of rice in Shanghai on 1 September was estimated to be in the region of 62,000 "zars." The threatened typhoon and the stormy weather were responsible for the small amount of rice entering Shanghai during the middle of the week. From 26 August thru 31 August 25,080 "zars" arrived in Shanghai. While the rate of consumption here remains at around 10,000 "zars" a day, the demand of the people during the past few days has shown a falling off believed to be due to sufficient stocks already purchased. While Nanking and Sungkiang continue to be the chief source of supply for Shanghai some rice reached here from Kompo and points located in the Shanghai-Nanking-Hangchow triangle.

The 18,000 bags of Saigon rice purchased by Mr. Yu Ya-ching and his associates are expected here on 2 September. 10,000 bags of this shipment are earmarked for local refugees; the other 8,000 will go on general sale at a reasonable price due to the fact that the Chungking Government supplied the importers with sufficient British currency at the Government rate of exchange.

On 26 August 850 bags of rice arrived at the Shanghai North Railway Station from the interior but were prevented from being transported into the Settlement and French Concession by the Japanese Military. The rice was later released and permitted to be removed into the Settlement on 28 August following an agreement to sell to the Japanese authorities 80 bags at \$20.00 per "zar."

- 6 -

Rice cont'd:

There have been several instances of the Japanese stopping rice enroute to Shanghai and forcing the owners to sell their grain to the villagers at a reduced price. This action, of course, is to gain the goodwill of the Chinese. On 31 August the Japanese allowed 11 boats of a 17 boat shipment to proceed to the Settlement from Pootung where the boats had been held since 25 August. The reason for releasing the 11 boats is that the dealers agreed to unload 6 boats and sell the rice at Pootung at \$20.00 per "zar." The Japanese have also been arranging for sales of rice at reduced prices in other areas surrounding Shanghai including Nantao, Chapei, Civic Center and Kiangwan.

A report to the effect that the Ministry of Interior of the Reformed Government had despatched to Shanghai 100,000 "zars" of rice from Wuhu for the people in the Settlement and French Concession has failed to find confirmation from local merchants. Information from these sources show, however, that the Japanese had bought more than 60,000 bags of rice which Chinese dealers had purchased at the end of July, 1939 but were unable to transport it here because the authorities refused them permits. Whether this rice will be sold in the Settlement and French Concession is at present unknown.

Western Areas: - Summary for the Month of August:

The Bureau of Finance of the "Shanghai City Government" commenced collecting a business tax from the industrial and business concerns situated in the outside roads area in the Western District at the beginning of the month. The tax ranges from .1% to .3% and was collected as from March 1939.

The Special Service Corps of the "Chung Kuo Koumintang Anti-Comintern and National Salvation Army," a pro-Wang Ching Wei organization (supported by the Japanese) which tangled with the Italian Marines on 3 August (see report of 9 August) have busied themselves lately by forcing the evacuation of certain houses off Jessfield Road located near the office of their organization (76 Jessfield Road). All the residents therein evacuated before 24

- 7 -

Western Areas cont'd:

August, as a result of intimidation, while tenants of 3 houses were ejected. Information revealed that these houses had been scheduled to serve as billets for some 500 ex-guerrillas hitherto operating in the suburbs of Shanghai. Some 3,000 such guerrillas are said to have been bought over by this Corps and after reorganization were to be despatched to the Western District.

The Corps was also endeavouring to extend its influence among local labor circles. A general labor union is in the course of formation. Attempts were made to absorb the workers of the China General Omnibus Company in order to strengthen the influence of the Corps in the Western District.

Propaganda against the British, the National Government and Communism continued to make its appearance in the Western District. Altogether 22 gambling dens were in operation in the Western District throughout the month. The number of opium hongs in the extra-Settlement Roads area is 42.

A patrol party of the "Shanghai City Government Police Bureau" and a patrol of the Shanghai Municipal Police clashed on 19 August on Jessfield Road. The S.M.P. patrol which consisted of one foreign police sergeant (KINLOCH) and three Chinese policemen were patrolling in an S.V.C. armored car. The S.M.P. patrol halted the Ta Tao patrol (about 10 men) to ascertain from them the reason for their presence on the Municipal Road. Kinloch claims that during the talking which ensued one member of the Ta Tao police shot him in the back. He then opened fire with his Thompson sub-machine gun, killing two Ta Tao police, wounding two more and dispersing the others. None of the S.M.P. saw the shot fired which wounded Kinloch.

The Japanese Consul General protested the incident to the Municipal Council as did the "Mayor" of Greater Shanghai. The Council's reply asserted that the police sergeant opened fire only after he had been attacked, his sub-machine gun not having been loaded until after he had first been fired on and wounded.

- 8 -

Western areas cont'd:

Following this clash, members of the Western District Police Bureau were reported to have been exhorted by their superiors to adopt a strong attitude towards Settlement Police, and promised compensation for those either wounded or killed.

As a protest against the incident, the "Great Peoples Society" (pro-Japanese organ) and the subordinate organs of the "Shanghai City Government" sponsored meetings and processions on 27 August in Pootung, Nantao and Chapei, during which anti-British propaganda matters were disseminated.

PRO-BRITISH:

Several cases of a pro-British attitude have been shown here by the Japanese Military during the past week. The Japanese troops facing the British troops on the western perimeter have occasionally been offering the British soldiers Asahi Beer. Also, whenever a British Officer has put in his appearance on the boundaries the Japanese sentries have quickly presented arms, something very unusual since the beginning of hostilities in 1937.

FRENCH CONCESSION:

On 1 September the French Police took into custody the President of the Second Special District Court (Chinese). The President and the Court store-room keepers are accused of selling stores of opium which were confiscated by court order. The information leading to the arrests was supplied by a Chinese recently caught in the possession of opium. It is possible that the latter named person was sent into the Concession with opium on his person in the hopes that he would be arrested and subsequently implicate the President of the Court and the store-room keepers. It will be remembered that the Japanese and the "Reformed" Government have for months been actively campaigning for the control of the Chinese Courts in the Concession and the Settlement.

*Donn C. Hart*  
DONN C. HART

First Lieut. U.S. Marine Corps  
Assistant Regimental Intelligence Officer.

-----



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

DCH/am

HEADQUARTERS, FOURTH MARINES

SHANGHAI, CHINA.

RESTRICTED:

9 September, 1939.

R-2 REPORT, PERIOD 0800 2 SEPTEMBER, TO 0800 9 SEPTEMBER, 1939:

MILITARY OPERATIONS:

Taking advantage of the preoccupation of England and France, which precludes the possibility of these countries lending effective aid to China, the Japanese are preparing to launch new wide spread offensives. Reports have been received here of heavy Japanese troop concentration in the Yochow-Hankow-Tienmen Triangle in preparation for a drive on Ichang. The largest concentrations are reported north of the Yangtze where they are supported by 18 gunboats newly arrived in the vicinity of Hankow. Fighting, according to these reports, has already broken out in the Yochow area but the main drive will undoubtedly be against Ichang where twice before the Japanese have been driven back after making desperate attempts to capture this city. The strategic importance of Ichang as the key to the passes over the Yangtze Gorges cannot be overestimated. Should this town be taken by the Japanese, supplies coming from Chungking and Yunnanfu into the Hankow area would be most seriously restricted if not totally cut off. The cutting of this important route of supplies would probably mean the end of serious Chinese resistance on the Hankow front and would permit this area to be held by a minimum of Japanese troops.

The French Intelligence Office reports that on September 7th 100,000 Chinese troops crossed the Yellow River and launched an offensive against the Japanese in Western Shansi. The report also states that General Chu Teh, Commander-in-Chief of the 8th Route Army (Communist), who is concurrently Vice-Commander of the 2nd War Zone (Shansi-Suiyuan) has left his headquarters at Yen-an for Western Shansi to direct this new offensive. General Chu Teh, commonly known as the Red Napoleon, is perhaps the ablest of Chinese Generals and has had unqualified success in his guerrilla operations against the Japanese. This is the first time he has led regular troops, which gives the outcome of this campaign an added interest.

- 2 -

POLITICAL:

The Japanese Government has requested the British and French Governments to respect the neutrality of the Japanese occupied area and withdraw their armed forces and naval vessels from China. The local British and French authorities have forwarded this request to their respective Governments and as yet have received no instructions. The Japanese have in turn offered to exercise their utmost efforts for the protection of lives and property of the several belligerent powers. While the Japanese request was mildly worded and given in the form of "Friendly Advice", Japanese warships are reported to have arrived in Hankow and anchored alongside of French and British gunboats stationed there. Local opinion seems equally divided upon the probable course to be pursued by the British and French. One camp feels that the belligerents will be obliged to withdraw in accordance with International Law which provides for the withdrawal of armed forces from neutral territory or face internment. While others maintain that since the British and French Governments do not recognize Japanese Sovereignty over the occupied areas as no war has been declared, the Japanese have no legal right to demand the withdrawal of belligerent forces.

ANTI-BRITISH:

The Japanese Gendarmes arrested Private T. SIMPSON of the Durham Light Infantry in a Peiping cafe after he had threatened Japanese civilians with a Chinese "Blue Dragon" Sword. This Sword is a broad blade scimitar like weapon widely used by Chinese Guerrillas in the occupied areas. The Japanese failed to explain where SIMPSON might have gotten this weapon or the motive for the attack, but described the British Soldier as drunk. The Japanese Gendarmes have promised to turn SIMPSON over to the British military authorities but as yet no date has been set for this transfer.

1659

DECLASSIFIED: E.O. 11652, 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 -

LT-COLONEL SPEAR:

Lt-Colonel Spear, British Military Attache, was released in Peiping yesterday after four months detention in Kalgan by the Japanese. In releasing Spear the Japanese explained that although his actions were contrary to Japanese Military Regulations, they thought violation of these regulations was due more to Spears recklessness than to any malicious intent. When correspondents questioned the Japanese Army spokesman why it was impossible to release Spear three months ago, the spokesman said that thorough investigation in such cases is imperative and such investigation leads to months of delay.

When questioned as to his treatment at Kalgan, Lt-Colonel Spear stated that his treatment was the best that could be expected under the circumstances. He paid tribute to several of the Japanese staff officers who he claimed had done everything possible to make his long detention as comfortable as possible.

The release of Lt-Colonel Spear is believed due to the efforts of Major-General Piggott, British Military Attache to Tokyo, who is in Peiping on an unofficial visit. General Piggott is an old friend of General Sugiyama Commander-in-Chief of the Japanese North China Forces. It was first suggested that Spear being a member of the British Army, and Japan being neutral, the Japanese could find further detention incompatible with strict neutrality. This arrangement it was argued would save face for all concerned. Since, however, the Japanese have raised the question of all British troops being withdrawn from China in order to respect Japanese neutrality it is believed that the British were more willing to take the blame for Spears actions than to lay the foundation for further neutrality based claims by the Japanese.

ANTI-FOREIGN:

The Japanese Gendarmes in Tientsin are reported to have occupied the American YMCA building located in the Japanese controlled Chinese city. When questioned regarding this occupation the Gendarmes stated they wanted the auditorium which is located on the

- 4 -

ANTI-FOREIGN CONT'D:

second floor of the building, for the purposes of training their soldiers. No American was at the YMCA at the time of its occupation by the Japanese and the sixty Chinese staff members who had taken refuge in the building at the commencement of the flood were forced to evacuate the building. It is understood that American Diplomatic Officials have asked the Japanese to vacate this building which was a gift of John Wanamaker.

Anti-British movement in North China does not appear to have abated. A Japanese spokesman is reported to have declared that if "We Japanese and Chinese must force Britain to alter her hostile attitude and the move takes violent form, we can only consider it a necessary evil." The latest tactics of the Anti-British Committee is the distribution of handbills threatening violent death to all Britons who don't evacuate Peiping immediately. There are no reports available as to how effective the present campaign against the British is. The Japanese Army authorities yesterday stated they saw no possibility of cessation of the Anti-British drive in North China.

SHANGHAI:

The supply of rice in Shanghai remains practically the same as a week ago, while the price has increased about \$5.00 per "zar." On 8 September there were 65,000 "zars" of rice in stock. The price on that day was between \$34.00 and \$37.00 for the best quality and between \$27.00 and \$30.00 for the inferior quality.

Rice arrived here during the week at an average rate of about 5,250 "zars" per day. The grain reached Shanghai by rail from Nanking, Kashing, Kashan and Sungkiang and by boat from Sungkiang and Kompo. There were no reports this week of rice shipments being kept from entering Shanghai by the Japanese.

The "Shanghai City Government" is still conducting cheap sales of rice in the areas surrounding Shanghai including the Western District of the Settlement. The amount that can be purchased by any individual is restricted and varies from one tenth to one hundredth of a "zar." Figuring on a "zar" basis this rice is sold for about \$15.00.

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

- 5 -

SHANGHAI CONT'D:

The Saigon rice purchased by Mr. Yu Ya-ching has arrived. 10,000 bags will be distributed to the Chinese refugees here; the remaining 8,000 bags will be sold but at the controlled price of \$20.00 per "zar."

The sales of rice transacted at the Rice Market may, to some extent, influence the price of rice but they will not affect materially the stocks in godowns. Dealers and rice shop owners are daily purchasing quantities of rice but not removing the full quantity from godowns preferring to re-sell when a profit can be made. Re-sales are conducted in the Rice Market. Rice may thus be re-sold several times. Owing to imperfect control at the Rice Market, no detailed records of transactions being recorded at the time of sale by the management of the market, it is impossible to ascertain whether the rice sold is of old or new stock, unless a daily check is made on movements of rice to and from various godowns. It is strongly suspected that speculators are the main cause of the recent price movements.

The new harvest of rice is due in between two and three weeks. It is expected that the supply of rice reaching Shanghai will then quickly lower the price of rice to its former level.

*Donn C. Hart*  
 DONN C. HART

First Lieut. U.S. Marine Corps  
 Assistant Regimental Intelligence Officer.

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

HNS/am

HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA  
 16 September, 1939.

RESTRICTED:

R-2 REPORT, PERIOD 0800 9 SEPTEMBER, TO 0800 16 SEPTEMBER, 1939:

JAPANESE ARMY REORGANIZATION:

With the avowed aim of bringing the Sino-Japanese War to a successful termination, a new post of CinC of all Japanese Expeditionary forces in China was recently created. General Toshizo Nishio (1) was named Commander-in-Chief of Japanese Expeditionary Forces in China with Lieut.-General Seishiro Itagaki, former War Minister as Chief of Staff. Military observers in Shanghai seem to feel that the creating of this new command will strengthen the Japanese Military Organization in China. It was pointed out that Japan's weakened condition is such that she is no longer able to support several independent Armies in various sectors of China and that with a unified command Japan could readily shift her strength along the several fronts as pressure might dictate. In general the new post is interpreted here as clearly indicating that the Japanese ground troops are being forced into purely defensive tactics. Although Chinese reports to the contrary have been received, ever since the new command has been installed the extensive preparations taking place in the Hankow area for the attack on Ichang, as reported last week, have apparently been abandoned.

The Kwangtung Army has also changed commands with Lieutenant General Yoshijiro Umetsu (2) relieving Lieut.-General Useda. No information is available as to the probable causes for this change, but it is known that the more conservative circles in the Japanese Army bitterly opposed the Kwangtung Army instigating constant border incidents with the Soviets.

(1) General Nishio was born in 1881. He graduated from the Military Academy in Tokyo and has since successively held the following posts: Commander of the 40th Infantry Regiment; Commander of the 19th Infantry Brigade; Chief of the 4th Bureau (Equipment) of the General Staff; Chief of Staff of the Kwangtung Army; Commander of the Imperial Guard Division (1936-37); Commander of the 2nd Army in North China (1938) and Inspector General of the Army (Education) 1939.

DECLASSIFIED: E.O. 11652, 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 -

JAPANESE ARMY REORGANIZATION CONT'D:

(2) Lieut.-General Umetsu was born 1882. Since graduating from the Military Academy in Tokyo he has occupied successively the following posts: Commander of the 3rd Infantry Regiment; Staff Officer of the 1st Infantry Brigade; Member of the General Staff; Commandant of the China Garrison (1934-35); Commander of the 2nd Division (1936-37) and Commander of the 1st Army operating in North China (1938-39).

PROVISIONAL GOVERNMENT:

Rumors coming out of North China for the past two weeks charging the Provisional Government Officials with widespread corruption were given substance early in the week when Japanese Gendarmes arrested Tetsuo Kubo Japanese Head of the General Affairs Department in the Peking Headquarters of the Hsinminhui Party and all Chinese Heads of Departments. The arrested officials are charged with grafting and gross inefficiency in carrying out their duties. The Peking Headquarters spends about 500,000 yen per month for public welfare work, rural rehabilitation and anti-British propaganda. The meager results attained by these expenditures led to an examination of the party's books and resulted in the arrest of the Department Heads. The Hsinminhui Party is the only legal political party in North China and is the base of the Japanese Puppet "Provisional Government." As a result of these arrests all Department Heads of the entire North China Headquarters resigned. The Japanese Gendarmes offered no information as to whether or not charges will be brought against all Department Heads throughout North China. The Japanese, however, did state that large scale investigations will be launched into the operations of the principal Japanese and Chinese newspapers, who have been using public funds to aid flood refugees. In this connection there will undoubtedly be numerous arrests as persistent rumors have reached Shanghai that public money was used to buy vegetables and other supplies which were then taken to the stricken areas and sold at huge profits.

新  
民  
會

0662

DECLASSIFIED: E.O. 11652, 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 -

PROVISIONAL GOVERNMENT CONT'D:

Violence against profiteering broke out in Peiping when Moslem Sheep merchants mobbed Mr. Yang who is reported to have monopolized the lucrative sheep business in Peiping by buying all sheep coming into the city and then setting his own price while refusing to sell wholesale to other dealers. The mob caught him just outside the East Gate in Peiping and tore off his right ear and cut off his nose.

TIENTSIN:

The acute shortage of food, clothing and medical supplies continues in Tientsin with an estimated 600,000 people homeless in the city proper. For those fortunate enough to have money the prices of practically all foodstuffs has increased a minimum of sixty percent above normal. The plight of the people living just beyond Tientsin is even worse. They are reported to have some grain, but as this is fast becoming exhausted, hunger will deteriorate to famine.

There is some irony in the situation however, for the Japanese have suffered most heavily by the Tientsin flood. It was the Japanese who prevented the Hai River Conservancy Board, which is responsible for the maintenance of the dykes in the Tientsin area, from operating. They refused to guarantee the safety of the coolies employed outside the concessions by the Conservancy Board. As a result the dykes were in poor repair and gave way with the first pressure. A British General Staff Officer who recently made a survey of conditions in Tientsin stated that pumps were set up to drain the city but that the river had not receded enough to permit the pumps to operate. Tientsin Authorities now fear that they will be unable to drain the city before cold weather freezes the flood waters. It is most improbable that the low lands surrounding Tientsin will be drained before next spring.



- 4 -

TIENTSIN CONT'D:

The British officer also stated that the highly advertised comradeship that sprang up between the Japanese and the blockaded British had no foundation in fact. The Japanese, he reported, are continuing their harassing of Britons at the barriers and making life in the flooded area as difficult as possible for them.

AMOY:

The Japanese announcement that quiet prevailed in the Kulangsu International Settlement following the withdrawal of British and French Naval Landing Parties which had been stationed in the Settlement for about four months was contradicted by the reported shooting of the Assistant Japanese Intelligence Officer Tamura. The Intelligence Officer was shot at 0800 in Amoy, just across from the International Settlement, by four assassins. A policeman witnessed the shooting and gave chase but was unable to apprehend any of the assassins. The Japanese authorities immediately ordered all citizens in Amoy to remain in their houses and forbid anyone on the street. All traffic between Amoy and Kulangsu was stopped while a vigorous house to house search was conducted by the Japanese in Amoy. The ban against traffic between Amoy and Kulangsu was later relaxed to the extent of permitting persons over fifty years of age free access to either city.

HANKOW:

Hankow was also the scene of a political assassination this week. Mr. Chou Hung-Chun, Chief Justice of the high Court of the Wuhan Special Municipality, was shot and killed by two gunmen while he was on his way to court. The bullets pierced his head. A vigorous search for the murderers is being conducted by both the Japanese and Puppet authorities. Mr. Chou was 49 years of age and a graduate of a Japanese law school.

ECONOMIC:

Japan showed an unfavorable trade balance from January to the end of August with foreign countries outside the "yen bloc," although its balance was favorable in trading with Manchukuo and China over the same period.

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

- 5 -

ECONOMIC CONT'D:

Japan showed an adverse foreign trade balance of 442,000,000 yen for the period between January to August and 11,659,000 yen during August. Japan's trade with Manchukuo and China, however, resulted in an excess of exports over imports in August to the extent of 127,000,000 yen against 68,000,000 yen for the same month last year.

The favorable trade balance from January to August with these countries totaled 615,000,000 yen compared with 334,000,000 yen for the same period last year.

MILITARY OPERATIONS:

Chinese forces under the command of General Chu Teh, ex-Commander of the 8th Route Army (Communist) have crossed the Yellow River and has been rapidly advancing through Western Shansi. This Chinese force has already captured Lishih and Chungyang. The Japanese held this province which has the Yellow River as a natural defense works along its western and southern perimeters. Another Chinese Army is attacking Shansi from the south. This force has crossed the Yellow River and on the 13th recaptured Wenhsien in Northern Honan. The Japanese troops defending this area retreated toward Sinyang. Wenhsien has always been a threat to the Chinese Garrison at Loyang and the Lunghai Railway which could readily be cut to the east of Tungkwan by an attack launched from Wenhsien.

Further advances by Chinese forces operating in Shansi Province is expected, as the Japanese continue to withdraw troops from Shansi, Hopeh and Shantung for service in Mongolia. The Russians are reported to have broken through the Japanese defenses in the Nomonhan district of Mongolia. This is necessitating the evacuation of every available man from the Northern Provinces. These troops are being evacuated from Shansi and Hopeh by rail and from Shantung Province by transports departing from Tsingtao.

DECLASSIFIED: E.O. 11652, 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 -

MILITARY OPERATIONS CONT'D:

The Japanese recently sent 45,000 laborers to Mongolia and are endeavoring to recruit 50,000 more to be sent to the Mongolian front this month. Reports from Peiping state that large numbers of civilians (ex-servicemen) are seen undergoing training daily throughout the city. This office has been unable to secure any information as to where the Japanese intend to use these ex-service men, but rumors are current that they are to replace regular troops in the northern provinces.

SHANGHAI:

The most outstanding change in the rice situation in Shanghai during the week was the increase of the stock of rice from 65,200 "zars" on the 9th to 95,600 "zars" on the 13th. The stock was brought to this level partly by the large arrivals from the interior and partly, it is believed, by recent purchases by certain dealers or individuals from the Japanese engaged in transporting rice from the interior for cheap sale purposes in Japanese occupied areas. The prices, varying little, ranged from \$35 to \$41 a "zar" for first grade rice and from \$24 to \$28 for the inferior grade.

Rice arrived in Shanghai at an average daily rate of 6,000 "zars" per day. The greatest portions of this amount was transported here by rail from Nanking, Pukow, Kashan, Wusieh and Changshaw. Rice arrived almost daily by boat from the Kompo Area. Butterfield and Swire received a shipment of 6,000 "zars" of Saigon rice on the 13th. However, this rice is for use of the company's employees and not for general sale to the public.

Nine rice boats carrying approximately 2,200 "zars" of rice which had arrived from Kompo were held up by the Japanese Authorities at the Floating Restaurant, Peking Road Bund, on the morning of September 13th owing to the necessary passes not being in order, it is reported. These boats, together with four rice boats from the Sungkiang area which were held up the same morning, were towed to the Hongkew area the following day. The intention of the Japanese towards the disposal of the boats and their cargo is not known.

0668

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

- 7 -

MANCHUKUO:

The European War has dealt a severe blow to the economy of Manchukuo. Soya Beans constitutes about eighty percent of the exports of this country, and Germany was by far the chief customer. At the outbreak of the European War about 100,000 tons of Soya Beans were being loaded on ships at Dairen or being sent to that port for shipment to Germany. These shipments have now been cancelled. Manchukuo and Germany have had a barter exchange pact by the terms of which Manchukuo was to furnish Germany with Soya Beans and Germany was to pay for these shipments in machinery. Now Manchukuo not only has lost her market for her chief export but is unable to secure the machinery it has been counting on for the expansion of its productivity program.

As a result of the serious trade situation the Manchukuo Government has summoned leading traders to come to <sup>Hsiching</sup> Changchun to discuss revision of plans for shipments of Soya Beans abroad and purchases of necessary materials and articles needed for the expansion program. While the Japanese feel that Sweden, Norway and Denmark, which have rapidly expanding chemical industries as a result of the European War, may be a market for some of Manchukuo's exports, they believe it doubtful that more than 50,000 tons can be consumed by the Scandinavian Countries. It now looks as though Manchukuo, the most promising of Japanese investments, is faced with a completely wrecked economy.

*H. N. Stent*

H. N. STENT  
 Major, U.S. Marine Corps  
 Regimental Intelligence Officer.

0669

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

HNS/am HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA.  
RESTRICTED: 23 September, 1939.

R-2 REPORT, PERIOD 0800 16 SEPTEMBER, TO 0800 23 SEPTEMBER, 1939:

MILITARY OPERATIONS:

The Japanese in a large scale drive in the Nanchang area are reported to have captured Kaoan, where the last drive through this area was halted by the Chinese under General Lo Cho-Ying. This area is reported by the Japanese to have been defended by nine Chinese divisions, (51st, 141st, 16th (Szechwanese), 108th, 12th, 183rd, 184th, 11th, and 185th (Yunnan). The Szechwanese Divisions under General An Su-Pao gave way early in the encounter, crossing the Lao River near Huifou, and leaving Kaoan to be defended by the Chinese forces from Yunnan under General Sun Tu. The latter troops defended the city from the 17th to the 22nd and then retreated to the southwest toward Hweifow. Neutral observers claim that between 7,000 and 9,000 Chinese were killed in this six day operation. While the Japanese losses were reported as heavy no figures as to their casualties were given.

The Chinese command in North China announces the capture of Tungchen, described as a strategic highway city on the Hunan-Hupeh border. Chinese despatches claim that Chinese forces began a three column attack on Tungchen on September 20th, occupying the city shortly after midnight. The Japanese garrison they reported to be retreating towards the northwest. While the Chinese have been actively engaged in this area lately, this office has been unable to get confirmation of these reports either from the Japanese or neutral sources.

CHINESE GOVERNMENT RE-ORGANIZATION:

The bitter controversy that has been raging between General Ho Kuo-Kwan and General Wei Li-Huang over who was to become Governor of Szechwan Province was settled when General Chiang Kai Shek announced he would assume this office. General Ho, now Mayor of Chungking, was concurrently appointed Secretary General of the Szechwan Government, and General Wei, one of China's ablest strategists, was made Governor of Honan Province while still retaining

067

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

CHINESE GOVERNMENT RE-ORGANIZATION:

the post of Commander-in-Chief of the Central Army in Shansi. This controversy, which threatened to split China's unity in two, arose when general Wang Tsang-Hsu, former Governor of Szechwan, requested transfer to active duty at the front.

The bitterness that has been aroused throughout unoccupied China over the failure of Szechwan Troops to take part in the war of resistance will probably be somewhat alleviated with General Chiang Kai Shek in direct command of all troops in this Province.

KULANGSU:

The Kulangsu Municipal Council accepted three of the Japanese five demands made upon the council after the assassination of Mr. Hung Li-Hsun Chairman of the Amoy Chamber of Commerce (Puppet). The three demands accepted are the suppression of anti-Japanese activities, the employment of more Japanese and Formosans on the Police force and co-operation with the Japanese authorities in the maintenance of peace and order. Two other demands made upon the council, namely, the granting of a voting franchise to Japanese subjects of Formosan extraction, and the filling of the three vacancies among Chinese councillors have not been rejected by the Kulangsu Municipal Council but will be discussed at a later date. The demand that more Japanese and Formosans be employed on the Police force was settled with the appointment of a new Japanese Police Inspector and ten new Formosan Constables.

FOREIGN SETTLEMENTS:

During the past few days Japanese Military Leaders in Shanghai have reiterated their position toward the International Settlement. They claim they have no intention of using their admittedly superior military strength to seize the Settlements by force. They further declared that they did not desire to rush any readjustment of Shanghai's status, but were content to await gradual amicably-agreed-upon changes which were desirable as a result of Japan's new status. The present Japanese population in Shanghai is estimated to exceed sixty thousand against a maximum of thirty eight thousand at the beginning of hostilities in 1937. The Japanese population

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

FOREIGN SETTLEMENTS CONT'D:

is increasing weekly as has their business investments. The Japanese base claims for change in the status of the settlement on these factors, pointing out the precedent of Britain who had five members on the Municipal Council to the two members permitted the Americans and the Japanese.

The Japanese are expected in the near future to raise the question of British and French Troops in the occupied areas of North China in violation of the announced neutrality of the De Facto (Puppet Government.) At the same time the question of the removal of the American Marines stationed in Peiping will be raised. The Japanese contend that foreign troops as Legation Guards in Peiping and the garrison in Tientsin is no longer necessary. They maintain that the stationing of these troops in North China under the Boxer Rebellion Protocol was designed to keep open communication between the Embassies at Peking and the Sea. The Japanese point out that the functioning headquarters of most of the Embassies are now located in Shanghai, while most of the Ambassadors are residing in Chungking. This situation coupled with the fact that Peiping is no longer China's Capital makes the Protocol ineffective from the Japanese point of view.

SHANGHAI SETTLEMENT BOUNDARY:

The strip of land bounded on the east by North Kiangse Road and North Honan Road to the west, by Soochow Creek on the south and Range Road on the north, was turned over by the British to the Japanese Forces at noon yesterday. North Honan Road remains in the S.V.C. Sector. This strip of land prior to the 1937 hostilities was under Japanese control as part of their defense Sector, Sector "A". No ceremony marked the change of control; the Japanese did not send patrols nor post sentries. The Japanese spokesman said that the pass system currently employed in the remainder of the Japanese Defense Sector would not be installed in the newly acquired area. This will give the Chinese living between North Honan and North Kiangse Roads free access to their homes through the S.V.C. Defense Sector.

- 4 -

RUSSIAN-JAPANESE RELATIONS:

Military observers in Shanghai state American and European opinion is vastly over estimating the importance of the Soviet-Japanese border armistice. They maintain that the present action is entirely regional as the fighting in the Nomonhan area was distinctly disadvantageous to the Soviets. The Trans-Siberian Railway over which they must transport their war materials is far to the north of the scene of the recent fighting. This necessitated the reshipment of all supplies for the Soviet Forces overland from the Trans-Siberian to the Nomonhan area, over the most difficult terrain. This factor it is believed was partly responsible for the poor showing made by the Soviet Forces in the latest clash with the Japanese. However, the Japanese contention that the greater part of the 400,000 men now stationed in Manchukuo can be withdrawn for service in China is believed to be entirely unfounded, as the Russians have in no way reduced their garrisons in Siberia.

SHANGHAI:

RICE:

The stock of rice in this city rose to almost 110,000 "zars" on the 19th, the highest mark in several months. On the 22nd the stock had decreased to 100,460 "zars."

Rice arrived here at the daily average rate of over 5,000 "zars." The price for first grade cereal ranged between .33 and .41 per "zar" during the week while the inferior grade dropped to .21.50 on Friday. This is the lowest price quoted since the shortage began.

The consignment of rice arriving here from Sungkiang and Kompo in 13 boats on September 13th, which was detained in the Hongkew area by the Japanese authorities, has now been released through private arrangements. It is claimed that the dealers were called upon to expend some .4,000 in obtaining the release of the cargo. The whole consignment was removed into the area south of the creek on September 16th.



DECLASSIFIED: E.O. 11652, 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 -

RICE CONT'D:

It is interesting to note that since the detention of the rice boats from Kompo by the Japanese no more rice has arrived here from that district. Apparently the dealers are afraid of a repetition of a similar incident.

The decrease in the price of rice is due to the sale of some 4,000 bags of the cereal at the rice market on September 21st by a Rico Hong on behalf of the Mitsui Bussan Kaisha, at prices between .21 and .23 per "zar." It has been learned that the M.B.K. has purchased some 50,000 bags of rice in Wuhu ostensibly for cheap sale purposes. The rice has been transported to Shanghai in Nisshin Kisen Kaisha steamers and stored in Japanese godowns in the Eastern District.

*H. N. Stent*  
 H. N. STENT

Major, U. S. Marine Corps  
 Regimental Intelligence Officer.

0674

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

HNS/am

HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA  
 30 September, 1939.

RESTRICTED:

R-2 REPORT, PERIOD 0800 23 SEPTEMBER, TO 0800 30 SEPTEMBER, 1939.

MILITARY OPERATIONS:

The Japanese opened up large scale operations during the week against the Chinese forces entrenched south of the Ku River. The Japanese launched their attack in three columns; two of these columns comprising the 9th division commanded by Lt.-General Tada started their drive from Tungcheng in Hupeh; one of these columns crossing the Ku River just east of the Peiping-Canton Railway, the other crossing the Ping River, a tributary of the Ku River, just east of Pingkiang. The third detachment comprising the 12th Division which until recently was operating in Manchukuo, landed on the eastern bank of Tungting Lake after a 75 mile advance through the mine infested waters of Tungting Lake. The use of barges was necessitated by the shallow water of the lake in this area which made the use of larger transports impossible. This division was given stiff resistance by the Chinese 95th, 32nd, and 60th divisions under General Tang En-Po. Two columns comprising the 9th division converged on Pai Shui south of the Ku River.

This operation, which has Changsha as its immediate objective, has witnessed the heaviest artillery and aerial activity since the Japanese drive across the Sui River in March preceding the capture of Nanchang. The terrain south of the Ku River is ideally suited for defense with the valley of the Ku River and its tributaries offering a natural obstacle before the heights, in which the first and second Chinese defense lines were constructed, could be reached. The sudden flank attack by the Japanese from Tungting Lake can explain in part the collapse of the elaborately constructed defenses, but it is strongly suspected that the real reason for the collapse is the disastrous policy China has pursued since the beginning of hostilities. This policy has been the ready sacrifice of thousands of partly trained coolies while the well trained divisions for whom the defenses were built are permitted to withdraw. This policy combined with the general unaggressiveness of the western educated leaders has been responsible for one impregnable position after

0674

DECLASSIFIED: E.O. 11652, 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 -

MILITARY OPERATIONS CONT'D:

another being sacrificed with little or no genuine effort made to resist.

Chinese reports of heavy reinforcements being rushed to the Changsha front have been received here. These reports state that General Hsu Ting-Yao is moving northwards from Hengyang in Southern Hunan with mechanized troops to support the Infantry Divisions under Generals Wang Lin-Chi and Yang Sen now being formed in western Hunan for duty on the Changsha front. There is no reason to suppose that anything important will materialize from these reports, as the Chinese had adequate forces at the Ku River area at the time of the attack. In addition these forces had the advantage of fighting behind elaborately constructed defenses. Since no genuine effort was made to halt the Japanese at these prepared defenses little can be expected in the defense of Changsha, although the terrain is in the Chinese favor, unless the Chinese change their policy.

Some military observers in Shanghai believe it is Japan's intention to carry on military operations south along the Peiping-Canton Railway should the present Wang Ching-wei peace movement fail. This would completely isolate the Chinese forces operating in Eastern China; with no means of getting supplies from the interior they would undoubtedly capitulate. Other observers express the opinion that the Changsha campaign is designed to dispell the growing conviction among the Chinese that the Japanese attempts to install Wang Ching-wei at the head of a Central Government is prompted by Japan's inability to make further Military progress in China.

COMMUNICATIONS:

Japan's Cabinet's China Affairs Board has decided to build wireless stations at various places in China for the purpose of maintaining close communications between Japan and that part of China under Japanese military control. The board has requested the Finance Ministry to appropriate Y4,500,000 for the construction of these stations.

- 3 -

COMMUNICATIONS CONT'D:

According to the China Affairs Board plan high powered wireless stations will be built in Peking, Kalgan, Tsingtao, Shanghai and Amoy. Liaison departments will be set up in these cities with a view to furthering the possibilities of Japanese development of the resources in the occupied areas.

TRANSPORTATION:

The Chinese Government has underway the construction of a new highway linking Sikang, the newly-created province between Szechwan and Tibet, with Calcutta, and Sining (In Kokonor Province.)

The Chinese Government has an estimated 130,000 conscripted laborers working on the road. The Government states the entire highway between Chungking and Tachienly<sup>U</sup> will be completed by next spring. The greatest difficulty experienced to date has been in the so far unsuccessful attempts to carry the road through the difficult Erhlanshan Mountains. Mr. Hsi, Chairman of the Economic Investigation Mission to Sikang, states that no less than 2,000 laborers have been killed in attempting to construct the road through these mountains.

TIENTSIN:

Six armed Japanese Gendarmes in plainclothes, presenting no credentials, raided and ransacked the offices of the United Press and the American Radio Service in Tientsin on Thursday morning. In both American offices the armed Japanese ransacked private files, reading letters, messages and other private papers. The Japanese alleged they were in search of "anti-Japanese elements" and were operating with the sanction of the British Police. The British at first denied that they had given permission for the raid, but later stated that they had given permission for the Gendarmes to raid 142 Victoria Road without realizing this was the address of the two American companies. This Japanese raid, involving a more serious violation of private American business affairs than has been suffered in Tientsin even by British companies by the anti-British Campaign, has been reported to the State Department in

- 4 -

TIENTSIN CONT'D:

Washington. Both victimized American companies have asked the American and British authorities in Tientsin to investigate the incident and take appropriate action. Interested parties in Shanghai feel that this may have been a direct attempt by the British to divert some of the anti-British pressure upon the Americans.

The American Radio Service, authorized by the local British authorities, has provided American and other foreign business men in Tientsin with facilities for uncensored business messages since Japanese censors were installed in other communication offices in Tientsin.

POLITICAL:

The Chinese Foreign Minister, Dr. Wang Chung-Hui, yesterday reiterated the Chinese Government's stand, stating emphatically that the Chinese National Government will continue its war of resistance against Japan until a final victory is achieved. However, the real purpose of his statement was revealed when he suggested that the United States is in a favorable position to bring the undeclared Sino-Japanese War to an early close. In outlining the basis on which an honorable peace would be possible the Foreign Minister stated that the corner stone of peace would have to be the withdrawal of the Japanese Army from China. If the Chinese Government could be given dependable assurances that the Japanese Army would begin withdrawing from China and would carry out the withdrawal as rapidly as neutral military observers considered to be reasonable, the Chinese Government would undoubtedly accept reasonable peace terms.

These terms Dr. Wang stated would have to be based upon the several treaties of which China is a signatory, and principally upon the Nine Power Treaty which provides for the preservation of China's independence and integrity.

The Chinese Government, Dr. Wang continued, was entirely in favor of economic cooperation with all friendly foreign countries, and this would apply to the Japanese as soon as they were willing to work and cooperate with China on a basis of complete equality.

DECLASSIFIED: E.O. 11652, 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 -

POLITICAL CONT'D:

China, according to the Foreign Minister, must repudiate the Japanese version of cooperation with China, which is in reality "Japanese domination of China."

The Chinese Foreign Minister called attention to the benefits Japan would receive under such a peace. He stated that with peace in Asia Japan could put her industrious people to work making products for the European market which would do much to alleviate her tottering financial structure. Japan, he continued, would also be demonstrating to the United States her willingness to respect treaties and could undoubtedly negotiate a new treaty with the United States in place of the abrogated treaty of commerce of 1911.

These statements by the Foreign Minister are interpreted here as a timely attempt to spike Wang Ching-Wei's guns before he is set up as head of a new Central Chinese Government, by demonstrating to the Chinese people that the aims of Wang Ching Wei and the National Government were identical and that should genuine assurances be given the Chinese National Government that Japan would carry out the terms offered the projected Wang Ching Wei Government the National Government would readily cease hostilities. Since no such assurances were forthcoming all Chinese must look upon the Wang Ching Wei Government as a fraud, unworthy of Chinese support.

WANG CHING WEI:

The Japanese drive to get the new National Government, under the leadership of Wang Ching Wei, founded, seems to have run into a snag. The Provisional Government of North China, headed by Wang Keh-Lin has given every indication that they have no intention of supporting Wang Ching Wei in the role of leader of the proposed New China Government. A statement issued by the Provisional Government on their return to Peiping from the Nanking Conference stated that the Provisional Government was provisional in fact as well as in name, and added that while able men were lacking in North China after the commencement of hostilities, still something had to be done for the masses. This they claim was the basis on

- 6 -

WANG CHING WEI CONT'D:

which the Provisional Government was founded and the only basis on which it could continue to operate. These statements seems to add weight to what Chinese in Shanghai have maintained for some time, namely, that the Provisional Government was in reality directed by the Kuomintang at Chungking.

The Japanese, however, seem to be ignoring Chinese opposition in North China and are reported to have selected an Army Officer of high rank as Ambassador to the New National Government when it commences to function. According to the Japanese the China incident will then be considered closed and the Japanese will be free to better their relations with third powers and cash in on the war markets being afforded by the European War.

While the ultimate issue depends upon the attitude of the Chinese people, some observers feel that should the government under Wang Ching Wei lead to anything approaching order and if some agricultural reforms were accomplished, the new government would have excellent chances for success.

ANTI-FOREIGN:

While Japan loudly proclaims her desire to better her relations with the United States Anti-American acts go on unabated. Japanese planes are reported to have flown low over the American mission buildings at Luichow in Kwangtung, bombing them to the extent of seven hundred dollars U.S. currency damage. The buildings were clearly marked and the American Insignia could have been discerned at a great height.

At the American mission in Kaifeng the students were dismissed following the demand of the Honan Provincial Government that the school install a Japanese advisor. The American Embassy in Peiping is reported to have protested to the Japanese Embassy against this action since there are no known educational regulations that require a Japanese advisor in such schools.

The campaign against the British Missionaries which has been in full swing all week, resulted in the closing of the Anglican Mission Hospital at Hochien in Central Hopei. The staff as well

- 7 -

ANTI-FOREIGN CONT'D:

as patients were forced to leave by anti-British elements after they had been made to sign statements that they had left on their own volition. In Honan terrorism against British nationals resulted in grenades being thrown at Canadian Missionaries stationed at Changteh. The British and Canadian Missionaries are reported to be evacuating the Northern Provinces as rapidly as possible.

HONAN PROVINCE:

During the last month and a half the rainfall in Honan Province has resulted in great loss of life and the flooding of 20 Hsiens. The Yellow River and all its tributaries are reported to be over-flowing and fifty percent of the cultivated land of this province is now under water. Further careful estimates reveal that one million three hundred thousand peasants are homeless, with no means of livelihood. The property damage is stated to be some \$76,120,000. This damage represents total losses, as little of the destroyed property has any salvage value.

To alleviate the acute suffering of the inhabitants, the Provisional Government has appealed both to the Japanese and other Chinese authorities within the occupied area for help. However, as the resources of both the Japanese and other governments within the occupied area have already been taxed to the limit in aiding the flood victims of Hopei and Shantung Provinces, there is little that can be done to help the unfortunate masses in Honan. With cold weather approaching, most of the ground will be covered with ice, and starvation for most of these homeless peasants seems inevitable.

TSINGTAO:

The Japanese Consul General on September 27th notified the American authorities that Tsingtao was a cholera infected area and immediate preventative measures were announced by the Army and Navy commands in that city. The Army and Navy issued orders stating that violations of the directions of the Army and Navy Joint Cholera Prevention Committee, the notices or proclamations of the Japanese Consul-General or the Mayor of Tsingtao on anti-cholera measures



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

- 8 -

TSINGTAO CONT'D:

would be punished according to military law. That all persons must bear cholera inoculation certificates, which must be presented on demand, or be subjected to inoculation immediately by the anti-cholera corps now functioning in the streets of Tsingtao.

The Japanese Ministry of Social Affairs at Tokyo has declared that strict quarantine measures will be exercised on passengers arriving in Japanese ports from Tsingtao.

SHANGHAI:

The Shanghai City Government plans to establish wholesale markets for vegetables with a view to establishing control over the sale of vegetables produced in the area of the foreign settlements, Pootung and the Yangtzepoo district. Wholesale markets under the immediate control of the Shanghai City Government will be established in Pootung, Western District, and the former Joint Savings Bank Godown, North Soochow Road, Chapei. It is planned to renovate the latter building at a cost of Y500,000 for use as a central wholesale market.

RICE:

The stock of rice in Shanghai on September 29th, 1939, was estimated at some 103,000 "zars" as against 99,000 "zars" reported on September 28th. The price of first grade rice on the 29th was \$35.00 to \$39.00 per "zar"; second grade (inferior quality) rice brought \$22.50 to \$24.50 on the local retail market.

Rice dealers report they are now paying much more to transport rice to Shanghai. They claim that present expenses amount to some \$2.40 per bag for rice brought to Shanghai by rail from various places, with the exception of Wusieh and Changchow, as against \$1.00 per bag which has been the prevailing rate for some time. For rice transported from Wusieh and Changchow they are having to

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

- 9 -

RICE CONT'D:

pay a still larger sum (some \$5.00 per bag) as the rice produced in these areas is better and the price somewhat higher. The present expenses per bag consist of:

\$0.50 export permit fee.

\$0.40 freight charges.

\$0.10 portorage charges.

\$1.40-\$4.00 securing permission for transportation.

The dealers, however, are quite willing to pay the extra expense as it is passed on to the consumer in Shanghai.

*H. N. Stent*  
H. N. STENT  
Major, U.S. Marine Corps  
Regimental Intelligence Officer.

-----

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

# TELEGRAM RECEIVED

HSM  
 This telegram must be  
 closely paraphrased  
 before being communi-  
 cated to anyone. (Br.)

Tsingtao via N. R.

FROM Dated November 15, 1939

Rec'd 2:25 a. m., 16th

Secretary of State,  
 Washington.

213, November 15, 5 p. m.

One. I have been informed by a good source that it  
 is not likely that the conference of Wang Ching-wei and  
 Peiping and Nanking representatives originally scheduled  
 for Tsingtao last week will take place until next month.

Two. Not a few higher Japanese officials feel that  
 Wang Ching-wei is not at all suitable for the head of a  
 "government" and that he cannot possibly be of much use in  
 the task of political consolidation of the North China  
 region.

Three. The desire to have a buffer between the Japan-  
 ese and the foreign powers to relieve the pressure on  
 Japanese from diplomatic protests appears to be the chief  
 if not only reason prompting the recent interest of the  
 Japanese in the establishment of a government in which  
 Wang Ching-wei will participate.

Repeated to Peiping, Nanking and Chungking. Coas  
 mailed to Tokyo.

SOKOBIN

793.94/15489

F/FG

NOV 16 1939

EXT

793.94  
 note  
 993.01

A  
 file  
 COM-110  
 Informant  
 JRP  
 A m 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

ASSISTANT SECRETARY

IA

Please acknowledge  
and thank and  
call his attention  
to the Venezuela  
hunter concession telling  
him the amount of  
our sales in recent years  
H.C.

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

ALL AGREEMENTS CONTINGENT UPON STRIKES, ACCIDENTS OR OTHER CAUSES OF DELAY BEYOND OUR CONTROL.

PRICES SUBJECT TO CHANGE WITHOUT NOTICE.

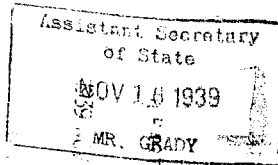
*Paul S. Russell, Inc.*  
*Pacific Coast Lumber and Shingles*

TELEGRAPHIC ADDRESS  
 "DANTRUS"  
 PORTLAND, OREGON  
 ALL CODES

*Porter Building*

*Portland, Oregon*

November 14, 1939 November 21 1939



TRADE AGENTS  
 TA

NOV 21 1939  
 DEPARTMENT OF STATE  
 RECORDS

Dr. Henry F. Grady,  
 Assistant Secretary of State,  
 Washington, D. C.

My dear Dr. Grady:-

I am enclosing two letters we received from  
 Shanghai in reference to the Japanese situation, which  
 I thought might be of interest to you.

With kind regards, I am

Very truly yours,

*E E Hank*

CED:K  
 Encl.

795.94/15490

FA

NOV 22 1939

FILED

DECLASSIFIED: E.O. 11652, 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. J. STANSFIELD

Shanghai, China  
 October 16, 1939

Mr. C. E. Dant,  
 c/o Dant & Russell, Inc.,  
 PORTLAND, ORE., U.S.A.

My dear Mr. Dant:-

I have for acknowledgement your good letter of September 19th, which was waiting for me when Vera and I arrived back yesterday from a three weeks holiday spent over in Japan where we did nothing but hike around in the mountains near Miyanoshta and have a thorough rest and change, which has certainly done us both worlds of good.

I shall look forward to receiving the book you mention having regard to the picture of what is going on in Germany. We get so strange reports over here that it will be interesting, and I am sure profitable, to read what Martha Dodd has to say.

Things in Japan certainly did not present a very pretty picture. There is a distinct shortage of electricity due to the bad drought over there and to the lack of coal. Large department stores run only one elevator; for instance, at the big department store in Kobe, the first stop is on the 6th Floor. You have to wait until the car is full, and inasmuch as there is very little shopping going on in Japan, you have a long wait. Then if you are going, say, to the 3rd Floor, you have to ride up to the 6th and walk back down to the 3rd. Also, Neon lights are a thing of the past, and the big boulevards are as dark as pockets. It is impossible to buy cotton goods or woolen goods, and most of the people's clothes are made of a mixture of fibre and all sorts of substitutes. Rationing is the order of the day, and there is certainly a distinct change for the worse in the country since I was over there a year ago. It is astounding how successfully news is kept from the Japanese. While we were there the crisis occurred in the Foreign Office, and you will remember that the Consul-General here and officials in similar positions in Hongkong, London and various other centres all resigned, along with many members of their staffs, because the Government was putting them under the Trade Ministry, which merely meant that they were under Military control. The strange part of it all is that these fellows all resigned on the same day, so it would seem that they were pretty well organized; and what is even stranger, the newspapers in Japan said absolutely nothing at all about this. It was a distinct defeat for the Military clique because they had to give in to the Foreign Department Staff. The only mention of it in the Japan papers while I was there were items which led one to believe that it was a little fracas in the local offices in Japan and that a crowd of underlings had made a little trouble.

Also, while I was over there, the papers were full of the usual

DECLASSIFIED: E.O. 11652, 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.J. Stansfield

- 2 -

10/16/39

great victories their "invincible" armies were winning in China, whereas when I get back I find that during the past three weeks they have suffered two serious reverses. It seems to be pretty authentic that they tried their damndest to take Changsha (up by Hankow) and did a lot of talking about getting this strategic point. However, they didn't get it, and it seems to be the case that the Chinese very cleverly broadcast to all who wanted to know, that they had no intention of defending Changsha. They then let the Japanese enter the city along four main roads, upon which they got behind the Japanese lines and utterly demolished these roads and bridges, with the result that the Japanese and their mechanised units were bogged down in ricefields, and the slaughter is said to have been terrible. Also, if one would believe the Japanese propaganda (which seems to predominate over most of the world's news bureaux), China could not have any aeroplanes left at all. But the fact does remain that they have quite successfully bombed Hankow twice during the last ten days, and from all accounts have inflicted considerable damage to the Japanese airports there. I had interesting talks with Japanese men, but unfortunately most of them shut up like clams on politics. Naturally they are scared to death. However, one or two did let out a bit, and it was astounding to realise how little they knew of the real situation over here. They did know that their Army is riddled with graft, and they also were very much fed up with the excessive taxation which is being levied in new forms every day. One of the most interesting things was the fact that it seemed quite impossible for them to understand the unfriendly attitude of the people of the United States, and they all stressed the point that it was imperative for Japan to improve relations with us. When I told them that they seemed to be going at it in a very strange way when they refused to allow Americans to travel in China or to do business outside of the narrow confines of the treaty ports or to put our ships alongside the docks at Tsingtau and elsewhere - when I told them all this, they were actually dumbfounded to learn that such conditions prevailed here in China.

I was interested in your remarks that all wars are started over trade and territory control, and of course there was never a truer statement. I am told that Admiral Nomura openly stated at dinner the other evening in Shanghai that of course the Japanese started this war because the Chinese were progressing far too quickly, especially in their cotton manufacturing, and that they were cutting into Japan's textile trade, and it had to be stopped.

Things here are very dull, but there is a little business pending at the moment which I hope to be able to conclude this week, and if so, I will be telegraphing you for a cargo. We will not be in the market, though, unless a couple of sales which are now pending, actually result in business, and I am not at all sanguine that they will.

With my very best regards,

Sincerely yours,

Byron.

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

STANLEY BISHOPRICK  
SHANGHAI

October 17th, 1939

Mr. C. E. Dant,  
Messrs. Dant & Russell, Inc.,  
Porter Building,  
PORTLAND, ORE., U.S.A.

Dear Mr. Dant: -

Byron just returned from a trip to Japan and will probably be writing you as to what his views of the Japanese situation are. His opinion of the serious situation in Japan is about the best news that I've heard. He thinks that they will take peace at any price soon. China can continue the war indefinitely and is in better shape today than the Japanese.

We have not done much business lately and judging from the available stocks in Shanghai selling for much less than replacement costs, it will be a long time before we are doing much business. Since the outbreak of the European War business here has come to a standstill with all building stopped, even buildings under construction have been stopped. In the meantime about all we can do is watch the events and take advantage of every opportunity until things get better.

We have just this morning received an inquiry from K.M.A. which we are passing on to you. There may be no chance of doing it from the Pacific Coast as they want prompt delivery ex stocks Shanghai. We are taking no chances however and are asking you for a quotation because once before when they specified "Shanghai stocks" we lost the business to Dollar who quoted from the States. There is also a possibility that they will buy from Chinese instead of us as I wrote Roy the other day. We had an inquiry for about 2,000,000 which Dollar sold them at CN\$410 f.a.s. Shanghai export duty paid. This export duty runs 7-1/2% which materially reduces the price. There is one good feature this reduces the available lumber in Shanghai which brings us that much nearer the time of repurchasing from you.

With my best personal wishes, I am

Sincerely yours,

(Sgd:) Stanley Bishoprick



0689

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

November 2 1939

In reply refer to  
TA 793.94/15490

My dear Mr. Dant:

Before he left on a short business trip, Mr. Grady asked me to acknowledge and to thank you for your letter of November 14, 1939, enclosing copies of two letters which you have received from Shanghai commenting on conditions in Japan and China. Mr. Grady appreciates greatly your thoughtfulness in sending these interesting letters to him.

In view of your interest in exports of lumber, I believe you will be interested in the enclosed copy of an analysis of the trade agreement with Venezuela, signed on November 6, 1939, which contains on pages 13, 16, and 20 descriptions of concessions obtained for exports of American lumber.

Sincerely yours,

NOV 21 1939 PM

Harry C. Hawkins  
Chief, Division of Trade Agreements

Enclosure:  
Press Release No. 571

Mr. C. E. Dant,  
Dant & Russell, Inc.,  
Porter Building,  
Portland, Oregon.

TA:EPF:MBJ  
11/20/39.

A true copy of  
this letter  
is being  
sent to  
the  
Division of  
Trade Agreements

793.94/15490

F/EG

15490

0691

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

~~JAP~~  
~~DAS~~  
~~JWB~~ November 21, 1939.

Tsinan's despatch no. 168 of October 9 discusses various subjects: Chinese defense in 1937 of the Yellow River crossing near Taitze, communism, banditry, and currency.

The despatch does not appear to contain any new important information.

793.94/15491

FE:Atch<sup>92</sup>son:HES

0691

DECLASSIFIED: E.O. 11652, 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. 168.

*Handwritten:* H. H. H. H. H.

*Handwritten:* AV

*Handwritten:* ONIT MID

AMERICAN CONSULATE,

Tsinan, China, October 9, 1939.

SUBJECT: EVENTS AND CONDITIONS IN NORTHEASTERN SHANTUNG.

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping, China.

Sir:

I have the honor to record below the substance the information obtained in conversation with a neutral observer today, concerning events and conditions in northeastern Shantung.

For the sake of accuracy in view of the exaggerated newspaper reports carried at the time as to Chinese defenses along the Yellow River and the stiff resistance which the Japanese forces advancing from the north had to overcome before a crossing of that river could be effected in December 1937, this despatch will first concern itself with what is now "ancient history."

Those defenses, or at least the trenches dug along the south bank of the river, were utterly useless from a military point of view, being less than a yard wide and too shallow to conceal an ordinary-size man, except possibly

793.94/15491

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 -

possibly in a horizontal position, and were therefore never actually manned.

When Japanese forces appeared on the north side of the river opposite Taitze (台子), some 6,000 Chinese troops were then at that place, which force could easily have prevented the Japanese from crossing. The Japanese did not immediately attempt to cross, but simply made camp and the Chinese thought that they were perhaps waiting for the river to freeze over. In the meantime the Japanese troops busied themselves with weaving reed mats, the intended use of which had the Chinese puzzled. Their plans completed, the Japanese suddenly one night started a heavy bombardment (probably using blank cartridges judging from the lack of evidence of any damage) on the river a few miles to the east. This fire drew the main body of the Chinese defenders to what appeared to be the threatened point, whereupon the Japanese crossed at Taitze using motor boats lashed together and covered with their reed mats without losing a single man. So much for the much-publicized heroic Chinese resistance at the Yellow River, which in any case would probably have proven futile in view of the attitude of General Han Fu-chu, the then Governor and supreme military commander in Shantung, who was only prevented from openly declaring his allegiance to the Japanese by pressure brought to bear by certain of his subordinates and who was later executed by order of General Chiang Kai-shek for his failure to make any serious effort to defend Shantung.

To return to the present, the Communists, the backbone of which is the 8th Route Army, are very strong in the region

DECLASSIFIED: E.O. 11652, 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 -

region lying between Loling (樂陵) and Hweimin (Wu-tingfu). They continue to swell their ranks by instilling communist ideas among the people. The fact that they are content to share the poor fare of the ordinary folk instead of demanding white flour and meat, as do the guerrillas, places them in comparative favor with the populace.

That section of the province lying north of the Yellow River and east of Chanhwa (靈化) is now thickly inhabited and contains several large towns which are not shown on the latest Chinese postal maps.

Some 30,000 organized guerrillas subsist off the country side in this region, in large sections of which the soil was not even tilled this year due to drought. In those sections where crops were sown the harvests have been sadly reduced by caterpillars and the recent typhoon. Consequently, the inhabitants of many villages have actually during recent weeks prayed for the Japanese to come and relieve them from further support of the guerrillas; the Japanese troops now, for the most part, make some pretense of paying for the provisions obtained from the people.

Another reason for the people's bitterness toward the guerrillas is the demands for fire arms being made by the latter. If they possess no guns, the farmers are frequently forced to sell their land to buy guns, which now cost Chinese \$800.00 each, for the "defenders of China."

The guerrillas are poorly equipped as regards arms, most of which are obsolete and, since the Japanese capture

of

- 4 -

of Haichow, Kiangsu, ammunition is difficult to obtain. Furthermore, a considerable quantity of the ammunition received is too modern to fit their 1897 model rifles.

The Chinese who acts as quartermaster for the guerrillas in northeastern Shantung is Mr. Ho Ssu-yuan, a graduate of Yale, 1917, and former Commissioner of Education for Shantung. Mr. Ho is married to a French lady who is with him in guerrilla territory. He was formerly very anti-American, blaming a certain American missionary society in China for having obtained from his family in an extralegal manner certain real estate. He is now said to have formed a better opinion of Americans and westerners in general, by contrast with the Japanese.

The Japanese are making no progress in extending their authority beyond the towns already garrisoned. Japanese stragglers are being killed by guerrillas every day, incautious soldiers off duty even in garrisoned towns invariably disappear and road mines continue to render the use of Japanese motor trucks hazardous.

While in the course of military operations in that area whole villages have been destroyed and the inhabitants slaughtered by the Japanese without regard to age, sex or condition, their treatment of the people has lately undergone some improvement and the inhabitants of unoccupied villages no longer take flight at the approach of Japanese troops, though terrorist methods are still employed, perhaps of necessity in view of the smallness of Japanese garrisons. Fewer cases of rape of Chinese women have occurred since garrisons have been provided with Japanese women.

The

0695

DECLASSIFIED: E.O. 11652, 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 -

The Japanese are intensely recruiting and training young men for the Peace Maintenance Corps. Each hamlet must furnish one or two men who report to the nearest market town where Japanese instructors are on duty. Even the most patriotic Chinese whole-heartedly approve of this, contenting themselves with the thought that one can always change one's colors should a suitable opportunity arise.<sup>1</sup>

Banditry, always present in that region, is now more widespread than ever, and much of it is being indulged in the name of guerrilla activities. One of the principal bandit leaders is a graduate of a Chinese university who studied two years at Harvard at Chinese Government expense (through the facilities established by the creation of the China foundation for the Promotion of Education and Culture financed from the returned American Boxer Indemnity).

As in other parts of this consular district, professional bandits have sided with the Japanese and have thus been able to retain their arms and to join the Peace Maintenance Corps. Many have simply continued their profession under Japanese protection, but of late the Japanese have finally begun to make an effort to apprehend and punish those who abuse their authority by robbing the people.

National legal tender notes are still at a premium of about 40% over Federal Reserve Bank currency and even the Japanese garrisons use the former. Prices are the highest on record. One tou<sup>2</sup> of millet now costs Chinese \$8.00, as compared to the normal price of about \$1.10, ordinary blue cotton piece goods which formerly cost 10¢ a foot now costs

\$1.20

- 
1. See Consulate's telegram of September 23 (1939), 11 a.m., and previous, concerning rebellion of Chang Pu-yun.
  2. 1 tou equals 0.284 bushel.

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

- 6 -

¥1.20, while a 5-gallon can of kerosene which formerly cost around ¥4.80 now costs ¥21.00.

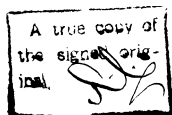
No matter what the ultimate outcome of the Sino-Japanese conflict may be, northeastern Shantung will continue in chaos for at least five years, observer predicts, and communism may become an important problem to be reckoned with.

Respectfully yours,

Carl O. Hawthorne,  
 American Vice Consul.

800/861.3/851.5  
 COH/KCC

Original to Embassy, Peiping,  
 Copy to Embassies, Chungking and Tokyo,  
 5 copies to Department,  
 Copies to consular offices, Tientsin  
 and Tsingtao.





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

## CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning - for month of July, 1939,  
 in the Foochow Consular District.

aa

For the original paper from which reference is taken

See # 128  
(Despatch, telegram, instruction, letter, etc.)

Dated Aug. 7, 1939 From  
To Foochow (Ward)

File No. 893.00 P.R. Foochow/138.

793.94 / 15492

15492

DECLASSIFIED: E.O. 11652, 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. Japan.

a. Foochow offensive another false alarm.

793.94  
(2-6)

Since the outbreak of the present Sino-Japanese war, Foochow has been subjected to countless alarms occasioned by reports of an imminent Japanese attack on the city which later proved to be false, and to have been based

on

0695

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

-3-

on nothing more than rumors. In this respect the crisis which developed in the last days of June and which continued through the first two weeks of July throughout the Foochow area differed from those which had preceded it, for it was based on a public declaration of the intention of the Japanese forces to take the city, and it is even possible that when the declaration was made the Japanese naval forces did believe that the capture of Foochow would be relatively easy of accomplishment. It is perhaps noteworthy that one of the propaganda leaflets widely scattered over northern Fukien by Japanese naval bombing planes in the course of the crisis stated definitely that Foochow had already been captured.

Several unsuccessful attempts to effect landings along the coast north and east of Foochow were reported, but they were evidently not in any considerable force, and at no time during the period under report was a large-scale Japanese attack on Foochow actually launched.

b. Japanese air-raids. A calendar of Japanese air-raids showing the dates, the number of raids, the number of bombs dropped, and the places bombed, follows:

Date

-4-

Date of: No. of: No. of bombs:				Places bombed
raids :	raids :	dropped :		
July 1 :	3 :	32 :		Futsing, Blongloh, and Putien.
2 :	2 :	8 :		Min River forts and Lienkong.
3 :	1 :	40 :		Shahsien.
4 :	3 :	13 :		Santiao and Yungchun.
6 :	1 :	28 :		Min River forts and Kienow.
7 :	1 :	14 :		Foochow, Lienkong, and Futsing.
8 :	2 :	16 :		Quanton and Changmen.
11 :	2 :	13 :		Min River forts.
12 :	2 :	20 :		Min River forts and Nanping.
16 :	2 :	11 :		Putien and Hankong.
14 :	1 :	4 :		Kienyang.
25 :	1 :	4 :		Santiao.
24 :	2 :	9 :		Foochow, Futsing and Changmen.
25 :	3 :	6 :		Foochow, Putien, Changmen and Kienow.
Total :	23 :	220 :		

In several of the raids listed the areas bombed were also raked by machine-gun fire. No estimate of casualties or amount of damage is available. Japanese planes made ten visits to Foochow during the period covered, but without bombing.

c. Extension of the blockade. On July 12 the Japanese naval authorities issued a declaration of their intention to begin hostilities against Chuanchow (泉州), Tungshan (東山), and Chapanhaich (詔安縣) (all in the Amoy Consular District), the wording of the declaration being, mutatis mutandi, identical with that of the declaration which had been made concerning Foochow.

It seemed to most observers in Foochow illogical that a town like Chuanchow would be attacked if Foochow was to be spared of attack, since Chuanchow would be even less valuable than Foochow as a military objective, and the forces which came to it would suffer from the same tactical disabilities after they took possession.

Hinghwa (興化) was named in a third Japanese declaration issued on July 15, and in the fourth

one

-5-

one, dated July 18, the intention of the Japanese to begin hostilities against Santung (三都澳), Loyuan (羅源), and Shach'ang (沙埕) was asserted.

Each of these declarations warned third-power ship-in to leave the ports named, and each stated that the entrance to the particular port was being mined. Had hostilities actually been begun at these ports, the circumstance that the issuance of these declarations automatically effected a complete blockade of the northern Fukien coast would have been regarded as incidental and presumably the blockade itself could have been lifted when and if the points named were captured by the Japanese.

With the failure of the announced hostilities to commence at anyone of the ports named, it became clear that the most important effect of these announcements (and the probable motive for their issuance) was to lay just such a blockade, cutting off all communication with this city and district by sea, as the voluntary action of the Chinese themselves in tearing up the roads connecting various parts of the district with the city had cut off all communication by land.

d. More barricades for the Min River.

A circumstance which was regarded in Foochow as evidence that, in spite of the declaration, it was not the immediate intention of the Japanese to attack this city, was that of the laying by the Japanese on July 6 and 7 of an additional barrier across the mouth of the Min River, outside of the first barrier laid across it by the Chinese.

AS

-8-

As if to emphasize their defiance of this latest move by the Japanese, the Chinese authorities began about three days later themselves to lay another blockade within their own first one. Exactly the same procedure was followed in collecting stones for it as had been used in August 1937 to construct the original barrier; and although it had not protruded above the water, work on it was still going on at the close of the period covered by this report.

The Min River is thus now closed by the Chinese, blockaded by the Japanese, and thrice barricaded on its way to the sea.

c. Capture of Pingt'an Island. On July 6 one Yü Ah-huang (余阿煌), leading a mixed band of Formosans and Chinese bandits who were armed with old Japanese army rifles, made a landing on Pingt'an Island (平潭) from Japanese ship's boats under the cover of an aerial bombardment of Pingt'an City by two Japanese aeroplanes.

The population believed that the island was being attacked by a large Japanese landing force, and most of it - and city's defence forces as well - appear to have fled, and Yü was able to accomplish an easy entry into the city. It soon became obvious, however, that he did not have the full support of the Japanese navy, and it was later reported that he had been obliged to pay Yuan \$40,000 in advance for the services of the two aeroplanes. The attack was believed locally to have resulted from a disagreement between Yü and his former bandit chief, the now reformed

Kao Cheng-hs

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations.

Report concerning activities during  
 month of August, 1939, for Foochow  
 Consular District.

aa

793.94 / 15493

For the original paper from which reference is taken

See # 136  
 (Despatch, telegram, instruction, letter, etc.)

Dated Sept. 10, 1939 From Foochow (Ward)  
 To

File No. 893.00 P.R. Foochow/139.

15493

DECLASSIFIED: E.O. 11652, 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-

B. Relations with Other Countries.

1. Japan.

a. Aerial activities.

(1) Air air raids. There was comparatively little aerial activity in this area during August, there having only been ten air raids in the course of the month. Seven of these were directed against the forts holding the mouth of the Min River. No reliable statement of the extent of the damages or the number of casualties is available.

b. Naval actions.

(1) Blockade maintained. Japanese naval vessels shuffled up and down the coast of northern Fukien through August, maintaining a fairly effective blockade of the whole coast line, and re-laying mines at Santuao (三都澳) and several other points where the original mines had either been exploded or swept out to the sea.

(2) British steamer driven out.

A British steamer, the S.S. SHEIKHA, attempted on August 2 to take on a cargo at Sungshia (松下), near Futsing (福清), but was prevented from doing so by the arrival of a Japanese naval vessel which began bombardment of the port. Almost simultaneously a Japanese plane appeared overhead and began bombing the shore, forcing the ship to up-anchor and sail out of the harbor.

c. Conscription tightened.

(1) First conscription. In a very marked tightening-up of conscription regulations

throughout

793.74



-4-

throughout northern Fukien, the enlistment of large classes of previously exempt able-bodied men was begun in August. Eldest sons who had been exempted in previous drafts, because of their presumed obligation to support their parents, were made liable to conscription, and many others who had by reasons of influence and perhaps of bribery been able to evade service, were taken.

(2) Magic and machine-guns. In many of the interior districts of northern Fukien, a definite, if still inarticulate, resistance to the growing severity of draft regulations has begun to develop, and considerable numbers of young men appear to have been encouraged by their parents to attempt to escape conscription. Some of these are reported to have joined the "Big-Sword" corps, relics of the Boxer Days which still flourish at several of the more remote centers.

A local press report states that at a mass meeting of one of these organizations, where a number of draft-dodging new recruits were being taught the magic of making themselves invulnerable to rifle bullets, a company of gendarmes disrupted the ritual by sweeping the meeting with machine-gun fire, killing the head magician and many of his newly-won followers.

(3) Total mobilization. A project which appears to have been logically worked out, but which will probably never be put into practice, was announced early in August at the Headquarters of the

Foonchow

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

-5-

Foochow Garrison Commander in a statement by its spokesman, according to which preparations were going forward to incorporate all able-bodied but as yet undrafted men and all women between twenty and forty years of age into engineering, transportation, or communication corps, and all those between forty and fifty into burial, laundry, and sanitation corps, each individual to be assigned duties appropriate to his ability and physical strength, and to be given a two-week's training in the work which he would be expected to do, whereafter he would hold himself in readiness to function at any time under the orders of a selected chief of his particular unit.

d. Pirates on Pingt'an. The bandits under Yü Ah-huang (余阿煌), who captured Pingt'an Island (平潭) early in July, were reported to be engaged in purging from the island's administration and from among its residents any of the relatives or supporters of Kao Ch'eng-hsueh (高誠學) who were unfortunate enough still to be on the island. Yü was reported in the local press to have begun the organization of a large concern to engage in the smuggling of Japanese-manufactured articles and of opium and morphine from Pingt'an into Fukien through the nearby Futsing (福清) area.

e. Traitors executed. Four Chinese who had been arrested at Sicaya (仙遊) on charges of having conspired with the Japanese to assist them in attacking various points along the northern Fukien coast, and who were stated to have made detailed and circumstantial confessions of their guilt, were

executed at the Fukien Pacification Headquarters in Foochow on the morning of August 15.

0707

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

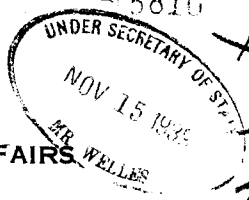
DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

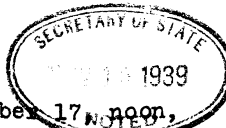


*Copies sent to  
 Ambassador  
 Johnson  
 FE/REK*

THE SITUATION IN CHINA



November 6, 1939.



*FE/MH  
 DCR*

Reference Chungking's 557, October 17, 1939.

Peiping's 562, October 27, 3 p.m., and Shanghai's 965,  
 November 2, 2 p.m.

793.94

These telegrams reflect the differences in view-  
 point to be expected among observers residing at, re-  
 spectively, Chungking, Peiping, and Shanghai. In brief,  
 Ambassador Johnson is convinced that the Japanese have  
 reached the peak of their military effort and that de-  
 terioration in the position has begun and in support  
 thereof cites, inter alia, various military reverses,  
 the Soviet-German non-aggression pact, denunciation of  
 the Japanese-American treaty, the shutting off of  
 European markets due to hostilities, improvement in  
 Chinese national morale, confidence, and determination.

Counselor Gauss points out on the other hand the  
 lack of indications of any modification of Japanese ob-  
 jectives or policy in China; the fact that Japan's major  
 military effort was considered as substantially com-  
 pleted with the occupation of Hankow and Canton (October  
 1938); sober Japanese opinion that the project of a  
 "recognized" central régime will mature in the near  
 future; a belief that the drain upon Japanese resources  
 and

793.94/15494

NOV 2 1939

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

5811

-2-

and reserves has been somewhat moderated by Japanese monopoly control of profitable enterprises and accumulation of large revenues from sources such as customs, salt and consolidated taxes (approximately eighty-five percent of the customs revenue is collected at Japanese-occupied ports and consolidated and other tax receipts in occupied China must reach a very substantial total); the lack of evidence of a substantial strengthening of the Chinese position and loss to China of Britain and France as possible sources of credits and supplies; and reports of friction between Communists and Nationalist forces in the field.

Counselor Lockhart's telegram indicates that the Japanese are with some success applying to north China the methods they employed in Manchuria, that the Japanese civilian population in the occupied areas has materially increased and that the big Japanese-controlled development companies are participating in all enterprises which give promise of profit, and that the Federal Reserve Bank seems to be slowly gaining. Mr. Lockhart adds, however, that there is a much greater urge for peace on the part of the Japanese and their Chinese adherents than is superficially evident and that the Japanese apparently fear that the war will drift into an endurance contest, in which the Chinese have some formidable assets on their side.

The

0709

DECLASSIFIED: E.O. 11652, 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-

The essential difference among these points of view is that Mr. Johnson regards China's chances of ultimate success as more favorable than does Mr. Gauss, while Mr. Lockhart stresses indications that the Japanese believe they are in north China to stay.

These views and opinions seem to add up to a total somewhat as follows: without substantial reinforcements of men and mechanized equipment, the Japanese cannot make further military inroads of great significance into "free China". It is highly doubtful whether the present Japanese forces in China are sufficient to consolidate the vast disaffected areas behind and between the Japanese lines. The Chinese, lacking an abundance of needed artillery, planes, munitions, and mechanized ground equipment, cannot be expected within the foreseeable future to be able to launch a large-scale counter offensive with hope of significant success. Japan is in occupation of the coastal ports, main commercial centers, and principal lines of communication. Japan controls the principal lines of communication. Japan controls the principal sources of revenue previously available to the Chinese Government. Nationalist China is slowly building up a new commercial and industrial structure in the west and is maintaining attenuated lines of communication with the outside world. The economic factor has become of special significance in the Sino-Japanese struggle, with the guerrilla movement tending to obstruct but not to prevent

0710

DECLASSIFIED: E.O. 11652, 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-

prevent altogether consummation of Japanese plans of economic exploitation in occupied territory, especially in north China.

The foregoing views support the conclusion reached by Mr. Gauss that there is no prospect for an early definitive settlement of the China incident.

China's hopes would seem to lie in (a) continuing to receive sufficient outside assistance to maintain and develop "free China" and keep up the struggle in the expectation that the longer China holds out the better terms she will receive in any settlement and (b) diminution of Japanese resources combined with increasing international difficulties for Japan.

*7/22/72*

793.94/15421  
15461  
15444

*JA* *for new*  
FE:Atcheson:HES:REK

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

RECEIVED  
DEPARTMENT OF STATE  
DIVISION OF FAR EASTERN AFFAIRS

Division of  
Far Eastern Affairs  
NOV 16 1939  
Department of State

1939 NOV 16 PM 2 21

PA/H:  
Mr. Hornbeck.

U: ~~AND RECORDS~~  
Mr. Welles

NOVEMBER 15, 1939.  
ADVISED BY POLITICAL RELATIONS  
MR. HORNBECK  
NOV 16 1939  
DEPARTMENT OF STATE

UNDER SECRETARY OF STATE  
NOV 16 1939  
MR. WELLES

793.94  
Captain Schuirmann of the Navy Department has just told me that the Navy Department's information indicates that there is a large concentration of Japanese navy, army and air forces in the vicinity of Pakhoi (on the southern Kwangtung coast near the French Indochina border) and that Japanese forces are launching an offensive of considerable proportions directed probably at Nanning (Kwangsi Province).

To penetrate as far inland as Nanning, Japanese armed forces would have to pass through rather difficult, mountainous terrain.

The purpose of any Japanese drive on Nanning would seem to be twofold: (1) psychological, namely, to present the people of Japan with another "victory" and to furnish a more auspicious setting for the inauguration of the Wang Ching-wei puppet regime; and (2) to cut lines of communication from northern French Indochina into Kwangsi Province, over which lines of communication there now flows a substantial quantity of imported materials needed by the Chinese Government.

Any way  
in the  
line  
of  
communication  
on the  
land  
skt

FE:MMH:REK

793.94/15495

E/EG  
11/16/39

NOV 16 1939

M.H.W.

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

## CROSS-REFERENCE FILE

### NOTE

#### SUBJECT

Sino-Japanese relations.

Report concerning -, for month of August, 1939.

aa

For the original paper from which reference is taken

See # 30  
(Despatch, telegram, instruction, letter, etc.)

Dated Sept. 10, 1939 From Hankow (Spiker)  
To \_\_\_\_\_

File No. 893.00 P.R. Hankow/146.

793.94 / 15496

15496



1. Course of Hostilities.

793.94  
The military situation in this district was comparatively static. Japanese strength was little more than necessary to hold occupied towns and maintain communications. Minor drives by the Japanese were launched northwest of Pingnan, Chuan, and to the north and west of Hanchuan. No significant results were obtained from these operations.

The Chinese forces remained fundamentally inactive, confining their efforts to harassing small Japanese units. They continued to enforce an incomplete economic blockade of Japanese occupied areas.

In some sections the blockade is apparently enforced with stringency. A Manchong Chinese, for example, entered partisan territory and because he had on his person a box of Japanese matches was arrested and not released until, several days later, he was able to secure a guarantor. When strictly applied, the blockade also prevents Chinese products from reaching the Japanese, as is the case with the Japanese garrison at Yangxin, Hubei (湖北陽新), which is unable to obtain sufficient foodstuffs from the surrounding countryside and needs must import most of its victuals from Japanese controlled ports

Political report  
August 1939  
Hankow, China

-7-

ports on the Yangtze. In other areas the blockade is ineffectually enforced, if at all. Japanese consumer's goods, disguised as to their country of origin, are with little difficulty shipped to Chasi; Chinese agricultural products enter the Huhai cities in large volume from "free China".

2. New Japanese Offensive Contemplated.

Reports at the end of the month suggested that the Japanese were considering the launching of an offensive on September 18, directed at Chasi and possibly Changton, Hunan (湖南常德), and Ichang. Undetermined numbers of Japanese reinforcements arrived in the Huhai cities.

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning -, for month of September, 1939  
in Foochow Consular District.

aa

793.94/15497

For the original paper from which reference is taken

See # 142  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 2, 1939 From Foochow (Ward)  
To

File No. 893.00 P.R. Foochow/140.

-1-

II. Foreign Relations.

A. Relations with the United States.

Nothing to report.

B. Relations with Other Countries.

1. Japan.

793.94  
a. Aerial activities. In the first half of September there was considerable Japanese aerial reconnoitering along strategic military routes in the interior of northern Fukien, but no actual raids occurred except for an inconsequential one on September 14 on the island of Pingt'an (平潭), until September 18, the anniversary of the fall of Mukden, when bombing attacks were made on Yungan (永安), Sienyu (仙遊), and Hweian (惠安).

That on Yungan was stated to have been carried out on information received by the Japanese that a large number of ranking government officials, including the Chairman of the Province, were in a public building in the temporary capital attending a ceremony commemorative of the loss of Manchuria. Several large public buildings in which such a ceremony might have been held were made especial targets of attack. Incendiary bombs were dropped, effecting considerable damage, and starting a fire which destroyed some hundred buildings.

On the following day Yungan was again bombed, and Sienyu, Putien (莆田), and Hankong (涵江) were attacked. On the 20th the little provisional capital of the province was attacked for its third day in succession, as was the city of Sienyu, while Yungchun (永春) received its second bombing of the month,

and

-2-

and Tehua (德化) its first.

On the 21st Foochow itself was twice attacked: once in the Upper-Bridge (洪山橋) area, west of the city proper, and the second time at the No. 3 Customs Jetty, probably the most thickly-populated spot of its size in this province. Attacking a cluster of densely-packed wooden houses, the planes dropped bombs of such incendiary force that the whole area was in flames in less than five minutes, trapping whole families and roasting them alive. By some obscure miracle, the poorly-equipped Foochow fire brigade was able to bring this fire under control in less than two-hour's time: if they had not found the means of doing that, the whole city would probably have been destroyed.

On September 22 Kutien (古田), Nanping (南平), Shaxien (沙縣), Mintsing (閩清), and Woga Island (鼓浪嶼) were bombed. The following day raids were carried out on Ping'an, Diongloh (長樂), and Ingtau (永泰), and on the 24th six raids occurred, one each on Futsing (福清), Shaxien (沙縣), Kutien, Lienkong (連江), the Changmen (長門) forts, and Foochow.

This intense aerial activity then stopped as abruptly as it had begun, and for the last six days of the month the district was free from either raids or reconnoitering.

It was the outspoken view of the local press, of various local government officials, and of everybody else who had any opinion on it at all that this sudden spurt of bombing activity and particularly

the

-3-

the attacks on the little city of Yungan, now the capital of the province, were motivated by the desire on the part of the Japanese to force the Province of Fukien into the new puppet government which the Japanese are said to plan to inaugurate on October 10 under Wang Ching-wei.

The whole subject is one on which there is now much local speculation, but it can at least be said that there is at present no overt sign that the Japanese policy of intimidation has had any effect.

b. Naval activities.

(1) Blockade of Moichow. On September 2 the Commander-in-Chief of the Japanese China Seas Fleet issued a notification through the Japanese Consul General at Shanghai that Japanese naval forces would commence military operations against Moichowpu (湄洲浦) Bay in Fukien Province on the morning of September 6. The notification warned third-power vessels to leave the bay, which was to be closed by the morning of the date mentioned. The wording of this notification was identical with that by which the other ports along the Fukien coast had been successively blockaded by Japanese naval action, and it was therefore assumed that its purpose was simply to effect a blockade of the bay, but although no report of the fact appeared in the local press and no information on it was available here, it is probable that actual hostilities did take place there, the Japanese Navy lending aerial and naval support to a group of Chinese bandits who attacked and

were

-4-

were temporarily successful in occupying the island of Meichow.

(2) Coastal patrol. Japanese naval vessels maintained what appears to have been a fairly vigilant patrol along the whole coast of northern Fukien throughout September. It was reported, for instance, that on September 23 there were nine Japanese naval vessels at the mouth of the Min River, a transport and an aircraft carrier being among them. A number of these vessels were reported later to have concentrated around Pingt'an Island, where Japanese trawlers commandeered a number of fishing junks.

c. Military engagements.

(1) Pingt'an regained. In the early hours of the morning of September 5 a company of about one hundred and fifty soldiers of the 80th Division from the mainland opposite the island of Pingt'an commandeered all available junks and other craft to cut communications with the island, and effected landings on it at two separate points, from which, assisted by a secretly-organized militia on the island itself, they effected the capture of Pingt'an city, and reestablished Chinese Government control over the whole island.

Unfortunately for the island and for the peace of the Fukien coast, Yü Ah-huang (余阿煌), the leader of the bandit group who had seized the island, made good his escape, while Yü Chung-fa (余中發), presumably a relative, who had been left in charge of the bandit militia, turned over to the government forces. Most of the other important

bandit

-5-

bandit leaders appear also to have escaped.

(2) Pingt'an lost once more. The recapture of Pingt'an Island was heralded with considerable enthusiasm in Foochow, and the government made plans for a festival to be held in Pingt'an city in celebration of the island's being recaptured, but the islanders themselves, as well as the people living on the opposite mainland, were less optimistic, and it was commonly said throughout that whole area that Yü would certainly come back to Pingt'an. The press remained silent on subsequent developments, but he appears, in fact, to have returned, probably sometime between September 20 and 25. At the end of the month under review it was certain that the government no longer controlled the island, although no reliable statement of the circumstances of its re-investment by pirates was available to the office.

(3) Attempted landings near Futsing. On the morning of September 24 a group of these pirates, supported by Japanese naval vessels and airplanes, are reported to have attempted to effect a landing near Haikow (海) on the coast near Futsing, but were driven back by Chinese troops.

On September 26 three hundred Chinese bandits, armed with Japanese rifles and stated to have come from Pingt'an Island, landed on the lower end of the Lungt'ien (龍) Peninsula, but they also were forced back.

A third unsuccessful landing, this time with the reported assistance of four Japanese

naval



-6-

naval vessels, was attempted at Haikow on September 27. The attente was covered by four Japanese bombing planes, but was stated to have been repulsed by fire from the local Chinese garrison.

(4) Meichow reported recaptured.

Meichow, an island in the bay by that name which was declared under blockade by the Japanese Navy as of September 6, was reported in the Chinese press to have subsequently been captured by Chinese bandit forces operating under the aegis of the Japanese. It was said at the close of the month in Foochow that Chinese troops, taking advantage of the pirates' celebration of the Mid-Autumn Festival on September 27, had recaptured the island in the early hours of the following morning.

III.

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations.

Report concerning -, for month of September, 1939.

aa

For the original paper from which reference is taken

See ..... # 68  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 3, 1939 From Amoy (MacVitty)  
To

File No. 893.00 P.R. Amoy/144

793.94/15498

15498

DECLASSIFIED: E.O. 11652, 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. The Kulangsu Situation.

793.94

The impasse between the Municipal Council and the Japanese Consul General, caused by failure to reach an agreement on terms to settle the Kulangsu incident, was finally broken as a result of the declaration of war in Europe and the signing of the Soviet-German non-aggression pact. With the withdrawal of the British and French landing forces from Kulangsu and their vessels from the Amoy area, it became apparent to the members of the Municipal Council and the foreign community that every effort should be made to conclude an agreement, especially in view of the changed attitude of the Japanese authorities and their willingness to negotiate on terms that would safeguard the integrity of the International Settlement. In view of these considerations, the formal proposal made by the Japanese Consul General was accepted in principle by the Municipal Council and the details of an

- 4 -

an agreement are now being worked out by a Committee composed of Mr. Morhaus and Mr. Poppen, Dutch and American members of the Council, and the Japanese Consul General.

The following is a summary of the proposed agreement:

1. Complete cooperation between the Municipal police and Japanese Consular police to end all subversive activities.

2. The immediate appointment by the Council of one Japanese inspector of police to rank with but after the present inspector, and one Japanese sergeant of police.

3. The Japanese demand for the appointment of ten additional Formosan police to be decided by a vote of the rate-payers at the annual rate-payers meeting in January.

4. The question of the appointment of Chinese members of the Council by the Amoy Puppet Government and the franchise of Formosans to be postponed, but when revived to be referred to the Powers signatory to the Land Regulations.

5. No restriction to be placed on traffic between the mainland and Kulangsu, except that of inspection of cargoes and passengers by the Municipal and Japanese Consular police at the jetties.

6. The Japanese to give assurances that the Amoy Government will adhere to the spirit of the agreement.

The delay in reaching a final agreement  
appears.

0725

DECLASSIFIED: E.O. 11652, 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 -

appears to be due to the fact that the Japanese Consul General must refer all details to the Foreign Office at Tokyo for approval. While the Japanese sponsored press in Amoy showed an almost friendly attitude toward the Municipal Council during the month - a complete change from that of the previous three months - the Japanese Naval authorities continued to maintain a strict blockade of the mainland, which actually became more severe after it was known that an agreement was in sight. Chinese employees of the Standard-Vacuum Oil Company were not permitted to visit the installation of that Company at Sungsu on the mainland, and the European manager of the installation was not permitted to visit Kulangsu after 6 p.m. American missionaries were required to secure permits in order to take necessary supplies to the mainland for their interior missions. In other words the Japanese Naval authorities instead of ameliorating the situation, as was indicated in conversations at Tokyo, have actually made matters more difficult. This condition has caused doubt to be expressed as to whether the Japanese Naval authorities will abide by the agreement after it is signed, especially to that section relating to the lifting of restrictions on traffic between the mainland and Kulangsu.

Note: With reference to the Kulangsu situation, see the following:

Telegrams:

Amoy's 98 to the Department, September 12.  
Amoy's 99 to the Department, September 12.

Amoy

- 6 -

Amoy to Peiping,	September 2.
Amoy to Peiping,	September 4.
Amoy to Peiping,	September 10.
Amoy to Peiping,	September 12.
Amoy to Peiping,	September 15.
Amoy to Peiping,	September 19.
Amoy to Peiping,	September 26.

Despatches:

Amoy to Peiping, No. 32,	September 5.
Amoy to Peiping, No. 34,	September 8.
Amoy to Peiping, No. 36,	September 25.

2. Assassination of a Japanese Officer in Amoy.

On the morning of September 12 a Japanese Army reserve lieutenant named Tamura was shot dead by three assailants in Amoy. It was learned that Tamura was the head one of the gangs of Formosan ronins in Amoy and that the murder was the result of quarrels over spoils. Despite this the Japanese Naval authorities made over 500 arrests and stopped all traffic for three days between Amoy and Kulangsu. At the end of the month it was announced that two of the assailants had been arrested and that they had confessed to the murder which, according to the Japanese press, was instigated by the Chinese "Blue Shirt" Society. As the Japanese Naval authorities used this murder as an excuse to increase their blockade between Kulangsu and the mainland to a point where it interfered with transit of members of the staff of the Standard-Vacuum Oil Company and the Asiatic Petroleum Company and the transit of American missionary supplies, it is generally believed that the murder of Tamura was not of Chinese instigation.

3.

772  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

## CROSS-REFERENCE FILE

### NOTE

SUBJECT Sino-Japanese relations.

Report concerning -, for month of September, 1939.

as.

793.94 / 15499

For the original paper from which reference is taken

See # -  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 12, 1939 From Canton (Myers)  
To

File No. 893.00 P.R. Canton/140

15499

DECLASSIFIED: E.O. 11652, 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:

1. Japan.

(a) Military Activities in the Canton Area:

793.94  
 Japanese forces engaged in renewed attempts to occupy Chungshan district were repeatedly repulsed by local militia units under General Cheung Wai-cheung (張惠長), the local magistrate.

Chinese troops which had penetrated the Fayuen area, north of Canton, were driven back by Japanese and puppet troops in severe fighting which took place between September 1 and 10. Late in the month the Japanese forces in the area between Fayuen and Canton were engaged in extensive military preparations which were thought to envisage an advance northward, possibly in the direction of Shuehow.

Several thousand Chinese troops, on the night of September 30, staged a surprise attack on the Japanese troops garrisoning the Kwangtung-Hong Kong border area. The number of these Japanese troops had, late in August and early in September, been greatly reduced. It was consequently necessary for the Japanese to despatch reinforcements from the

Canton

- \*Telegram to Department no. 119 of Sept. 20, 3 p.m.
- \*\*Telegram to Department no. 115 of Sept. 14, 9 p.m.
- \*\*\*Telegram to Department no. 110 of Sept. 5, 3 p.m.



- 3 -

Canton vicinity to meet this Chinese attack."

It has been reported that some Chinese units recently organized in the occupied area have been sent to the front lines to cooperate with the Japanese troops.

(b) Japanese Aerial Activity:

Japanese planes are reported to have carried out raids on Shekhi, in Chungshan district, on Pakhoi in southwestern Kwangtung, and on various cities in Kwangsi, including Liuchow (柳州), Weilin (桂林), Wetlam (鬱林), and Lungchow (龍州).

(c) Guerrilla Warfare:

Japanese armed forces had numerous clashes with Chinese irregular and bandit units in the occupied area. According to press reports, a number of groups of guerrillas or bandits who surrendered have been organized as local protection forces, a common Chinese practice in Manchuria in pre-incident days which was then inveighed against by the Japanese.

(d) Japanese Training and Propagandist Activities:

A group of recently trained school teachers from Canton spent the latter part of August and the first part of September in Formosa, where they studied educational methods in use there. Plans were laid for sending several hundred local policemen there for a period of training.

During recent months a number of persons, including puppet officials and their wives, have been sent on trips to Formosa, North China, Manchuria and Japan. These trips are apparently designed, at least in part, favorably to impress people who might be in a position to strengthen Japanese influence.

Posters.

\*Telegram to Department no. 123 of Oct. 3, 6 p.m.

7730  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Quatefen NARS, Date 12-18-75

- 4 -

Posters, wall slogans, newspapers, magazines, and the radio are being used freely in an attempt to influence the opinion of the local masses. Schools opening in Canton on October 1 are to use text-books revised in Formosa. Local Chinese are being encouraged to study the Japanese language.

Presumably for the purpose of preventing the entry of opposing currents of thought, the circulation of unauthorized publications is prohibited and no person may use a radio receiving set without first obtaining a police permit.

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

FILED IN THE CONFIDENTIAL FILE

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

For the original

#2631

Oct 25, 1979

From

DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** First anniversary of establishment of the Shanghai Special  
 Municipal Government, Oct 16, 1939.  
 Celebration of-, Report of Oct 17, prepared by the Shanghai  
 Municipal Police, enclosed.

793.94 / 15500

For the original paper from which reference is taken

See #2631  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct 25, 1939 From Shanghai (Gauss)  
 To

File No. 893.102 S/1944

0734

DECLASSIFIED: E.O. 11652, 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

GRAY

FROM Canton via N. R.

Dated November 20, 1939

Rec'd 2:38 a.m., 21st.

Secretary of State,  
Washington.

144, November 20, 4 p.m.  
Reference my 140, November 15, 4 p.m., local

Japanese sponsored press claims Japanese forces have  
penetrated 20 kilometers into Kwangsi in direction of  
Nanning. Although official confirmation is lacking  
usually reliable sources state that the reports are  
believed to be correct.

Repeated to Chungking, Peiping, Hankow.

MYERS

RR

793.94/15501

F/FG

NOV 21 1939

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

**TELEGRAM RECEIVED**

HSM

GRAY

FROM <sup>28</sup> Peiping via H. K.

Dated November 21, 1939

Rec'd 6:50 a. m.

Secretary of State,  
Washington.

November 21, 5 p. m.

Following from Tsinanfu by mail:

"November 17, 4 p. m.

American missionary reports that the notorious Shantung bandit chief, Liu Kuei-tang, who had been 'cooperating' with the Japanese for several months (see my telegram No. 141 to the Embassy, page 3) recently returned to the Chinese camp with an unknown number of followers, believed to total at least 5,000. Liu's men had been armed and equipped by the Japanese, which equipment is said to include two tanks and a few airplanes.

This Chinese force is said to have joined other Chinese military-guerrilla forces in the mountainous region of southern Shantung, east of Tenghsien, which combined constitute an array too powerful to be dealt with by present Japanese garrisons in that area.

Sent to Peiping only."

Repeated to Chungking and Shanghai. By air mail to Tokyo.

HPD

SMYTH

793.94/15502

F/FG

793.94  
note  
893.108

A  
file  
B  
m  
ty

COPIES SENT TO  
H. K.

EJZ

0736

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning -, for month of  
September, 1939, in Hankow Consular  
District.

aa

793.94 / 15503

For the original paper from which reference is taken

See # 39  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 6, 1939 From Hankow (Spiker)  
To

File No. 893.00 P.R. Hankow/147

15503



DECLASSIFIED: E.O. 11652, 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. Japan

### a. Course of hostilities

793.14  
 A four months' period of military inactivity (except for occasional air raids and minor clashes) was broken, the middle of September, by a determined Japanese thrust against the Chinese forces west and southwest of Nanchang. In a five-day drive (September 15-19) the Japanese claim to have dispersed 6 Chinese divisions between Lungsin (奉新) and Kaoan (高安) and to have taken Yaoan, 60 kilometres southwest of Nanchang on the main highway to Changsha.

With this movement developing successfully the Japanese began to exert pressure on the Chinese lines east of the Tung Ting Lake in Hunan and by the end of the month had compelled the Chinese to withdraw across the Sinhsiang (新墙) and the Yi Rivers southwards in the direction of Changsha. Japanese columns advancing down the Canton-Hankow Railway and the Tungcheng (通城)-ingkiang (平江)-Changsha highway were assisted by forces (including Naval detachments) which landing on the eastern shore of Tung Ting Lake threatened the Chinese left flank and rear, while Japanese aeroplanes bombed Chinese troop concentrations, stores, and communications.

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

Political report  
September 1939  
Hankow, China

-5-

The announced object of these operations was to destroy the Chinese forces in the 9th War Zone, south of the Yangtze.<sup>1</sup> It is generally believed, however, that the Japanese have been feeling the need of some spectacular success to encourage the Japanese public, discourage the Chinese (especially the politicians), and facilitate Wang Ching-wei's peace move and the establishment of a new regime at Nanking, and that the taking of Changsha could be so advertised. Control of the Tung Ting Lake, of the subsidiary waterways connecting it with the Yangtze west of the main outlet, and of the mouth of the Jiang River were other possible objectives.

The Japanese air forces were active in support of the operations described above and against more distant points, including towns in western Hunan.

There was a show of activity at points along the Han River and elsewhere in Hupeh but no action of importance.<sup>2</sup>

0739

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

# CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning -, for month of September, 1939.

aa

793.94 / 15504

For the original paper from which reference is taken

See # 2610  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 9, 1939 From Shanghai (Gauss)  
To

File No. 893.00 P.R. Shanghai/132.

15504

DECLASSIFIED: E.O. 11652, 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. Japan.

### a. Japanese Policy after September 1.

793.94

Representative opinion in Shanghai inclined to the view that, due to the sudden shifts in the European scene and the succession of the Abe Cabinet into power in Tokyo, the Japanese Government probably would maintain (for the present at least) an attitude of "non-intervention" in the war in Europe, as being the line of action promising the greatest profit to Japan at the least risk; and, as regards the Chinese situation in particular, "Japan's desire would appear to be to obtain some superficial settlement of the China problem as quickly as possible, by establishing a Central Government of which Mr. Wang Ching-wei will be the head . . . The Chungking Government will then be relegated, at any rate in theory, to the position of a recalcitrant provincial regime, and, if it cannot be dissolved, will be ignored." The above-quoted commentator observed that Japan would thus have an opportunity of expanding its trade in many directions, and thought that "under such conditions there is a possibility of China's export trade taking on a new lease of life, and, however rigidly Japan may attempt to control that trade, Shanghai will necessarily and inevitably benefit." Local opinion, in short, supports the view that the outbreak of war in Europe and subsequent events tend to assist the Abe Cabinet in attaining Japanese aims in China.

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

793.94

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Developments in and with regard to China: Sino-Japanese conflict.  
 New and expanding problems to be envisaged as arising out of-

793.94/ 15505

For the original paper from which reference is taken  
 State Department  
 Far Eastern Division MEMORANDUM

See \_\_\_\_\_  
 (Despatch, telegram, instruction, letter, etc.) State Department  
 Far Eastern Division  
 (Acheson)

Dated Oct 25, 1939 From \_\_\_\_\_  
 To \_\_\_\_\_

File No. 893.00/14465

15505

DECLASSIFIED: E.O. 11652, 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

CJ

FROM

This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (br)

HONG KONG VIA N.R.

Dated November 22, 1939

Rec'd 3:03 p.m.

Secretary of State  
 Washington.

427, November 22, noon.

This office has during the past few days been unable  
 to learn or confirm in Hong Kong sufficiently original and  
 interesting facts about the Japanese drive via Pakhoi into  
 Kwangsi to justify a report. Other than that the drive is  
 progressing rapidly the British naval and military intelli-  
 gence here appear to have little in the way of detailed or  
 original information. They know that considerable forces  
 were assembled for the drive including a total of probably  
 250 airplanes. This morning I learn from usually reliable  
 sources that the Japanese yesterday had advanced inland  
 about 80 miles and were about 20 miles from <sup>Nanning</sup> ~~Nant(\*)~~ which  
 was expected to fall within a very short time. Serious  
 Chinese resistance is said several times to have threatened  
 and then faded away.

Repeated to Chungking, Canton, Peiping.

SOUTHARD

(\*) Omission

CSB

793.94/1 5506

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

CJ

FROM

This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (br)

HONG KONG VIA N.R.

Dated November 22, 1939

Rec'd 3:03 p.m.

Secretary of State  
 Washington.

427, November 22, noon.

This office has during the past few days been unable  
 to learn or confirm in Hong Kong sufficiently original and  
 interesting facts about the Japanese drive via Pakhoi into  
 Kwangsi to justify a report. Other than that the drive is  
 progressing rapidly the British naval and military intelli-  
 gence here appear to have little in the way of detailed or  
 original information. They know that considerable forces  
 were assembled for the drive including a total of probably  
 250 airplanes. This morning I learn from usually reliable  
 sources that the Japanese yesterday had advanced inland  
 about 80 miles and were about 20 miles from <sup>Nanning</sup> ~~Nant~~(\*) which  
 was expected to fall within a very short time. Serious  
 Chinese resistance is said several times to have threatened  
 and then faded away.

Repeated to Chungking, Canton, Peiping.

SOUTHARD

(\*) Omission

CSB

793.94/15506

F/FG

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

**TELEGRAM RECEIVED**

MP

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (Br)

Hankow via N.R.

Dated November 22, 1939

Rec'd 9:44 p.m.

Secretary of State,  
Washington.

November 22, 11 p.m.

793.94

Following their defeat in northern Hunan, the  
Japanese instituted during the latter part of October,  
as reported in my political review for that month,  
determined mopping up operations in the triangle between  
the Yangtze and the Han. No reliable estimate of the  
number of Japanese troops involved has been obtained but  
it is believed that the force did not exceed two divisions.

These operations are understood to have cost the  
Japanese possibly as many as 8,000 casualties since the  
middle of October and to have finally proved inconclusive.  
The position of the two armies is now practically what it  
was before campaign began.

A conference of Japanese field commanders was held  
here last week. It was rumored to have been presided over  
on the evening of November 14 and the following morning by  
General Nishio. Usually well informed sources expect as  
a result of this conference the arrival of Japanese re-  
inforcements in Central China, possibly five divisions,  
and a renewal this winter of intensive operations to the

west

793.94/15507

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- November 22, 11 p.m., from Hankow.

west and south.

Sent to Chungking. Repeated to Peiping, Shanghai.

SFIKER

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

(CONFIDENTIAL)

PARAPHRASE

A telegram of November 22, 1939, from the American Consul General at Hankow reads substantially as follows:

During the last part of October, after suffering defeat in the northern part of Hunan Province, the Japanese determinedly began mopping up activities in the triangle between the Han and the Yangtze Rivers. It is thought that the Japanese force involved was not more than two divisions but there has been received no reliable estimates of the number of Japanese troops engaged in this action. The Chinese and Japanese armies' position is at the present time practically the same as it was before the beginning of the campaign and it is understood that no conclusive results have finally been brought about although the Japanese have since the middle of last month suffered perhaps as many as eight thousand casualties. During the week of November 12 Japanese field commanders held a conference in Hankow. According to rumors, General Nishio presided over the conference on the night of November 14 and the morning of November 15. As an outgrowth of this conference the arrival in central China of Japanese reinforcements, perhaps to the extent of five divisions, and a renewal of intensive operations this winter toward the south and west is anticipated by persons usually well informed.

29C.  
 FE:EGG:MHP  
 11/28/39

FE:YCP

DECLASSIFIED: E.O. 11652, 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**

BJS

CHUNGKING

This telegram must be  
closely paraphrased be- **FROM**  
fore being communicated  
to anyone. (br)

Dated November 23, 1939

Rec'd 2:44 a. m.

Secretary of State, *P*

Washington

606 November 23, noon. *file*

Hankow's November 22, 11 a. m.

The Assistant Military Attache states that the Chinese military authorities believe that the Japanese forces operating recently between the Han and Yangtze rivers consisted at most of two brigades or less than one division. His information is that the Japanese particularly wanted to occupy Mienyang as an observation post to give warning of Chinese air attacks on Hankow. The operation failed but Barrett questions whether the Japanese suffered more than 2,000 casualties. Repeated to Peiping, Shanghai, Hankow.

PECK

PEG

NOV 23 1939

RECEIVED

793.94/15508

F/FG

793.94

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

(Confidential)

P A R A P H R A S E

A telegram (no. 606) of November 23, 1939, from the American Embassy at Chungking reads substantially as follows:

The Chinese military authorities are of the opinion, according to Major Barrett, that there were at most two brigades or less than one division of Japanese troops operating between the Yangtze and Han Rivers recently. The information received by Major Barrett is to the effect that the Japanese especially desired to take Mienyang as an observation post in order to give warning of attacks on Hankow by Chinese airplanes. Although the Japanese were not successful in their operation, Major Barrett doubts whether their casualties amounted to more than two thousand. In this connection see telegram of November 22, from Consul General at Hankow.

89C  
 FE:EC:JPS  
 11-25

FE *gmp*

0749

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning activities in the Tsingtao  
area for month of September, 1939.

22

793.94 / 15509

For the original paper from which reference is taken

See # 447  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 7, 1939 From Tsingtao (Sokobin)  
To

File No. 893.00 P.R. Tsingtao/135.

15509

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

793.94

2. Japan

Much interest was aroused by the Japanese statement of policy in regard to the European hostilities. Leading members of the Japanese community expressed complete agreement with the policy of non-intervention and non-involvement but were more reserved on the subject of the Japanese request or advice that the belligerent powers withdraw their military and naval forces from China. There was noted complete agreement with the Japanese announcement that the first task was the settlement of the China incident.

075  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Japanese apparently are looking for  
some tangible and plausible excuse  
to retire from China with a minimum  
loss of face; according to statement  
of Mr. Aikawa.

aa

For the original paper from which reference is taken

See Confidential File tel # 615, 6 p.m.  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov. 21, 1939 From Japan (Grew)  
To \_\_\_\_\_

File No. 711.94/1348.

793.94/15510

793.94  
15510

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

TELEGRAM RECEIVED

515

CJ

PLAIN

FROM

SHANGHAI VIA N.R.

Dated November 24, 1939

Rec'd 10 p.m.

Secretary of State,  
Washington.

CO. 1, SENT TO  
ONLY AND M.I.D.

Section 213  
shown  
JEP

1036, November 24, 5 p.m.

Department's 349, November 13, 8 p.m. to Tokyo.

793.94  
793.4417  
793.01

In exclusive interview granted November 20 to official German news agency and printed today Wang Ching Wei declared date of establishment new government could not be fixed because of elaboration acceptable peace conditions with Japanese Government requires considerable time, and agreement on peace conditions must antecede establishment new government. Wang said that if national government continued to refuse to conclude peace with Japan evacuation Japanese troops from China could be effected only regionally, "as arranged last August with Japanese Supreme Command in South China". The new government at Nanking will claim title as the only national Chinese Government. Wang admitted great difficulties attend implementation his plans but hoped difficulties would be overcome in cooperation with Japan and an independent China be established.

Wang's Shanghai organ "CHUNG HUA JIN PAO" yesterday

carried

793.94/15611

F/EG



516

-2- #1036, November 24, 5 p.m., from Shanghai via NR

carried editorial asserting National Government reduced to status of local regime because of reliance on Russia, Britain and United States, and that new government in its relations with Japan must therefore be independent and self-governing. "The Central Government cannot be reorganized by Japan, and Chiang's government cannot be overthrown by Japan. The discarding of the Chiang regime and restoration of a Kuomintang Central Government are matters concerning the Chinese people and can only be dealt with by the determination and efforts of the Chinese people, at their own initiative. What we hope from Japan is that Japan will respect that determination and those efforts, and will assist the Chinese people in what they want to do, but will not order the Chinese people to act in any particular manner. Only a central government evolved through dependence upon the determination and efforts of the Chinese people, employing the determination and efforts of the Chinese people for its support, could bring about a general peace, whereupon the problem of the Chungking Government might also have a natural solution." Editorial observes that Anglo-French relationship is under British leadership and states: "Whether or not Japan can establish and maintain its position of leadership in eastern Asia depends upon whether or not it can handle matters of Sino-Japanese cooperation in the

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

517

-3- #1036, November 24, 5 p.m., from Shanghai via NR

the spirit of the Anglo-French cooperation". Editorial emphasizes that the granting to Japan of right to station troops "in the vicinity of Inner Mongolia and in North China" is only for the period of Japan's anti-Comintern Pact and is not prejudicial to China's sovereignty; and "the completeness and autonomy of China's economy in the vicinity of Inner Mongolia and in North China in the same way does not permit of the slightest infraction". Apart from those two areas, the editorial concludes, there is only one question of withdrawal of Japanese troops and no (repeat no) question of the stationing of troops.

(SECTION TWO PCILOWS)

LOCKHART

NPL

0750  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

518

### TELEGRAM RECEIVED

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

FROM

Shanghai via N. R.

Dated November 24, 1939

Rec'd 1:15 p. m.

Secretary of State,  
Washington.

1036, November 24, 5 p.m. (SECTION TWO).

The above quoted Wang Ching-wei organ has lately been increasingly independent in tone, for which two theories are advanced (one) judging the development of the international situation to be unfavorable to Japan, Wang has adopted a stronger and more independent attitude vis-a-vis the Japanese; or (two) Wang is acting in accordance with Japanese policy, the Japanese desiring that it appear that Wang is functioning on his own responsibility.

It is contended in some quarters that Wang possesses a promise from Konoye that Sino-Japanese relations shall be based upon Konoye's offer of December, 1938, and that Wang is holding out for such conditions which if implemented would appear to leave China with its sovereignty only slightly impaired. It is doubtful whether Wang desires to go down in Chinese history as a "puppet", and publicity

from

075  
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

519

HSM -2- No. 1036, November 24, 5 p.m., from Shanghai  
from his camp would indicate further that he believes  
Japan to be facing a strong combination in Russian,  
British and American policies and chooses therefore to  
fight along patriotic lines for an independent China.  
(END SECTION TWO).

LOCKHART

WWC:HTM

075  
DECLASSIFIED: E.O. 11652, 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**

520

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

Shanghai via N. R.  
**FROM** Dated November 24, 1939  
Rec'd 1:15 p. m.

Secretary of State,  
Washington.

1036, November 24, 5 p.m. (SECTION THREE).

It is conceivable that there is a relationship  
between Japanese pronouncements and Wang's publicity  
but it is possible that it is realized in some Japanese  
quarters, at least, that the establishment of another  
controlled government could scarcely be expected to  
contribute substantially to the establishment of a new  
order in East Asia. If the latter hypothesis is true  
it would follow that Japan might feel the necessity of  
making additional concessions to the Wang regime, at  
least on the surface, for the furthering of Japanese  
policies in Asia.

Despatch follows.

Repeated to Peiping, Chungking. Code text by air  
mail to Tokyo. (END MESSAGE).

LOCKHART

WVC  
HTM

7758

DECLASSIFIED: E.O. 11652, 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**

**FROM**

HSM

GRAY

Canton via N. R.

Dated November 25, 1939

Rec'd 12:45 a. m.

Secretary of State,  
Washington.

COPIES SENT TO  
ONE. A. H. D.

145, November 25, 11 a. m.

Reference my 144./15501

Japanese authorities confirm that Nanning was  
occupied yesterday.

Repeated to Chungking, Peiping, Hong Kong.

MYERS

DDM

793.94/15512

F/FG

NOV 26 1939

0755

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

RFP

**TELEGRAM RECEIVED**

Shanghai via N. R.

**FROM** Dated November 25, 1939

Rec'd 6:05 p.m.

Secretary of State

Washington

1040, November 25, noon.

793.94/15511

My 1036, November 24, 5 p.m.

COPIES SENT TO  
CHILANOIDE

Today's press quotes the Japanese Army spokesman at Shanghai as stating yesterday that Wang Ching Wei's editorial statement of November 23rd that the National Government could be overthrown only by Chinese forces was Wang's own opinion, but that on most other counts the editorial was in line with Japanese views. "The spokesman then pointed out that the Japanese Government because of its superior forces in Central China could have established a government here long before this but because it has implicit faith in Mr. Wang's sincerity and power to establish a government of his own, it had desisted even from hurrying him especially during the present when he wanted more time to organize before forming his new government." Questioned regarding Japan's attitude toward Wang's statement that all Japanese forces would be withdrawn from China except border garrisons in Inner Mongolia (and North China), "the spokesman said these were principles laid down last year in the Konoye statement and would be adhered to when peace once more returned

793.94/15515

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

RFP -2- #1040, November 25, noon from Shanghai via N. R.

returned to China, but that it is too early to discuss the matter on purely conjectural grounds. He added that the new government during its youth would have no other armed forces to depend upon than the Japanese and would therefore probably find it necessary to avail itself of the opportunity'

Repeated to Peiping and Chungking. Air mail to Tokyo.

LOCKHART

EMB



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

5814

## TELEGRAM RECEIVED

HSM



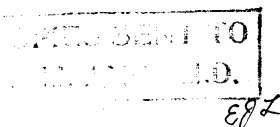
FROM GRAY

Tokyo

Dated November 27, 1939

Rec'd 8:09 a. m.

Secretary of State,  
Washington.



628, November 27, 5 p. m.

Nobuyuki Abe

One. The Prime Minister delivered an address

Saturday night November 25 at Osaka various reports of  
which have appeared in the Tokyo press.

Two. According to the HOCHI the Prime Minister  
stated that it was a mistake to assume that the establish-  
ment of a central regime in China, the subjugation of the  
Chiang Kai-shek Government and the withdrawal of Japanese  
forces from China would bring the China incident to an  
end. Estimating the strength of the Chungking army at  
1,850,000 effectives exclusive of guerrilla bands, the  
Prime Minister is reported to have said that until these  
armed forces are exterminated the elimination of the Chiang  
regime and the establishment of a new central government  
would be meaningless. He added that the settlement of the  
economic questions might require three, five or even ten  
weeks after the actual hostilities had ceased.

Three.

793.94/15514

F/FG

076  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15815

hsm -2- No. 628, November 27, 5 p. m., from Tokyo

Three. According to the NICHI NICHI the Prime Minister referred in the same address to Japan's foreign relations in part as follows: "I am of the opinion that it is dangerous for any country to rely upon any other single country in an attempt to defy third countries. It is my conviction that diplomatic dealings must be carried on openly and honestly. If Great Britain should proffer the hand of friendship to Japan, Japan need not disdain it. The same holds true of any offer from the United States. However, Japan need not take the initiative in extending its hand to these countries. Diplomatic efforts will be continued along the lines of its 'independent policy'".

By air mail to Shanghai and Peiping. Shanghai please repeat to Chungking by naval radio.

GREW

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

## CROSS-REFERENCE FILE

### NOTE

### SUBJECT

A telegram of Nov. 22 sent to their governments  
 by British, French and Polish Ambassadors deals  
 with possibility of understanding between Soviets  
 and Japan, liquidation of war, and the division  
 of China into spheres of influence.

793.94/15515

For the original paper from which reference is taken

Tel. #626 3 p m

See \_\_\_\_\_  
 (Despatch, telegram, instruction, letter, etc.)

Dated \_\_\_\_\_ Nov. 27 1939 From \_\_\_\_\_  
 To \_\_\_\_\_ Japan-Grew

761.94/1162

File No. \_\_\_\_\_

0764

DECLASSIFIED: E.O. 11652, 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**

HSM

This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

Hong Kong via N. R.

Dated November 28, 1939

FROM

Rec'd 4:55 p. m.

793-94  
Secretary of State

Washington.

November 28th.

Following message has been received by commercial  
cable from Flood:

"November 27, noon.

Following from Reed at Fanoi:

November 23, 10 a. m. Referring to my October 21,  
5 p. m., information available here is to the effect that  
Nanning has not been captured and that the Japanese have  
retreated at least temporarily. Although the road to  
Nanning has not been entirely destroyed it is under-  
stood to be closed to commercial traffic. The possi-  
bility of diverting commercial traffic to the road  
mentioned in my despatch No. 8 of October 20th is being  
investigated but preliminary reports are not entirely  
optimistic. The Yunnan Railway has acquired additional  
cars but the freight capacity cannot be increased suffi-  
ciently to offset the loss of the road to Nanning if this  
remains.

Repeated to Chungking, Peiping and Hong Kong."

RR

SOUTHARD

793.94/15516

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

Confidential

P A R A P H R A S E

A telegram of November 28, 1939, from the American Consul General at Hong Kong quotes a message of November 23 from Consul Reed at Hanoi which reads substantially as follows:

The Japanese have not captured Nanning and have retreated temporarily at least, according to information available in Hanoi. It is understood that the road to Nanning has been closed to commercial traffic although it has not been destroyed completely. Although investigation is being carried on as to the possibility of turning commercial traffic away to another road, preliminary reports are not hopeful. It is not possible to enlarge the freight capacity of the Yunnan Railway sufficiently to counterbalance the loss of the Nanning road if this continues closed. However, the railway has obtained some additional cars.

793.94/15516

89C  
 FE:EGC:HJN  
 11/30

HP  
 FE

0766

DECLASSIFIED: E.O. 11652, 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 IN PARALLEL  
SENT TO C.N.I. AND  
M.I.D. IN CONFIDENCE

TELEGRAM RECEIVED

CORRECTED COPY

SENT TO TREASURY  
IN CONFIDENCE

JR

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (br)

FROM

Chungking via N. R.

Dated November 29, 1939

Rec'd 4:27 a.m.

Secretary of State, Division of  
Washington, FAR EASTERN AFFAIRS  
NOV 30 1939  
Department of State

614, November 29, 9 a.m.

two telegrams to Paris  
Dec. 2.

Leaders of the Chinese Government show little sign  
of discouragement because of the loss of Nanning and closing  
of motor road on the 24th. They have always admitted  
the inability of Chinese forces because of insufficiency  
of mechanized equipment including airplanes to withstand  
large scale attacks when the enemy can utilize such  
devices but seem confident that the lost ground can be  
recovered and the road opened again in say three or four  
months. They do feel some anxiety however lest increased  
ability of the Japanese to force their threats against  
Lungyun, the Yunnan leader, may lead him to interpose  
obstacles to the use of the remaining southwest trans-  
portation routes although against his own inclination.  
The Embassy has been told in reply to questions that  
National Government troops did not assist in the defense  
of Nanning because the Kwangsi authorities did not desire

such

793.94/15517

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

5317

-2= #614, November 29, 9 a.m., from Chungking.

such forces to enter the province but that the Government will send its own forces to attempt recapture.

Repeated to Peiping, Shanghai, Chungking; text by air mail to Yunnanfu.

PECK

HPD

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

*See corrected copy FE  
(No. 614) from Chungking*

**TELEGRAM RECEIVED**

818

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

FROM Chungking via N. R.

Dated November 29, 1939

Rec'd 4:27 a. m.

Secretary of State, *P*  
Washington.

Division of *Ch*  
EASTERN AFFAIRS  
NOV 29 1939

November 29, 2 p. m.

793.94

The Chinese Government show little sign of discouragement because of the loss of Nanning and closing of motor road on the 24th. They have always admitted the inability of Chinese forces because of insufficiency of mechanized equipment including airplanes to withstand large scale attacks when the enemy can utilize such devices but seem confident that the lost ground can be recovered and the road opened again in say three or four months. They do feel some anxiety however lest increased ability of the Japanese to force their threats against Lungyun, the Yunnan leader, may lead him to interpose obstacles to the use of the remaining southwest transportation routes although against his own inclination. The Embassy has been told in reply to questions that National Government troops did not assist in the defense of Nanning because the Kwangsi authorities did not desire such

793.94/15517

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

hsm -2- November 29, 2 p. m., from Chungking

such forces to enter the province but that the Government will send its own forces to attempt recapture.

Repeated to Peiping, Shanghai, Chungking; text by air mail to Yunnanfu.

PECK

HPD

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

P A R A P H R A S E

(no. 614)  
A telegram of November 29, 1939, from the American Embassy at Chungking reads substantially as follows:

The inability of the Chinese army on account of insufficiency of airplanes and other mechanized equipment to withstand attacks on a large scale by an enemy which can make use of such instruments has always been admitted by the Chinese Government which does not exhibit much sign of discouragement due to the fall of Nanning and the closing of the motor road on November 24. Although the Chinese Government appears to feel certain that within about three or four months the road can be reopened and the lost ground regained, it does feel disturbed for fear the growing ability of the Japanese to enforce their threats against the Yunnan leader (Lung Yun) may influence him, against his own desire, to place obstacles in the way of utilizing the southwest transportation routes which remain. Due to the fact that the authorities of Kwangsi did not want troops of the National Government to come into that province, Government troops did not help to defend Nanning but in an effort to recapture the city the National Government will send its own troops, according to information received by the Embassy in response to inquiries made by it.

793.94/15517

FE:EQC:HJN 12/1

FE

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

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,  
December 1, 1939

"Br"

5 PM

AMERICAN EMBASSY,

PARIS.

1476

Following from Chungking:

(Code Room: Please insert here text of  
Chungking's 614, November 29, 9 a.m.)

793.9-15517

Hull  
P.H.

793.94/15517

9A  
FE:GA:HJN

FE  
m.m.d

PA/H  
SKH

GR  
DEC 2 1939 PM

F/FG

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_ 19\_\_\_\_

D. O. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

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

## TELEGRAM SENT

PREPARING OFFICE  
 WILL INDICATE WHETHER

Collect  
 Charge Department  
 OR  
 Charge to  
 \$

Department of State

TO BE TRANSMITTED  
☒ CONFIDENTIAL CODE ☒  
☐ NONCONFIDENTIAL CODE  
 PARTIAL  
 PLAIN

Washington,  
 December 2, 1939.

AMERICAN EMBASSY,

PARIS.

Your 2866, November 30, 3 p.m.

STRICTLY CONFIDENTIAL.

The Department is repeating to you Chungking's 614,  
 November 29, 9 a.m.

While the loss of Nanning <sup>may be</sup> obviously a serious blow  
 to China's transport system, reports that the Chinese are  
 planning a counter-attack and that the Japanese may encounter  
 difficulty in keeping open their lines of communication with  
 the coast indicate that it is as yet too early to assume  
 that the Japanese will be successful in holding Nanning.

Even if the Japanese should continue to occupy Nanning,  
 we do not repeat not regard that loss as disastrous to the  
 Chinese. In the southwest there remain open two important  
 external channels of supply (the Burma road and the Tonkin-  
 Yunnan Railway); also, a main interior route (the highway  
 from Yunnanfu to Chungking) remains open, and a new highway  
 (Yunnanfu to Luchow, Szechwan) is about to be opened. It  
 would accordingly seem that the loss of the Nanning route  
 should not repeat not cause a cessation of transportation of  
 supplies. It is possible that an important consideration in  
 Enciphered by .....

Sent by operator ..... M., ..... 19.....

D. C. R.—No. 50

1-1462 U. S. GOVERNMENT PRINTING OFFICE

793.94/15517

F/FG

0773

DECLASSIFIED: E.O. 11652, 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

- 2 -

Washington,

connection with the capture of Nanning is that the advance of Japanese lines to that point may facilitate Japanese air attacks upon other interior transportation routes. The extent to which this factor may disrupt the transportation of supplies is, of course, a matter for speculation. It is our impression; however, that Japanese bombing operations in the past directed against routes of communication have been signally <sup>unproductive</sup> ~~unsuccessful~~ as, for example, in the case of the Canton-Hankow Railway.

Hall  
 J. H.

9A  
 FE:GA:HJN:REK

FE

CR  
 DEC 2 1930 A

Enciphered by \_\_\_\_\_

Sent by operator \_\_\_\_\_ M., \_\_\_\_\_, 19\_\_\_\_

0774

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

5821

**TELEGRAM RECEIVED**

JR

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (D)

Paris

Dated November 30, 1939

Rec'd 3:40 p.m.

Secretary of State,  
Washington.

2866, November 30, 3 p.m.

STRICTLY CONFIDENTIAL.

793.94

I discussed with Mandel last night the situation in  
China. He said that he was intensely disturbed by the  
Japanese capture of the suburbs of Nanning. He stated  
that the Japanese advance had destroyed the possibility  
of continuing shipments of supplies by truck which has  
been going from Indo-China to Nanning over the new road.

Aside from the serious physical difficulties which  
the cutting of this route would impose on the Chinese  
Government he felt that the loss of the positions around  
Nanning indicated much greater feebleness on the Chinese  
side than he had thought existed. Just previous to the  
Japanese advance on Nanning he had received from China what  
appeared to be authoritative information to the effect that  
the Chinese Government was absolutely confident of its  
ability to maintain the Chinese military positions protecting  
the road from Indo China to Nanning. (END SECTION ONE)

NPL

BULLITT

793.94/15518

FILED

NOV 8 1939

Confidential File

077  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

15822

### TELEGRAM RECEIVED

AC

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (D)

FROM

Paris

Dated November 30, 1959

Rec'd 4:08 p.m.

Secretary of State

Washington

2866, November 30, 3 p.m. (SECTION TWO).

He had as yet no adequate explanation for the  
Chinese collapse in the Nanning region and thought  
that it might have been due to treachery. If so the  
indication of Chinese weakness would be even more  
serious since his latest information indicated that  
Chiang Kai Shek had had an unusual degree of confidence  
in the military leaders in the Nanning district. Since  
Mandel has been the chief advocate of support to the  
Chinese Government and since he is now doubtful about  
Chinese resistance I feel that the questions referred  
to in my No. 2845, November 28, 5 p.m. may in the near  
future become even more important.

(END OF MESSAGE).

BULLITT

NPL

DECLASSIFIED: E.O. 11652, 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

15823

DIVISION OF FAR EASTERN AFFAIRS

*all FE*

*12/11*

*I suggest a reading  
of this brief despatch.*

*Jun*

793.94/15219



DECLASSIFIED: E.O. 11652, 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  
Chungking, November 10, 1939.

No. 375.

Subject: The Economic Foundation underneath  
the Japanese Invasion of China.

Confidential

A C  
P H  
me WAG

RECEIVED  
ARTIM

1939 DEC 2 AM 11 22

CONFIDENTIAL  
AND RECORDS

X ONI-MID  
CPB

793.94/15519

The Honorable  
The Secretary of State,  
Washington.

Sir:

I have the honor to refer to a telegram dated  
November 2, 1939, from the American Consul General at  
Shanghai expressing the general view that the Japanese  
are succeeding in building a solid economic foundation  
to support their military and political invasion of  
China.

The Embassy had observed what appeared to be con-  
siderable quantities of Japanese cloth in Chungking  
shops and on November 9 confidentially discussed with

a

F/FG

- 2 -

a prominent official of the Chinese Government the question of trade interchange between "occupied" and "unoccupied" areas.

The informant said that members of the Government had earnestly canvassed the question whether the importation of Japanese goods needed by the population, which needs the new industrial set-up in west China cannot yet supply, was of greater advantage to the Japanese or to the Chinese. A similar question arose in regard to exports; for example, many farmers in north China had become accustomed to raise cotton for sale and had become habituated to a money farm economy. It was difficult for the Government to persuade such farmers to return to subsistence farming, since there were many needed articles which their farms could not produce.

The informant clearly recognized the existence of arguments both pro and con trade interchange between "free" and "occupied" areas, with respect to its effect on the outcome of the hostilities, but avoided any expression of personal opinion. He implied that the policy of the Government was to keep alive the theoretical strict embargo on such trade, but in practice to wink at it when the welfare of the Chinese population in unoccupied areas was deeply involved.

Assuming, as the telegram in reference assumes, that the creation of a self-sustaining economic structure in Japanese-controlled areas in China will assist the Japanese invasion, I am inclined to think that this gradual economic entrenchment by the Japanese in the regions occupied by them will be more difficult for the Chinese to combat than the extension of military control.

It is understood, however, that some persons insist that the racial and sentimental urge of the Chinese population to resist Japanese domination will prove stronger than

0779

DECLASSIFIED: E.O. 11652, 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 -

than the impulse to accept economic benefits at their hands, at the cost of submission. This is merely another phase of a conflict whose outcome cannot be predicted with any confidence. Looking at the matter from the standpoint of American interests it may, however, be safely asserted that markets and sources of supply of Chinese raw materials and products thus gained by the Japanese they will attempt to control strictly to their own exclusive advantage.

Respectfully yours,

*Nelson Trusler Johnson*

X  
Nelson Trusler Johnson.

Original by air mail to the Department  
Four copies to the Department  
Copy to Peiping  
Copy through Peiping to Tokyo  
Copy to Shanghai.

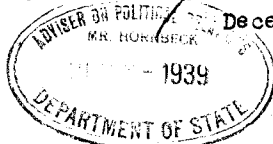
WRP:MCL

DECLASSIFIED: E.O. 11652, 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

December 5, 1939



~~WAX~~  
~~WAX~~  
~~WAX~~

Chungking's despatch 377, November 11, recounts remarks made to Ambassador Johnson by the Chinese Minister for Foreign Affairs in regard to: A reported Japanese request of the French Ambassador that appointments of officers in the Chinese courts in the Shanghai French Concession be sent to Nanking for confirmation; the Japanese order restricting the importation into Shanghai of Chinese national currency; further British and American financial assistance to China; the prospects of an American embargo against Japan.

Most of Dr. Wang's remarks contain nothing new and were in the nature of reaffirmations. In regard to the last item, Ambassador Johnson replied that he could make no prediction as to Congressional or other action but the American people had a traditional dislike of embargoes on trade and that since trade was fluid and always sought an outlet where profit was assured it would be extremely difficult to enforce an embargo if an embargo were decreed. Dr. Wang observed that the United States seemed to be in a position to make easy a cessation of shipments to Japan of materials useful in war, as the European belligerents were eager to acquire large quantities of such materials and as the

American

793.44/15520

0 7 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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

-2-

American Government was apparently embarking on an expansion of armaments which would likewise consume large quantities, thus leaving a very small surplus for shipment to Japan. He had noticed that this Government had created a "Government Priority Commission" to see that this Government's needs receive prior consideration. He stated that the Chinese Government hoped that the American Government would find it possible to shut off all supplies to Japan and would also feel disposed to induce Great Britain and France to follow suit.

793.94/15520

FE:Atcheson:MHP

7

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



EMBASSY OF THE  
 UNITED STATES OF AMERICA  
 Chungking, November 11, 1939.

No. 377.

Subject: Sino-Japanese Controversy; Statements  
made to the American Ambassador by the  
Chinese Minister for Foreign Affairs.

RECEIVED  
 793.94  
 793.1075  
 1939 DEC 2 AM 11 23  
 CHUNGKING

A  
 A  
 WAA

ADVISED BY MAIL  
 1939  
 DEPARTMENT OF STATE

793.94/15520

The Honorable  
 The Secretary of State,  
 Washington.

Sir:

I have the honor to state that in view of my impending departure from Chungking on a tour to port cities and to Peiping I called yesterday on Dr. Wang Chung-hui, Minister for Foreign Affairs, in order to inquire whether there were any observations he wished to make to me in regard to matters of mutual interest. Mr. Peck, Counsellor of the Embassy, accompanied me.

Dr. Wang stated that he had taken up several matters with Sir Archibald John Kerr Clark Kerr, the British

Ambassador,

F/FG  
 DEC 1 1939

DECLASSIFIED: E.O. 11652, 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 -

Ambassador, on November 9, the day before he left Chungking for Shanghai. He wished to present the same list to me as matters in which the Chinese Government was greatly interested. Dr. Wang then consulted a personal memorandum he had in his hand and apparently following a list of subjects detailed them to me with running comments and questions.

The Minister said that the Foreign Office had received information that the French Ambassador had received a request from the Japanese authorities that appointments of officers in the Chinese courts in the French Concession be sent to the so-called "Government" at Nanking for confirmation. The Chinese Government was apprehensive that if this requirement were met it might be the first step in compliance with the Japanese demand that the court be transferred to the authority of that organization, and that the same demand might be presented to the foreign governments concerned in connection with the courts in the International Settlement. The Chinese Government desired to state that it retained its authority over the courts in the French Concession and the International Settlement and expected that the foreign governments concerned would continue to recognize that authority. There ensued a discussion of the historical antecedents of these courts and I said that I would report to the Department of State Dr. Wang's observations.

The Minister then stated that another phase of Japanese aggression at Shanghai was to be found in the order reportedly issued by the Japanese within the last few days restricting the importation into Shanghai of Chinese national currency. The Chinese Government hoped that foreign governments would not accept any such restriction as applicable to their respective nationals. He understood that the Japanese were

ruling

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

- 3 -

ruling that permits for importations of currency would have to be applied for from the puppet authorities, and he pointed out that if this ruling were obeyed there would be an implied recognition of such authorities.

Dr. Wang said that he had discussed with the British Ambassador the possibility of financial assistance from Great Britain to China and had been informed that this type of assistance was easily possible, and in a substantial amount, but that the relations between Japan and Great Britain were such that it would be difficult for the British Government to take the lead in extending it to the Chinese Government. The Ambassador said that if the United States were to take such action and were to inform the British Government of its decision, he thought that Great Britain would undoubtedly extend credits to China or otherwise assist it financially.

Finally, the Minister for Foreign Affairs inquired of me concerning the prospects of an embargo on trade between the United States and Japan after the termination of the present commercial treaty on January 26, 1940. He observed that his information was that four separate resolutions to this end had been introduced into Congress and that Senator Pittman had announced his intention to introduce another in the Senate at an appropriate moment when Congress reconvened in January next. I replied that I could make no prediction regarding the action that might be taken by Congress, nor whether any action would be taken, but I said I felt it necessary to tell him that the people of the United States had a traditional dislike of embargoes on trade, dating from the early years of the 19th century, and I further observed that since trade was extremely fluid and always sought an outlet where profit was assured, it would be a task of extreme difficulty



0 7 8 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

- 4 -

difficulty to enforce an embargo, if it were decreed.

Dr. Wang observed that with the advent of the European war and the removal of the prohibition of the supplying of munitions to the belligerents, the United States seemed to be in a position that would make cessation of all shipments to Japan of materials useful in war very easy, since not only were the European belligerents eager to acquire large quantities of munitions and materials of the sort described, but apparently the American Government was embarking on an expansion of armament that would likewise consume large quantities thus leaving a very small surplus for shipment to Japan, in any case; he had noticed that the American Government had created a "Government Priority Commission", whose duty it would be to see that Government's needs received prior consideration. In these circumstances the Chinese Government hoped that the American Government would find it possible to shut off all supplies to Japan and would also feel disposed to induce Great Britain and France to follow suit.

Respectfully yours,

*Nelson Trusler Johnson*

Nelson Trusler Johnson.

Original by air mail to the Department.  
Four copies to the Department.  
Copy to Peiping  
Copy to Shanghai  
Copy to Tokyo.

710

WRP:MCL

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

DEPARTMENT OF STATE

Memorandum of Conversation

1939

521

RECEIVED  
 OCT 12 1939  
 MR. WELLES

DATE: November 21, 1939

SUBJECT: Situation in the Far East.

*Copies sent to Tokyo, Peking, Shanghai, London, Paris.*

PARTICIPANTS: The Right Honorable the Marquess of Lothian, British Ambassador; the Acting Secretary, Mr. Welles.

COPIES TO: A-B, FE, Le, Eu

SECRETARY OF STATE  
 OCT 2 1939  
 NOTED

ADVISER ON POLITICAL RELATIONS  
 MR. ROBINSON  
 OCT 2 1939  
 DEPARTMENT OF STATE

793.94/15521

The British Ambassador called to see me at his request. After discussing certain questions in connection with the Declaration of Panama, the Ambassador said he wished to drop for the moment his official character and speak to me very frankly about a matter that was giving him great concern. He stated that the way things were now going in the Far East, it seemed to him evident that the maintenance of western interests in the Far East would be dependent entirely upon the determination which the United States might make. He said that if the Japanese Government determined to wipe out British and French interests in China, or even to take over their colonial possessions, neither the British nor the French governments under present conditions could weaken their naval

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

522

-2-

forces in the Atlantic or in the North Sea, or, for that matter, in the Mediterranean because of their uncertainty as to the course which Mussolini would pursue. He said that for this reason it was clearly in the interest of Great Britain to attempt to reach an understanding with the Government of Japan which would obviate this danger and that he was fearful lest there be a recurrence of the 1931 situation as a result of which American public opinion would believe and maintain that Great Britain had sold out and had left the United States "holding the bag". He was very much concerned lest any negotiations undertaken between Great Britain and Japan under present conditions should be regarded by the American public as a deal against the interests of the United States and as a cynical and callous selling-out of China.

The Ambassador went on to say that it seemed to him in the interest of the western powers, and particularly in the interest of the United States, for every effort to be made to further a direct understanding between China and Japan on a basis which would be fair and equitable to both sides, but with the realization on the part of both China and Japan that each side would have to make concessions. He inquired whether I shared his view.

I replied by saying that I would have to make very wide and ample reservations to the opinions expressed by

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

523

-3-

the Ambassador. I said that in the first place I could not at this moment conceive that there was a real likelihood of a formal agreement being reached between the Soviet Government and Japan for the partitioning of China, and in order to make it possible for Japan to undertake offensive measures against British and French possessions in the Far East or even against the Netherlands East Indies. I said that, of course, anything under present conditions was possible, but it seemed to me fantastic to believe that the Japanese Government, from its own selfish standpoint, would undertake an adventure of this character, knowing perfectly well that Russian policy in the Far East was inevitably antagonistic to Japanese policy and knowing equally well that no reliance could be placed by Japan upon any agreement which might be proffered by the Soviet Government. I said it seemed to me far more likely that Japan would consider it in her best interest to try and work out some basis of understanding with the United States and with Great Britain and France before she would give any serious consideration to Russian proposals.

With specific regard to the Ambassador's last statement, I said that I could only assume that when the Ambassador said that China must be made to realize that she would have to agree to concessions in undertaking to arrive at peace terms with Japan, the Ambassador had in mind con-

524

-4-

cessions of a character which would grant to Japan some preferential interest in China, some form of economic or military domination in some part of China, and that if I had correctly understood his statement, I wanted to make it entirely clear that this Government did not share that view, nor could it proceed along any course which would be destined to further such an arrangement. I stated that the position of this Government in that regard had been made more than clear and had been reiterated. We could not agree to participate in any move which would be regarded by China and Japan as an exercise of influence or pressure on our part destined to bring China to relinquish in any measure whatever her complete exercise of sovereignty within her territory. Further than that, I said, any such arrangement as that would imply a willingness on our part to agree to some form of military or economic, preferential position for Japan in China; and our insistence upon the recognition of our legal and treaty rights in China and our insistence upon equality of opportunity for all nations in China was so well known as to require no further emphasis from myself at this point.

Of course, I said, I believed that the sooner peace between Japan and China could be restored, the better it would be for the interests of the United States, solely provided that the kind of peace which was brought about

525

-5-

was a peace of the character I had indicated. I said that I had no reason to believe that the government of General Chiang had any intention at this stage of considering peace terms of a character other than that which I had indicated and, unfortunately, in so far as the Government of Japan was concerned, I had no reason to believe that the Government of Japan would agree upon any peace terms similar to those which I had indicated. Consequently, it seemed to me that there was no ground for hope of peace unless the Government of the United States and certain other governments attempted to bring some pressure to bear upon China to make a peace which was neither equitable nor based upon the foundations I had outlined, and that, I said, I could assure the Ambassador with all positiveness the Government of the United States would not agree to do.

The Ambassador asked if my statement were to be interpreted as meaning that the Government of the United States, if an equitable and fair peace which was not in derogation of the sovereignty of China could be reached, would refuse to recognize the nominal independence of Manchukuo and Japanese domination of Manchuria.

I replied that the position of this Government on that question had been made plain not only by the preceding Administration, but by the present Administration, and that I saw no reason to suppose at this time that there would

079

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

526

-6-

be any variation in the position taken. I reminded the Ambassador, however, of the statements contained in the communication addressed by this Government to the Government of Japan on December 31, 1938, in which it had been made clear that this Government believed that the course of negotiation with China and with all the powers directly concerned in China was open to the Government of Japan, and that this Government by no means assumed the position that any treaty was not susceptible of modification, provided such modification was obtained as a result of free negotiation between all concerned.

A

See also:  
Declaration of Panama.

U:SW:IJ

0792

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

527

STRICTLY CONFIDENTIAL

No. 749

The Honorable

Nelson T. Johnson,  
American Ambassador,  
Peiping.

Sir:

There is enclosed for your strictly confidential information a copy of a memorandum of a conversation of November 21, 1939 between the British Ambassador and Mr. Welles in regard to the situation in the Far East.

Very truly yours,

For the Secretary of State:

Sumner Welles

793.94/15521

793.94/15521

Enclosure:

Memorandum of conversation  
between British Ambassador  
and Mr. Welles, November 21.



Copy to Chungking.

Field distribution: Peiping (Chungking), Tokyo, Shanghai,  
London, Paris.

29C.  
FE; ECC: MHP  
12/2/39

FE  
MHP

F/FG



0793

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

1939

STRICTLY CONFIDENTIAL

Clarence E. Gauss, Esquire,  
American Consul General,  
Shanghai, China.

Sir:

There is enclosed for your strictly confidential information a copy of a memorandum of a conversation of November 21, 1939 between the British Ambassador and Mr. Welles in regard to the situation in the Far East.

Very truly yours,

For the Secretary of State:

Sumner Welles

Enclosure:

Memorandum of conversation  
between British Ambassador  
and Mr. Welles, November 21.



Field distribution: Shanghai, Tokyo, Peiping (Chungking),  
London, Paris.

FE: EOC: MHP  
12/2/39

FE

my M.H.

ENCLOSURE

793.94/15521

F/FG

0794

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

1854

STRICTLY CONFIDENTIAL

The Honorable

Joseph G. Grew,  
American Ambassador,  
Tokyo.

Sir:

There is enclosed for your strictly confidential  
information a copy of a memorandum of a conversation of  
November 21, 1939 between the British Ambassador and  
Mr. Welles in regard to the situation in the Far East.

Very truly yours,

For the Secretary of State:

793.94/15521

Enclosure:

Memorandum of conversation  
between British Ambassador  
and Mr. Welles, November 21.



OK  
INC 5 LONG

F/FG

Field distribution: Tokyo, Peiping (Chungking), Shanghai,  
London, Paris.

EQC.  
FE:EGC:MHP  
12/2/39  
JW  
FE  
m/p

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

DEC 4 1939

STRICTLY CONFIDENTIAL

No. 1107

Herschel V. Johnson, Esquire,  
 American Chargé d'Affaires ad interim,  
 London.

Sir:

There is enclosed for your strictly confidential information a copy of a memorandum of a conversation of November 21, 1939 between the British Ambassador and Mr. Welles in regard to the situation in the Far East.

Very truly yours,

For the Secretary of State:

Sumner Welles

Enclosure:

Memorandum of conversation  
 between British Ambassador  
 and Mr. Welles, November 21.

Field distribution: London, Shanghai, Tokyo, Peiping (Chungking), Paris.

DEC 5 1939

290.  
 FE:EGC:MHP  
 12/2/39

JH,  
 FE  
 mmN

793.94/15521

F/F/G

0796

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

DEC 4 1939

STRICTLY CONFIDENTIAL

No. 1863

The Honorable

William C. Bullitt,  
American Ambassador,  
Paris.

Sir:

There is enclosed for your strictly confidential information a copy of a memorandum of a conversation of November 21, 1939, between the British Ambassador and Mr. Welles in regard to the situation in the Far East.

Very truly yours,

For the Secretary of State:

Sumner Welles

Enclosure:

Memorandum of conversation  
between British Ambassador  
and Mr. Welles, November 21.



DEC 5 1939

Field distribution: Tokyo, Peiping (Chungking), Shanghai, London, Paris.

egc  
FE:EGC:REK  
12/5/39

Jim  
FE  
m.w./v

94/15521

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

793.94

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Coal sales and delivery at Chefoo: Japanese control of-,  
 Reports concerning situation, enclosing copies of an exchange of communications with the Consulate at Chefoo.

793.94 / 15522

For the original paper from which reference is taken

See #2334  
 (Despatch, telegram, instruction, letter, etc.)

Dated Nov 1, 1939 From China (Lockhart)  
 To

File No. 893.101 chefoo/32

15122

0798

DECLASSIFIED: E.O. 11652, 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

# CROSS-REFERENCE FILE

## NOTE

### SUBJECT

Japan's principal objectives in China; question as to accuracy of certain interpretations given "New Order in East Asia"; intention of Japanese government as to withdrawal of troops from occupied areas in China.

Conversation, embracing general exchange of views, with the Japanese Ambassador, with reference to-

793.94 / 15523

For the original paper from which reference is taken

See Tel #371; 5pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov 27, 1939 From To Japan

File No. 711.94/1366

FRG.

FRG.

15523

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

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese conflict.

Letters from four constituents  
transmitted, requesting information  
regarding various phases of -.

aa

For the original paper from which reference is taken

See ..... letter  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov. 29, 1939 From } Vic Donahey, USS  
To }

File No. .... 894.24/737

793.94 / 15524

15524



DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Sino-Japanese relations: developments of month of Oct., 1939

793.94/15525

For the original paper from which reference is taken

See #77  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov 1, 1939 From Amoy (MacVitty)  
 To \_\_\_\_\_

File No. 893.00 P.R. Amoy/145

DECLASSIFIED: E.O. 11652, 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. Kulangsu Situation.

793.94  
(79 3-6)

After five months of almost continuous negotiations the Kulangsu incident was finally settled by the signing of an agreement, on October 17, by the Chairman of the Municipal Council on behalf of the Municipal Council, and the Japanese Consul General on behalf of the Japanese Government. The accord while containing certain of the original Japanese demands, preserves the integrity of the International Settlement which was seriously threatened at the time of the occupation of Kulangsu by the Japanese in May. A brief resumé  
of

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

- 4 -

of the principal points of the agreement is given below:

1. Complete cooperation between the Municipal police and the Japanese Consular police to end all subversive activities in the Settlement.
2. The immediate appointment by the Council of one Japanese inspector of police to rank with but after the present inspector, and one Japanese sergeant of police.
3. The Japanese demand for the appointment of ten additional Formosan police to its force to be deferred until the Council feels that its financial condition justifies the expenditure for this purpose.
4. The question of the appointment of Chinese members of the Council by the Amoy Puppet Government and the franchise of Formosans to be postponed, but when revived to be referred to the Powers signatory to the Land Regulations for decision.
5. No restrictions to be placed on traffic between the mainland and Kulangsu, except that of inspection of cargoes and passengers by the Municipal and Japanese Consular police at the jetties. A minimum of forty junks to be allowed for this traffic.
6. The Japanese Consul General agrees to use his influence in seeing that the Amoy Government adheres to the spirit of the agreement.

The day following the signing of the agreement all restrictions on traffic between Kulangsu and Amoy were withdrawn and large quantities of food supplies were shipped into the Settlement from Amoy.

This

DECLASSIFIED: E.O. 11652, 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 -

This move clearly indicated that the Japanese authorities had, up to the last minute, continued their coercive methods in an endeavor to force acceptance of their demands.

The American and Japanese landing forces were withdrawn from the International Settlement at 2 p.m. on October 18. The request for a simultaneous withdrawal was made by the Japanese Naval authorities.

The Japanese Consul General, Mr. Uchida, left Amoy for Shanghai and Tokyo on October 19, leaving certain matters relative to the implementing of the agreement in abeyance, especially the question of the allotment of junks for the traffic between Kulangsu and the mainland. It will probably be a month or so before normal conditions are restored, however, there seems to be a feeling of relief on all sides that the incident has finally been settled.

Note: With reference to the Kulangsu situation, see the following:

Telegrams:

Amoy to Peiping,	October 4, 12 noon.
Amoy to Peiping,	October 17, 9 p.m.
Amoy to Peiping,	October 18, 11 a.m.
Department to Tokyo,	October 11, 6 p.m.
Tokyo's 525 to Department,	October 16, 4 p.m.

Despatches:

Amoy to Peiping, No. 41, October 18.  
 Amoy to Peiping, No. 42, October 19.  
 Amoy to Peiping, No. 43, October 20.

2. Japanese Military Activities.

Aside from the appearance of Japanese Naval planes over Amoy on October 5, 29 and 31, there was an utter lack of military activity on the part of the Japanese

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

- 6 -

Japanese during the month. Six naval planes flew over the surrounding districts on October 29 and again on October 31, however, no bombing was observed or heard. Whether bombing operations were carried out in the interior has not as yet been established.

3. Japanese Interference with Legitimate Traffic To and From the Mainland.

The Japanese interference with legitimate traffic between the mainland and Kulangsu, reported under this heading in the monthly report for September, has been somewhat abated, and the naval officer in charge of the China Affairs Board in Amoy has stated in the press that he was considering, in view of the Kulangsu settlement, ways of lifting the restrictions on trade.

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

CROSS-REFERENCE FILE

NOTE

**SUBJECT** Sino-Japanese relations during the month of  
 October, 1939.  
 Reports establishment of new "Central Government"  
 in Peiping.

aa

For the original paper from which reference is taken

See \_\_\_\_\_ # 880 \_\_\_\_\_  
(Despatch, telegram, instruction, letter, etc.)

Dated \_\_\_\_\_ Oct. 6, 1939 \_\_\_\_\_ From } Tientsin (Caldwell)  
 To }

File No. \_\_\_\_\_ 893.00 P.R. Tientsin /137 \_\_\_\_\_

793.94 / 15526

15526

DECLASSIFIED: E.O. 11652, 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. Japan.

a. Proposed New "Central Government".

793.94  
 Wang Keh-min, Chairman of the Executive Council of the Peiping "Provisional Government" conferred at Nanking during the last week of September with Wang Ching-wei, head of the "orthodox" Kuomintang party, and officials of the "Reformed Government" in regard to the establishment of the new "Central Government". According to a REUTERS despatch of September 23, among the cabinet members of the proposed government would be Ku Meng-yu (顧夢餘), Ch'en Kung-po (陳公博), and Kao Ts'ung-wu (高宗五), who were formerly affiliated with the National Government as Minister of Railways, Minister of Industries, and Chief of the Asiatic Affairs Department of the Waichiao<sup>Asiatic</sup>pu, respectively, and the new government would be formally inaugurated on the Chinese national holiday, October 10. The idea of giving the new government an auspicious beginning might have been one purpose behind the Japanese military drive on Changsha. DOMEI reported that following the establishment of the "Central Government" the "Provisional Government" would become merely a provincial regime.

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations.  
Report concerning -, for month of  
September, 1939.

aa

For the original paper from which reference is taken

# 4181

See \_\_\_\_\_  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 16, 1939 From Japan (Grew)  
To \_\_\_\_\_

File No. 894.00 P.R. /142

793.94 / 15527

15527



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

(c) China

1. Military Operations \*\*\*

In the early part of September Japanese forces launched two attacks, one against Kingmen, a town west of the Han River in Hupeh Provinces, and the other against Kaoan, a town southwest of Nanchang in Kiangsi Province. It was not disclosed what was accomplished by the former attack. However, in regard to the latter it was reported that Kaoan was captured on September 19.

With

- \* Embassy's No. 474, September 13, 3 p.m.
- \*\* Embassy's despatch No. 4143, September 21, 1939.
- \*\*\* Prepared with the assistance of the office of the Military Attaché.

793.94

0 8 0 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

- 12 -

With the fall of Kacan there was initiated a Japanese campaign on the largest scale that has been witnessed since the Wuhan operations in 1938, a campaign directed against forces of the Chinese Ninth War District in the Nanchang-Yochow-Changsha area. The Japanese reportedly brought in two new divisions and set out with some seven to nine divisions to attack what the Japanese officially estimated to be around 400,000 Chinese troops, apparently with the objective of capturing Changsha. The Japanese started their offensive in three main attacks: one launched from the southern end of Lake Tungting, another from the Yochow-Tungcheng line, and the third near the Tayun mountains. Up to the end of the month the operations had reportedly resulted in the capture of Tungcheng in southwest Hupeh; Hsinchiang, Pingkiang and Putang in northern Hunan; and Siushui and Santu on the Siu River, west of Wuning, in Kiangsi. By the last day of September, moreover, the Japanese unit which had driven south from Lake Tungting was claimed to have reached within sixteen kilometres of Changsha. During the campaign a number of heavy engagements were said to have occurred. The Japanese claimed by the month's end that Chinese losses were over 25,000 killed and over 2,000 prisoners, while Japanese losses amounted to some 500 killed and 2,000 wounded.

During these operations considerable fighting also occurred south of Nanchang. Further fighting was also reported in Shansi, Kiangsu, Shantung, Anhwei, Chekiang and Kwangtung Provinces. The fighting in Shansi appeared to be a part of the Japanese attempt that had been dragging on unsuccessfully from month to month to gain military control of that province. In Kwangtung engagements occurred

in

0811

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

- 13 -

in the Tsungfa-Fahsien area throughout the month and the Japanese also initiated drives on the west banks of the Pearl River which resulted in the capture of Shekhi north of Macao and Chungshan, the birthplace of Dr. Sun Yat-sen. Heavy bombing operations were carried out by both the army and navy air forces. Large units were used in cooperation with the land operations while numerous raids were made on towns and cities throughout much of the unoccupied areas of China.

## 2. General Relations

Following the period of inaction and absence of any new developments during the summer, there was witnessed in September a resurgence of activity on the part of Japan in regard to its policy and dealings with China. There has been noted in the foregoing the Japanese essay with respect to the foreign concessions and the Japanese campaign on Changsha. Besides these, as the first point of the Abe Cabinet's platform which was announced on September 13 it was announced, as had already been set forth in the Government's notes to the foreign powers, that the Government's policy would be focused on the settlement of the China affair and that all means would be concentrated to the attainment in the immediate future of this end. The second point of the program was that in order to reach this settlement the Government would render positive assistance to the establishment of a new régime in China.

On September 12 a communiqué was issued by the Imperial Headquarters reporting that a supreme command of all Japanese armies in China had been established. General Nishio was appointed commander-in-chief and Lieutenant General Itagaki, recently Minister of War, his chief of staff.

The

7 8 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

- 14 -

The explanation given for this action was that it had been done to "facilitate final settlement of the China incident" presumably with the intention of having the military policy and plans directed by one authority to eliminate the cross purposes and divergent aims of formerly separated army commands.

A good deal of evidence appeared during the month to support rumors current that the Government had definitely fixed upon Wang Ching-wei to be the head of the new government in China, or at least to be the figure around which it was to be formed. It was finally revealed during the month that Wang had come to Japan in June and had conferred with Prince Konoe and with other influential persons here. The press featured numerous articles playing up Wang. At the same time it was confidently predicted in the vernacular papers that all was about ready for the establishment of the new régime, probably in the first part of October, and that Wang had successfully rallied strong support in north, central, and south China for his proposed new government.

Besides the contribution to an early end of the China affair expected from the setting up of the new régime, the press affected to see in the outbreak of the European hostilities a fortuitous event to help Japan quickly dispose of the matter. It was felt in this connection that the attention of Great Britain and France and even possibly the United States and Soviet Russia would be distracted from the Far East, leaving the Chiang Kai-shek régime without any outside help and Japan with a free hand to deal with China. Moreover, the press also greatly emphasized the importance of the campaign in northern Hunan which was looked upon as sounding the death knell of Changsha and a body blow to

the

*"tottering" Chinese National Govt.*

081  
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

## CROSS-REFERENCE FILE

### NOTE

**SUBJECT** Sino-Japanese relations.

Report concerning -, for the month of September,  
1939.

28

For the original paper from which reference is taken

See # 2308  
(Despatch, telegram, instruction, letter, etc.)

Dated Oct. 20, 1939 From China (Lockhart)  
To

File No. 893.00 P.R. /162.

793.94 / 15528

15528

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

3. Japan:

a. Japanese-Soviet armistice:

There was considerable press comment in China in regard to the conclusion in Moscow September 15 of an armistice between Japan and the Soviet Union which ended hostilities on the Outer Mongolian border. A leading British newspaper in Shanghai stated that

"from the Japanese point of view the truce should enable her to concentrate all her

energies

17. Nientsin's September 30, 12 noon, to Tsiping only (monthly summary).
18. Womei, Tokyo, September 29 and 30; Reuters, Tokyo, September 30; Tokyo's 497, September 30, 11 a.m.

793.94  
 (120)

- 8 -

energies in bringing an end to the China incident, which is the main plank of General Abe's new policy... On the other hand the truce with Japan may prove no more permanent than the one which followed Changkufeng last year. None of the issues pending between Russia and Japan have been settled by this latest move, for it is merely a decision to stop fighting and establish a commission to decide upon the outer-Mongolian-Manchukuo boundaries over which the dispute arose". 19

A Japanese newspaper in Shanghai asserted that, while such questions as border disputes, fishing rights, et cetera, might be solved through diplomatic channels, there was no possibility of Japan's going further and concluding a non-aggression pact with Soviet Russia. The paper recalled that

"the reason why Japan stood for the destruction of the regime of General Chiang Kai-shek was because that regime is pro-Communist, and if Japan should come into collusion with Soviet Russia, what kind of impression would the peoples of Japan and China receive"; the paper added that "we have been taught and believe that the Soviet Union and Great Britain are the principal pro-Chiang Kai-shek countries and in the face of this fact can Japan enter into a pact with one of them which is fundamentally opposed to her principles?" 20

Although a number of Japanese controlled newspapers stated that the armistice would give Japan a free hand in China, the general reaction of the Japanese controlled press in China was conservative.

The Chinese reaction to the armistice is reported on page 24.

b. The general military situation:

The Japanese premier stated September 4 that Japan would follow a policy of "non-intervention" in the European war, and would concentrate on the settlement

of

- 
19. Shanghai's 834, September 19, 5 p.m.  
20. Shanghai's 834, September 19, 5 p.m.  
21. Tsoei, Peiping, September 17.

- 9 -

<sup>22</sup>  
of the "China incident". The war in Europe apparently aroused among many Japanese hope of an early liquidation of the "China incident", as it was expected that Great Britain and France, being fully occupied elsewhere, would no longer be able to assist China to any extent; it was also felt by some Japanese that the signing of the Japanese-Soviet armistice September 18 would permit Japan a freer hand in China. On September 12, General T. Hishio was appointed commander in chief of the <sup>23</sup> Japanese expeditionary forces in China, thus centralizing control of the various Japanese armies which had hitherto been operating independently of each other. This appointment was believed in Chungking as heralding large scale Japanese offensives, one purpose of which would be to facilitate the establishment of a new <sup>24</sup> government for the occupied areas. This belief proved to be well founded, for the Japanese commenced important military operations in Kiangsi September 15 (date of the Japanese-Soviet armistice) and in Hunan September 23. The operations in Kiangsi were inconclusive, but in Hunan the Japanese made rapid progress and at the end of the month were reported to be on the outskirts of Changsha; one enthusiastic Japanese official spokesman stated that "the battle going on in Hunan may possibly <sup>25</sup> be the last between Japan and China".

So far as known, no important Japanese forces were transferred from Manchuria to China following the signing of the Japanese-Soviet armistice. <sup>26</sup>

2.

- 
22. Dorei and Reuter, Tokyo, September 4.  
23. Dorei, Tokyo, September 12.  
24. Reuters, Chungking, September 12.  
25. Dorei, Tokyo, September 28.  
26. Information from American Military Attaché, Peiping.



- 10 -

c. Japanese drive on Changsha:

On September 23 a force said to consist of 60,000 Japanese (two and one-half divisions, supported by strong air and naval units) launched an attack on Changsha, Hunan. The main Japanese attacking column drove south along the Hankow-Canton railway from their positions near Yochow, Hunan, and another column advanced south from Tungcheng, Hupoh, 45 miles southeast of Yochow - at the same time a strong Japanese force succeeded in crossing Chinese mine fields on Tungting Lake and landed at Yingtien, just south of the Mi (or Mu) River estuary on the east shore of Tungting Lake; this force then attacked inland, threatening the Chinese west flank. The main Japanese column advanced rapidly, crossing the Linziang River September 24, and by September 28, despite stubborn resistance, had penetrated south of the Mi River where the Chinese were attempting to hold the line Liangyin to Baishui; the Japanese west flank forces from Yingtien effected contact September 27 with the main column along the railway south of the Mi River. The Japanese east flank column from Tungcheng likewise made rapid progress, occupying September 28 the important city of Pingkiang.<sup>27</sup>

A Hongai (Japanese) press report from Hankow September 28 stated that the "Japanese steel cordon around Changsha is steadily being tightened as the Japanese units in columns continue to advance", and added that "observers opine that the fall of Changsha will be expected within two days". A further Hongai report from

Hankow

27. Situation Report No. 9799, September 29, 1939, From American Military Attaché, Peiping, and press reports.

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

- 11 -

Hankow September 30 stated that Japanese forces were within 12 kilometers of Changsha and were continuing their advances. Chinese reports September 30 stated that severe fighting was taking place in the vicinity of Jiaogya and Zaishui.

The apparent military objective of the Japanese drive was to obtain control of Tungting Lake, cutting Chinese communications between Ichang and Changsha, and to take Changsha. Further objectives might be Chuchow, 25 miles south of Changsha, junction of the Hankow-Tientsin Railway and the railway to Nanchang, and Hengyang, on the Hankow-Tientsin Railway, eastern terminus of the railway and highways to Swailin, Kuangsi; the capture of Hengyang would be a serious blow to the Chinese, as one of the principal concentrations of Chinese troops is in the Swailin area. It was generally considered, however, that the Japanese forces engaged in the operations were not strong enough to capture Chuchow and Hengyang.

(Reports during the first few days of October indicated that the Japanese were encountering severe difficulties and were retreating northward.)

#### d. Operations in Kuangsi:

In the middle of September, Japanese forces took the offensive west and southwest of Nanchang; advancing from Anyi and Tsingan, they captured Fengsin and, on September 19, Maoan, an important city on the Nanchang-<sup>28</sup> Changsha highway. The Chinese claimed the recapture of Maoan September 22, following which the Japanese turned northwest

28. Reuters, Chungking, September 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

- 1. -

northwest and at the end of the month were advancing in the direction of Hsiushui. Some observers felt that the Japanese operations (there were three Japanese divisions in the general Nanchang area) were designed to clear the Nanchang-Changsha highway for a drive on Changsha from the east, while others considered that they might have been intended to immobilize Chinese troops in this area while the attack on Changsha was being developed, or to draw Chinese troops from the defense of Changsha; the Chinese, however, reportedly diverted no troops.

A neutral report from Hankow stated that Chinese regulars and guerrillas succeeded in seriously embarrassing the Japanese around Nanchang during the month.

30

e. Operations in Shensi:

As has previously been reported, the Japanese attempts during the past three months to drive Chinese troops and guerrillas from southeastern Shensi proved unsuccessful. The Japanese continued, nevertheless, to hold the Huan-Chengtze-Hukuan triangle on the western slopes of the Taihang Mountains where they were understood to have concentrated their main forces remaining in southeastern Shensi. These Japanese forces were completely surrounded by Chinese troops, but apparently succeeded in maintaining their positions, although Chinese reports claimed the "partial reconquest" of Chengtze September 5.

In western Shensi, a force of 5,000 Japanese from

basen

19. Hankow's October 5, 8 p.m., to Peiping only (monthly summary).  
 20. Situation Report No. 9799, September 29, 1939, from American Military Attaché, Peiping, and press reports.

- 13 -

bases at Lishih and Kanyang advanced west and captured September 5 the Yellow River crossing at Chuntu; the next day, however, they were driven out by Chinese troops from Hensi and were forced to retire to Liulin, where they were reportedly being attacked by the Chinese September 12.

Two divisions of Japanese were understood to have been withdrawn from Hensi during September, reportedly being sent north toward Manchuria, although their final destination was not known. According to an unconfirmed report, these troops were replaced by inferior troops.

1. Miscellaneous operations:

The Japanese continued attacks in the Chungshan, Kwangtung, area during September; the Chinese successfully repelled most of the attacks, but Chekki and the road to Shao were severely bombed with loss of civilian lives and serious interruption to traffic; stronger attacks were anticipated in October from Japanese forces collecting off Chungshan.

Chinese units which had penetrated the Fayuen area north of Canton were driven back by the Japanese in severe fighting between September 1 and 10. Late in the month the Japanese were engaged in operations which were thought to envisage a Japanese advance northward. Numerous clashes occurred in the occupied areas of Kwangtung between Japanese forces and guerrillas.

A Chinese report from Chungking September 30 stated that, in an effort to relieve pressure on Changsha, Chinese forces in north and central Hupeh crossed the Han River

- 
31. Hong Kong's October 1, 12 noon, to Peiping only (monthly summary).  
32. Canton's October 3, 3 p.m., to Peiping only (monthly summary).

- 14 -

river and launched an offensive against Japanese positions east of the river.<sup>33</sup>

g. Aerial activities:

The Japanese air force was active during September;<sup>34</sup> according to Japanese reports, important raids were made on Chungking, Szechwan (early morning of September 4 and night raid September 28/29); Nian, Jiangsi (September 10); Luhsien, Szechwan (September 9); Kaifeng, Hupeh, and Hsiating, Szechwan (September 11); Luhsien, Szechwan (September 11); Kinghsia, Kinghsia (September 18); Hsok-ki, Wangtung (September 18 and other days); Yuanling, Hunan, Nian, Shensi, and Loyang, Honan (September 21); Yulin, Shensi (September 27 and 28); and Chungsha, Hunan (daily from September 27). The Japanese air force also supported the military operations in Hunan and Jiangsi, and continued to bomb the motor roads in Wangsi, along which munitions and other supplies are transported from Indochina; the failure of the Chinese military to provide adequate protection against low flying airplane attacks on these roads has resulted in the destruction<sup>35</sup> of considerable numbers of Chinese trucks.

Independent sources stated that the Japanese raid on Luhsien, Szechwan, caused approximately 400 civilian casualties and heavy destruction of homes and other property, including the complete wrecking of a Canadian mission.<sup>36</sup> The Japanese raid on Kinghsia also resulted in<sup>37</sup> severe civilian casualties and destruction of property.

<sup>38</sup>  
The American Consul at Foochow reported that Japanese

bombings

33. Reuters, Chungking, September 30.  
34. Japanese press reports during September.  
35. Information from American Military Attaché, Peiping.  
36. Reuters, Chungking, September 12.  
37. Reuters, Chungking, September 16.  
38. Foochow's September 30, 4 p.m., to Peiping only (monthly summary).

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

- 15 -

bombings continued, with 16 for the month of which 11 occurred during intensive raiding of the Foochow area from September 19 to 24.

39

A press report from Chungking September 16 stated that, in view of the absence of Chinese aerial activity during the past year, much interest had been aroused by reports of recent extensive activity by the Chinese air force in Chensi. The only actions reported, however, were raids on Japanese troop concentrations and supply depots along the Lungku railway in southern Chensi September 8 and 10.

n. Military activities in the occupied areas:

Reports from foreign sources in Tsinan indicated that guerrillas were active during the month, particularly in western and north central Shantung. According to reliable reports, the four divisions of regular Chinese troops under General Yu Hsueh-chung, the annihilation of which was claimed by the Japanese some time ago, are far from defeated, have been reorganized and obtain supplies<sup>40</sup> overland from Chengchow, Honan; an American resident of Weihsien, Shantung, who recently called at the Embassy, stated that units of these troops, which appeared to be well armed, were now stationed northwest and south of Weihsien. This informant reported that Japanese control extended only a short distance outside the city walls of Weihsien, and that Japanese control of the Weihsien-Chefoo highway extended north only as far as Changi, 20 miles from Weihsien. The American Vice Consul at Tsinan expressed the opinion that "railways, coal mines,

important

39. Reuters, Chungking, September 16.

40. Mr. W. M. West, American Presbyterian Mission, Weihsien, called at Embassy October 7.

- 18 -

important water roads and cities are directly and more or less effectively controlled by Japanese garrisons... but Japanese control in cities and areas not actually garrisoned is nominal or entirely lacking<sup>41</sup>.

The floods in Hopai Province continued to hamper operations by Japanese and guerrillas, although an American resident of Taining, southern Hopai, reported at the end of September that guerrilla activity in that area was increasing and that Japanese control was less than at any time since their arrival. The American Consul General at Canton reported that numerous clashes occurred in occupied areas during the month between guerrillas and Japanese forces.<sup>42</sup>

1. Japanese efforts to utilize Chinese troops:

Information reaching the Embassy from various sources indicates that the Japanese have not met with much success, so far, in their efforts to employ Chinese troops in military operations or in the pacification of the occupied areas. It will be recalled (Embassy's monthly report for August) that some defection of Chinese mercenaries in Shantung occurred in August, marked by the reported Chinese occupation of Pingtu, 60 miles northwest of Tsingtao. Reports from reliable neutral sources in September stated that, following the recent withdrawal of Japanese garrisons from the Hoshing-Kwangjao area north of the Tsingtao-Tainan Railway, the maintenance of peace and order in that area was

entrusted

41. Taisei's despatch to Peiping No. 167 of October 6, 1939 - "Monthly Political Report for September, 1939".  
42. Mr. L. C. Osborn, Church of the Nazarene, Taining, called at Embassy October 5.  
43. Canton's October 3, 5 p.m., to Peiping only (monthly summary).

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

- 17 -

entrusted to 10,000 Chinese troops under Chang Yu-yun; in September these troops are said to have revolted and defeated a force of 44,000 Japanese troops who were sent to quell the revolt. It should be noted that the Japanese claimed during September that Chih Yu-san and a considerable number of Chinese troops under his command in Hopei and Shantung had turned over to the Japanese, but this claim was not confirmed or denied.

The Japanese have established well organized military academies for the training of Chinese at Sun-chow, near Peiping, and at Nanking, but the officers and men turned out by these academies have yet to prove their effectiveness in the field. Neutral military observers generally consider that, while the Japanese may be able to employ Chinese troops for some purposes in cooperation with Japanese troops and under Japanese command, it is doubtful whether such Chinese troops can be trusted in any important operations independently of their Japanese masters.

J. Political activities in the occupied areas:

The Japanese continued their efforts looking towards the establishment of a central government for the occupied areas under Wang Ching-wei; it was generally considered that the Japanese drive on Changsha was intended to synchronize, for possible publicity purposes, with the forthcoming announcement of the formation of the new government. It was expected that the new central government would be inaugurated at Nanking in late October

2X

44. Teinan's despatch to Peiping No. 187 of October 6, 1939 - "Monthly Political Report for September, 1939".



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

- 18 -

or early November, would immediately be recognized by Japan and would then enter into peace negotiations with Japan. There were no indications that any important or influential National Government or Kuomintang leaders had been won over by Wang Ching-wei, but reports from Shanghai stated that he might receive some support from certain Chinese bankers and businessmen in Shanghai, who, no doubt, are not benefiting from the continuance of hostilities.

The sixth meeting of the "United Council" of the Japanese controlled Peiping and Nanking regimes was held at Nanking September 22 and was attended by Wang Ching-wei, Wang Keh-min and Liang Hung-chih. Contrary to Japanese press reports, it was ascertained from reliable sources that the Nanking conference was far from harmonious, that Wang Keh-min held out strongly against the creation of a central government, and that other causes of dissention were evident. It was believed by informants in Peiping close to the "Provisional Government" that Wang Keh-min was inspired or encouraged in his opposition by General Kita, who is understood to be opposed to the inclusion of North China in the proposed central government; this, in turn, may perhaps be attributed to the friction which is reported to exist between the Japanese officials in North China and those elsewhere in the occupied areas. The same informants believe that the plan envisaged by General Kita is to create some sort of central government in Nanking, and in North China to set up a regional semi-autonomous government, somewhat similar to the former

Hopei-Chahar

45. Peiping's 513, September 26, 8 p.m.

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

- 19 -

46  
 Kopei-Chahar Political Council. As evidence that this  
 might be forthcoming, it was noted that, contrary to  
 previous reports, the "Hsin An Hui" in North China has  
 not been amalgamated with Tang Ching-wei's "Kuomintang",  
 but has recently been placed under the direct control  
 of the Japanese Army and will be organized and operated  
 along the lines of the "Concordia Society" in Manchuria.  
 47

A Japanese controlled "Federated Autonomous Govern-  
 ment of Mongolia" was inaugurated at Ulaan September 1.  
 The new government was reported to be a merger of the  
 "autonomous" governments of South Chahar, North Chansi,  
 and Inner Mongolia, respectively. It was announced that  
 Prince Teh would be chairman of the new government, the  
 "cardinal policies" of which would be to "expound the  
 Oriental morality, unify Mongolian races, promote their  
 well being and exclude Communist influences", as well  
 as to "positively participate in the construction of a  
 new order in East Asia". The Japanese press reported  
 that the new government would have jurisdiction over  
 48  
 7,300,000 people.

K. Japanese request for withdrawal  
 of belligerent military forces:

A few days after the outbreak of war in Europe,  
 the Japanese Government offered "friendly advice" to the  
 British, French and other belligerent governments that  
 they "voluntarily withdraw" their military and naval  
 forces from China in order to avoid incidents and to  
 prevent a "situation not in keeping with Japan's policy  
 49  
 of non-involvement". Copies of the Japanese note to

the

- 
46. Peiping's 489, September 15, 4 p.m.  
 47. Peiping's 530, October 6, 4 p.m.  
 48. Lamei, Ulaan, September 1.  
 49. Tokyo's 193, September 6, 6 p.m.

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

- 80 -

the belligerent governments were handed to the American and other neutral governments for their information. On September 7, the Secretary of State at Washington orally informed the Japanese Ambassador, inter alia, that the advice thus given to the belligerent powers directly affected the rights and interests of the United States; referring to Shanghai, where the various powers have individual and common responsibility for the maintenance of order, he made it clear that the American Government would view with great regret and disapproval action by the Japanese Government in consequence of which the international character of Shanghai would be destroyed. 50

Neither the British nor the French authorities withdrew any military or naval forces from China during the month. Observers generally considered that, as there are no German military or naval forces in China and as it is inconceivable that British or French troops will attack German nationals in China, the Japanese request was hardly explainable on the specious grounds advanced and was felt to carry far-reaching political implications connected with the Japanese desire to reduce if not to eliminate 51  
 eliminate occidental influence and interests from China.

DECLASSIFIED: E.O. 11652, 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**

DIVISION OF  
EUROPEAN AFFAIRS  
DEC 11 1939  
[Handwritten initials and signatures]

JR

OPNAV

FROM member 6, 1939

Rec'd 9:30 a.m.

ACTION: STATE

CONFIDENTIAL.

The following was received from the Assistant Naval  
Attache at Chungking on December 5.

It is denied by the highest sources here that there  
is any truth in the rumor that Moscow is pressing  
Chungking to give Reds a part in the Government. The  
story that a puppet army is invading Fukien is also  
untrue since its leader is not a native of the province  
which makes him powerless. According to eye witness  
account the heavy bombing of Lanchow is unsuccessful  
and has produced negative results. The meager defense  
there is due to the reported transfer, now in progress,  
of the majority of the Sino air force including  
Russians for action on the southern front. CR 92 (refer-  
ence number).

KLP

DEC 12 1939

793.94/15529

F/FG

793.94  
793.93

7828

DECLASSIFIED: E.O. 11652, 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

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

Hong Kong via N. R.  
FROM  
Dated December 6, 1939

Rec'd 9:10 a. m.

Secretary of State,  
Washington.

438, December 6, 2 p. m.

The following is a paraphrase of a message received  
by air mail for the Department from Reed at Hanoi:

"December 3, noon. Reference my November 23, 10 a. m.

I have the honor to report that the Chinese here concede  
the capture of Nanning and also concede that the Japanese  
have pushed north and northeastward. The Chinese say  
that unless they can recapture Nanning they anticipate  
that the air field at that place will be used as a base  
for extended bombing in Kweichow and Yunnan provinces.

The road to Nanning can no longer be used and some  
of the cargo stored at Lungchow is being returned to this  
country. In my despatch No. 8, October 20, I mentioned  
a road. That road will not be ready for some months and  
even after it is ready it is estimated that it will support  
a maximum traffic of only three thousand tons per month.  
I am informed that the railway hopes this month to carry  
about 15,000 tons.

793.94/15530

F/FG

DEC 18 1939

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

hsm -2- No. 438, December 6, 2 p. m., from Hong Kong

It is my understanding that a number of shipments  
 of commodities expected in Haiphong for Chinese destina-  
 tion are for the time being stored.

Repeated to Chungking and Peiping. Saigon informed.

SOUTHARD

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

(CONFIDENTIAL)

P A R A P H R A S E

A telegram (no. 438) of December 6, 1939, from the American Consul General at Hong Kong transmits a message of December 3 from Consul Reed at Hanoi which reads substantially as follows:

The capture of Nanning and the fact that the Japanese troops have advanced to the north and northeast is admitted by the Chinese at Hanoi who state that unless they can regain possession of Nanning they expect extensive bombing operations in Yunnan and Kweichow will be carried on by the Japanese using the air field at Nanning as a base. Some of the cargo stored at Lungchow is being returned to Indochina as the road to Nanning is unusable. It will be some months before another road farther to the west which is being built will be ready for use and even after that road is ready it can take care of only 3000 tons of traffic a month at the most, according to estimates. The railway hopes to transport approximately 15,000 tons during December, according to information received by Consul Reed. It is Mr. Reed's understanding that for the time being certain lots of goods are being stored which were expected to arrive in Haiphong destined for China.

*EGC.*  
FE:EGC:REK

*YK* 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

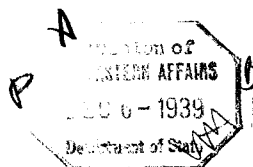
DEPARTMENT OF STATE

5832

DIVISION OF FAR EASTERN AFFAIRS

December 6, 1939

Hanoi's despatch no. 2 of October 3 reports that Chinese officials with whom Consul Reed has had conversations give the impression that France is generally sympathetic to the Chinese cause, although the Chinese have not shown a reciprocal understanding of French desires, but that France cannot afford to jeopardize Indochina and will accordingly follow a policy of purely political expediency. French officials also appear to feel that the Sino-Japanese conflict will be liquidated in the not too distant future, that Governor Lung Yun of Yunnan is not a particularly faithful ally of the National Government, and ~~that~~ they would look with favor upon the establishment of a buffer state comprising Kwantung, Kwangsi and Yunnan.



793.94/15531

FE:Penfield:HJN



183

DECLASSIFIED: E.O. 11652, 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. 2

AIR MAIL

RECEIVED  
 DEPARTMENT OF STATE

AMERICAN CONSULATE

Hanoi, French Indochina, October 3, 1939

1939 DEC 6 AM 11 57

COMMUNICATIONS  
 AND RECORDS

DIVISION OF  
 EUROPEAN AFFAIRS  
 DEC 9 1939  
 DEPARTMENT OF STATE

SUBJECT: Conversations with French Officials at Hanoi in regard  
 to Chinese Affairs.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to refer to the Department's telegraphic instruction to the Embassy at Peiping, assigning me as consul at Saigon but directing that I proceed to Hanoi and Haiphong for the purpose of carrying out the functions set forth in Ambassador Johnson's telegram to the Department, No. 393, June 17, 11 a.m. In pursuance therewith I proceeded to Hanoi from Saigon, where I arrived the morning of September 13, arriving at Hanoi the afternoon of September 16.

Since my arrival at Hanoi I have called upon and have established friendly relations with the majority of the French officials in this city, particular effort being made to cultivate those officials whose decisions and ideas have a peculiar bearing upon the situation in China and upon the progress of the Sino-Japanese conflict. I have made summaries of my various conversations with these officials but, as much of the material set forth in these memoranda is repetitious, I submit herewith an outline of the matters discussed.

My conversation with the Governor General, General Georges

Catroux,

793.94/15531

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

0834

## AIR MAIL

- 2 -

Catroux, was especially interesting and covered a wide range of subjects. The Governor General expressed the opinion that the outbreak of war in Europe would alter to a large extent the conditions prevailing in Indochina. Insofar as French-American relations are concerned, it will be necessary to rely upon importations from the United States, cars and trucks, and other essentials, which can no longer be supplied by France. He added that every facility will be given to American interests in Indochina. Insofar as French-Chinese relations are concerned, it will be necessary to review these in detail and to make such changes as are called for by the altered conditions in Europe. He explained that France is generally sympathetic to the Chinese cause, although the Chinese have not shown a reciprocal understanding of French desires, but that France can not afford to jeopardize Indochina and will accordingly follow a policy of purely political expediency. He referred openly to the danger of Japanese aggression, from bases at Hainan and on the Spratly Islands, and stated that this possibility is a factor which enters into the question of the establishment of a new policy towards Chinese affairs. In any event, he concluded, his personal opinion was that the Sino-Japanese conflict will be liquidated in the not too distant future.

As a matter of fact, the majority of French officials in Indochina have expressed the same opinion regarding the future course of events in China, commenting that the outbreak of war in Europe will so alter the policies of the countries at war as to lead ultimately to a liquidation of the Sino-Japanese conflict. The majority, including the Governor General, remarked that this settlement of Far Eastern affairs will solve a number of very embarrassing problems, such as the transit of goods to China, and will remove an actively apprehended danger to Indochina.

All

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

AIR MAIL

- 3 -

All officials (and among these I may mention the Secretary General of the Government General, the Director of the Political Section, the Director of the Economic Section, the Director of Customs and Monopolies, et cetera) commented that the transit of goods to China is the subject of Japanese suspicion and that the unprecedented accumulation of cargo at the port of Haiphong does nothing to dispel this suspicion. Consequently, some limitations must be placed upon this transit of goods in order to remove this accumulation and to remove at least a modicum of Japanese suspicion. The Director of the Economic Section of the Government General, Mr. Louis Marty, was especially categorical in blaming the Chinese for the confused situation at Haiphong and thus attracting Japanese attention.

That the French are extremely apprehensive of Japanese action in this region, particularly since the outbreak of the war in Europe, is evidenced in part by the entrenchments and bombproof shelters constructed in all parks and public places, and in even private gardens. At Doson, a seaside resort near Haiphong, and at other seaside places, a large number of French have vacated their houses, in fear of Japanese bombings. This apprehension, and a measure of exasperation with the Chinese, explains the possible wishful thinking that the Sino-Japanese conflict will soon be liquidated.

French officials, especially the Director of the Political Section, Mr. Mantovani, do not consider Governor Lung Yun of Yunnan a particularly faithful ally of the National Government. Instances were cited purporting to show that the Lung Yun regime is paying enforced lip service to the National Government, but with independent ideas as to what should and should not be done, particularly as regards financial matters. Mr. Mantovani opined that a revival of

the

1835

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

AIR MAIL

- 4 -

the Southwestern faction, including Yunnan, is not a too far-fetched possibility. I have been told that Indochina would view with pleasure the establishment of a buffer state comprising Kwantung<sup>B</sup>, Kwangsi and Yunnan. Mr. Mantovani stated his belief that emissaries of Wang Ching-wei are still endeavoring to wean Yunnan from the side of the National Government. In general, however, French officials tend to discount the influence of Wang Ching-wei, either in Yunnan or elsewhere.

Both the Governor General and the Secretary General, Mr. Delsalle, mentioned the projected new Central Government to be organized by Wang Ching-wei and queried whether this would have any effect upon the course of events in China. In fact there was some doubt if this government would be inaugurated. Similarly, the Russo-Japanese truce was the subject of comment - it being doubted that either side could place any great reliance or confidence in the truce.

Conversations with non-official persons conversant with the situation in Indochina both before and after the outbreak of war in Europe confirm the impression I received during my conversations with various officials at Hanoi - that before the war the French were inclined to let things go as in the past, with only a remote apprehension of political difficulties in the Far East; that subsequent to the outbreak of war the French have instituted or are instituting such measures (directly affecting China) which will ensure the minimum of danger to France in the Far East. There is no question, however, but that the French are still reasonably sympathetic towards the Chinese and, if assistance can be rendered to China without protest from the Japanese, the French will continue to render such assistance.

It

0837


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

AIR MAIL

- 5 -

It is true that the French are somewhat annoyed with the Chinese on account of the Chinese embargo on imports into China of certain commodities (luxuries, et cetera). And I have heard, but this has not been confirmed, that the French undertook a measure of retaliation, particularly in regard to port dues of various types and other matters which were a matter of discretion. But France may not now be in a position to export these commodities to China. In this matter, as in others, the fact that France is at war and is preparing for a war of possible long duration completely alters the picture and ensures that the French policy, especially in the Far East, will be one of understandable self-interest and political expediency.

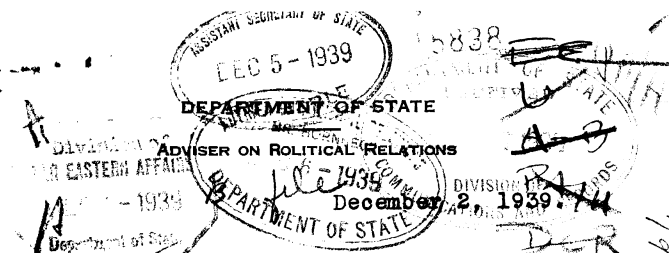
Respectfully yours,

  
Charles S. Reed, II,  
American Consul

Original and 4 copies to the Department  
Copy to Embassy, Chungking  
Copy to Embassy, Peiping  
Copy to Consulate, Saigon

800  
CSR/CJ

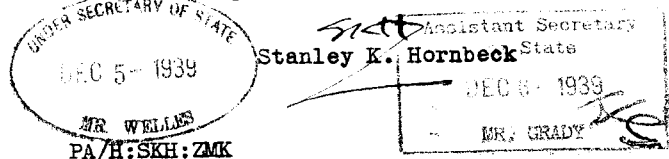
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
 Department of State letter, August 10, 1972  
 By Milton D. Gustafson NARS, Date 12-18-75



The item here attached is a digest  
 of an address delivered by Chiang Kai-shek  
 at Chungking on November 12, 1939.

793.94 In this address, Chiang Kai-shek  
 made interesting and significant statements  
 regarding Japan's policy and China's  
 policy. He declared that Japan ~~will not~~  
 be able to attain her objectives and that  
 promises which Japan makes to the powers  
 are "empty promises" because, in pursuit  
 of Japan's real policy, Japan "must  
 necessarily interfere with and violate  
 the interests of the United States, of  
 the Soviet Union, of Great Britain, and  
 of France." He states that China will  
 not cease fighting until she has secured  
 complete independence and equality among  
 the family of nations; that the only  
 stabilizing force in the Far East must  
 be a free, independent and peaceful China;  
 and that peace in the world depends on  
 a Chinese victory in as much as a  
 victorious Japan will use the "new order"  
 in the Far East as a basis for far-reaching  
 plans of conquest.

The whole of this brief item is  
 worth reading.



0838

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

Digest from Generalissimo Chiang Kai-Shek's Speech  
 (Delivered at Chungking, Nov. 12, 1939)

*Handwritten note:*  
 Handed to me  
 by the Chinese  
 Ambassador  
 11-30-39  
 S.H.

Generalissimo Chiang Kai-Shek repeated a statement made sometime before that as long as China persists in her resistance, she can not be defeated. The military strength of Japan has been steadily declining, while Chinese strength has almost doubled since the beginning of the war. He has made recently a tour of inspection on the various fronts and has gained an excellent impression of the morale and the fighting spirit of the army. There is complete cooperation between the army and the people.

Since Japan has realized that she can not break Chinese resistance by military action, she is now trying by other means to avoid defeat. She wants (1) to establish a puppet Chinese government in the occupied area, (2) to compromise with all countries having vested interests in the Far East, and (3) to organize an economic bloc to which Japan, Manchuria, and China will belong. In the diplomatic field, Japan hopes that, by playing one power against the other, she will be able to liquidate the war in the Far East quickly and most advantageously to herself. But she is completely mistaken. Her present policy can not succeed because it is calculated to deceive the great powers. They know only too well that Japan is making empty promises and that, in pursuing her real policy, she must necessarily interfere with, and violate the interests of the United States, of the Soviet Union, of Great Britain, and of France.

China has not changed her fundamental policies since 1931. These are still based, as they were in the past, on four principles, on the protection of her sovereignty and territorial integrity, on the strict adherence to international obligations, including the Nine-Power Treaty, the Anti-War Pact and the Covenant of the League of Nations, on complete freedom in her foreign policy, and on non-participation in the Anti-Comintern Pact. China will not cease fighting until she has secured complete independence and equality among the family of nations. In doing so, China is rendering a great service to the

793.94/15532

F/EG

MAR 1942

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

5841

peace of the world. The only stabilizing force in the Far East is a free, independent, and peaceful China, and not an imperialistic Japan. Peace in the Far East cannot be established without an independent China; and peace in the world depends on Chinese victory since Japan would use the "new order" in the Far East as a basis for her far-reaching plans of conquest. China, therefore, is fighting not only for herself: she is fighting, at the same time, to defend the interests of friendly powers. Since their interests and Chinese interests are the same, it is impossible that other powers would make a compromise with China's enemy. While China does not expect other countries to fight her battles, she is fully convinced that they share completely China's ideals.

The setting-up of a puppet government in the occupied area will not bring the war to a speedy conclusion. It will only strengthen the hatred and the determination of the Chinese people that the war will not come to an end before the Japanese army has been completely withdrawn from Chinese territory.



DECLASSIFIED: E.O. 11652, 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. 14

AMERICAN CONSULATE

Hanoi, Indochina, November 12, 1939.

1939 DEC 8 PM 12 02

U.S. DEPT. OF  
 COMMUNICATIONS  
 AND RECORDS

A  
 P  
 WA  
 B  
 WA

SUBJECT: Recrudescence of Rumors regarding  
 1-1065 the Liquidation of the Sino-Japanese War.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

I have the honor to refer to my despatch no. 2  
 of October 3, 1939, in which mention was made of the  
 expressed belief of various high officials of the  
 Indochina Government that the conflict in China would  
 be liquidated in the not too distant future. In sub-  
 sequent conversations with these same officials the  
 same belief has been reiterated, with varying degrees  
 of conviction.

Within the last few days there has been a per-  
 ceptible increase in the discussion of this subject,  
 the recrudescence of these rumors being occasioned  
 perhaps by the forthcoming visit of the French  
 Ambassador, Mr. Cosme, to Chungking. It is under-  
 stood that the Ambassador will arrive in Indochina  
 on or about November 18 and will proceed to Kuming  
 and Chungking after a short stay in Hanoi. Certain  
 commentators claim to find more than the ordinary

raison

793. 94/ 15533

F/R-9

DEC 7 1940

DEC 7 1940

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

AIR MAIL

- 2 -


raison d'être in this visit and speculate that the British and French Ambassadors will cooperate toward bringing about a termination of the "incident".

There does not appear to be any factual reason for believing that this repeatedly expressed opinion is other than possibly wishful thinking. Of course, it is quite possible that the mission of the French Ambassador may have some connection with a peace move in the Far East. However, the peculiar conditions now obtaining in northern Indochina are such as to foster rumors of all possible degrees, from the entirely plausible to the wildly fantastic.

The strict control of the press and of all news services is no doubt responsible in part for this ubiquity of rumor. But by far the more important factor is the presence of a large number of non-French at Haiphong and at Hanoi who are in Indochina solely because of the retreat of the Chinese National Government to western China. The majority of these are not particularly happy with conditions as they find them in Indochina, nor are they particularly busy, and this combination of circumstances is a fertile field for the inauguration and spreading of all sorts of rumors.

Notwithstanding these prevalent rumors I am impressed by the apparent resolution of the Chinese in Indochina to carry on the struggle against the Japanese.

Respectfully yours,

  
 Charles S. Reed II,  
 American Consul.

Original and 4 copies to the Department  
 Copies to Embassy, Chungking and Peiping  
 Copy to Saigon

300  
 CSR/csr

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

## CROSS-REFERENCE FILE

## NOTE

## SUBJECT

Sino-Japanese relations:

Report concerning -, for the month of  
 October, 1939, for Tsinan Consular  
 District.

8a

For the original paper from which reference is taken

See # 174 to Embassy  
 (Despatch, telegram, instruction, letter, etc.)

Dated Oct. 31, 1939 From Tsinan (Hawthorne)  
 To

File No. 893.00 P.R. Tsinan/122.

793.94 / 15534

15534

DECLASSIFIED: E.O. 11652, 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. Japan.<sup>1</sup>

a. Some anomalies of the present situation.

Japanese reports that General Yu Hsueh-chung's troops clashed with 8th Route Army units near Mengyin, in south central Shantung, during the latter part of September, have been confirmed by an American observer, who states that some 2,000 8th Route Army troops were subsequently transferred from the west to reinforce those in the Mengyin area. The following report was also received from

SH

1. Cf. Consulate's telegrams of October 13, 1 p.m., October 24, 10 a.m. and October 27, 3 p.m., and despatch to Embassy no. 168 of October 9, 1939, file 800/861.3/851.6.

793.94

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

- 3 -

an American missionary in Taian under date of October 24th:

"Today one of our preachers was here from 60 li east of Taian and reports a serious fight between the 8th Route people and Red Spears or some other local group. The Japanese went out when they heard of trouble but when they saw what was happening they smiled and returned to Taian."

Although no confirmation has been forthcoming, the Japanese allege that during October the 8th Route Army engaged irregulars under Admiral Chen Hung-lich, the national government appointee as Governor of Shantung, in the vicinity of Tsingping, in western Shantung. It is reported that this battle lasted 48 hours and that 1,600 men were killed, the losses being about equally divided. This dissension is said to be due to efforts of the 8th Route Army troops to extend their sphere of influence in Shantung.

A neutral observer reported that in and around a certain city in this district which has been occupied by the Japanese for nearly two years representatives of the legitimate Provincial Government collected taxes amounting to Chinese \$20,000 during September, using for that purpose the tax collection machinery set up by the puppet regime. It was definitely learned that the 8th Route Army collected "taxes" among the Chinese inhabitants of another city, long occupied by the Japanese, during October. In this connection, a neutral observer states "our Chinese were afraid they would suffer if they ignored the matter."

The Consulate is also informed that several weeks ago the entire Chinese police force of a certain Japanese-occupied city numbering 500 men, which had been recruited, trained

- 4 -

trained and armed by the Japanese, suddenly disappeared with their arms one night, presumably to join the guerrillas.

Thirty pro-Japanese Chinese militiamen, according to a reliable report, were "kidnapped" on October 9th in the western outskirts of Tsinan.

A neutral observer in northeastern Shantung reported that the guerrillas in that region have become such a scourge to the countryside that the inhabitants of many villages have actually during recent weeks prayed for the Japanese troops, who, it is said, make some pretense of paying for the provisions obtained from the people, to come and relieve them from further support of the guerrillas.

b. Military-guerrilla activities.

Chowtsun, an important city on the Tsingtao-Tsinan Railway, is reported to have been attacked by guerrillas, possibly supported by the "rebel" troops of Chang Pu-yun, on October 5th and again on the night of October 9th. On the last occasion it is reported that the raiders reached the railway station where 20 Japanese were killed and 2 (presumably civilians) taken prisoner.

Japanese sources reported an "attempted attack" on the positions held by Japanese troops in Siatsing district, in northwestern Shantung, on October 18th by 1,400 communist, presumably 8th Route Army, troops. The report was devoid of details but admitted that the Japanese Adviser to the Magistrate, who is said to have led two detachments of the District Precautionary Force against the enemy, was killed in action.

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

- 5 -

A report from northeastern Shantung stated that the Japanese were making no progress in extending their authority beyond the towns already garrisoned, and that even such places are lightly held. Informant stated that Japanese stragglers are being killed by guerrillas every day, that incautious soldiers off duty even in garrisoned towns invariably disappear and that road mines (said to be of American origin) continue to render the use of Japanese motorized units hazardous.

c. Improvement noted in Japanese treatment of people.

An observer reports that while in the course of military operations in northeastern Shantung whole villages have in the past been destroyed and the inhabitants slaughtered by Japanese troops without regard to age, sex or condition, Japanese treatment of the people in that region has lately undergone some improvement. Consequently, the inhabitants of unoccupied villages no longer take flight at the approach of Japanese troops, though terrorist methods are still employed, perhaps of necessity in view of the smallness of Japanese garrisons. Fewer cases of rape of Chinese women have occurred since garrisons have been provided with Japanese women.

DECLASSIFIED: E.O. 11652, 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**

lw

This telegram must be Canton via N.R.  
 closely paraphrased be-  
 fore being communicated FROM Dated December 9, 1939  
 to anyone. (Br)

Rec'd 2:07 p.m.

Secretary of State  
 Washington

Division of  
 EASTERN AFFAIRS  
 DEC 11 1939  
 Department of State

COPIES BY THE  
 CHINESE TO THE  
 U.S. TO THE  
 U.S. TO THE

EXX

733.94

151  
 150, December 9, (?) p.m.

According to information believed to be reliable  
 considerable fighting has been occurring during the  
 past fortnight along the Canton-Hankow railway between  
 guerrillas and a fairly large Japanese unit which has  
 been unsuccessfully attempting to capture Tsingyun.  
 Reinforcements numbering about 1,000, believed to be  
 moving northward, (\*) Canton yesterday. The press  
 has been carrying reports in regard to military activi-  
 ties in that region and at other points along the  
 northern perimeter of the occupied area. My informant  
 stated that Shiuchow was believed to be the ultimate  
 objective of these operations. Furthermore, the Japanese  
 having recently begun repair work on Canton-Hankow  
 Railway the above mentioned fairly within their lines.  
 According to a reliable source there has been no  
 unusual activity in the Hongmoon area.

733.94/15535

F/FG

If

12 1939



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

lw -2- No. 150, December 9, from Canton

If true, these operations would appear to be part of a major effort of the Japanese as exemplified by the Kwangsi operations to break down the resistance of Nationalist forces in the southern provinces.

It is claimed that there is a large concentration of Chinese forces at Yingtak on the Canton-Hankow Railway and that the pay of the guerilla forces referred to above is three months in arrears.

Repeated to Chungking, Peiping, Hong Kong.

MYERS

RR

(\*) apparent omission

DECLASSIFIED: E.O. 11652, 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

A telegram (no. 150) of December 9, 1939, from the American Consul General at Canton reads substantially as follows:

On December 8, about one thousand Japanese reenforcements, thought to be going north, passed through (?) Canton. During the past two weeks there has been quite a great deal of fighting along the Canton-Hankow Railway between guerrillas and a rather large unit of Japanese which has been trying to take Tsingyun but without success. This information is believed to be reliable. Reports concerning military activities in that area and at other places along the northern boundary of the occupied territory have been appearing in the newspapers. It is thought that Shiuchow is the final objective of these operations, according to the Consul General's informant. Moreover, repairs on the Canton-Hankow Railway were started a short time ago by the Japanese well within their lines. No unusual activity has been going on in the area around Kongmoon, according to reliable information. It would seem that these operations, if true, are a part of a major attempt on the part of the Japanese to break down the resistance of the National Government troops in the south. The operations in Kwangsi might also be regarded as a part of this attempt. Chinese troops in large numbers

DECLASSIFIED: E.O. 11652, 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-

numbers are said to be concentrated at Yingtak on the  
Canton-Hankow Railway and it is claimed that the guerrilla  
troops above referred to have not been paid for three  
months.

793.94/15535

FE:EGC:HJN  
12/12

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

79394

CROSS-REFERENCE FILE

NOTE

**SUBJECT** North China, source of vital raw materials: efforts of Japanese to retain control of-, likely, is the impression gained by Associated Press correspondent from interview of General Homma.

793.94/15536

For the original paper from which reference is taken

See Tel #625; 7pm  
(Despatch, telegram, instruction, letter, etc.)

Dated Dec 8, 1939 From China (Johnson)  
 To

File No. 711.94/1377

15536

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

JAPANESE EMBASSY  
 WASHINGTON

December 6, 1939

Mr. Maxwell M. Hamilton,  
 Chief, Division of Far Eastern Affairs,  
 Department of State,  
 Washington, D. C.

Dear Mr. Hamilton:

We have just received information from Tokyo regarding the safety of the third Power nationals and property during the military operation in the Nanning area, South China.

According thereto, missionaries of American, British and French nationalities in Nanning were all safe. Churches, hospitals and other property belonging to the different missions also escaped any damage. All of the employees of the Standard Vacuum Oil Company were safe. Also intact were the Company's establishments and the stock of oil. Employees of the Asiatic Petroleum Company were all safe also, and the establishments of the Company were undamaged. Except for fifteen cans of gasoline among the stock of the Company hit by rifle bullets of the defending Chinese soldiers, the rest was perfectly preserved. Some of the Chinese employees of the two companies took flight, but those who remained were safe and sound.

Letters dispatched by the foreign residents of Nanning to various addresses in Hongkong, including Bishop Hall, the Standard Vacuum Oil Company, the Asiatic Petroleum Company and families of both foreign and Chinese employees of those companies, reached their destination on December 2 through the consular officials of the respective countries.

Very sincerely yours,

*Morito Morishima*  
 Morito Morishima,  
 Counselor.

793.94/15537

15537

793.94  
 393.0015

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

December 8, 1939

My dear Mr. Morishima:

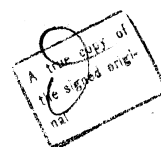
I acknowledge the receipt of your letter of December 6, 1939, containing information with regard to the safety of persons and property during the military operations in the Nanning area.

Your courtesy in supplying us with that information is appreciated.

Sincerely yours,

*[Handwritten signature]*

Mr. Morito Morishima,  
 Counselor, Japanese Embassy,  
 Washington, D. C.



*[Handwritten checkmark]*

*[Handwritten initials]*

*cc*  
 FE:CC:HJN  
 12/8

*JA* FE

793.94/15537

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**

HSM

*Handwritten: c. 12-18-39*  
 Division of  
 FAR EASTERN AFFAIRS  
 DEC 12 1939  
 Department of State  
*Handwritten: AX*

FROM GRAY

Shanghai via N. R.

Dated December 12, 1939

Rec'd 11:02 a. m.

Secretary of State,  
 Washington.

*Handwritten: 282*  
 [ONE AND]

1102, December 12, 5 p. m.

The Japanese Minister at large Mr. Sotomatsu Kato and the Japanese Consul General Y. Mi, Chengkiang, have gone to Nanking to be present at the celebration of second anniversary of capture of Nanking on December 13. Kato informed me that he would proceed by air to Peiping on December 14 and remain there a few days after which he would return to Shanghai.

Repeated to Peiping, Chungking.

LOCKHART

CSB

793.94/15538

F/FG

*Handwritten: 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

Five copies for Department of State

No. 453

AMERICAN CONSULATE

Tsingtao, China, November 6, 1939.

Division of  
EASTERN AFFAIRS  
DEC 13 1939  
WAG

793.94

Subject: Consulate's Source of Statement Regarding Reoccupation of Pingtu, Shantung.

The Honorable  
Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

RECEIVED  
DEPARTMENT OF STATE  
NOV 12 1939  
PM 2 13

Sir:

I have the honor to confirm the receipt of the Embassy's telegram of November 4, 12 noon and of this consulate's reply of November 4, 7 P.M., in regard to the source of the statement in the consulate's monthly telegraphic political summary that Pingtu had been reoccupied by Japanese forces in October.

The first report of the reoccupation of Pingtu which came to the attention of this consulate was an item which appeared in both the Chinese and Japanese newspapers of Tsingtao on October 22. The item, which was not given any prominence (a copy is enclosed), reads as follows in translation:

"COMPLETE SUCCESS OF FRIENDLY ARMY'S CAMPAIGN  
PINGTU, LAICHOW, YEH HSIEN CAPTURED

Mopping Up Operations Continue  
(Announced by Military Headquarters at Tsingtao)

As a result of the brave campaigns of the Japanese army, expeditions against bandits have been carried out completely successfully, and Pingtu on the 13th and Laichow and Yehsien on the 15th were captured by the Japanese

793.94/15539

F/FG

DEC 13 1939



DECLASSIFIED: E.O. 11652, 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 army. Mopping up operations are in progress now in those counties."

The Japanese newspaper carried the same item which in substance was identical with that which appeared in the Chinese newspaper. While due note was made of the information, the consulate preferred to await information from Pingtu itself.

On or about October 25 or 26, just a few days after the publication of the report, Mr. Robert A. Jacob, an American missionary resident of Pingtu, called at this consulate and reported that the Japanese had re-occupied Pingtu about the middle of the month. Such fighting as occurred took place some miles from the city and from the mission compound. The change over in the occupying forces was effected without any fighting in or near the immediate vicinity of the city; there was no destruction of property in the city and no casualties were suffered there. About all that occurred, so far as the Chinese and the few American missionary residents were concerned, was that the Chinese had evacuated the city and the Japanese had entered it.

Mr. Jacob is the same American missionary who reported to this consulate the occupation of Pingtu in August by the Chinese. It was on the basis of his report that the information contained in the consulate's August summary and political report, and incorporated by the Embassy in its report for the same month (page 18), was transmitted to the Embassy, and it was on the basis of Mr. Jacob's statement that the information regarding the

DECLASSIFIED: E.O. 11652, 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 reoccupation of Pingtu in October was likewise transmitted. This office considers Mr. Jacob a particularly reliable informant and that further confirmation of the occurrences does not appear to be necessary.

Respectfully yours,

Samuel Sokobin,  
 American Consul.

Enclosure:  
 1. Chinese newspaper clipping.

800  
 SS/AD

Original to Embassy, Peiping,  
 Five copies to Department,  
 Copy to Embassy, Chungking.

A true copy of  
 the signed original.  
 [Signature]

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

SOURCE: TSINGTAO HSIN MIN PAO,  
 TSINGTAO, CHINA.

October 22, 1939.

友軍勇敢討伐

完全得告成功

平度萊州掖縣皆被攻略

繼續各縣城內肅清工作

(在青陸軍部隊發表)因日  
 軍勇敢之攻略致匪賊之討  
 伐乃完全得告成功平度縣  
 於十三日又萊州掖縣  
 於十五日皆被日軍攻略繼  
 續各縣內之肅清工作刻正  
 着着進行云。

DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

SUBJECT

Sino-Japanese conflict: developments in relations for  
 the month of October, 1939.

793.94/15540

For the original paper from which reference is taken

See #98 to Embassy, Peiping  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov 8, 1939 From Chefoo (Roberts)  
 To

File No. 893.00 P.R. Chefoo/151

15540

DECLASSIFIED: E.O. 11652, 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:

1. Japan:

(1) Military Situation

1939.14  
The Japanese naval forces at Chefoo supported by airplanes from an airplane carrier made a number of expeditions by truck into the interior without changing the military situation in Eastern Shantung. Japanese garrisons continued to hold the principal ports of Weihaiwei, Chefoo and Lungkow and the important towns of Ku-p'ing, P'eng-lai and Hwanghsien. However, the Japanese control extends no great distance beyond the towns occupied by their garrisons and in the smaller towns of Ku-p'ing, P'eng-lai and Hwanghsien, their garrisons are not safe from guerrilla attacks at night.

Resident missionaries at Laichowfu report the recapture of that town by Japanese forces on October 15,

1939.

---

(2) Despatch No. 95 of October 27, 1939, to Embassy at Peiping, on the subject: "Seizure of the Standard-Vacuum Oil Company's Funds".

DECLASSIFIED: E.O. 11652, 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 -

1939. The place fell without any resistance from the guerrillas after being subjected to bombing from the air for several days.

(2) Control of Coal Sales:

The control over coal sales established by the Japanese Special Military Mission on September 13, 1939, continued throughout the month. The Kailan Mining Administration could sell only on permits issued by the Japanese Special Military Mission and Japanese were installed in the offices of the mining company to check the sales.

Foreign consumers were required to submit their applications for permits to purchase coal to the Special Mission through the Japanese Consulate and their own consulates. American citizens who submitted applications received permits to purchase some 42 per cent of their winter's requirements, a percentage somewhat larger than that accorded the British consumers. There was no fixed policy in granting the permits. Some of the applicants received a permit for the full amount requested. Others had their applications reduced to one, two, and three tons. It is believed that American residents have sufficient stocks of coal on hand for their immediate needs. Fortunately, good weather prevailed while coal deliveries were suspended by the Japanese during the time they were devising a coal control plan.

At the end of the month distributors' stocks of coal were exhausted and all coal sales were suspended until the arrival of a new shipment the early part of November.

It

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

- 6 -

It is reported that October coal permits totaling 600 tons could not be filled.

(3) Coastal Shipping Combine:

The new Japanese Shipping Combine known as Toa Kaiun Kaisha (The East Asia Transport Company) commenced operations at Chefoo on October 1, 1939, and established an agency with Awa Kyodo Kaisha, transferring agencies held by the Hwei Tung Shipping Company and Iwaki & Company to the new agent. The new shipping combine is expected to open its own office at Chefoo. For some five months it has been attempting to obtain foreign-owned property along the water front for godowns and offices.

086

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

JT

PLAIN

SHANGHAI VIA N.R.

December 14, 1939

Rec'd 8:30 p.m.

Secretary of State,  
 Washington.

Division of  
 FAR EASTERN AFFAIRS  
 DEC 15 1939  
 Department of State

CONFIDENTIAL  
 ONI AND MLD.

1107, December 14, 3 p.m.

In an article appearing in the December 9 issue of  
 CHINA WEEKLY REVIEW John Ahlers, a German local writer on  
 economic subjects, contributes an article on "Does the  
 Japanese conquest of China pay" concluding as follows:

"It all boils down to the conclusion that the contin-  
 uation of the Japanese war adventure in China is a paying  
 proposition for the upper stratum of the military, for part  
 of the Japanese business men over here, for the pseudo-  
 Chinese puppet regimes sponsored by the invaders, as well  
 as for a small circle of war profiteers in Japan proper.  
 It is a paying proposition for these circles only because  
 they are in a position to induce the Japanese state to spend  
 continuously upon the China war over yen 400,000,000 monthly  
 at the expense of taxpayers and bond subscribers in Japan  
 proper. If the latter expenditure is taken into account,  
 the China war remains, financially a tremendously defici-  
 tary enterprise for Japan. Nor is there any financial

793.94/15541

F/FG

DEC 27 1939  
 relttr



DECLASSIFIED: E.O. 11652, 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- #1107, December 14, 3 p.m., from Shanghai via NR

relief in sight for the future, except through discontinuation of the war. The fact, however, must always be kept in mind, that the profiteers and the subscribers to the deficit are not the same people, and that the former dominate the latter."

Repeated to Peiping, Chungking and by mail to Tokyo.

LOCKHART

EMB

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

# CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Sino-Japanese hostilities.

Conversation between French Ambassador to  
 Tokyo and Japanese Minister for F.A.  
 as reported by Chauvel: Information  
 concerning -, dealing with Japanese  
 attempts to terminate the war in China.

aa

793.94 / 15542

For the original paper from which reference is taken

See ..... tel # 2967, 4pm .....  
 (Despatch, telegram, instruction, letter, etc.)

Dated Dec. 13, 1939 ..... From } France (Bullitt)  
 To }

File No. .... 893.24/666. ....

793.94  
 15542

DECLASSIFIED: E.O. 11652, 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

CROSS-REFERENCE FILE

NOTE

SUBJECT Sino-Japanese relations: developments of October, 1939.

793.94 / 15543

For the original paper from which reference is taken

See #72  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov 6, 1939 From Swatow (Young)  
To

File No. 893.00 P.R. Swatow/143

FRG.

15543

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

(b) Relations with Japan.

793.94  
 Japanese military activities throughout October followed the pattern of the latter part of the previous month with almost daily flights of Japanese bombing planes concentrating their attacks on reported bands of Chinese troops or guerrillas in that territory adjacent to the area held by Japanese forces. There still was no apparent attempt made by the Japanese to extend their zone of control and the number of Japanese troops holding the strip of territory extending from Szentow to Shaochowfu was not believed to have been increased.

During the middle of the month under review there was reported to be rather more military activity in the immediate vicinity of Shaochowfu with rumors spreading throughout Szentow that Shaochowfu had been retaken by Chinese forces, but this was ascribed to wishful thinking on the part of the local Chinese and was found later to have no foundation in fact. There

were

---

\*Telegram to Beijing, October 19, 3 p. .

0868

DECLASSIFIED: E.O. 11652, 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 -

were reported to be numerous Japanese casualties as the result of this fighting but accurate figures are not available.

During October the numbers of Chinese soldiers in this area who have swung their allegiance to the principles expounded by CHONGING-wei (see Gustafson's Political Review for September, 1939) was further increased so that their total was reported to be approximately 3,000. During the course of the month about half this number was believed to have disappeared into Chinese controlled territory and whether or not they adhere to their new belief remains a moot question. It is possible but not probable that their departure from Japanese controlled areas was part of the plan to advance the dissemination of anti-Chiang Kai Shek and anti-Communist propaganda, but any results that may have been accomplished are not visible.

0865

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



5841

~~11~~  
4N

TELEGRAM RECEIVED

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

FROM Canton via N. R.

Dated December 15, 1939

Rec'd 1:38 p. m.

Secretary of State,  
Washington.



COPIES IN PARAPHRASE  
SENT TO C.N.I. AND  
M.I.D. IN CONFIDENCE

892

155, December 15, 6 p. m. 793.94

Reference my 151, December 9, 1 p. m.

Today the Japanese Consulate General informed me  
that owing to military necessity the West river and its  
branches will be closed to navigation from the fifteenth  
to the thirty-first and that the Pearl river will be  
similarly closed from the seventeenth to the end of the  
month.

It is thought that this step is the precursor of  
a considerable troop movement and a push either up the  
Canton-Hankow Railway which the Japanese have been  
feverishly repairing recently and along which military  
operations are continuing to occur, or up the West river  
in the direction of Kwangsi, the former appearing to be  
the more likely development. Nevertheless it is possible  
that the main objective of these operations is Kwangsi.

Repeated to Chungking, Peiping, Hong Kong.

MYERS

CSB

793.94/15544

FA

0870

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

5842

CONFIDENTIAL

(Confidential)

PARAPHRASE

A telegram (no. 155) of December 15, 1939, from the American Consul General at Canton reads substantially as follows:

From December 15 to December 31, due to military necessity, the West River and its branches will be closed to navigation and from December 17 to December 31 the Pearl River will likewise be closed, according to information received on December 15 from the Japanese Consulate General. This action is believed to be the forerunner of a troop movement of rather large proportions and an advance up the Canton-Hankow Railway or up the West River toward Kwangsi Province. Recently the Japanese have been working feverishly to repair the Railway along which military operations are continuing to take place. Although the more probable development seems to be a push up the Railway, it is possible that Kwangsi Province is the principal objective of these operations.

793.94/15544

29C.  
FE:EGG:JPS  
12-16

FE  
Hef

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

## CROSS-REFERENCE FILE

## NOTE

**SUBJECT** Relations between Japan and China.  
 Report concerning -, for month of  
 October, 1939.

aa

793.94 / 15545

For the original paper from which reference is taken

See # 2667  
(Despatch, telegram, instruction, letter, etc.)

Dated Nov. 6, 1939 From Shanghai (Gauss)  
 To

File No. 893.00 P.R. Shanghai/133.

1545



DECLASSIFIED: E.O. 11652, 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. Japan.

a. Visit of Lieutenant General Yanagawa.

793.94  
(6-11)  
 Lieutenant General Heisuke Yanagawa (Secretary General of the Asia Development Board), in the course of the "inspection tour" which brought him into contact with Japanese and Chinese leaders in Shanghai and Nanking,\*\*\* gave a newspaper interview in which he stated:

"The view has prevailed in some quarters interpreting Sino-Japanese economic co-operation as a Japanese desire for economic hegemony, but Japan has no such intention whatever. On the contrary Japan welcomes very much the return of Chinese capital to Japanese-occupied areas, and she will not refuse the participation in Japanese enterprises of third Power nationals."\*\*\*\*

Lieutenant General Yanagawa added that the establishment of General Nishio's headquarters and the organization of a

new

\* THE CHINA PRESS, October 31, 1939.

\*\* NORTH CHINA DAILY NEWS, October 29, 1939.

\*\*\* Cf. Shanghai's monthly political report for September 1939, page 8.

\*\*\*\*NORTH CHINA DAILY NEWS, October 1, 1939.

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

- 7 -

new Government by Mr. Yang Ching-wei would not affect the policies of the Asia Development Board. He also indicated that a Hankow branch of the Board might be opened.

b. General Hishio's Statement.

On the occasion of his assumption of his new duties as Commander-in-Chief of the Japanese Expeditionary Forces in China, General Toshizo Hishio made a public statement of policy on October 1 at Nanking. The establishment of his General Headquarters was for the purpose, he said, of better achieving a settlement of the China Incident. He noted "a desire for peace and of opposition to Communism prevailing in China, and hoped that all persons, at home and abroad, would realize that the Japanese Army's presence on the continent of Asia was "in the interests of justice". As regards third party interests, he had the following to say:

"The rights and interests of third party nations will be respected and protected. Should untoward incidents unfortunately occur by accident in the course of military operations, the Japanese forces will attend to their composition with sincerity.

"It is to be hoped that third party Powers will realize the fact that extensive military operations are now underway and appreciate the requirements of the Japanese forces attendant upon such a situation. It is further to be hoped that, realizing that the conditions prevailing during the current hostilities will not necessarily determine the future situation, these Powers will collaborate with Japan in the attainment of her objective."\*

c. Japanese Military Conference.

A Japanese military conference summoned by General Hishio met for three days in Nanking, adjournment coming

on

\* NORTH CHINA DAILY NEWS, October 2, 1939.

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

- 8 -

on October 14. According to the Domei account, General Nishio is understood to have set forth in detail the "policies" (procedure?) for the execution of the program for settling the Sino-Japanese conflict. That newspaper agency reported somewhat speculatively in regard to those policies:

"These would comprise military measures, in the form of garrisoning occupied areas and the carrying on of further strategical operations, and political operations, designed to bring about the early collapse of the regime of General Chiang Kai-shek, by the extension of wholesale support to the projected Chinese central regime."

Among those present, besides General Nishio and Lieutenant General Teishiro Itagaki (General Nishio's Chief-of-staff), were Lieutenant General Seichi Iita (Director of the North China Liaison Office of the Asia Development Board), Lieutenant General Takashi Sakai (Director of the Mongolia Liaison Office), Major General Genetsu Masumoto (Assistant Director of the Central China Liaison Office), Major General Kuniakichi Harada (High Adviser to the Reformed Government), and Major General Kaneshiro Shibayama (Chief of the Hankow branch of the Army Special Service Section).

d. Establishment of Central China Headquarters of Japan-Manchoukuo-China Economic Council.

With the formal inauguration in Tokyo on October 16 of the new Japan-Manchoukuo-China Economic Council, the Central China headquarters of that Council was set up in Hankow on October 15 (1939) with Mr. Lien Yu, Minister of Industries in the Reformed Government, presiding at the inaugural meeting. It was reported that, in accordance with the basic Tokyo policy, the Council would meet when necessary for mapping out industrial-expansion and commodity-mobilization measures in Japan, "Manchukuo" and China, with special committees to be formed to deal with problems regarding coal, iron, raw cotton.

\* NORTH CHINA DAILY NEWS, October 16, 1939.

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

- 9 -

cotton, cereals and foodstuffs, light metals, and the adjustment of international trade balances.\*

e. Conference of Japanese Consular Officials.

Japanese consular officials from 11 cities in China (including Hongkong) met in Shanghai on October 20-21 for a conference on administrative procedure and for exchange of information.\*\*

f. Japanese Shipping.

According to information emanating from the HUN KAO, Japanese authorities in Shanghai now allow Chinese passengers to travel freely on Japanese vessels plying between here and Mukiang, but Chinese proceeding to Hankow must first receive permission from the Japanese military. Japanese shipping companies are said to be doing a booming business. The newspaper account remarked: "It is stated that resumption of shipping on the Yangtze by third party interests is still a hopeless case.\*\*\*" The newspaper's impression receives confirmation in Rear-Admiral Kanazawa's statement of October 5 that "the time is not ripe for opening the Yangtze to general navigation.\*\*\*\*"

Too Kaiun Kaisha, the Japanese company which took over at the end of September from Nippon Yusen Kaisha the two Shanghai-Nagasaki express ships, is reported to have ordered, for use on that run, a new 7,400 ton vessel which will be built in the Mitsubishi dockyard at Nagasaki. The vessel is scheduled for completion within one year.\*\*\*\*\*

The

\* NORTH CHINA DAILY NEWS, October 18, 1939.  
 \*\* Ibid., October 21, 1939.  
 \*\*\* Ibid., October 22, 1939.  
 \*\*\*\* Ibid., October 6, 1939.  
 \*\*\*\*\* Ibid., October 21, 1939.

DECLASSIFIED: E.O. 11652, 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 -

The commercial attache has reported that there are under construction eight Japanese ships for the Yangtze commercial traffic."

g. Military Activities.

Following upon the Chinese military success in the vicinity of Changsha, guerrilla activities increased in the vicinity of Hangchow and along the Shanghai-Nanking and Shanghai-Hangchow railway lines. It was claimed on the Chinese side that several train wrecks resulted from guerrilla action, while the Japanese contended that extensive drives against the guerrilla forces in those areas were proceeding satisfactorily. In western Szechuan, according to a Domei report, Japanese military operations ended in their achieving control by October 5 over the whole line of the Grand Canal after causing losses of 880 killed and 170 prisoners to the Chinese.\*\* Information obtained from a foreign source was to the effect that in the first part of the month there were concentrated some 40-50,000 Chinese mobile and regular troops in the vicinity of Hangchow, and that a picked force of about 2-3,000 of those effected an entrance into the city on the night of October 14 and caused minor destruction. In the street fighting which ensued both sides were believed to have suffered fairly heavy losses.\*\*\* A Japanese military spokesman at Shanghai stated on October 31 that operations were begun on October 15 against guerrilla forces in an extensive area about Kashing, half-way between Shanghai and Hangchow, and west of Wusih (on the Shanghai-Nanking railway),

and

\* Shanghai's telegram no. 952, October 27, 1 p.m.

\*\* NORTH CHINA DAILY NEWS, October 6, 1939.

\*\*\* Shanghai's telegram no. 960, October 31, 7 p.m.

DECLASSIFIED: E.O. 11652, 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. Soviet Union.

a. Withdrawal of Russian Consular Staff.

761.93  
 Following the removal of the Soviet Russian Consulate General to Hongkew,\*\*\* the Soviet Russian interests were handed over "temporarily" on October 9 to the Norwegian Consul General and the Russian offices were closed.\*\*\*\* No adequate explanation for such action was vouchsafed at the time, but one suggestion was that there existed an actual shortage of personnel due to current needs in

the

\* THE SHANGHAI TIMES, November 1, 1939.

\*\* Ibid., November 3, 1939.

\*\*\* Shanghai political report for September 1939, p. 8.

\*\*\*\* Shanghai's telegram no. 908, October 12, 11 a.m.

0878

DECLASSIFIED: E.O. 11652, 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**

NC

GRAY

HANKOW VIA N. R.

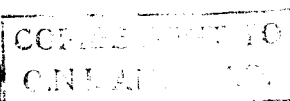
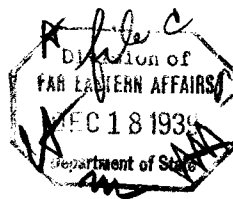
FROM ~~dated~~ December 16, 1939

Rec'd 7:26 p.m.

Secretary of State

Washington

December 16, 10 a.m.



882

The Chinese appear to have assumed the offensive in Central China. Reports are current of attacks on Japanese positions in South Hupeh and in the Yochow and Nanchang sector. There is also activity along the Han River front.

This Consulate General is inclined to concur in the Japanese estimate of the offensive, namely, that it employs only guerrillas and Chinese troops and it does not seriously threaten the Japanese position in Central China.

Sent to Chungking repeated to Peiping, Shanghai.

SPIKER

WSB

793.94/15546

DEC 22 1939  
RECEIVED

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

CROSS-REFERENCE FILE

NOTE

SUBJECT Impending establishment, under Japanese auspices of a "Central Government" for China.  
Attitude of U.S. government toward-, Questions the advisability of making manifest-,

For the original paper from which reference is taken

See Memorandum  
(Despatch, telegram, instruction, letter, etc.) State Department  
Far Eastern Division  
(Salisbury)  
Dated Nov 27, 1939 From                       
To                       
File No. 893.01/597

793.94/15547

15547



DECLASSIFIED: E.O. 11652, 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

JT

GRAY

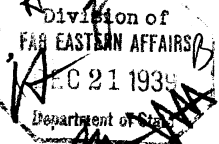
CHUNGKING VIA N.R.

FROM

Dated December 20, 1939

Rec'd 5:15 p.m.

Secretary of State,  
Washington.



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

E802

651  
615, December 20, 4 p.m.

Following comments on press reports of Admiral Yarnell's appeal on behalf of American committee for non-participation in Japanese aggression have appeared in local press:

In an editorial headed, "A Voice for Justice" CENTRAL DAILY NEWS (Vernacular) applauds Admiral Yarnell's reported statement that the manner in which war is being fought in the Far East "has profoundly shocked the civilized world"; terms the sympathy expressed by Admiral Yarnell and the committee in question "a permanent link in friendly relations between China and the United States" and "an important element in the latter's leadership in world politics"; and states in conclusion that stopping sale of war supplies to Japan is a fundamental factor in restoring world peace.

The TA KUNG PAO (vernacular) of December 18th summarized Chinese journalistic opinion by stating editorially that the last few days have witnessed the just proposals of Admiral Yarnell and the American Government, prohibition of export to Japan.

793.94/15548

F/FG

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

-2- #615, Dec. 20, 4 p.m., from Chungking via NR

Japan of aluminum and molybdenum because of which China is grateful and encouraged and its resistance is strengthened. Moreover military victories are being gained, the Japanese-American commercial treaty has only thirty days of life, it will not be renewed and an embargo is a step nearer. Hence Japan must inevitably collapse. This is the moment for American statesmen to confer an imperishable benefit on humanity and this fortunate opportunity lies in the grasp of President Roosevelt.

The HANKOW HERALD for December 19th in an editorial accusing the Japanese of insincerity in their efforts to conciliate the United States, says, "The United States, as Admiral Yarnell has rightly pointed out, should never withdraw from China".

Repeated to Peiping and Shanghai. Shanghai please mail to Tokyo.

PECK

EMB

DECLASSIFIED: E.O. 11652, 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**

VRH

GRAY

Hankow via N.R.

FROM Dated December 20, 1939

Rec'd. 7:20 p.m.

Secretary of State,  
Washington.

Division of  
FAR EASTERN AFFAIRS  
DEC 21 1939  
Department of State

December 20, 1 p.m.

My December 12, 10 a.m., Chinese offensive.

Items in the local Japanese controlled vernacular press indicate that the Chinese have been increasingly active especially in the Han River and Nanchang sectors. Engagements with units of more than twenty specified Chinese divisions in addition to numerous encounters with undesignated guerrilla bands have during the past three days been reported in the press.

Japanese troops totalling, it is rumored, eight thousand together with artillery and tanks have during the same period been moved north from Hankow.

Sent to Chungking, Peiping, Shanghai.

SPIKER

RR

793.94/15549

JAN 4 1940  
RECEIVED

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

JR

This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (br)

Hong Kong via N. R.

FROM

Dated December 21, 1939

Rec'd 9:05 a.m.

Secretary of State,  
 Washington.

Division of  
 FAR EASTERN AFFAIRS  
 DEC 21 1939

RECEIVED TO G. M. I. AND  
 M. I. D. IN CONSULTATION

448, December 21, noon.

A message for the Department has been received from  
 Reed at Hanoi which is paraphrased as follows:

December 19, 3 p.m. I refer to my telegram of  
 December 16, noon. It is reported here that Chinese  
 resistance in Kwangsi has collapsed and that Nanning has  
 been retaken. The Japanese are said with the *assistance*  
 of Chinese "bandits" to be driving towards Lungchow and  
 the French frontier from which latter they are now only  
 sixty kilometers distant. Internment camps have been  
 established to take care of many of the Chinese refugees  
 who are flocking across the frontier.

A Japanese military observer of high rank is expected  
 to arrive tomorrow on a visit of "inspection" and reports  
 are current this mission will bring pressure on the French  
 to close the Franco-Chinese frontier. It is however possible  
 that this mission is also for the purpose of settling frontier  
 incidents which might arise if and when French frontier is  
 reached by Japanese troops.

Repeated to Chungking and Peiping. Saigon has been  
 informed.

CSB

SOUTHARD

793.94/15550

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (no. 448) of December 21, 1939, from the American Consul General at Hong Kong quotes a message of December 19 from Consul Reed at Hanoi which reads substantially as follows:

Chinese resistance in Kwangsi Province has broken down and the Japanese have recaptured Nanning, according to reports in Hanoi. (See telegram of December 18, from Consul Reed.) It is said that with the help of Chinese "bandits" the Japanese are pushing toward Lunghow and the French Indochina border. They are now only thirty-seven miles from the border. Chinese refugees are crowding across the border and internment camps have been set up to take care of many of them. It is expected that on December 30 a high ranking <sup>Japanese</sup> military observer will arrive at Hanoi on an "inspection" visit. It is currently reported that pressure will be brought by this mission on the French with a view to bringing about the closure of the frontier between French Indochina and China. However, this mission may possibly be coming for the purpose also of settling incidents which might occur if and when the Japanese forces arrive at the Indochina border.

793.94/15550

89C,  
 FE:Christenson:HES  
 12-22

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

**TELEGRAM RECEIVED**

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

Hong Kong via N. R.

FROM Dated December 21, 1939

Rec'd 11:02 a. m.

Secretary of State,  
Washington.

450, December 21, 2 p. m.

The following is a paraphrase of a telegram for  
the Department from Reed at Hanoi which was received  
in Hong Kong by air mail some hours later than the  
message transmitted in my No. 448 of this date.

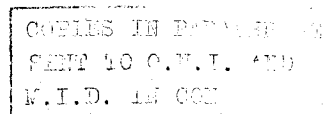
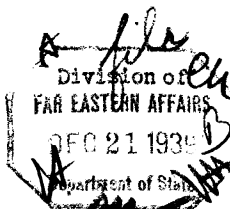
December 16, noon. Referring to my December 3,  
noon. There are consistent reports here that Nanning  
has been retaken by the Chinese and Chinese officials  
at Haiphong are optimistic that after a few weeks trans-  
portation on the Nanning road will be possible. This  
optimism is discounted by foreign observers because of  
the damage which the road has suffered and because the  
Japanese reverse at Nanning may be temporary.

Yunnan troops are rumored to have entered Kwangsi  
Province. This is of interest if true because many  
local observers believe that the relations of Yunnan  
with the National Government are not entirely free from  
mutual suspicion.

Repeated to Chungking and Peiping. Saigon informed.

CSB

SOUTHEARD



793.94/15551

F/FG

JAN 1940

DECLASSIFIED: E.O. 11652, 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)

PARAPHRASE

A telegram (no. 450) of December 21, 1938, from the American Consul General at Hong Kong quotes a message of December 16 from Consul Reed at Hanoi which reads substantially as follows:

In Hanoi it is consistently reported that the Chinese have recaptured Nanning. At Haiphong Chinese officials are optimistic that it will be possible to carry on traffic on the Nanning road after a few weeks. Because the reverses suffered by the Japanese at Nanning may be temporary and because of the damage which has been done the road, foreign observers discount this optimism. A rumor to the effect that Yunnan troops have entered Kwangsi is interesting if true as relations of the Yunnan Government with the Chinese National Government are not altogether free from suspicion on both sides, in the opinion of local observers.

793.94/15551

<sup>84C.</sup>  
 FE:Christenson:HES  
 13-22

9A, 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

528

## TELEGRAM RECEIVED

JT

A portion of this telegram  
 must be closely paraphrased  
 before being communicated to  
 anyone. (C)

PARIS

Dated December 21, 1939

Rec'd 5:50 p.m.

Secretary of State,  
 Washington.

Division of  
 FAR EASTERN AFFAIRS  
 DEC 22 1939  
 Department of State

3018, December 21, 4 p.m.

CONFIDENTIAL

The Chinese Ambassador to London called on me yesterday  
 and returned this morning to leave with me an aide memoire  
 which reads:

(SPECIAL GRAY) "The capture of the town of Nanning by  
 the Japanese will have no important effect on the general  
 Chinese military plan against Japanese aggression. Never-  
 theless the position of this town close to the frontier of  
 Indo-China should retain the serious attention of the French  
 Government. It is in the interest of Indo-China to see the  
 Japanese army thrown out of this region immediately.

The only means to arrive at this result is the following:  
 Chinese troops must repulse the Japanese. To accomplish this  
 result two suggestions have been made to the French authori-  
 ties: (one) material aid insofar as possible for example  
 artillery and aviation preferably sent by way of Indo-China;  
 (two) the immediate sending of a French military mission to  
 China" (END SPECIAL GRAY) (END SECTION ONE)

BULLITT

EMB

DEC 22 1939  
 IN 5 1940

793.94/15552

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

529

**TELEGRAM RECEIVED**

JT

This telegram must be  
 closely paraphrased be-  
 fore being communicated  
 to anyone. (C)

FROM

PARIS

Dated December 21, 1939

Rec'd 5:55 p.m.

Secretary of State,  
 Washington.

3018, December 21, 4 p.m. (SECTION TWO)

Chauvel told me today that the Chinese Charge d'Affaires  
 in Paris had called on him and had made statements which were  
 on all fours with those contained in the aide memoire quoted  
 above. I asked Chauvel what was the meaning of these maneu-  
 vers. He said that since Wellington Koo was not in Paris  
 the Chinese Ambassador in London was carrying on considerable  
 diplomatic negotiations in Paris which undoubtedly explained  
 his visit to me.

Chauvel showed me a telegram to the French Government  
 from Chungking which stated that the troops of Chiang Kai  
 Shek had advanced successfully against the Japanese and had  
 naturally reached the suburbs of Nanning.

BULLITT

EMB

0883

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

538  
~~538~~

**TELEGRAM RECEIVED**

JT

This telegram must be  
closely paraphrased be-  
fore being communicated  
to anyone. (C)

FROM

PARIS

Dated December 21, 1939

Rec'd 6:12 p.m.

Secretary of State,

Washington.

3018, December 21, 4 p.m. (SECTION THREE)

Chauvel said that he had also received a visit from  
LEE Yiu Ying. LEE Yiu Ying had made the same statements to  
him that he had made to me, reported in my 2978, December 14,  
8 p.m.

In reply he suggested to LEE Yiu Ying that the greatest  
aid that China could give to France today would be to furnish  
certain rare metals which were essential for France's war  
industry.

He had also taken the occasion to express the profound  
gratitude of the French Government to Chiang Kai Shek for his  
offer of assistance.

(END OF MESSAGE)

BULLITT

EMB

DECLASSIFIED: E.O. 11652, 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

HSM  
This telegram must be  
closely paraphrased  
before being communi-  
cated to anyone. (Br.)

FROM Chungking via N. R.  
Dated December 22, 1939  
Rec'd 4 a. m., 23rd

Secretary of State,  
Washington.

658, December 22, 2 p. m.  
Hong Kong's 442, December 21, noon.

I have discussed confidentially with the Assistant  
Military Attache the substance of Reed's telegram of  
December 19, 3 p. m., and while Barrett points out that  
completely dependable information regarding the situation  
around Nanning is not available to foreigners in Chung-  
king, he states that the report from Hanoi is contradicted  
by all Chinese official statements here. The Chinese do  
not claim to have recaptured Nanning from the Japanese  
but they do assert that they are successfully encircling  
the forces of occupation and that they expect to reoccupy  
the entire area shortly.

The Embassy has been informed by a foreign news  
correspondent that the latter was told by a private well  
informed Chinese that 200,000 Kwantung Army troops are in  
process of transfer from Manchuria to Central China for

the

793.94/15553

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

hsm -2- No. 658, December 22, 2 p. m., from Chungking

the supposed purpose of weakening Chinese resistance in Kwangsi. The Assistant Military Attache will discreetly approach Chinese sources regarding this report and although he believes the transfer of so large a force would be impossible even if Japan's relations with Russia would permit it he refers to a press telegram that the Tientsin-Pukow Railway was closed to ordinary traffic on the 19th as indicating that some military movement of the sort described may be in progress.

Repeated to Peiping and Hong Kong.

PECK

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

# TELEGRAM RECEIVED

JR

This telegram must be closely paraphrased before being communicated to anyone. (A)

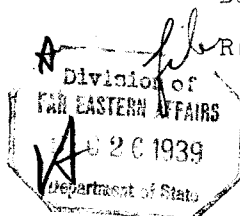
FROM

Chungking via N. R.

Dated December 26, 1939

Rec'd 6:55 a.m.

Secretary of State,  
 Washington.



*Tel. to Chungking*  
 DEC 27 1939

663, December 26, 11 a.m.

STRICTLY CONFIDENTIAL. Department's 223, November 22,  
 6 p.m. *793.94/15483*

Documents in question have not arrived and it would seem desirable for me to communicate excerpts in advance without awaiting their probably belated arrival. If the Department concurs I request that I be supplied with the dates of communications and of the replies and by suitable references to other correspondence with the names of the writers and addresses.

PECK

RR



793.94/15554

FILED

F/FG

0893

DECLASSIFIED: E.O. 11652, 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 ☒ Full rate  
☐ Day letter  
☐ Night letter  
 Charge Department:  
☐ Full rate  
☐ Day letter  
☐ Night letter  
 Charge to  
 \$

## TELEGRAM SENT

TO BE TRANSMITTED  
☒ CONFIDENTIAL CODE ☒  
☐ NONCONFIDENTIAL CODE  
 PARTAIR  
 PLAIN  
 "A"

## Department of State

Washington, NAVAL RADIO

December 27, 1939

69 DEC 27 PM 6 07

bpm

This communication is to be sent by radio  
 It is to be sent by radio unless otherwise indicated  
 This communication is to be sent by radio

AMEMBASSY,

CHUNGKING (CHINA).

241

STRICTLY CONFIDENTIAL.

✓ Your 663/ December 26, 11 a.m./ and Department's 223/  
 November 22, 6 p.m.

The writer/ and the/ addressees/ are those/ mentioned  
 in/ the first/ paragraph/ of your/ despatch no. 180/ April 21/  
 1939./ You may/ in your discretion/ call upon the/ addressees/  
 inform/ them/ that the/ communications are/ en route/ and  
 communicate/ to them/ the statements/ quoted/ in the Depart-  
 ment's/ telegram/ under/ reference.

According to/ Shanghai's/ 1125/ December 19, 9 p.m./  
 the/ covers/ were to have/ been taken/ to Hong Kong/ by/  
 Consul/ Krentz/ sailing from/ Shanghai/ December 21/ and  
 were/ to have been/ sent to you/ by air/ mail from/ Hong Kong./  
 It is/ therefore/ assumed that they will/ reach you/ within  
 a few days./ Please report/ by radio/ when the/ covers/ are/  
 received.

Sent to/ Chungking/ only. /

Hull

Sect

CR

DEC 27 1939 PM

793.94/15483

FE: GA: JPS/MHP

FE

PA/H

Enciphered by

Sent by operator M., 19

793.94/15554

F/FG



No. 2366

Subject: Political and Economic Conditions in  
the Occupied Areas of East Central  
China.

793.94  
271  
893.00

14504

RECEIVED  
DEPARTMENT OF STATE  
7  
DEC 26 PM 2 26

Div. 1  
1921

st Central

DATE  
FEB 1

X

1-10  
ON 1-14-60

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

793.94/15555

The Secretary of State,  
Washington, D. C.

1/

FILED  
NOV 7 1940

F/FG 5555

DECLASSIFIED: E.O. 11652, 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 -

Dr. Bates reports that Japanese control in the area in question follows very closely the Yangtze River, the railway lines, a few highways radiating from important cities, and a fraction of the canals; that Japanese control extends in most places not more than two or three miles from the lines of communication, although somewhat further from a few main cities; and that "under complete control, not one-tenth of Kiangsu or a twenty-fifth of Anhwei could be counted. Under sufficient control to exclude the functioning of other authorities in any useful degree, perhaps one-fifth of Kiangsu and one-twelfth of Anhwei". He states that during the past twelve months there has been little change in the area controlled by Japanese elements, but that the area under organized Chinese control has greatly increased, largely filling up the considerable "no-man's land" that existed after the original Chinese defeats and withdrawals.

Dr. Bates says that popular support for the "new order" was made impossible by the actions of the Japanese Army and that "in smaller places some of the terror continues to this day; in all places the economic distress is general, and the effects of the military occupation and its methods bear upon daily life to an incredible degree". He feels that Chinese hostility to the Japanese "has not sensibly diminished and indeed is continually recruited by new deeds of exploitation. Contempt and hatred for the low quality of Chinese in the administrative offices is common, and there is fervent talk of the destruction that awaits them when a genuine government is restored". He adds that

"it



DECLASSIFIED: E.O. 11652, 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 -

"it should be remembered that free territory is never more than a few miles away... all adults are conscious of the economic frontier and its effects upon their food supply and livelihood. Hence the limitations of the occupied areas are lively in the minds of their inhabitants".

Dr. Bates reports that Japanese military administration is not adequately centralized or clearly departmentalized and that various Japanese organizations take a part in government, with resultant friction and clash of interests.

Commenting on the drug problem, Dr. Bates says that "the provision and sale of narcotics is a prominent function of the New Order in this part of China...Allowing for one possible exception, all reports agree that the drug problem is incomparably worse than before the war. Opium is a major source of revenue for the Reformed Government, and a source of livelihood or graft for a horde of the politically connected".

In education, Dr. Bates reports, there is a slow and slight recovery from complete stoppage. He states that

"higher education is not seriously thought of; normal work is small and political in character; secondary schools are not a tenth of the former number; primary schools are barely one-third of the former scale. Quality is still lower than quantity. Everywhere there is complaint of untrained teachers, who have secured their jobs because they have the right relatives. Propaganda for the Japanese Army, for the new regime, against the Chinese National Government, and against western countries, is practised through textbooks, through special lectures by Japanese, through songs and demonstrations, and by the use of posters and drawing

lessons.

DECLASSIFIED: E.O. 11652, 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 -

lessons. There is much effort to introduce the Japanese language, not only in ordinary schools but by means of special training classes. Many parents are sending their older children to unoccupied territory for education".

Various other aspects of Japanese control are discussed by Dr. Bates, who concludes with the statement that "the total result of these processes here described is poverty and despair for all but a few privileged elements of the Chinese population. Reconstruction remains for the future. Nor do the present lines of exploitation suggest a sound development under Japanese rule. Vested interests are being established which cannot be shaken by idealistic press releases from Tokyo".

Dr. Bates is known to the Embassy to be a careful and experienced investigator and an objective reporter. As his description of conditions in East Central China might well be applied to most areas in China under Japanese control, the Embassy respectfully commends his report to the attention of the Department.

Respectfully yours,

For the Ambassador:

*Robert L. Smyth*  
 Robert L. Smyth  
 Second Secretary of Embassy

✓  
 Enclosure:

- 1/ From Nanking, despatch dated November 6, 1939, to Peiping.

Original and 4 copies to the Department.  
 Copy to Embassy, Chungking.  
 Copy to Embassy, Tokyo.  
 Copy to Consulate General, Shanghai.  
 Copy to Embassy, Nanking.

Copies to Chungking, Tokyo, Shanghai and Nanking without enclosure.

RIS/es  
 850/800-Nanking/710-Sino-Jap.

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

ENCLOSURE NO. 1  
TO DESPATCH NO. 236A

Nanking, November 6, 1939.

CONFIDENTIAL

SUBJECT: "Political and Economic Conditions in the  
Occupied Areas of East Central China".

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

- 1/ I have the honor to enclose a copy of a report  
entitled "Political and Economic Conditions in the  
Occupied Areas of East Central China" prepared by  
Dr. H. E. Bates, an American missionary, Professor  
of History at the University of Nanking. Dr. Bates  
has shown himself by previous studies, copies of

some

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

- 2 -

some of which have been made available to the Embassy, to be a capable reporter of politico-economic conditions in this area. He has been stationed in Nanking for 19 years, and in 1937 was one of the most active members of the Refugee Home Committee, remaining here through the capture of the city by the Japanese armed forces and the difficult period which followed.

He has maintained friendly relations on a personal basis with several of the Nanking "Reform Government" officials and has incorporated in the report considerable information thus obtained.

All sources available to this office confirm the statements made and I am satisfied that they are substantially correct. My personal observation agrees in detail both with his account of the personnel of the puppet officials and his conclusions, given in the final paragraph, that the present scheme of things in this area is ill-advised from the point of view of even Japanese long term interests and implies only misery for the great majority of the Chinese.

The report was originally prepared for the Institute of Pacific Relations and has been forwarded by Dr. Bates to that body for its forthcoming meeting.

Respectfully yours,

For the Consul General  
 at Shanghai:

J. Hall Paxton  
 American Consul

enclosure:

1/ - Copy of Dr. Bates' report.

850

JHP/ha

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

- 3 -

Original and five copies to the Embassy, Peiping  
Copy to the Embassy, Chungking  
Copy to the Embassy, Tokyo  
Copy to the Consulate General, Shanghai

A copy of  
the signed orig-  
inal.

DECLASSIFIED: E.O. 11652, 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 AND ECONOMIC CONDITIONS  
IN THE OCCUPIED AREAS OF  
EAST CENTRAL CHINA

A. Composite Account from Ten Americans Living at various points in the Provinces of Kiangsu and Anhwei. (Shanghai is excluded because of its special conditions and better known circumstances. Data are for the summer of 1939 unless otherwise indicated.)

I. THE REFORMED GOVERNMENT, BOTH CENTRAL AND LOCAL ORGANS.

1. Area under Control.

Under complete control, not one-tenth of Kiangsu or a twenty-fifth of Anhwei could be counted. Under sufficient control to exclude the functioning of other authorities in any useful degree, perhaps one-fifth of Kiangsu and one-twelfth of Anhwei. Control follows very closely the Yangtze River, the railway lines, a few highways (usually short radiations from important cities), and a fraction of the canals. In not many areas does it extend farther than two or three miles from the line of communication, though from a few main centers there is a radial complex of some importance. In the past twelve months there seems in total to be little change in the area controlled by Japanese elements; while the area under organized Chinese control has greatly increased and has been brought close to the Japanese lines, largely filling up the considerable "no man's land" that existed after the original Chinese defeats and withdrawals.

2. Type and quality of Personnel

With the exception of one third-rank city in which the deterioration is only slight, all reports indicate a personnel sadly inferior to the nominal importance of the places held, and likewise to the type of officials who governed before the war. The number of old men and of men without modern training is notorious. Younger men are usually those in subordinate positions, seeking and holding them simply as a means of keeping their families alive since the emergency period has been so long extended. Opium smokers are prominent in all ranks. There is a fair sprinkling of aged gentry and other property-holders whose main concern is to lessen the risks of confiscation by taking an apparently active part in the new regime, yet in smaller localities they are often outnumbered by men who previously had no visible means of support or were definitely classed with criminal and other low elements. In some administrations, whole departments are in the hands of an unsavory secret society, the An Ch'ing Pan (Hung Pan), which controls employment in entire industries and provides "protection" at a heavy tax under discipline of death.

In

- 2 -

In certain official groups there is an element of relatively decent men who are simply trying to make the best of a bad situation, carrying on their own traditions of local responsibility, and lessening as best they can the brutal pressure on themselves as a group and on the community for which they act as a buffer. In the central administration there are some men who ten to twenty years ago were put out by the Kuomintang or by other political changes, and who are now pressed by their families and retainers to come back into their "rightful" places and desired control of patronage; others among whom pique or a sense of grievance against the Kuomintang is at least one motive. But all in all, acquisitiveness in every degree is the predominant mover. Evidence of broad public spirit or of reconstructive zeal is not to be found. The rough handling by the military which most of the officials have experienced in person, and still experience not infrequently, is a serious bar to rallying more men of a good type, since personal dignity is basic to a decent life as judged by Chinese literati.

### 3. Attitude of the People Toward the Regime.

Popular support for the new order was made impossible by the Japanese Army. In the area controlled by Japan, a large percentage of all Chinese families suffered within their own experience the murder, wounding, rape, or beating of one or more members; the burning of their houses, shops, or farm stores and equipment, the looting of part or all of their possessions; and above all, months of terror, hunger and despair. In smaller places some of the terror continues to this day; in all places the economic distress is general, and the effects of the military occupation and its methods bear upon daily life to an incredible degree. Everywhere among coolies and farmers one can hear the questions, often in whispers: "When will the Central Army come back?" "Is there any hope for China?" Or the statements: "So long as the Japanese Army is here, there can be no business and no security." "Everything has been ruined." "We want our son to get out. There is no hope for young people here."

Even the most ignorant knows that power lies with those who have and use guns, not with those who are called a "Reformed Government"; and all grades of public employment are termed "working for the Japanese" (not as a strained accusation, but a simple statement of fact). Nevertheless, the traditional acceptance of authority, and the proved defencelessness of the ordinary citizen, combine with economic needs to turn many of the uneducated away from active resentment against the regime. Individual experiences of mistreatment, injustice, and hardship are often considered as such, without political philosophizing. Thus among the lower groups of society there is a tendency for hostility to drop into a latent form. If Chinese activity brought any immediate revival of hope, mass risings might be expected. But meanwhile the claims of hunger and crying children require accommodation. Among educated persons, merchants deprived of opportunity, and property-holders who have suffered looting or expulsion, hostility has not sensibly diminished and indeed is continually recruited by new deeds of exploitation. Contempt and hatred for the low quality of Chinese in the administrative offices is common, and there is fervent talk of the destruction

tion

DECLASSIFIED: E.O. 11652, 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 -

tion that awaits them when a genuine government is restored.

It should be remembered that free territory is never more than a few miles away, and that practically every one has friends and relatives on the other side of the line. All adults are conscious of the economic frontier and its effects upon their food supply or livelihood. Hence the limitations of the occupied areas are lively in the minds of their inhabitants.

4. Methods by which Japanese Control of Government is maintained.

Not only are Japanese soldiers everywhere, and Japanese sailors at some points, but in all important places there are also sizable detachments of gendarmes or military police, consular police, and men of the dread and hated Special Service Department (the last-named sometimes present only in the form of its subdivision, the Pacification Squads). These are all armed and active.

Japanese military administration is not adequately centralized nor clearly departmentalized. Hence any and all of these organizations, to say nothing of the higher economic organs and the semi-official transportation and utilities companies, may take a hand in government. Not infrequently a Chinese official is hamstrung because of the opposing programs of the military police and the Special Service, and occasionally he has a lucky escape from a tight place, thanks to their clashes. In important centers there are regularly appointed advisers, particularly for the various organs of the Reformed Government. One carefree official told a foreign acquaintance that he was not busy, for "the Japanese do all the work".

Control works fundamentally through power to appoint and to dispose. Its sinister aspects are found in elaborate systems providing for delation, and in minute spying by the various supervisory groups and their agents. Certain agents are men of a low type who have fallen into the hands of the severe police organs, and are required continually to redeem their lives by supplying charges against Chinese, especially against men in any post of influence or wealth. In smaller localities, and occasionally in large cities, physical beating, confiscation of property, and pressure upon families, are employed to get men in the first place to accept responsible positions and then to hold them in line. Certain bodies of officials are bound by five-man mutual guarantees, in which the freedom and possessions of each are forfeit in case one of the five decamps or gets off the right political track (which is the exact idiom employed).

In defence of these rather primitive methods, it must be said that the Japanese have considerable grounds for suspicion. There is regular reporting from the inside of government offices to Chungking, and there is a great if irregular stream of private talk that amazes westerners. It is hardly too much to say that every report of a Chinese military success (and the reports outnumber the facts) is celebrated in many an official group of the puppet administrations. Moreover, the amount of resistance shown by existing puppets to the plans for

replacing



DECLASSIFIED: E.O. 11652, 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 -

replacing many of them by Wang Ching-wei and his followers, is not pleasing to the upper groups of Japanese officers -- partly because this resistance is aided by certain Japanese groups who find the present set-up not unprofitable to their interests.

## II. PUBLIC ORDER AND PUBLIC WELFARE.

### 1. Security. Police. Justice.

Cities report that the disorders of the fearful months following the Japanese occupation have largely been overcome. Petty robbery is excessively frequent, because of poverty, drug addiction, poor lighting, and inferior police work. Major risks to property are those of confiscation and other acts and policies of the conquerors. Although security is inferior to that of pre-war times, the atmosphere is one of relief by comparison with a year ago. Country districts are seldom safe from banditry, and the conduct of soldiers away from supervision is inferior.

Some hint of Japanese police methods has already been given in reference to control of Chinese officials. But private homes and shops are overrun with the same kind of treatment, and police themselves have removed much property from its rightful owners. A frequent comment on Vespa's book, "I was a Japanese Spy", runs like this: one could hardly have believed such evil until he lived in occupied territory. Some officers and men conduct themselves well, but too many innocent persons suffer from police activity, and too much of the dirty work is originated or supported from inside. Detective work in the western sense is practically unknown. Torture of suspects, relatives, and bystanders is the prevailing method of incrimination. Detention for days, weeks, and months without trial is ordinary. There are many and well-founded complaints that justice and security are on four differing levels; one for Japanese military, one for Japanese civilians; a third place of privilege for puppets and favored Chinese; a fourth place of arbitrary severity and insecurity for the main body of the people.

### 2. Welfare. Education. Narcotics.

Hospital services in two or three cities, wider clinical assistance and provision of some medicines, campaigns of vaccination and inoculation; these are among the few definitely useful functions of the Japanese under the new regime. It would be ungrateful to point out that they are only a partial replacement of the health services available before the invasion; and that the compulsory features and military procedure deprive some of the preventive work of its due appreciation. There are reliable witnesses of hundreds of successive inoculations made with one needle uncleansed, as also of several hundred persons required at the point of a bayonet to gargle from three cups. Smaller places commonly report no health services whatever; sometimes a pretence is maintained with wretched personnel; not infrequently the compulsion is derided by the selling of inoculation certificates.

Relief

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

- 5 -

Relief work is negligible, though the need for it is great. In some places during the first weeks or months of occupation, Japanese military units released fractions of confiscated stocks of grain; in others, puppet authorities have secured and sold below the market price some supplies of rice. Nowhere is there indication that considerable funds have been used or even intended for relief work. The distributions actually made bear a close relation to Japanese moving-picture cameras, and also to personal connections within the local administrations.

In education there is a slow and slight recovery from complete stoppage. Higher education is not seriously thought of; normal work is small and political in character; secondary schools are not a tenth of the former number; primary schools are barely one-third of the former scale. Quality is still lower than quantity. Everywhere there is complaint of untrained teachers, who have secured their jobs because they have the right relatives. Propaganda for the Japanese Army, for the new regime, against the Chinese National Government, and against western countries, is practised through textbooks, through special lectures by Japanese, through songs and demonstrations, and by the use of posters and drawing lessons. There is much effort to introduce the Japanese language, not only in ordinary schools but by means of special training classes. Many parents are sending their older children to occupied territory for education.

The provision and sale of narcotics is a prominent function of the New Order in this part of China, with effects more substantial than a little health work. Allowing for one possible exception, all reports agree that the drug problem is incomparably worse than before the war. Opium is a major source of revenue for the Reformed Government, and a source of livelihood or graft for a horde of the politically connected. Almost all of it comes from Dairen through Shanghai. Open sale in shops acting for the "Opium Suppression Bureau" is the recognized method of distribution. One secondary city reports more than 300 such shops; they are to be counted by the score and even by the hundred in all cities. Besides the shops dealing only in opium, there are the hotels and the brothels licensed to supply opium; and a vast illegitimate trade, some of which even clusters around the main "legitimate" supply trunk in the "Suppression Bureau" itself. An officer of the tithing system, in charge of 133 families in a prominent city, confided to a friend his troubles in trying to deal with 65 addicts among those families; they insisted on getting their opium in the cheapest way possible, and he was required by the authorities to make them purchase from official shops, under threat of arrest. Heroin is very common, and is ineradicably linked in the mind of the people with the Special Service Department of the Army. Distribution is clandestine, and in some quarters is believed to have declined in favor of the more easily controlled opium. However, it is available along many city streets in tiny packets for as low as twenty-five Chinese cents; and the police courts are choked with robbery and extortion cases in which heroin is officially reported as the cause of offence (and of profitable fines).

III. PUBLIC

- 6 -

### III. PUBLIC FINANCE AND PUBLIC UTILITIES.

#### 1. Revenue and Expenditures.

This topic must be covered pro forma, though the actual revenue and expenditures of public organs in the occupied areas are not substantial, and there are no authorized reports upon the subject. The Customs income is impounded in the Yokohama Specie Bank, and no withdrawals are known. There are casual reports in political and banking circles that certain sums have been let out to the puppet regimes at high interest, and also that certain advances have been made to Wang Ching-wei as "preparatory expenses" on account of the unborn New Central Government. The merchandizing of opium is an indispensable reliance of the puppet treasuries, as has been admitted by high Japanese officials seeking to explain its continuance. The rolled tobacco tax, collected at the source in Shanghai, is a useful help. Little else is available for the Reformed Government, since general production and trade are at such a pitiful level. Many local administrations are just beginning, or attempting to begin, to collect the land tax. During the past year fragmentary reports indicated that not more than one or two per cent of the usual amount was received from cultivated land in the Reformed Government's domain. A few cities have stamp duties, house taxes, and other petty income, including something of an octroi (which is, however, completely overshadowed by the many irregular levies in and on the border of no man's land).

Beyond the maintenance of a sizable and inefficient personnel, at no princely salaries (whatever incomes might be), government does not have heavy expenditures. Schools are relatively few and cheaply run; roads and sanitary services likewise. Police units are not intended to take much responsibility, and they are correspondingly supported. There is no municipal burden in supplying utilities, as will be shown presently.

#### 2. Banking and Currency.

Banking is a Japanese monopoly. Chinese private banks have not been allowed to re-open for business and have suffered terribly from deliberate destruction and confiscation of their property; while of course the Chinese government banks have been obliterated under the New Order of cooperation. Branches of Japanese banks serve their own communities where numbers justify their opening, and do a little business for Chinese who find it necessary to deal there. The Hua Hsing Bank (China Development Bank) is still a mystery. Its capital was announced as \$50,000,000 Chinese National Currency, split between the Reformed Government and a Japanese banking consortium; and the apparent intention was to raid the foreign exchange market. After the sharp drop in the exchange value of the Chinese dollar, the Hua Hsing Bank gayly announced the withdrawal of its pledge that its notes would always be interchangeable with Chinese national notes, and has maintained a carefully controlled level forty to twenty per cent above that of Chinese dollars. The whole matter is largely nominal thus far, since the Bank's note issue has commonly run about three

millions

- 7 -

millions only. That figure was reached by requiring that Customs payments and taxes should be collected on a Hua Hsing basis, and also by putting out some Hua Hsing notes as government salaries. But recently (October) most of such payments have actually been in Chinese dollars, calculated at the official rate in relation to Hua Hsing currency. Many or most persons in the chief cities of this area have never seen a Hua Hsing note. Military yen, with bayonets as security, are given in exchange for supplies and labor; and are maintained in value partly by compulsion and partly by the fact that yen and only yen are accepted by the railways and public utilities.

### 3. Public Utilities.

The railways were seized by the Army and are run by the Army. In general, goods can be carried only through Japanese merchants or the semi-official transportation and express companies. Foreign companies have repeatedly been refused the right to ship in their own names. (Incidentally, the British bondholders' interest in the Shanghai-Nanking Railway has been completely ignored, even to the point of denying the contractual right of inspection of the property.) Japanese rolling stock has replaced in part the Chinese material which was almost entirely removed before the seizure. Details of tariffs and procedure are thoroughly Japanese, plus military complications. Services have been gradually developed from zero to a fraction (say one-fifth to two-fifths) of what they were before the war. Passenger fares are approximately doubled. Inland navigation is almost a Japanese monopoly, with slight toleration for petty Chinese boats under close control. River and canal services are a pathetic decimal of the old quantity and quality. No foreign ships are allowed above the Yangtze Estuary, though every Japanese service carries general merchandise. Total traffic remains small.

Roads are universally reported to have run down under military use and with little effort at improvement. There are a few exceptions of construction for military purposes. Most places report bus services to be incomplete in extent and inadequate in equipment, with traffic only a small fraction of that in pre-war days. Power plants and light services were frequently injured by bombing, and sometimes further damaged by the destructive Japanese soldiery upon entry. Nowhere is the restoration satisfactory. Plants were confiscated, whether ownership was private or municipal, and regardless of certain German mortgage claims for machinery supplied. Telephone systems suffered badly from attack and seizure, and generally speaking have not been restored for the Chinese community. There are wide-spread complaints of extortion on the part of the Central China Water and Light Company, including seizure of meters and baseless fees for reconnection.

## IV. ECONOMIC POLICY AND ECONOMIC CONDITIONS.

### 1. Agriculture and Industry.

No policy is apparent other than that of immediate exploitation by people in a position to exploit. There is not even talk about development or improvement. For example, shipment of rice from interior points to Shang-

hai

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

- 8 -

hai is forbidden except through official channels. Roughly speaking, the price of rice in up-river cities is kept at about half the Shanghai price; while rice in smaller communities is secured at much lower levels. Cotton and other agricultural products are similarly made the medium for exceedingly profitable experiments in control, at the expense of farmer and consuming public alike. The known aid to agriculture is limited to certain projects of silkworm eggs, a few seeds, and a few buffaloes. The communities reporting have seen none of these benefits, or so little as barely to cover the advertising of their merits. The farmers' difficulties in transportation, absence of credit organs, shortage of material for tools and buildings, and costly lack of medicines or of needed clothing, are all grievous. After the vicious destruction in the winter of 1937-1938, the means of proper recovery are largely denied. Life is too close to a subsistence basis.

The few semi-industrial cities of this region lost part of their factories by bombing, another part by Chinese removals of machinery, and another part by Japanese malevolence after capture. Not one factory is known today to remain in Chinese hands. In most cases confiscation has been outright; in some, thinly veiled by low offers under actuality of occupation and threat of confiscation, or by enforced "partnership" with Chinese contributing the plant and Japanese the management and disposal of the profits. No new factory has been established. A number of textile mills and ~~other~~ flour mills have been repaired and set going, usually on a restricted basis. Total output and employment would not reach a third of pre-war figures. It is believed that the iron mines near Wuhu, which formerly shipped their whole production direct to Japan, are providing a fraction of their old output. So far as is known, only small-scale mining of coal for local use is now practices. One large cement works has built up its production to a respectable figure, using German machinery bought on time by the pre-war owners. The German interests brought suit in the Chinese court in Shanghai in an effort to secure a lien on the products of their machinery now in Japanese hands, hoping thus by restricting the market to press the Japanese to a recognition of their claims.

## 2. Monopolies and Methods of Control.

The practical monopolies of transportation and of banking provide not only means of profit but also means of promoting favored Japanese interests and of handicapping or excluding other interests. They are drastically used. Even more pervasive is the requirement of permits for any important enterprise or transaction. Legal discrimination (if there were law in this region) would not be necessary. Permits are simply refused or delayed for months and years. Most of these matters are in the hands of the Special Service Department of the Army, or in those of the Military Police, who can hardly be expected to have broad and economic views of their authority. In various communities, monopolies in the wholesale business of many commodities are maintained by giving a permit to one Japanese concern only, or by giving to it transporta-

tion

- 9 -

tion and supply facilities that are simply not available to others. With the exception of closely watched dealings in oil and tobacco, which for the time being the Japanese are not easily able to supply and to distribute themselves, foreign business has been completely barred. Even old-established German firms have been shut out.

3. Confiscations and Other Forms of Damage to Chinese Interests.

The total injury to Chinese economic interests is enormous, and is continuing in many forms. First came bombings and the fairly successful effort to drive away the ruling groups of society, including the leaders of banking and commerce, and the many governmental elements linked with economic enterprise in this region. Following upon the irregular removals and destruction by Chinese authorities for military reasons, came Japanese assaults upon the cities and towns, accompanied with the killing of large numbers of able-bodied men and a general increase in cripples. The Japanese troops looted thoroughly, including commercial and industrial property which was systematically removed. They also burned extensively, destroying considerable portions of all the cities, and many hundreds of smaller towns and villages.

But that was not enough. Confiscation or less radical forms of forcible transfer and occupation has put Chinese out of most of the good store properties that survived the fires in the large cities, and has installed Japanese merchants. Army and Navy and other organizations have seized large properties for their use, demolishing buildings at pleasure. Not only the police and many official establishments, but the fresh hordes of Japanese civilians are enabled to claim residences as "enemy property". Everything belonging to people who held office in the old regime, of whatever rank, is considered to be automatically forfeit. In addition, properties vacated at the time of entry by the conquerors, and many other houses as desired, are taken from owners and their agents. Some of this seizure is covered under the name of rental, but it is rare to find that more than one month's rent has been paid -- if that. Dispossession is done by the Special Service and the Military Police.

CONCLUSION

The total result of these processes here described is poverty and despair for all but a few privileged elements of the Chinese population. Reconstruction remains for the future. Nor do the present lines of exploitation suggest a sound development under Japanese rule. Vested interests are being established which cannot be shaken by idealistic press releases from Tokyo.

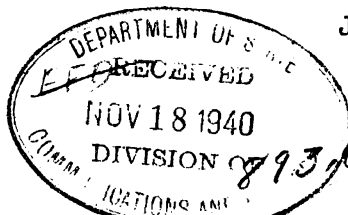
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

January 8, 1940

RB  
JHE  
MHI  
DWH



The attached monograph (a copy of which also is enclosed in Peiping's despatch no. 2386, November 25, 1939) was handed to me by the Reverend W. P. Mills, American, of Nanking. It was prepared by Dr. M. S. Bates, American of the University of Nanking for the confidential use of the Institute of Pacific Relations.

Dr. Bates' writings have impressed me by the care and thoroughness which have obviously gone into the collection of his material and by his clear and restrained presentation of facts and conclusions.

If you have time, I suggest that you may wish to read this monograph in its entirety; there is presented in it a detailed and graphic picture of conditions in and around Nanking which may be taken to exemplify conditions in many of the Japanese-controlled territories; a summary would not furnish the impression which is gained by reading the detailed treatise and would destroy the latter's value.

I found of especial interest page 7 which, together with the other sections, indicates

how

F. W. 793.04/15555

793.94/15555

DECLASSIFIED: E.O. 11652, 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-

how empty is the Japanese gesture toward a partial opening of the Yangtze to Nanking in so far as the Japanese would wish to translate that gesture into terms of immediate economic importance either to Chinese or to westerners. Such trade as has not been destroyed is so strangled, controlled, or diverted to Japanese uses that one wonders what cargoes foreign ships will carry to Nanking and who but Japanese officers or puppet officials could afford to buy articles so carried. From this and from other studies by Dr. Bates one gathers the impression that, except for the narcotics traffic, the inhabitants of Nanking and the countryside are in much the same position as the inhabitants of the reputed village who gain a livelihood by taking in each other's washing.

GA

FE:Acheson:MHP



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

(COPY:FE)

POLITICAL AND ECONOMIC CONDITIONS IN THE OCCUPIED AREAS OF  
 EAST CENTRAL CHINA

A Composite Account from Ten Americans Living at Various Points in the Provinces of Kiangsu and Anhwei. (Shanghai is excluded because of its special conditions and better known circumstances. Data are for the summer of 1939 unless otherwise indicated.)

I. THE REFORMED GOVERNMENT, BOTH CENTRAL AND LOCAL ORGANS.

1. Area under control.

Under complete control, not one-tenth of Kiangsu or a twenty-fifth of Anhwei could be counted. Under sufficient control to exclude the functioning of other authorities in any useful degree, perhaps one-fifth of Kiangsu and one-twelfth of Anhwei. Control follows very closely the Yangtze River, the railway lines, a few highways (usually short radiations from important cities), and a fraction of the canals. In not many areas does it extend farther than two or three miles from the line of communication, though from a few main centers there is a radial complex of some importance. In the past twelve months there seems in total to be little change in the area controlled by Japanese elements; while the area under organized Chinese control has greatly increased and has been brought close to the Japanese lines, largely filling up the considerable "no man's land" that existed after the original Chinese defeats and withdrawals.

2. Type and Quality of Personnel.

With the exception of one third-rank city in which the deterioration is only slight, all reports indicate a personnel sadly inferior to the nominal importance of the places

DECLASSIFIED: E.O. 11652, 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-

places held, and likewise to the type of officials who governed before the war. The number of old men and of men without modern training is notorious. Younger men are usually those in subordinate positions, seeking and holding them simply as a means of keeping their families alive since the emergency period has been so long extended. Opium smokers are prominent in all ranks. There is a fair sprinkling of aged gentry and other property-holders whose main concern is to lessen the risks of confiscation by taking an apparently active part in the new regime, yet in smaller localities they are often outnumbered by men who previously had no visible means of support or were definitely classed with criminal and other low elements. In some administrations, whole departments are in the hands of an unsavory secret society, the An Ch'ing Pan (Hung Pan), which controls employment in entire industries and provides "protection" at a heavy tax under discipline of death.

In certain official groups there is an element of relatively decent men who are simply trying to make the best of a bad situation, carrying on their own traditions of local responsibility, and lessening as best they can the brutal pressure on themselves as a group and on the community for which they act as a buffer. In the central administration there are some men who ten to twenty years ago were put out by the Kuomintang or by other political changes, and who are

now

DECLASSIFIED: E.O. 11652, 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-

now pressed by their families and retainers to come back into their "rightful" places and desired control of patronage; others among whom pique or a sense of grievance against the Kuomintang is at least one motive. But all in all, acquisitiveness in every degree is the predominant mover. Evidence of broad public spirit or of reconstructive zeal is not to be found. The rough handling by the military which most of the officials have experienced in person, and still experience not infrequently, is a serious bar to rallying more men of a good type, since personal dignity is basic to a decent life as judged by Chinese literati.

### 3. Attitude of the People Toward the Regime.

Popular support for the new order was made impossible by the Japanese Army. In the area controlled by Japan, a large percentage of all Chinese families suffered within their own experience the murder, wounding, rape, or beating of one or more members; the burning of their houses, shops, or farm stores and equipment; the looting of part or all of their possessions; and above all, months of terror, hunger, and despair. In smaller places some of the terror continues to this day; in all places the economic distress is general, and the effects of the military occupation and its methods bear upon daily life to an incredible degree. Everywhere among coolies and farmers one can hear the questions, often in whispers: "When will the Central Army come back?" "Is there

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

-4-

there any hope for China?" Or the statements: "So long as the Japanese Army is here, there can be no business and no security." "Everything has been ruined." "We want our son to get out. There is no hope for young people here."

Even the most ignorant knows that power lies with those who have and use guns, not with those who are called a "Reformed Government"; (not as a strained accusation, but a simple statement of fact). Nevertheless, the traditional acceptance of authority, and the proved defenselessness of the ordinary citizen, combine with economic needs to turn many of the uneducated away from active resentment against the regime. Individual experiences of mistreatment, injustice, and hardship are often considered as such, without political philosophizing. Thus among the lower groups of society there is a tendency for hostility to drop into a latent form. If Chinese activity brought any immediate revival of hope, mass risings might be expected. But meanwhile the claims of hunger and of crying children require accomodation. Among educated persons, merchants deprived of opportunity, and property-holders who have suffered looting or expulsion, hostility has not sensibly diminished and indeed is continually recruited by new deeds of exploitation. Contempt and hatred for the low quality of Chinese in the administrative offices is common, and there is fervent talk

of

-5-

of the destruction that awaits them when a genuine government is restored.

It should be remembered that free territory is never more than a few miles away, and that practically every one has friends and relatives on the other side of the line. All adults are conscious of the economic frontier and its effects upon their food supply or livelihood. Hence the limitations of the occupied areas are lively in the minds of their inhabitants.

4. Methods by Which Japanese Control of Government Is Maintained.

Not only are Japanese soldiers everywhere, and Japanese sailors at some points, but in all important places there are also sizable detachments of gendarmes or military police, consular police, and men of the dreaded and hated Special Service Department (the last-named sometimes present only in the form of its subdivision, the Pacification Squads). These are all armed and active.

Japanese military administration is not adequately centralized nor clearly departmentalized. Hence any and all of these organizations, to say nothing of the higher economic organs and the semi-official transportation and utilities companies, may take a hand in government. Not infrequently a Chinese official is hamstrung because of the opposing programs of the military police and the Special Service, and occasionally he has a lucky escape from a

tight

DECLASSIFIED: E.O. 11652, 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-

tight place, thanks to their clashes. In important centers there are regularly appointed advisers, particularly for the various organs of the Reformed Government. One carefree official told a foreign acquaintance that he was not busy, for "the Japanese do all the work."

Control works fundamentally through power to appoint and to dispose. Its sinister aspects are found in elaborate systems providing for delation, and in minute spying by the various supervisory groups and their agents. Certain agents are men of a low type who have fallen into the hands of the severe police organs, and are required continually to redeem their lives by supplying charges against Chinese, especially against men in any post of influence or wealth. In smaller localities, and occasionally in large cities, physical beating, confiscation of property, and pressure upon families, are employed to get men in the first place to accept responsible positions and then to hold them in line. Certain bodies of officials are bound by five-man mutual guarantees, in which the freedom and possessions of each are forfeit in case one of the five decamps or gets off the right political track (which is the exact idiom employed).

In defence of these rather primitive methods, it must be said that the Japanese have considerable grounds for suspicion. There is regular reporting from the inside of government offices to Chungking, and there is a great if irregular

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

-7-

irregular stream of private talk that amazes westerners. It is hardly too much to say that every report of a Chinese military success (and the reports outnumber the facts) is celebrated in many an official group of the puppet administrations. Moreover, the amount of resistance shown by existing puppets to the plans for replacing many of them by Wang Ching-wei and his followers, is not pleasing to the upper groups of Japanese officers -- partly because this resistance is aided by certain Japanese groups who find the present set-up not unprofitable to their interests.

## II. PUBLIC ORDER AND PUBLIC WELFARE.

### 1. Security. Police. Justice.

Cities report that the disorders of the fearful months following the Japanese occupation have largely been overcome. Petty robbery is excessively frequent, because of poverty, drug addiction, poor lighting, and inferior police work. Major risks to property are those of confiscation and other acts and policies of the conquerors. Although security is inferior to that of pre-war times, the atmosphere is one of relief by comparison with a year ago. Country districts are seldom safe from banditry, and the conduct of soldiers away from supervision is inferior.

Some hint of Japanese police methods has already been given in reference to control of Chinese officials. But private homes and shops are overrun with the same kind

of

-8-

of treatment, and police themselves have removed much property from its rightful owners. A frequent comment on Vespa's book, "I Was a Japanese Spy", runs like this: one could hardly have believed such evil until he lived in occupied territory. Some officers and men conduct themselves well; but too many innocent persons suffer from police activity, and too much of the dirty work is originated or supported from inside. Detective work in the western sense is practically unknown. Torture of suspects, relatives, and bystanders is the prevailing method of incrimination. Detention for days, weeks, and months without trial is ordinary. There are many and well-founded complaints that justice and security are on four differing levels: one for Japanese military; one for Japanese civilians; a third place of privilege for puppets and favored Chinese; a fourth place of arbitrary severity and insecurity for the main body of the people.

2. Welfare.    Education.    Narcotics.

Hospital services in two or three cities, wider clinical assistance and provision of some medicines, campaigns of vaccination and inoculation: these are among the few definitely useful functions of the Japanese under the new regime. It would be ungrateful to point out that they are only a partial replacement of the health services available before the invasion; and that the compulsory features and military procedure deprive some of the preventive



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

-9-

ventive work of its due appreciation. There are reliable witnesses of hundreds of successive inoculations made with one needle uncleansed, as also of several hundred persons required at the point of a bayonet to gargle from three cups. Smaller places commonly report no health services whatever; sometimes a pretence is maintained with wretched personnel; not infrequently the compulsion is derided by the selling of inoculation certificates.

Relief work is negligible, though the need for it is great. In some places during the first weeks or months of occupation, Japanese military units released fractions of confiscated stocks of grain; in others, puppet authorities have secured and sold below the market price some supplies of rice. Nowhere is there indication that considerable funds have been used or even intended for relief work. The distributions actually made bear a close relation to Japanese moving-picture cameras, and also to personal connections within the local administrations.

In education there is a slow and slight recovery from complete stoppage. Higher education is not seriously thought of; normal work is small and political in character; secondary schools are not a tenth of the former number; primary schools are barely one-third of the former scale. Quality is still lower than quantity. Everywhere  
 there

DECLASSIFIED: E.O. 11652, 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-

there is complaint of untrained teachers, who have secured their jobs because they have the right relatives. Propaganda for the Japanese Army, for the new regime, against the Chinese National Government, and against western countries, is practiced through textbooks, through special lectures by Japanese, through songs and demonstrations, and by the use of posters and drawing lessons. There is much effort to introduce the Japanese language, not only in ordinary schools but by means of special training classes. Many parents are sending their older children to unoccupied territory for education.

The provision and sale of narcotics is a prominent function of the New Order in this part of China, with effects more substantial than a little health work. Allowing for one possible exception, all reports agree that the drug problem is incomparably worse than before the war. Opium is a major source of revenue for the Reformed Government, and a source of livelihood or graft for a horde of the politically connected. Almost all of it comes from Dairen through Shanghai. Open sale in shops acting for the "Opium Suppression Bureau" is the recognized method of distribution. One secondary city reports more than 300 such shops; they are to be counted by the score and even by the hundred in all cities. Besides the shops dealing only in opium, there are the hotels and the brothels licensed

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

-11-

licensed to supply opium; and a vast illegitimate trade, some of which even clusters around the main "legitimate" supply trunk in the "Suppression Bureau" itself. An officer of the tithing system, in charge of 133 families in a prominent city, confided to a friend his troubles in trying to deal with 65 addicts among those families: they insisted on getting their opium in the cheapest possible way, and he was required by the authorities to make them purchase from official shops, under threat of arrest. Heroin is very common, and is ineradicably linked in the mind of the people with the Special Service Department of the Army. Distribution is clandestine, and in some quarters is believed to have declined in favor of the more easily controlled opium. However, it is available along many city streets in tiny packets for as low as twenty-five Chinese cents; and the police courts are choked with robbert and extortion cases in which heroin is officially reported as the cause of offense (and of profitable fines).

### III. PUBLIC FINANCE AND PUBLIC UTILITIES.

#### 1. Revenue and Expenditures.

This topic must be covered pro forma, though the actual revenue and expenditures of public organs in the occupied areas are not substantial, and there are no authorized reports upon the subject. The Customs income is impounded in the Yokohama Specie Bank, and no withdrawals are known.

There

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

-12-

There are casual reports in political and banking circles that certain sums have been let out to the puppet regimes at high interest, and also that certain advances have been made to Wang Ching-wei as "preparatory expenses" on account of the unborn New Central Government. The merchandizing of opium is an indispensable reliance of the puppet treasuries, as has been admitted by high Japanese officials seeking to explain its continuance. The rolled tobacco tax, collected at the source in Shanghai, is a useful help. Little else is available for the Reformed Government, since general production and trade are at such a pitiful level. Many local administrations are just beginning, or attempting to begin, to collect the land tax. During the past year fragmentary reports indicated that not more than one or two per cent of the usual amount was received from cultivated land in the Reformed Government's domain. A few cities have stamp duties, house taxes, and other petty income, including something of an octroi (which is, however, completely overshadowed by the many irregular levies in and on the border of no man's land).

Beyond the maintenance of a sizable and inefficient personnel, at no princely salaries (whatever incomes might be), government does not have heavy expenditures. Schools are relatively few and cheaply run; roads and sanitary services likewise. Police units are not

intended

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

-12-

There are casual reports in political and banking circles that certain sums have been let out to the puppet regimes at high interest, and also that certain advances have been made to Wang Ching-wei as "preparatory expenses" on account of the unborn New Central Government. The merchandizing of opium is an indispensable reliance of the puppet treasuries, as has been admitted by high Japanese officials seeking to explain its continuance. The rolled tobacco tax, collected at the source in Shanghai, is a useful help. Little else is available for the Reformed Government, since general production and trade are at such a pitiful level. Many local administrations are just beginning, or attempting to begin, to collect the land tax. During the past year fragmentary reports indicated that not more than one or two per cent of the usual amount was received from cultivated land in the Reformed Government's domain. A few cities have stamp duties, house taxes, and other petty income, including something of an octroi (which is, however, completely overshadowed by the many irregular levies in and on the border of no man's land).

Beyond the maintenance of a sizable and inefficient personnel, at no princely salaries (whatever incomes might be), government does not have heavy expenditures. Schools are relatively few and cheaply run; roads and sanitary services likewise. Police units are not

intended

-13-

intended to take much responsibility, and they are correspondingly supported. There is no municipal burden in supplying utilities, as will be shown presently.

2. Banking and Currency.

Banking is a Japanese monopoly. Chinese private banks have not been allowed to re-open for business, and have suffered terribly from deliberate destruction and confiscation of their property; while of course the Chinese government banks have been obliterated under the New Order of cooperation. Branches of Japanese banks serve their own communities where numbers justify their opening, and do a little business for Chinese who find it necessary to deal there. The Hua Hsing Bank (China Development Bank) is still a mystery. Its capital was announced as \$50,000,000 Chinese National Currency, split between the Reformed Government and a Japanese banking consortium; and the apparent intention was to raid the foreign exchange market. After the sharp drop in the exchange value of the Chinese dollar, the Hua Hsing Bank gayly announced the withdrawal of its pledge that its notes would always be interchangeable with Chinese national notes, and has maintained a carefully controlled level forty to twenty per cent above that of Chinese dollars. The whole matter is largely nominal thus far, since the Bank's note issue has commonly run about three millions only. That figure was reached by requiring  
that

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

-14-

that Customs payments and taxes should be collected on a Hua Hsing basis, and also by putting out some Hua Hsing notes as government salaries. But recently (October) most of such payments have actually been in Chinese dollars, calculated at the official rate in relation to Hua Hsing currency. Many or most persons in the chief cities of this area have never seen a Hua Hsing note. Military yen, with bayonets as security, are given in exchange for supplies and labor; and are maintained in value partly by compulsion and partly by the fact that yen and only yen are accepted by the railways and public utilities.

### 3. Public Utilities.

The railways were seized by the Army and are run by the Army. In general, goods can be carried only through Japanese merchants or the semi-official transportation and express companies. Foreign companies have repeatedly been refused the right to ship in their own names. (Incidentally, the British bondholders' interest in the Shanghai-Nanking Railway has been completely ignored, even to the point of denying the contractual right of inspection of the property). Japanese rolling stock has replaced in part the Chinese material which was almost entirely removed before the seizure. Details of tariffs and procedure are thoroughly Japanese, plus military complications. Services have been gradually developed

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

-15-

developed from zero to a fraction (say one-fifth to two-fifths) of what they were before the war. Passenger fares are approximately doubled. Inland navigation is almost a Japanese monopoly, with slight toleration for petty Chinese boats under close control. River and canal services are a pathetic decimal of the old quantity and quality. No foreign ships are allowed above the Yangtze estuary, though every Japanese service carries general merchandise. Total traffic remains small.

Roads are universally reported to have run down under military use and with little effort at improvement. There are a few exceptions of construction for military purposes. Most places report bus services to be incomplete in extent and inadequate in equipment, with traffic only a small fraction of that in pre-war days. Power plants and light services were frequently injured by bombing, and sometimes further damaged by the destructive Japanese soldiery upon entry. Nowhere is the restoration satisfactory. Plants were confiscated, whether ownership was private or municipal, and regardless of certain German mortgage claims for machinery supplied. Telephone systems suffered badly from attack and seizure, and generally speaking have not been restored for the Chinese community. There are widespread complaints of extortion on the part of the Central China Water and Light Company, including seizure of meters and baseless fees for reconnection.

IV.



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

-16-

#### IV. ECONOMIC POLICY AND ECONOMIC CONDITIONS.

##### 1. Agriculture and Industry.

No policy is apparent other than that of immediate exploitation by people in a position to exploit. There is not even talk about development or improvement. For example, shipment of rice from interior points to Shanghai is forbidden except through official channels. Roughly speaking, the price of rice in up-river cities is kept at about half the Shanghai price; while rice in smaller communities is secured at much lower levels. Cotton and other agricultural products are similarly made the medium for exceedingly profitable experiments in control, at the expense of farmer and consuming public alike. The known aid to agriculture is limited to certain projects of silkworm eggs, a few seeds, and a few buffaloes. The communities reporting have seen none of these benefits, or so little as barely to cover the advertising of their merits. The farmers' difficulties in transportation, absence of credit organs, shortage of material for tools and buildings, and costly lack of medicines or of needed clothing, are all grievous. After the vicious destruction in the winter of 1937-1938, the means of proper recovery are largely denied. Life is too close to a subsistence basis.

The

-17-

The few semi-industrial cities of this region lost part of their factories by bombing, another part by Chinese removals of machinery, and another part by Japanese malevolence after capture. Not one factory is known today to remain in Chinese hands. In most cases confiscation has been outright; in some, thinly veiled by low offers under actuality of occupation and threat of confiscation, or by enforced "partnership" with Chinese contributing the plant and Japanese the management and disposal of the profits. No new factory has been established. A number of textile mills and flour mills have been repaired and set going, usually on a restricted basis. Total output and employment would not reach a third of pre-war figures. It is believed that the iron mines near Wuhu, which formerly shipped their whole production direct to Japan, are providing a fraction of their old output. So far as is known, only small-scale mining of coal for local use is now practiced. One large cement works has built up its production to a respectable figure, using German machinery bought on time by the pre-war owners. The German interests brought suit in the Chinese court in Shanghai in an effort to secure a lien on the products of their machinery now in Japanese hands, hoping thus by restricting the market to press the Japanese to a recognition of their claims.

2.

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

-18-

2. Monopolies and Methods of Control.

The practical monopolies of transportation and of banking provide not only means of profit but also means of promoting favored Japanese interests and of handicapping or excluding other interests. They are drastically used. Even more pervasive is the requirement of permits for any important enterprise or transaction. Legal discrimination (if there were law in this region) would not be necessary. Permits are simply refused or delayed for months and years. Most of these matters are in the hands of the Special Service Department of the Army, or in those of the Military Police; who can hardly be expected to have broad and economic views of their authority. In various communities, monopolies in the wholesale business of many commodities are maintained by giving a permit to one Japanese concern only, or by giving to it transportation and supply facilities that are simply not available to others. With the exception of closely watched dealings in oil and tobacco, which for the time being the Japanese are not easily able to supply and to distribute themselves, foreign business has been completely barred. Even old-established German firms have been shut out.

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

-19-

3. Confiscations and Other Forms of Damage to Chinese Interests.

The total injury to Chinese economic interests is enormous, and is continuing in many forms. First came bombings and the fairly successful effort to drive away the ruling groups of society, including the leaders of banking and commerce, and the many governmental elements linked with economic enterprise in this region. Following upon the irregular removals and destruction by Chinese authorities for military reasons, came Japanese assaults upon the cities and towns, accompanied with the killing of large numbers of able-bodied men and a general increase in cripples. The Japanese troops looted thoroughly, including commercial and industrial property which was systematically removed. They also burned extensively, destroying considerable portions of all the cities, and many hundreds of smaller towns and villages.

But that was not enough. Confiscation or less radical forms of forcible transfer and occupation has put Chinese out of most of the good store properties that survived the fires in the larger cities, and has installed Japanese merchants. Army and Navy and other organizations have seized large properties for their use, demolishing buildings at pleasure. Not only the police and many official establishments, but the fresh hordes of Japanese civilians are enabled to claim residences

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

-20-

dences from "enemy property". Everything belonging to people who held office in the old regime, of whatever rank, is considered to be automatically forfeit. In addition, properties vacated at the time of entry by the conquerors, and many other houses is desired, are taken from owners and their agents. Some of this seizure is covered under the name of rental, but it is rare to find that more than one month's rent has been paid -- if that. Dispossession is done by the Special Service and the Military Police.

#### CONCLUSION

The total result of these processes here described is poverty and despair for all but a few privileged elements of the Chinese population. Reconstruction remains for the future. Nor do the present lines of exploitation suggest a sound development under Japanese rule. Vested interests are being established which cannot be shaken by idealistic press releases from 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. 2366

Beiping, November 23, 1939.

subject: political and economic conditions in  
the occupied areas of East Central  
China.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

1/

I have the honor to enclose for the information of the Department a copy of Hanking's despatch of November 6, 1939, to this office, with which there is transmitted a copy of a report on political and economic conditions in the occupied areas of East Central China prepared by Mr. A. J. Bates, an American educator connected with the University of Hanking.

r.

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

- 2 -

Mr. Bates reports that Japanese control in the area in question follows very closely the Yangtze River, the railway lines, a few highways radiating from important cities, and a fraction of the canals; that Japanese control extends in most places not more than two or three miles from the lines of communication, although somewhat further from a few main cities; and that under complete control, not one-tenth of Kiangsu or a twenty-fifth of Anhwei could be counted. Under sufficient control to exclude the functioning of other authorities in any useful degree, perhaps one-fifth of Kiangsu and one-twelfth of Anhwei. He states that during the past twelve months there has been little change in the area controlled by Japanese elements, but that the area under organized Chinese control has greatly increased, largely filling up the considerable "no-man's land" that existed after the original Chinese defeats and withdrawals.

Mr. Bates says that popular support for the new order was made impossible by the actions of the Japanese army and that "in smaller places some of the terror continues to this day; in all places the economic distress is general, and the effects of the military occupation and its methods bear upon daily life to an incredible degree". He feels that Chinese hostility to the Japanese "has not sensibly diminished and indeed is continually recruited by new deeds of exploitation. Contempt and hatred for the low quality of Chinese in the administrative offices is common, and there is fervent talk of the destruction that awaits them when a genuine government is restored". He adds that

"It

DECLASSIFIED: E.O. 11652, 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 -

It should be remembered that free territory is never more than a few miles away... all adults are conscious of the economic frontier and its effects upon their food supply and livelihood. Hence the limitations of the occupied areas are lively in the minds of their inhabitants.

R. Bates reports that Japanese military administration is not adequately centralized or clearly departmentalized and that various Japanese organizations take a part in government, with resultant friction and clash of interests.

Commenting on the drug problem, R. Bates says that the provision and sale of narcotics is a prominent function of the New Order in this part of China... However for one possible exception, all reports agree that the drug problem is incomparably worse than before the war. Opium is a major source of revenue for the reformed Government, and a source of livelihood or graft for a horde of the politically connected.

In education, R. Bates reports, there is a slow and slight recovery from complete stoppage. He states that

higher education is not seriously thought of; normal work is small and political in character; secondary schools are not a tenth of the former number; primary schools are barely one-third of the former scale. Quality is still lower than quantity. Everywhere there is complaint of untrained teachers, who have secured their jobs because they have the right relatives. Propaganda for the Japanese Army, for the New Order, against the Chinese National Government, and against western countries, is practised through textbooks, through special lectures by Japanese, through songs and demonstrations, and by the use of posters and drawing

lessons.



DECLASSIFIED: E.O. 11652, 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 -

lessons. There is much effort to introduce the Japanese language, not only in ordinary schools but by means of special training classes. Many parents are sending their older children to unoccupied territory for education.

Various other aspects of Japanese control are discussed by Mr. Bates, who concludes with the statement that "the total result of these processes here described is poverty and despair for all but a few privileged elements of the Chinese population. Reconstruction remains for the future. Nor do the present lines of exploitation suggest a sound development under Japanese rule. vested interests are being established which cannot be shaken by idealistic press releases from Tokyo".

Mr. Bates is known to the Embassy to be a careful and experienced investigator and an objective reporter. As his description of conditions in East Central China might well be applied to most areas in China under Japanese control, the Embassy respectfully commends his report to the attention of the Department.

Respectfully yours,

For the Ambassador:

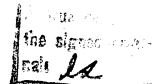
Robert M. Ryth  
 Second Secretary of Embassy

Enclosure:  
 1/ From Hanking, despatch dated  
 November 6, 1939, to Peking.

Original and 4 copies to the Department.  
 Copy to Embassy, Chungking.  
 Copy to Embassy, Tokyo.  
 Copy to Consulate General, Shanghai.  
 Copy to Embassy, Hanking.

Copies to Chungking, Tokyo, Shanghai and Hanking without enclosure.

11/1/39  
 850/850-Hanking/71 - info-Jap.



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

2366  
 TO DESPATCH NO.

Beiping, November 6, 1950.

CONFIDENTIAL

SUBJECT: Political and Economic Conditions in the  
Occupied Areas of East Central China.

The Honorable

Malcom Fraser Johnson,  
 American Ambassador,  
 Peiping, China.

Sir:

1/ I have the honor to enclose a copy of a report  
 entitled "Political and Economic Conditions in the  
 Occupied Areas of East Central China" prepared by  
 Dr. E. C. Bates, an American missionary, Professor  
 of History at the University of Beiping. Dr. Bates  
 has shown himself by previous studies, copies of

8040

DECLASSIFIED: E.O. 11652, 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 -

some of which have been made available to the Bureau.  
 to be a capable reporter of politico-economic condi-  
 tions in this area. He has been stationed in Chungking  
 for 18 years, and in 1937 was one of the most active  
 members of the Refugee Relief Committee, remaining there  
 through the capture of the city by the Japanese armed  
 forces and the difficult period which followed.

He has maintained friendly relations on a personal  
 basis with members of the Nationalist Government  
 officials and has incorporated in the report consider-  
 able information thus obtained.

All sources available to this office confirm the  
 statements made and I am satisfied that they are sub-  
 stantially correct. My personal observation agrees in  
 detail both with his account of the personnel of the  
 puppet officials and his conclusions, given in the  
 final paragraph, that the present scheme of things in  
 this area is ill-served from the point of view of even  
 Japanese long term interests and implies only misery  
 for the great majority of the Chinese.

The report was originally prepared for the Insti-  
 tute of Pacific Relations and has been forwarded by  
 Mr. Bates to that body for its forthcoming meeting.

Respectfully yours,

For the Consul General  
 at Chungking:

J. Neil Weston  
 American Consul

Enclosure:

1/ - Copy of Mr. Bates' report.

080

JNW/ma

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

- 3 -

original and five copies to the Embassy, Beijing  
copy to the embassy, Shanghai  
copy to the embassy, Tokyo  
copy to the consulate general, Shanghai

A  
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

CHINA: THE COMMUNIST TAKEOVER

IN THE PROVINCE OF HUNGSI

AND CHUNGKI CHINA

1. Composite account from ten Americans living at various points in the provinces of Kiangsu and Anhwei. (Shanghai is excluded because of its special conditions and better known circumstances. Data are for the summer of 1939 unless otherwise indicated.)

1. Area under control.

Under complete control, not one-tenth of Kiangsu or a twenty-fifth of Anhwei could be counted. Under sufficient control to exclude the functioning of other authorities in any useful degree, perhaps one-fifth of Kiangsu and one-twelfth of Anhwei. Control follows very closely the Yangtze River, the railway lines, a few highways (usually short radiations from important cities), and a fraction of the coast. In not many areas does it extend farther than two or three miles from the line of communication, though from a few main centers there is a radial complex of some importance. In the past twelve months there seems in total to be little change in the area controlled by Japanese elements; while the area under organized Chinese control has greatly increased and has been brought close to the Japanese lines, largely filling up the considerable "no man's land" that existed after the original Chinese defeats and withdrawal.

2. Type and quality of personnel

With the exception of one third-rank city in which the deterioration is only slight, all reports indicate a personnel sadly inferior to the nominal importance of the places held, and likewise to the type of officials who governed before the war. The number of old men and of men without modern training is notorious. Younger men are usually those in subordinate positions, seeking and holding them simply as a means of keeping their families alive since the emergency period has been so long extended. Opium smokers are prominent in all ranks. There is a fair sprinkling of aged gentry and other property-holders whose main concern is to lessen the risks of confiscation by taking an apparently active part in the new regime, yet in smaller localities they are often outnumbered by men who previously had no visible means of support or were definitely classed with criminals and other low elements. In some administrations, whole departments are in the hands of an unseamy secret society, the An Ch'ing Pao (Hung Yen), which controls employment in entire industries and provides "protection" at a heavy tax under discipline of death.

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

- - -

In certain official groups there is an element of relatively decent men who are simply trying to make the best of a bad situation, carrying on their own traditions of local responsibility, and identifying as best they can the brutal pressure on themselves as a group and on the community for which they act as a buffer. In the central administration there are some men who ten to twenty years ago were put out by the Kuomintang or by other political changes, and who are now released by their families and retainers to come back into their rightful places and desired control of patronage; others among whom pique or a sense of grievance against the Kuomintang is at least one motive. But all in all, acquiescence in every degree is the predominant mover. Evidence of broad public spirit or of reconstructive zeal is not to be found. The rough handling by the military which most of the officials have experienced in person, and still experience not infrequently, is a serious bar to rallying more men of a good type, since personal dignity is basic to a decent life as judged by Chinese literati.

#### C. Attitude of the People Toward the Regime.

Popular support for the new order was made impossible by the Japanese army. In the area controlled by Japan, a large percentage of all Chinese families suffered within their own experience the murder, wounding, rape, or beating of one or more members; the burning of their houses, shops, or farm stores and equipment, the looting of part or all of their possessions; and above all, months of terror, hunger and despair. In smaller places some of the terror continues to this day; in all places the economic distress is general, and the effects of the military occupation and its methods bear upon daily life to an incredible degree. Everywhere among coolies and farmers one can hear the questions, often in whispers: "When will the Central Army come back?" "Is there any hope for China?" or the statements: "So long as the Japanese Army is here, there can be no business and no security." "Everything has been ruined." "We sent our son to get out. There is no hope for young people here."

Even the most ignorant knows that power lies with those who have and use guns, not with those who are called a "Reformed Government"; and all grades of public employment are termed "working for the Japanese" (not as a strained accusation, but as a simple statement of fact). Nevertheless, the traditional acceptance of authority, and the proved defencelessness of the ordinary citizen, combine with economic needs to turn many of the uneducated away from active resentment against the regime. Individual experiences of mistreatment, injustice, and hardship are often considered as such, without political philosophizing. Thus among the lower groups of society there is a tendency for hostility to drop into a latent form. If Chinese activity brought any immediate revival of hope, mass risings might be expected. But meanwhile the claims of hunger and crying children require accommodation. Among educated persons, merchants deprived of opportunity, and property-holders who have suffered looting or expulsion, hostility has not sensibly diminished and indeed is continually recruited by new deeds of exploitation. Contempt and hatred for the low quality of Chinese in the administrative offices is common, and there is fervent talk of the destruction

tion

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 -

tion that awaits them when a genuine government is restored.

It should be remembered that in a territory is never more than a few miles away, and that practically every one has friends and relatives on the other side of the line. All adults are conscious of the economic frontier and its effects upon their food supply or livelihood. Hence the limitations of the occupied areas are alive in the minds of their inhabitants.

4. Methods by which Japanese control of Government is maintained.

Not only are Japanese soldiers everywhere, and Japanese sailors at some point, but in all important places there are also sizable detachments of gendarmes or military police, coastal police, and men of the dreaded Special Service Department (the last named sometimes present only in the form of its subdivision, the pacification squads). These are all armed and active.

Japanese military administration is not adequately centralized nor clearly departmentalized. Hence any and all of these organizations, to say nothing of the higher economic organs and the semi-official transportation and utilities companies, may take a hand in government. Not infrequently a Chinese official is hamstrung because of the opposing programs of the military police and the Special Service, and occasionally he has a lucky escape from a tight place, thanks to their clashes. In important centers there are regularly appointed advisers, particularly for the various organs of the Reformed Government. One carefree official told a foreign acquaintance that he was not busy, for "the Japanese do all the work".

Control works fundamentally through power to appoint and to dispose. Its sinister aspects are found in elaborate systems providing for delation, and in minute spying by the various supervisory groups and their agents. Certain agents are men of a low type who have fallen into the hands of the severe police organs, and are required continually to redeem their lives by supplying charges against Chinese, especially against men in any post of influence or wealth. In smaller localities, and occasionally in large cities, physical beating, confiscation of property, and pressure upon families, are employed to get men in the first place to accept responsible positions and then to hold them in line. Certain bodies of officials are bound by five-man mutual guarantees, in which the freedom and possessions of each are forfeit in case one of the five deserts or gets off the right political track (which is the exact idiom employed).

In defence of these rather primitive methods, it must be said that the Japanese have considerable grounds for suspicion. There is regular reporting from the inside of government offices to Chungking, and there is a great if irregular stream of private talk that amazes westerners. It is hardly too much to say that every report of a Chinese military success (and the reports outnumber the facts) is celebrated in many an official group of the puppet administrations. Moreover, the amount of resistance shown by existing puppets to the plans for

replacing

DECLASSIFIED: E.O. 11652, 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 -

replicating many of them by Wang Ching-wei and his followers, is not pleasing to the up- or groups of Japanese officers -- partly because their resistance is aided by certain Japanese groups who find the present set-up not unprofitable to their interests.

II. ADMINISTRATION OF THE AREA.

1. Security. Police. Justice.

With a report that the disorders of the frontier areas following the Japanese occupation have largely been overcome. Petty robbery is excessively frequent, because of poverty, drug addiction, poor lighting, and inferior police work. Major risks to property are those of confiscation and other acts and policies of the conquerors. Although security is inferior to that of pre-war times, the atmosphere is one of order by comparison with a year ago. Country districts are seldom safe from banditry, and the conduct of soldiers away from supervision is inferior.

Some hint of Japanese police methods has already been given in reference to control of Chinese officials. But private homes and shops are overrun with the same kind of treatment, and police themselves have removed much property from its rightful owners. A frequent comment on Vespa's book, "I was a Japanese Spy", runs like this: one could hardly have believed such evil until he lived in occupied territory. Some officers and men conduct themselves well, but too many innocent persons suffer from police activity, and too much of the dirty work is originated or supported from inside. Detective work in the western sense is practically unknown. Torture of suspects, relatives, and bystanders is the prevailing method of discrimination. Detention for days, weeks, and months without trial is ordinary. There are many and well-founded complaints that justice and security are on four differing levels; one for Japanese military, one for Japanese civilians; a third place of privilege for puppets and favored Chinese; a fourth place of arbitrary severity and insecurity for the main body of the people.

2. Welfare. Education. Harassment.

Hospital services in two or three cities, wider clinical assistance and provision of some medicines, campaigns of vaccination and inoculation; these are among the few definitely useful functions of the Japanese under the new regime. It would be ungrateful to point out that they are only a partial replacement of the health services available before the invasion; and that the compulsory features and military procedure deprive some of the preventive work of its due appreciation. There are reliable witnesses of hundreds of successive inoculations made with one needle uncleaned, as also of several hundred persons required at the point of a bayonet to gargle from three cups. Smaller places commonly report no health services whatever; sometimes a pretence is maintained with wretched personnel; not infrequently the compulsion is derided by the selling of inoculation certificates.

Relief



DECLASSIFIED: E.O. 11652, 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 -

...of rice is negligible, though the need for it is great. In some places during the first weeks or months of occupation, Japanese military units released fractions of confiscated stocks of grain; in others, puppet authorities have secured and sold below the market price some supplies of rice. Nowhere is there indication that considerable funds have been used or even intended for relief work. The distributions actually made bear a close relation to Japanese moving-picture cameras, and also to personal connections with the local administrations.

In education there is a slow and slight recovery from complete stoppage. Higher education is not seriously thought of; normal work is small and political in character; secondary schools are not a tenth of the former number; primary schools are barely one-third of the former scale. Quality is still lower than quantity. Everywhere there is complaint of untrained teachers, who have secured their jobs because they have the right relatives. Propaganda for the Japanese army, for the new regime, against the Chinese National Government, and against western countries, is practised through textbooks, through special lectures by Japanese, through songs and demonstrations, and by the use of posters and drawing lessons. There is much effort to introduce the Japanese language, not only in ordinary schools but by means of special training classes. Many parents are sending their older children to occupied territory for education.

The provision and sale of narcotics is a prominent function of the New Order in this part of China, with effects more substantial than a little health work. Allowing for the possible excesses, all reports agree that the drug problem is incomparably worse than before the war. Opium is a major source of revenue for the reformed Government, and a source of livelihood or graft for a horde of the politicians connected. Almost all of it comes from Szechuan through Shanghai. Open sale in shops acting for the "Opium Suppression Bureau" is the recognized method of distribution. One secondary city reports more than 300 such shops; they are to be counted by the score and even by the hundred in all cities. Besides the shops dealing only in opium, there are the hotels and the brothels licensed to supply opium; and a vast illegitimate trade, some of which even clusters around the main "legitimate" supply trunk in the "Suppression Bureau" itself. An officer of the titling system, in charge of 100 families in a prominent city, confided to a friend his troubles in trying to deal with 66 addicts among those families; they insisted on getting their opium in the cheapest way possible, and he was required by the authorities to make them purchase from official shops, under threat of arrest. Heroin is very common, and is inextricably linked in the mind of the people with the Special Service Department of the Army. Distribution is clandestine, and in some quarters is believed to have declined in favor of the more easily controlled opium. However, it is available along many city streets in tiny packets for as low as twenty-five Chinese cents; and the police courts are choked with robbery and extortion cases in which heroin is officially reported as the cause of offence (and of profitable fines).

III. PUBLIC

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

- 0 -

## III. THE REFORMED GOVERNMENT

### 1. Revenue and Expenditures.

This topic must be covered in faras, though the actual revenue and expenditures of public organs in the occupied areas are not substantial, and there are no authorized reports upon the subject. The customs income is impounded in the Yokohama Specie Bank, and no withdrawals are known. There are casual reports in political and banking circles that certain sums have been let out to the puppet regime at high interest, and also that certain advances have been made to Wang Ching-wei as "preparatory expenses" on account of the unborn new Central Government. The merchandizing of opium is an indispensable reliance of the puppet treasury, as has been admitted by high Japanese officials seeking to explain its continuance. The rolled tobacco tax, collected at the source in Shanghai, is a useful help. Little else is available for the reformed government, since general production and trade are at such a pitiful level. Many local administrations are just beginning, or attempting to begin, to collect the land tax. During the past year fragmentary reports indicated that not more than one or two per cent of the usual amount was received from cultivated land in the reformed government's domain. A few cities have stamp duties, house taxes, and other petty income, including something of an octroi (which is, however, completely overshadowed by the many irregular levies in and on the border of no man's land).

Beyond the maintenance of a sizable and inefficient personnel, at no princely salaries (whatever incomes might be), government does not have heavy expenditures. Schools are relatively few and cheaply run; roads and sanitary services likewise. Police units are not intended to take much responsibility, and they are correspondingly supported. There is no municipal burden in supplying utilities, as will be shown presently.

### 2. Banking and Currency.

Banking is a Japanese monopoly. Chinese private banks have not been allowed to re-open for business and have suffered terribly from deliberate destruction and confiscation of their property; while of course the Chinese government banks have been obliterated under the new order of cooperation. Branches of Japanese banks serve their own communities where numbers justify their opening, and do a little business for Chinese who find it necessary to deal there. The Hua Heing Bank (China Development Bank) is still a mystery. Its capital was announced as \$50,000,000 Chinese National Currency, split between the Reformed Government and a Japanese banking consortium; and the apparent intention was to raid the foreign exchange market. After the sharp drop in the exchange value of the Chinese dollar, the Hua Heing Bank gayly announced the withdrawal of its pledge that its notes would always be interchangeable with Chinese national notes, and has maintained a carefully controlled level forty to twenty per cent above that of Chinese dollars. The whole matter is largely nominal thus far, since the Bank's note issue has commonly run about three

millions

DECLASSIFIED: E.O. 11652, 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 -

millions only. That figure was reached by requiring that customs payments and taxes should be collected on a cash basis, and also by putting out some cash being notes as government salaries. But recently (October) most of such payments have actually been in Chinese dollars, calculated at the official rate in relation to the cash currency. Many or most persons in the chief cities of this area have never seen a cash being note. Military yen, with payonets as security, are given in exchange for supplies and labor; and are maintained in value partly by compulsion, and partly by the fact that yen and only yen are accepted by the railways and public utilities.

### 3. Public Utilities.

The railways were seized by the army and are run by the army. In general, goods can be carried only through Japanese merchants or the semi-official transportation and express companies. Foreign companies have repeatedly been refused the right to ship in their own names. (Incidentally, the British bondholders' interest in the Chungking-Hankow railway has been completely ignored, even to the point of denying the contractual right of inspection of the property.) Japanese rolling stock has replaced in part the Chinese material which was almost entirely removed before the seizure. Details of tariffs and procedure are thoroughly Japanese, plus military complications. Services have been gradually developed from zero to a fraction (say one-fifth to two-fifths of what they were before the war). Passenger fares are approximately doubled. Inland navigation is almost a Japanese monopoly, with slight toleration for petty Chinese boats under close control. River and canal services are a pathetic decimal of the old quantity and quality. No foreign ships are allowed above the Yangtze estuary, though every Japanese service carries general merchandise. Total traffic remains small.

Roads are universally reported to have run down under military use and with little effort at improvement. There are a few exceptions of construction for military purposes. Most places report bus services to be incomplete in extent and inadequate in equipment, with traffic only a small fraction of that in pre-war days. Power plants and light services were frequently injured by bombing, and sometimes further damaged by the destructive Japanese soldiery upon entry. Nowhere is the restoration satisfactory. Plants were confiscated, whether ownership was private or municipal, and regardless of certain German mortgage claims for machinery and so on. Telephone systems suffered badly from attack and seizure, and generally speaking have not been restored for the Chinese community. There are wide-spread complaints of extortion on the part of the Central China Water and Light Company, including seizure of motors and excessive fees for reconstruction.

## IV. ECONOMIC POLICY AND ECONOMIC COMMISSION.

### 1. Agriculture and Industry.

No policy is apparent other than that of immediate exploitation by people in a position to exploit. There is not even talk about development or improvement. For example, shipment of rice from interior points to Cheng-

hui

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

- 8 -

and is forbidden except through official channels. Soaring prices, the price of rice in up-river cities is kept at about half the Shanghai price; while rice in smaller communities is secured at much lower levels. Cotton and other agricultural products are similarly kept the medium for exceedingly profitable experiments in control, at the expense of farmer and consuming public alike. The known aid to agriculture is limited to certain projects of silkworm eggs, a few seeds, and a few buffaloes. The communities reporting have seen none of these benefits, or so little as barely to cover the advertising of their merits. The farmers' difficulties in transportation, absence of credit organs, shortage of material for tools and buildings, and costly lack of medicines or of needed clothing, are all grievous. After the vicious destruction in the winter of 1937-1938, the means of proper recovery are largely denied. Life is too close to a subsistence basis.

The few semi-industrial cities of this region lost part of their factories by bombing, another part by Chinese removals of machinery, and another part by Japanese malevolence after capture. Not one factory is known today to remain in Chinese hands. In most cases confiscation has been outright; in some, thinly veiled by low offers under actuality of occupation and threat of confiscation, or by enforced "partnership" with Chinese contributing the plant and Japanese the management and disposal of the profits. No new factory has been established. A number of textile mills and ~~some~~ flour mills have been repaired and set going, usually on a restricted basis. Total output and employment would not reach a third of pre-war figures. It is believed that the iron mines near Anhui, which formerly shipped their whole production direct to Japan, are providing a fraction of their old output. So far as is known, only small-scale mining of coal for local use is now practiced. One large cement works has built up its production to a respectable figure, using German machinery bought on time by the pre-war owners. The German interests brought suit in the Chinese court in Shanghai in an effort to secure a lien on the products of their machinery now in Japanese hands, hoping thus by restricting the market to press the Japanese to a recognition of their claims.

#### 2. Monopolies and Methods of Control.

The practical monopolies of transportation and of banking provide not only means of profit but also means of promoting favored Japanese interests and of handicapping or excluding other interests. They are drastically used. Even more pervasive is the requirement of permits for any important enterprise or transaction. Legal discrimination (if there were law in this region) would not be necessary. Permits are simply refused or delayed for months and years. Most of these matters are in the hands of the Special Service Department of the Army, or in those of the Military Police, who can hardly be expected to have broad and economic views of their authority. In various communities, monopolies in the wholesale business of men, commodities are maintained by giving a permit to one Japanese concern only, or by giving to it transporta-

tion.

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

- 9 -

tion and supply facilities that are simply not available to others. In the exception of closely watched dealings in oil and tobacco, which for the time being the Japanese are not easily able to supply and to distribute themselves, foreign business has been completely barred. Even old-established German firms have been shut out.

c. Confiscations and other forms of damage to Chinese interests.

The total injury to Chinese economic interests is enormous, and is continuing in many forms. First came bombings and the fairly successful effort to drive away the ruling groups of society, including the leaders of banking and commerce, and the many governmental elements linked with economic enterprise in this region. Following upon the irregular removals and destruction by Chinese authorities for military reasons, came Japanese assaults upon the cities and towns, accompanied with the killing of large numbers of able-bodied men and a general increase in cripples. The Japanese troops looted thoroughly, including commercial and industrial property which was systematically removed. They also burned extensively, destroying considerable portions of all the cities, and many hundreds of smaller towns and villages.

But that was not enough. Confiscation or less radical forms of forcible transfer and occupation has put Chinese out of most of the good store properties that survived the fire in the large cities, and has installed Japanese merchants. Army and Navy and other organizations have seized large properties for their use, demolishing buildings at pleasure. Not only the police and many official establishments, but the fresh hordes of Japanese civilians are enabled to claim residences as "enemy property". Everything belonging to people who held office in the old regime, of whatever rank, is considered to be automatically forfeit. In addition, properties vacated at the time of entry by the conquerors, and many other houses as desired, are taken from owners and their agents. Some of this seizure is covered under the name of rental, but it is rare to find that more than one month's rent has been paid -- if that. Dispossession is done by the Special Service and the Military Police.

CONCLUSION

The total result of these processes here described is poverty and despair for all but a few privileged elements of the Chinese population. Reconstruction remains for the future. Nor do the present lines of exploitation suggest a sound development under Japanese rule. Vested interests are being established which cannot be shaken by idealistic press releases from Tokyo.

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

No. 184.

RECEIVED  
STATE DEPT

AMERICAN CONSULATE,

Tsinan, China, November 28, 1939.

SUBJECT: MAINTENANCE OF PEACE AND ORDER  
IN SHANTUNG.

DEPARTMENT OF STATE  
JAN 15 1940  
ASSISTANT SECRETARY  
OF STATE

The Honorable

Nelson Trusler Johnson,

American Ambassador,

Peiping, China.

793.94/15418

with reference to the Consulate's despatch no.

152 of September 13, 1939, on the above subject, I have the honor to report that the Superintendents (Taoyin) of Northern and Western Shantung visited Tsinan early in November to confer with the "Governor" concerning administrative matters in their respective circuits, and the problems incident to the reorganization of the local Peace Maintenance Corps into District Precautionary Corps, in particular.

According to "Provisional Government" regulations, each of the four circuits in Shantung is limited to a District Precautionary Corps of 500 men. The Peace Maintenance Corps of the circuit of western Shantung is now below the authorized strength, but that of northern Shantung is composed of slightly over 500 men, while in southern and eastern Shantung each corps consists of

"converted"

793.94/15366

F/EG/55

DECLASSIFIED: E.O. 11652, 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 -

"converted" bandits and guerrillas numbering more than 1,000.

Accordingly, if the regulations are to be strictly followed, some of the local pro-Japanese Chinese forces already under arms must either be disbanded or transferred. It is understood that no satisfactory solution of these problems was reached at the conference; the Superintendent from the west was apparently reluctant to agree to accept for duty under his jurisdiction any armed strangers from the south or east, whose loyalty would be questionable from the very start.

In an interview with the Superintendent of Northern Shantung, Colonel Kono, Chief of the Special Service Section of the Japanese Army in Tsinan, is quoted as having stated that "Japan has no territorial ambitions in Shantung. The Japanese troops will be withdrawn as soon as northern Shantung is in a position to preserve peace and order without assistance."

Eighth Independent Regiment of Peace Preservation Army being recruited and trained.

Aside from the District Precautionary Corps, the 8th Independent Regiment of Peace Preservation Army, commanded by Colonel Ma Wen-ch'i (馬文起), is being recruited for duty in Tsinan, as authorized by the "Provisional Government" in October. The officer personnel of the regiment which, in addition to the commander, includes one Japanese major, one Japanese lieutenant and about 100 Chinese officers, has been commissioned in Peiping and arrived in Tsinan November 8th. The complement of the regiment, according to present

organization

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

- 3 -

organization plans, is to be 1,650 officers and men.

While recruitment of the desired men was commenced early in November, the results to date are not particularly gratifying to the organizers of this military unit. Attractive recruiting propaganda which was given wide circulation resulted in few enlistments, and it became necessary to make levies on each district under nominal Japanese control for a given number of men in proportion to population. The result of this has been that 1,546 would-be recruits have to date been ordered to appear for examination, but only 723 of this number have been accepted. It thus appears that few able-bodied young men are responding even under such pressure as the Japanese are able to exert.

However, the 723 men who have been enlisted in this new regiment are undergoing training, and eventually the regiment will no doubt be brought up to authorized strength, even if it is necessary to transfer men from "Manchukuo" or elsewhere to fill up its ranks.

At his first review of this skeleton regiment, held recently, the Chief of the Special Service Section of the Japanese Army in Tsinan is reported to have made a lengthy address in which he stated, inter alia, that "Peace and order in North China must be established through the efforts of the people of North China and in Shantung through the efforts of the Shantungese. If you are able to maintain peace and order, the Japanese Army will entrust you with that task. With regard to the Sino-Japanese incident, Japan entertains no other

hope



DECLASSIFIED: E.O. 11652, 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 -

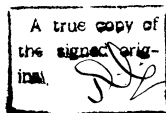
hope than that of eliminating the Kuomintang and communism and of being able to give up reliance upon Europe and America for future happiness and an excellent livelihood."

Respectfully yours,

Carl O. Hawthorne,  
American Vice Consul.

800  
COH:KCC/KCC

Original to Embassy, Peiping,  
5 copies to Department,  
Copies to Embassies, Chungking and Tokyo,  
Copies to Consulates, Tsingtao and 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

### TELEGRAM RECEIVED

H3M

This telegram must be closely paraphrased before being communicated to anyone. (Br.)

Chungking via N. R.

FROM Dated December 27, 1939

Rec'd 6 a. m.

Secretary of State,  
 Washington.

665, December 27, noon.

Reference Embassy's 658, December 22, 2 p. m.;  
 and Hong Kong's 448, December 21, noon.

Chinese official sources admit to the Assistant Military Attache that the Japanese captured Lungchow but state they were driven out on December 23 and are now held by the Chinese twenty kilometers away. The French Embassy states confidentially that a high ranking Japanese intelligence officer recently came to Hanoi and asked permission to inspect highways near the border and that his request was refused. The French are irritated at the apparent lack of serious effort by the Chinese to keep the Japanese forces at a distance from the French border and this likewise puzzles other foreign observers. The Chinese, however, assert that they still partially hold the ten mile long pass of Kunlunkuan north-east of Nanning, that they will be able to retake Nanning

and

ON 1 & MID  
 Notified by telephone  
 12/27/39  
 G.P.R.

Division of  
 THE DEPARTMENT OF STATE

793.94/15557

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

hsm -2- No. 665, December 27, noon, from Chungking

and that the Japanese are merely making feints south-  
west of that city to draw Chinese troops from the north-  
east where the main attack is being launched.

Repeated to Peiping, Hong Kong.

PECK

RLP

095

DECLASSIFIED: E.O. 11652, 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

ESM  
 This telegram must be  
 closely paraphrased  
 before being communi-  
 cated to anyone. (Br.)

Hong Kong via N. R.

FROM Dated December 27, 1939

Rec'd 10:52 a. m.

Secretary of State,  
 Washington.

455, December 27, noon.

The following is a paraphrase of a message for the  
 Department received by airmail from Reed at Hanoi.

December 23, noon. My December 19, 3 p. m.

Nacham on the Indo-China frontier was reached by  
 Japanese troops on the afternoon of December 21. The  
 same day Lungchow was occupied and Japanese ~~(2) cavalry~~ *cavalry later*  
 pushed northward in the direction of Caobang Road. It  
 is reported that a Chinese counter-offensive has retaken  
 Wanning and has isolated advance units of the Japanese.  
 I observe no optimism as to immediate results in restor-  
 ing transportation via Kwangsi and it is reported here  
 that there have already been air raid alarms at Kunming.

Suchihashi heads the Japanese military mission here  
 and there are rumors that the Japanese are requesting  
 stoppage of gasoline shipments on the basis that they  
 are war supplies. There has been little publicity given

*file on*  
*Division of*  
*B*  
*W*  
*M*  
*WA*  
*Copies in*  
*Paraphrase to Treasury,*  
*ONI and MID December 28.*  
*STP*

793.94

793.94/15558

F/PQ

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

hsm -2- No. 455, December 27, noon, from Hong Kong

to this visit and the French have observed extreme  
reticence as to its purpose thereby fostering rumors  
and causing uneasiness in Chinese circles.

Repeated to Chungking and Peiping and Saigon informed.

SOUTHARD

CSB

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

(CONFIDENTIAL)

PARAPHRASE

A telegram (no.455) of December 27, 1939, from the American Consul General at Hong Kong quotes a message of December 23 from Consul Reed at Hanoi which reads substantially as follows:

On the afternoon of December 21, Japanese soldiers arrived at Nacham (on the Indochina border) and on the same day Japanese (?) cavalry advanced in a northerly direction toward Caobang Road and Lungchow was occupied. There are reports to the effect that the Chinese have recaptured Nanning in a counteroffensive and have isolated Japanese advance units. No optimism has been noted by Consul Reed in regard to immediate results in restoration of transportation facilities by way of Kwangsi Province and in Hanoi it is said that at Yunnanfu air raid alarms have been sounded already.

The Japanese military mission in Hanoi is headed by Suchihashi. Rumors are current that the stoppage of gasoline shipments is being asked by the Japanese on the grounds that such shipments constitute war supplies. Rumors have been encouraged and uneasiness has been caused in Chinese circles ~~extreme~~ by reticence on the part of the French concerning the purpose of the Japanese military mission and the fact that the visit has received so little publicity.

793.94/15558

FE:SPD:EGC

EGC.  
 FFE

XII-28-39

0958

DECLASSIFIED: E.O. 11652, 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. 65

AMERICAN CONSULATE GENERAL

Hankow, China, November 26, 1939.

Strictly Confidential

Subject: Japanese casualties in Central China,  
October and November, 1939.

793.94

RECEIVED  
GENERAL  
DEPARTMENT OF STATE

The Honorable

JAN 12 12 27 PM '40

The Secretary of State,

Washington.

Sir:

Division of  
EASTERN AFFAIRS  
JAN 12 1940

Department of State

COPIES SENT TO  
CHINA AND M.I.D.

in strict confidence. cgl

I have the honor to enclose, in quintuplicate,  
a copy of the Consulate General's despatch No. 34,  
dated November 26, 1939, to the Embassy at Chungking  
on the above subject.

Respectfully yours,

*C. J. Spiker*  
C. J. Spiker  
American Consul General

DEPARTMENT OF STATE  
A.M.C.  
JAN 5 - 1940  
ASSISTANT SECRETARY  
OF STATE

Enclosure:

Copy of despatch No. 34, dated  
November 26, 1939, to the  
Embassy at Chungking.

Original and 4 copies to the Department.

800

JD/mre

4 Carbon Copies  
Received *D.J.N.*

JAN 12 1940  
FILED

793.94/15559

F/FG

1367

DECLASSIFIED: E.O. 11652, 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. 34

AMERICAN CONSULATE GENERAL

Hankow, China, November 26, 1939.

Strictly Confidential

Subject: Japanese casualties in Central China,  
 October and November, 1939.

Willys R. Peck, Esquire,  
 Chargé d'Affaires ad interim,  
 American Embassy,  
 Chungking.

Sir:

With reference to my telegram of November 22,  
 11 a.m. and the Embassy's telegram No. 606, November  
 1/ 23, 12 noon, I have the honor to enclose a summary, as  
 received from a usually reliable source, of tabulated  
 Japanese casualties in Central China from October 1  
 through November 25, 1939.

It will be noted that Japanese losses from the Han  
 River sector, as reported passing through the Wuhan  
 cities, totalled nearly 8,000. While the component  
 parts of this total figure may very possibly represent  
 exaggerations, it must also be remembered that there is  
 not included herein casualties abandoned by the Japanese  
 in retreat and casualties which may have passed through  
 Hankow unnoted in this tabulation.

The enclosed statistics of Japanese losses along the  
 Hankow-Canton line and Poyang Lake are perhaps (also with  
 due allowance for exaggerations) indicative of the scope  
 of the



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

-2-

of the Japanese defeat in the abortive Changsha campaign.

Respectfully yours,

C. J. Spiker  
American Consul General

Enclosure:

- 1/ Summary of Japanese casualties  
in Central China from October 1  
through November 25, 1939.

Original to Chungking;  
5 copies to the Department (despatch  
No. 65, November 26, 1939.  
Copies to Embassy, Peiping;  
Consulate General, Shanghai.

800

JD/mre.

DECLASSIFIED: E.O. 11652, 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. 34, November 26, 1939, to the Embassy, Chungking, from Consul General C. J. Spiker, Hankow, China, on the subject: "Japanese casualties in Central China, October and November, 1939".

JAPANESE CASUALTIES IN CENTRAL CHINA

October 1 - November 25, 1939.

Statistics of wounded and dead passing through the Wuhan area from:

HAN RIVER SECTOR.

		<u>Wounded</u>	<u>Ashes</u>
Oct. 12, 7 a.m.	Departed by Transport No. 378.	850	
Nov. 2,	Six junks from Han River tie up at China Merchants wharves, Hankow, to take on ice for preservation 500 bodies on board.		500 *
" 2,	3 fishing smacks berth China Merchants.	600	
" 11, 8 a.m.	Loaded at China Merchants on Transport No. 90.	1,600	
" 11, 4 p.m.	By undesignated fishing smacks.		350
" 14, 4 p.m.	Loaded at China Merchants on Transport No. 677 (which departed 11/15, 8 a.m.)	1,500	
" 17, 11 a.m.	Loaded at China Merchants on Transports Nos. 37, 837, 317 (which departed 11/17, 1 p.m.)	1,800	
" 25, 8 a.m.	Loaded at China Merchants on Transport No. 457 (11th Division troops.)	460	
		<u>6,810</u>	<u>- 850</u>

CANTON-HANKOW LINE AND POYANG LAKE.

Oct. 2, 4 a.m.	Departed by Transport No. 297.	2,600
" 2, 4:30 am.	Departed China Merchants wharves by Transport No. 282.	2,600

Oct. 2, 8 a.m.

DECLASSIFIED: E.O. 11652, 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-

CANTON-HANKOW LINE AND POYANG LAKE. (Cont'd)

		<u>Wounded</u>	<u>Ashes</u>
Oct. 2, 8 a.m.	Arrived at Wuchang by 3 small river boats.	750	
" "	Departed by Transport No. 31	2,500	
" 7, 7 a.m.	Arrived China Merchants by 2 fishing smacks.	700	
" 7, 8 a.m.	Departed creek mouth Wuchang by Transport No. 175.		3,300
" 7, 3 p.m.	Departed creek mouth Wuchang by Transport No. 132.	2,600	
" 8, 4 p.m.	Loaded Wanshan Maru creek mouth Wuchang (departed morning 10/9).		3,600
" 9, 8 a.m.	Departed creek mouth Wuchang by Transport No. 641.	2,000	
" 9, 8 a.m.	Departed China Merchants by Transport No. 147.	1,200	
" 12, 7 a.m.	Departed creek mouth Wuchang by Transport No. 651.	2,000	
" 13, 8 a.m.	Departed creek mouth Wuchang by Transport No. 87.	1,500	
" 14, 6 a.m.	Departed creek mouth Wuchang by Transport No. 604. (Here for first time Japanese wounded with amputated limbs observed).	1,000	
" 14,	Arrived Wuchang sent to hospital seriously wounded.	550	
" 16, 8 a.m.	Departed Wuchang by Transport No. 414.	2,000	
" 16, 8 a.m.	Departed Wuchang by Transport No. 159. (Direct to Japan)	900	
" 17, 5 p.m.	Departed creek mouth Wuchang by Transport No. 856.	1,500	
" 18,	Departed creek mouth Wuchang by Transport No. 162.		2,300
" 26, a.m.	Departed China Merchants Wharves by Transport No. 367.		1,000
Nov. 7, 3 p.m.	Arrived China Merchants from Kinkou via Wuchang in 5 fishing smacks.	1,000	
" 19, 7 a.m.	Departed Wuchang unknown transport.	650	

DECLASSIFIED: E.O. 11652, 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-

CANTON-HANKOW LINE AND POYANG LAKE (Cont'd).

		<u>Wounded</u>	<u>ashes</u>
Nov. 20, 8 a.m.	Departed upper creek Wuchang by Transport No. 854.	660	
" 23, 9 a.m.	Departed Wuchang by Transport No. 447.	650	
		<u>22,160</u>	<u>- 15,600</u>

NORTH HUPEH.

Oct. 20.	Departed Shenchichi by Transports Nos. 374 and 502 (from Macheng, Huangpei, Siaokan sector).	2,800	
Nov. 9, a.m.	Departed Shenchichi by Chiu Hsing Maru (from Kwangshui area).	2,000	
		<u>4,800</u>	<u>-----</u>

-----

\* Corpses.

DECLASSIFIED: E.O. 11652, 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. 65

AMERICAN CONSULATE GENERAL

Hankow, China, November 26, 1939.

*Strictly Confidential*

Subject: Japanese casualties in Central China,  
October and November, 1939.

The Honorable

The Secretary of State,  
Washington.

Sir:

I have the honor to enclose, in quintuplicate,  
a copy of the Consulate General's despatch No. 34,  
dated November 26, 1939, to the Embassy at Chungking  
on the above subject.

Respectfully yours,

C. J. Spiker  
American Consul General

Enclosure:

Copy of despatch No. 34, dated  
November 26, 1939, to the  
Embassy at Chungking.

Original and 4 copies to the Department.

800

JD/mre

DECLASSIFIED: E.O. 11652, 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. 34

AMERICAN CONSULATE GENERAL

Hankow, China, November 26, 1939.

*Strictly Confidential*

Subject: Japanese casualties in Central China,  
October and November, 1939.

Willys R. Peck, Esquire,  
Charge d'Affaires ad interim,  
American Embassy,  
Chungking.

Sir:

With reference to my telegram of November 22,  
11 a.m. and the Embassy's telegram No. 606, November  
23, 12 noon, I have the honor to enclose a summary, as  
received from a usually reliable source, of tabulated  
Japanese casualties in Central China from October 1  
through November 25, 1939.

It will be noted that Japanese losses from the Han  
River sector, as reported passing through the Wuhan  
cities, totalled nearly 8,000. While the component  
parts of this total figure may very possibly represent  
exaggerations, it must also be remembered that there is  
not included herein casualties abandoned by the Japanese  
in retreat and casualties which may have passed through  
Hankow unnoted in this tabulation.

The enclosed statistics of Japanese losses along the  
Hankow-Canton line and Poyang Lake are perhaps (also with  
due allowance for exaggerations) indicative of the scope  
of 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

-2-

of the Japanese defeat in the abortive Changsha campaign.

Respectfully yours,

C. J. Spiker  
American Consul General

Enclosure:

- 1/ Summary of Japanese casualties  
in Central China from October 1  
through November 25, 1939.

Original to Chungking;  
5 copies to the Department (despatch  
No. 65, November 26, 1939).  
Copies to Embassy, Peiping;  
Consulate General, Shanghai.

800

JD/mre

DECLASSIFIED: E.O. 11652, 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. 34, November 26, 1939, to the Embassy, Chungking, from Consul General C. J. Spiker, Hankow, China, on the subject: "Japanese casualties in Central China, October and November, 1939".

JAPANESE CASUALTIES IN CENTRAL CHINA

October 1 - November 25, 1939.

Statistics of wounded and dead passing through the Wuhan area from:

HAN RIVER SECTOR.

		<u>Wounded</u>	<u>Dead</u>
Oct. 12, 7 a.m.	Departed by Transport No. 378.	850	
Nov. 2,	Six junks from Han River tie up at China Merchants wharves, Hankow, to take on ice for preservation 500 bodies on board.		500 *
" 2,	3 fishing smacks berth China Merchants.	600	
" 11, 8 a.m.	Loaded at China Merchants on Transport No. 90.	1,600	
" 11, 4 p.m.	By undesignated fishing smacks.		350
" 14, 4 p.m.	Loaded at China Merchants on Transport No. 677 (which departed 11/15, 8 a.m.)	1,500	
" 17, 11 a.m.	Loaded at China Merchants on Transports Nos. 37, 837, 317 (which departed 11/17, 1 p.m.)	1,300	
" 25, 8 a.m.	Loaded at China Merchants on Transport No. 457 (11th Division troops.)	460	
		<u>6,810</u>	<u>850</u>

CANTON-HANKOW LINE AND HOYANG LAKE.

Oct. 2, 4 a.m.	Departed by Transport No. 297.	2,600
" 2, 4:30 a.m.	Departed China Merchants wharves by Transport No. 282.	2,600

Oct. 2, 8 a.m.



DECLASSIFIED: E.O. 11652, 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-

CANTON-HANKOW LINE AND POYANG LAKE. (Cont'd)

		<u>wounded</u>	<u>ashes</u>
Oct. 2, 3 a.m.	Arrived at Huchang by 3 small river boats.	750	
" "	Departed by Transport No. 31	2,500	
" 7, 7 a.m.	Arrived China Merchants by 2 fishing smacks.	700	
" 7, 8 a.m.	Departed creek mouth Huchang by Transport No. 175.		3,300
" 7, 3 p.m.	Departed creek mouth Huchang by Transport No. 132.	2,600	
" 8, 4 p.m.	Loaded Kanshan Baru creek mouth Huchang (departed morning 10/9).		3,800
" 9, 8 a.m.	Departed creek mouth Huchang by Transport No. 641.	2,000	
" 9, 8 a.m.	Departed China Merchants by Transport No. 147.	1,200	
" 12, 7 a.m.	Departed creek mouth Huchang by Transport No. 631.	2,000	
" 13, 8 a.m.	Departed creek mouth Huchang by Transport No. 87.	1,500	
" 14, 6 a.m.	Departed creek mouth Huchang by Transport No. 604. (Here for first time Japanese wounded with amputated limbs observed).	1,000	
" 14,	Arrived Huchang sent to hospital seriously wounded.	550	
" 15, 8 a.m.	Departed Huchang by Transport No. 414.	2,000	
" 16, 8 a.m.	Departed Huchang by Transport No. 159. (Direct to Japan)	900	
" 17, 5 p.m.	Departed creek mouth Huchang by Transport No. 856.	1,500	
" 18,	Departed creek mouth Huchang by Transport No. 162.		2,300
" 20, a.m.	Departed China Merchants wharves by Transport No. 367.		1,000
Nov. 7, 3 p.m.	Arrived China Merchants from Kinkou via Huchang in 5 fishing smacks.	1,000	
" 19, 7 a.m.	Departed Huchang unknown transport.	550	

DECLASSIFIED: E.O. 11652, 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-

CANTON-HANGKOW LINE (cont'd).

		<u>ounded</u>	<u>ashes</u>
Nov. 20, 8 a.m.	Departed upper creek Wuchang by Transport No. 554.	660	
" 23, 9 a.m.	Departed Wuchang by Transport No. 447.	650	
		<u>22,160</u>	<u>- 15,600</u>

NORTH RIVER.

Oct. 20.	Departed Shenchiaochi by Transports Nos. 374 and 502 (from Wuchang, Huangpei, Nisokan sector).	2,800	
Nov. 9, a.m.	Departed Shenchiaochi by Chiu Hsing Maru (from Kwangshui area).	2,000	
		<u>4,800</u>	<u>-----</u>

\* Corpses.

0975

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

Five copies for Department of State

No. 458

AMERICAN CONSULATE

Tsingtao, China, November 27, 1939.

Subject: Conditions in Southern Shantung.

The Honorable

Nelson Trusler Johnson,  
American Ambassador,  
Peiping, China.

Sir:

I have the honor to report that an American missionary has made the following observations to this consulate upon his return this week from a tour of inspection in southern Shantung east of the Tientsin-Pukow Railway:

Chinese Armed Forces

There appear to be three classes of Chinese forces now operating in the region visited:

- (a) Organized guerrillas of some effectiveness;
- (b) Tufei (土匪) who are just plain bandits;
- (c) Units describing themselves as belonging to the 8th Route Army "from whom the Chinese Christians pray for deliverance".

In one important city visited, the Japanese garrison consisted of barely 200 men. When questioned why the Chinese did not drive out such a small force, the rejoinder was made that the Chinese forces realized that because of the importance of that particular city, any capture

RECEIVED  
JAN 10 1940  
AMERICAN SECRETARY  
OF STATE

793.94/15560

F/FG

JAN 10 1940

DECLASSIFIED: E.O. 11652, 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 -

capture thereof by a Chinese force would necessarily be shortlived and accordingly no attempts were made to oust the Japanese garrison.

#### Economic Conditions

In the region visited good crops had been harvested and on the whole the economic condition was better than might be expected. A particularly interesting manifestation of Japanese commercial aggression was observed in a rolling emporium consisting of a special train of freight cars in which a large number and variety of Japanese commercial products were displayed. This rolling emporium halted at the principal station for several days; an organized program brought practically every adult in the vicinity to the station. Entertainment in the way of Chinese singers and theatricals was provided while clever Chinese "barkers" extolled the qualities of Japanese goods and the friendship of the Japanese for their Chinese brethren.

#### Imposition on American Missionaries

The consulate's missionary informant threw some interesting sidelights on the frequently reported on determination of the Chinese guerrillas not to permit produce to reach the Japanese. The produce does reach Japanese or Chinese establishments within the Japanese occupied zone and not always by methods which do the Chinese guerrillas any honor. It became necessary for an American station to obtain stocks of wheat and other cereals at some point distant from the missionary station. Certificates showing that the grain was for the missionary organization were used to persuade

DECLASSIFIED: E.O. 11652, 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 -

was to permit the vehicles to carry the grain into  
 city. After two or three shipments, difficulties  
 developed and it became necessary for several of the  
 American missionaries to go to the guerrilla controlled  
 stronghold and investigate the detention of a very con-  
 siderable quantity of grain which had been ordered.  
 It was then revealed that certain Chinese attached to  
 the mission had imposed on the mission and under the  
 aegis of the mission's American flags and certificates  
 had brought in on several previous occasions considerable  
 amounts of grain which were not in fact intended for the  
 mission but were for private grain dealers. The guer-  
 rillas became aware of the transactions and accordingly  
 refused to permit further shipments to the mission.  
 However, the mission was able to obtain the release of  
 100 sacks of grain for its own use, such a quantity be-  
 ing required for a large number of refugees in the mis-  
 sion compound. The mission discovered that the guer-  
 rillas did a very profitable business in grain which  
 they shipped to points on the Lung-Hai Railway where  
 attractive prices prevailed.

Respectfully yours,

Samuel Sokobin,  
 American Consul.

800  
 SS/AD

Original to Embassy, Peiping,  
 Five copies to Department,  
 Copy to Embassy, Chungking, Embassy, Tokyo,  
 Copy to Consulate, Tsinan.

DECLASSIFIED: E.O. 11652, 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 -

rillas to permit the vehicles to carry the grain into the city. After two or three shipments, difficulties developed and it became necessary for several of the American missionaries to go to the guerrilla controlled stronghold and investigate the detention of a very considerable quantity of grain which had been ordered. It was then revealed that certain Chinese attached to the mission had imposed on the mission and under the aegis of the mission's American flags and certificates had brought in on several previous occasions considerable amounts of grain which were not in fact intended for the mission but were for private grain dealers. The guerrillas became aware of the transactions and accordingly refused to permit further shipments to the mission. However, the mission was able to obtain the release of 100 sacks of grain for its own use, such a quantity being required for a large number of refugees in the mission compound. The mission discovered that the guerrillas did a very profitable business in grain which they shipped to points on the Lung-Hai Railway where attractive prices prevailed.

Respectfully yours,

Samuel Sokobin,  
 American Consul.

800  
 SS/AD

Original to Embassy, Peiping,  
 Five copies to Department,  
 Copy to Embassy, Chungking, Embassy, Tokyo,  
 Copy to Consulate, Tsinan.

0974

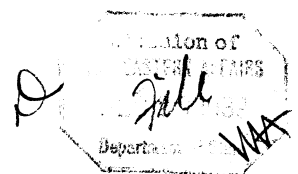
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)  
Department of State letter, August 10, 1972  
By Milton D. Gustafson NARS, Date 12-18-75

NO. 2719

AMERICAN CONSULATE GENERAL,  
Shanghai, December 4, 1939.

AM/C

793.94



SUBJECT: Intelligence Summaries for  
October and November 1939.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

*M*  
*Horton*

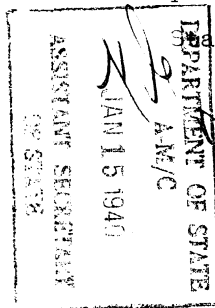
SIR:

RECEIVED  
DEPARTMENT OF STATE  
JAN 15 1940  
A-M/C  
1939 DEC 27 PM 11  
COMMUNICATIONS  
AND RECORDS DIV.

I have the honor to refer to my despatch no. 2600  
1/ of October 12, 1939, and to enclose, as of possible  
interest to the Department, copies of intelligence  
summaries for the months of October and November 1939,  
prepared by the Intelligence Officer of the United  
States Fourth Marines.

Respectfully yours,

*Frank P. Lockhart*  
Frank P. Lockhart  
American Consul General



Enclosure:

1/- Intelligence Summaries for  
October and November 1939.

800  
EFG MB

In Single Copy.

Copy to Embassy, Peiping.

Copy to Embassy, Chungking.

JAN 17 1940

F/FG -/5561 -

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

HNS/am

HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA.  
 7 October, 1939.

RESTRICTED:

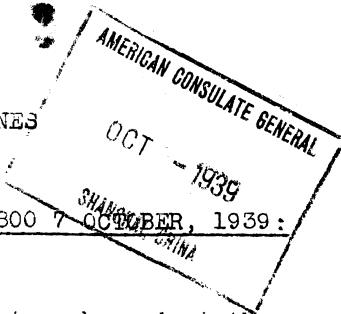
R-2 REPORT, PERIOD 0800 30 SEPTEMBER, TO 0800 7 OCTOBER, 1939:

MILITARY OPERATIONS:

The Japanese drive which opened up last week against the Chinese forces entrenched south of the Ku River seems to have been stalemated. While the Japanese last week declared their objective to be Changsha, this week they describe their objective as "undisclosed." A high Japanese staff officer in Shanghai was questioned as to the probable course the Japanese Army in Hunan would pursue. He stated that the Japanese might follow any one of three courses. They may complete the drive on Changsha and stop or he added it was entirely possible that the drive may continue down the Peiping-Canton Railway in an attempt to connect with the Japanese South China Forces. The third possibility was that the Japanese would change the direction of their drive to take an undisclosed objective.

The Chinese version of the attack is entirely opposite. They admit being driven back to within 18 miles of Changsha but add that with the launching of the Chinese counter-drive to the northeast, Pingkiang was captured and the Japanese began retreating towards Tungting Lake. They have already loaded their heavy artillery on the barges from which the landing was made, this Chinese report states. The report adds that a Japanese column which had advanced down the Peiping-Canton Railway is surrounded between Hsiushi and Taungku. The report concludes by stating that the Chinese have retaken all the positions they occupied before the Japanese drive.

While on the surface the Chinese report looks like gross exaggeration, information received from reliable sources in Shanghai gives every indication that this battle is another Taierhchwang. They state that the low marshy rice lands which bound Tungting Lake in the vicinity of Changsha is impassable to motorized units except along roads built up high out of the rice fields.





0975

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

MILITARY OPERATIONS CONT'D:

This information states that the Chinese retreated and allowed the Japanese to advance for a considerable distance from their bases. The Chinese then are reported to have destroyed the roads both before and behind the advancing Japanese columns. With both their advance and retreat cut off the Chinese report of having surrounded the Japanese may not be as exaggerated as would appear on the surface. Needless to say, should the Chinese succeed in surrounding the Japanese divisions, the Japanese losses would be enormous.

SHANTUNG:

The locust plague coupled with the floods have caused Shantung to be turned into a province-wide bandit camp. American missionaries at Tsinan, capital of Shantung, report that banditry is rife even in the suburbs of that city. They also report an ever increasing number of Chinese calling at the mission hospitals throughout Shantung for bullet extractions. From Ichow, largest city in southeast Shantung, foreigners report that because of bandits they are unable to go even a mile outside the city, although this area has been under Japanese control for more than two years. Conditions in the province are growing progressively worse as the Japanese and Chinese authorities throughout all of North China are undertaking no measures to aid the millions of homeless, starving masses except those living along the main railway lines which are still in operation. With the coming of winter, all observers declare that a famine is inevitable but declare that no estimate of the loss of life that will result from this famine can be made. The major towns throughout North China which in the past have been heavily garrisoned are now reported to be held mainly by puppet troops with very few Japanese. This fact greatly complicates the North China situation as the puppet troops are unpredictable and should they revolt against their Japanese leaders even those few towns which are now being used as food distribution centers will be lost.

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

ANTI-AMERICAN:

A drunken Japanese soldier who broke into the residence of the Irish Catholic Fathers at Peiping demanding that girls be supplied him, was responsible for the chief Japanese anti-American act of the week. Father Maloney, the victim of the assault, stated that on hearing shouts outside the Catholic premises he hurried out to find a drunken Japanese soldier beating a Chinese worker. Father Maloney said he then attempted to aid the Chinaman but the drunk, jerking a pipe out of the father's mouth, shoved him aside. The drunken Japanese then entered the priest's residence and proceeded to carry out a search, during which he confiscated an ever-sharp pen and pencil and a tin of tobacco. The Japanese soldier then prepared to leave after insisting on shaking hands and saluting. Previous attempts to make father Maloney bow hatless had failed. The Japanese Gendarmes who had been called by the Chinese priests arrived and took the soldier into custody. The American Embassy is understood to be preparing a protest to the Japanese for this Japanese violation of American rights.

After weeks of search the Japanese spokesman of North China has been unable to find the Provisional Government regulation which states that foreign run schools require Japanese advisors. In spite of the absence of any such regulation the American Catholic Girls School at Kaifeng still remained closed as a result of the Honan Provincial Governments Education Board which demanded the school have a Japanese advisor. The only support the spokesman found ~~was~~ that all schools under foreign management are subjectable to superintendence in order to be in full accord with the policy of education of the new Chinese Government.

SINKIANG:

Early in the week the New York Times reported that the Soviets are massing troops in Sinkiang. No confirmation of this report was available throughout the week. Most military observers in Shanghai concede the full possibility of the presence of a large Soviet force in Sinkiang but fail to see any plausible objective from this area, unless it is designed as a threat to

Oct. 7, 1939  
 Sept. 30

0978

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

SINKIANG CONT'D:

India's northeast frontier. They pointed out that should such a force be intended for use against the Japanese, outer Mongolia would offer a much more convenient route of approach. There is of course the possibility that Russia is merely extending her influence farther into China's west as part of her general expansion policy. The Chungking Government denied any knowledge of Russian troops having entered Sinkiang. At the same time the Chinese foreign office also denied that Russia had demanded the transfer of the Eighth Route Army to Yunnan from North China. The report circulated in Shanghai alleged that Russia had demanded that the Eighth Route Army be transferred to an area from which an attack on British Burma could be launched.

YANGTZE:

Rear-Admiral Kanazawa spiked reports that the Japanese intend to re-open the Yangtze River to general navigation in a statement made public yesterday. The Admiral stated that this was not the time to discuss the re-opening of the Yangtze. His reasons being that there are still large scale military operations going on in the upper reaches of the Yangtze in Hunan Province. The Yangtze Valley, he continued, is in no sense free of danger. Chinese guerrillas and bandits and the danger due to floating mines make opening of the Yangtze to general navigation at this time impossible. The Admiral, however, concluded his statement by announcing that it was still Japan's policy to open the Yangtze as soon as the strategic necessity which caused it's closure ceased to exist.

SZECHUEN:

The construction of the Szechuen-Yunnan Highway is nearing completion and is to be opened in the middle of October, according to a report from Kunming today. The highway links Kunming, capital of Yunnan, with Luchow on the Yangtze in Szechuen by way of Kutsing, Weining, Pichieh and Kiangmen. The highway is reported to be 914 miles long. This highway permits Chinese supplies to

0975


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

SZECHUEN CONT'D:

be taken from Kunming the northern terminus of the Haiphong-Yunnanfu Railway to the Yangtze where they can be transported down the river to Chungking or further east. 100 trucks, comprising the first shipment of the recent order placed in America for 500 trucks, is reported to have arrived at Haiphong and, according to the Chinese Ministry of Communications, will be transported over this new route.

RICE:

The rice situation in Shanghai has improved as the newly harvested rice will shortly be available. The local rice dealers report that the harvesting is in full swing in the various producing areas and that this rice is expected to arrive during the current month, provided the Japanese offer no interference. The harvest this year is said to be even better than that of last year. The Japanese are apparently offering no interference as the local rice dealers report that the rice hongs and dealers in Quinsan have ready in stock more than 100,000 "zars" of newly harvested Kan Mee (superior grade) rice and it is said that negotiations for permission to transport the rice to Shanghai are now progressing satisfactorily.

  
H. N. STENT  
Major, U. S. Marine Corps  
Regimental Intelligence Officer.

-----

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

HNS/am

HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA  
 14 October, 1939.

RESTRICTED:

R-2 REPORT, PERIOD 0800 7 OCTOBER, TO 0800 14 OCTOBER, 1939:

MILITARY OPERATIONS:

Claims and counter-claims as to who won the recent battle in the Changsha area have been current all week. The Chinese claim a clear cut victory with some 30,000 Japanese casualties and the complete reoccupation of the territory lost in the last Japanese drive. The Japanese admit that they have returned to the bases from which the attack was launched and that the Chinese have reoccupied the territory. The Japanese, however, claim it was never their intention to capture Changsha, their intentions being merely to destroy the Chinese defenses and inflict heavy casualties on Chinese soldiers. This mission they claim to have fulfilled and state that the Chinese losses in the battle numbered some 60,000 men.

As far as can be determined from the reports of neutral military observers, the claims of both sides are gross exaggerations. These neutral reports claim that parts of four Japanese divisions (9th, 12th, 33rd and 106th) numbering between 60,000 and 70,000 men participated in the Changsha drive. While the 9th and 12th divisions were making a direct assault on Changsha the 33rd division from Tungcheng attempted to join the 106th division from Kaoan at Tungku. The Chinese attacked the 33rd division at Taoshukang to prevent the junction of the two Japanese divisions. The 33rd division then turned northward and was later joined by the 106th division at Shushui. Cut off from their expected reinforcements the over-extended 9th and 12th divisions were immediately counter-attacked on the left flank by the Chinese. During the entire operation the Japanese admit having 1,500 killed. However, foreign military observers here place the number at approximately 10,000 Japanese casualties, including killed and wounded. The Japanese claim that they were

DECLASSIFIED: E.O. 11652, 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 -

MILITARY OPERATIONS CONT'D:

not interested in capturing Changsha, as it had no strategic value, is unconvincing. Changsha, despite Chinese deprecations, is undoubtedly the most important communication center in the province. The railways to Kwangtung and Kweichow and the highway to the interior join at this city. The Japanese are now back in their original positions (see map) and the Chinese have reoccupied the surrendered territory. While this battle is called by the Chinese, "one of the greatest battles in Chinese history," the greatest significance attached to this battle was in the political field. Previous to the unexpected Chinese stand, many local Chinese leaders were leaning heavily towards a Japanese dominated Wang Ching Wei government. Now there seems to be a renewal of faith in the Chungking Government sweeping over the occupied area, making the Japanese chances of setting up a Central Government most unfavorable.

TIENTSIN:

The water in Tientsin has largely subsided, although in some low places such as the race course water to a depth of 4 feet is still reported. The greatest problem facing the city is cleaning up the debris left in the flood's wake. The foundations of lower class dwellings contain all sorts of decayed matter including dead rodents. Unless promptly cleaned up the chances of avoiding an epidemic are slight. The crops in the Tientsin area are a total loss. The Japanese are importing food from unaffected areas to feed the destitute refugees. The Japanese who for months have maintained barricades around the concession will not let the Chinese refugees leave. The Japanese seem to feel that it is better to feed the refugees in the concentrated area than to release large numbers of destitute peasants, who would immediately revert to banditry, on the open countryside. With the coming of the flood many observers believed that the Japanese would lift the barriers and restrictions placed upon the city at the commencement of the Anti-British campaign. The Japanese, however, have found taxing produce, around \$600 for each truck load of produce entering the concession, far

DECLASSIFIED: E.O. 11652, 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 -

TIENTSIN CONT'D:

too profitable to be abandoned. The Anti-American campaign that American residents were expecting following the termination of the 1911 Trade Treaty never materialized. American residents of Tientsin declare the Japanese to be "leaning over backwards to please Americans."

HONGKONG:

The recent Japanese military drives in the Macao district of South China has resulted in a new flood of refugees to Hongkong. Reports from Hongkong state that some 2,000 refugees a day are seeking admittance to the British Colony.

With the influx of refugees and the cutting off of the Chungshan district as a source of fresh vegetables, fears of an acute food shortage are mounting in Hongkong. Where previously the entire vegetable supply came from the Chungshan area, since the fall of Canton ships from Macao lately brought only small quantities of fresh fish and no vegetables. Unconfirmed reports from Macao state that the authorities there have prohibited the exportation of fresh vegetables for the time being.

WANG CHING WEI:

The reports that have been current for some time to the effect that Wang Ching Wei after having completely gained the confidence of the Japanese and the support of the heads of the Peiping and Nanking regime, would inaugurate a "Central Government" have with the Chinese victory at Changsha been postponed until sometime in November. Despite the Japanese claims to the contrary there are abundant indications, that the new Government will never materialize. The greatest obstacle to the formation of a Central Government is the hatred of the North China politicians of Wang Ching Wei, whom they look upon as a Cantonese rebel. Even before the 1937 hostilities North China was only incorporated under the Koumintang by military force. Chiang Kai-shek after

DECLASSIFIED: E.O. 11652, 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 -

WANG CHING WEI CONT'D:

annihilating the North China forces under Marshall Wu Pei-fu kept North China under the domination of Nanking only by the threat of military force. It is not unnatural under these conditions that North China would resist being placed under Wang Ching Wei. The previous conferences between Wang Ching Wei and the North China leader, Wang Keh Min, have been total failures. In deference to Japanese wishes for North China support to the proposed Central Government Wang Keh Min offered "moral support" to Wang Ching Wei. This is interpreted by local Chinese as active resistance to the formation of any such government. Now the Japanese have announced that another meeting will be held shortly between the two leaders. It has been said that the forthcoming meeting will be for the purpose of reaching an agreement of a proposed division of China into two governments, the North China Government and the Central Government, with the Yellow River as the boundary between the two authorities. Should this plan be accepted it will mean in effect that the present status is to be maintained with Wang Ching Wei merely replacing Liang Hung Chih, the present Reformed Government leader at Nanking. This will be, as is the present Government, a local Japanese-controlled regime, operating on the basis of equality and rivalry with the Provisional Government of North China.

GUERRILLAS:

Confirmation was received here yesterday on the reported wrecking of a Japanese train on the Hangchow-Shanghai Railway. The guerrillas, part of the Chinese 45th Brigade operating in the Ya Sheh-Changan area mined the railway about 2 miles east of Changan. When the train which was carrying important Japanese and Pro-Japanese Chinese officials passed over the mine the explosion threw the train off the tracks, destroying the locomotive and the three coaches. More than 50 passengers including about



DECLASSIFIED: E.O. 11652, 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 -

GUERRILLAS CONT'D:

30 Japanese and Puppet officials were either killed or injured. At this juncture there was an encounter between the Chinese guerrillas and the ambushed Japanese Railway Guards. The former left the scene after about 30 minutes of fighting. The wounded were removed for treatment to a hospital at Sis-Chiao near Changan. Communication was restored three hours later after the tracks had been repaired.

YUNNAN-HANOI RAILWAY:

The Chinese Government's main source of supply was disrupted this week when a passenger train was wrecked between Mong-Tseu and Kaiyuen on the Yunnanfu-Hanoi Railway. The wreck is reported to have been caused by the heavy floods which have done considerable damage to the rail embankments. The train, which in addition to passengers was carrying 300 drums of gasoline, burst into flames. The wreck, combined with the subsequent fire, killed more than 100 people. The flood that was responsible for the wreck is reported to have washed away 25 sections of track and caused the collapse of two tunnels. Railway employees declared that rail communication between Hanoi and Yunnan could not be established in less than a month. This means that the Chinese will be completely cut off from the war supplies which have been piling up at Hanoi.

NANCHANG:

Reports, unconfirmed as yet, of serious unrest in the Japanese Army stationed at Nanchang have been received by this office. This unrest is reported to be caused by the anti-war feeling and discouragement that is alleged to be running through the Japanese ranks. As a result of this anti-war movement among the Japanese, military authorities at Nanchang are reported to have tried and executed ten soldiers at the Nanchang aerodrome last week for disaffection.

DECLASSIFIED: E.O. 11652, 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 -

ECONOMIC:

The Asia Development Board has announced that on October 25th the newly organized Shanghai Cotton Exchange will begin to function. The exchange is to be capitalized at Y100,000,000, to be subscribed to equally by both Japanese and Chinese capital. The proposed exchange will have a monopoly on all cotton and cotton products in Central China. The chief difficulty facing the new exchange will be to supply raw cotton to the Central China mills. Previous to the outbreak of the European War most of the raw cotton was imported from India, but since England has declared war most of the Indian cotton has been sent to Europe. The cotton from the Chinese cotton producing belt is almost impossible to get due to lack of transportation facilities.

*H. N. Stent*

H. N. STENT  
Major, U. S. Marine Corps  
Regimental Intelligence Officer.

-----

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

HNS/am

HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA.

RESTRICTED:

21 October, 1939.

R-2 REPORT, PERIOD 0800 14 OCTOBER, to 0800 21 OCTOBER, 1939:

MILITARY OPERATIONS:

The newly acquired strength of the communist element of the Chinese Army, being heavily reinforced lately by Soviet Russia, has been evidenced during the week by the offensive operations of the communists in Shansi. The Japanese forces based at Luan were attacked along the Changtze-Kapong Highway simultaneously from the west and the east. Reports which claim the now modernly equipped Red forces inflicted heavy casualties upon the Japanese, have not as yet been confirmed. The Chinese communists are reported to have been conducting offensive operations in Shansi for the last ten days. These reports state the Red forces are based at Hokwan, Tungyangkwan and Fenyang.

Reports have been received here during the past week of the massing of Chinese troops and supplies in the Wuhan-Changsha-Nanchang area. These reports state that the Ninth War District has received heavy reinforcements from Kwangsi and Yunnan. The Ninth War District (Hunan and Kiangsi) now has the heaviest concentration of Chinese troops south of the Yangtze. The new troops are at present engaged in rebuilding the defense lines stretching loosely from Tungting Lake to Poyang Lake. The divisions starting from Tungting Lake and going eastward are according to the best information available the 195th, 2nd, 25th, 140th, 60, with the 57th and 58th to the rear in reserve. The Kwangsi troops consist of the 179th, 170th and the new 19th Division. The 19th Division has a mechanized regiment with Russian and English made tanks and with Russian mechanics, technicians and advisers. Until the fall of Wuhan these three divisions were north of the Yangtze, returning to Kwangsi at the time of the attack on Canton.

DECLASSIFIED: E.O. 11652, 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 -

MILITARY OPERATIONS CONT'D:

While Chinese sources of information claim this massing of troops is in preparation for the expected renewed efforts of the Japanese to take Changsha, the Japanese in Hankow are reported to be expecting a large scale Chinese counter-attack. Some observers state that with the cooperation of the Kwangsi troops combined with the newly equipped communist troops, the Japanese position in the Hankow area is very precarious. The Japanese military in Central China have not received the expected reinforcements from Manchukuo that ~~were~~ to have been sent them as a result of the Japanese-Russian border agreement. The Soviets instead of reducing their Mongolian Forces, are reported to be hastening their reinforcement. This necessitates the Japanese keeping their Manchurian Army immobile.

POLITICAL:

Despite the Japanese declared policy of successfully terminating the "China Incident" their position appears hopeless. With the unexpected Chinese stand at Changsha the Yang Ching Wei bubble burst, and the Japanese have been casting about all week for some acceptable alternative. The greatest obstacle to reaching any solution of the present hostilities is the growing influence of the Chinese Communists. Russian aid to the Chinese has been increasing rapidly since the settlement of the Japanese-Russian Border Dispute. The Russians are reliably reported to be supplementing their former financial aid with large shipments of war materials. The Russian aid is not as benevolent as would appear on the surface, as these shipments are coming over the old "Silk Route" to the Chinese Communists at Sian, Lanchow and Yen-an and not to Chungking. This accounts for the growing influence of the Chinese Communistic leaders over the Koumintang. Another unfavorable factor for immediate peace is the Kwangsi and Yunnan leaders under General Chang Fah Kwei who are equally determined that nothing short of complete evacuation of all Japanese forces from China, including

DECLASSIFIED: E.O. 11652, 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 -

POLITICAL CONT'D:

Shantung, will permit peace talks to be held. To back this decision General Chang Fah Kwei is sending heavy reinforcements into the Wuhan, Changsha and Nanchang area for the large scale counter-attack that is believed imminent. These factors make it impossible for the Chungking Government to meet the Japanese offer of conciliation.

On the other hand the Japanese are not united in the course of action to pursue. General Toshizo Nishio, the newly appointed Commander in Chief of the Japanese forces in China, has issued a statement in conjunction with General Shunroku Hata, War Minister, that all efforts of the Japanese forces will be directed towards the formation of a Central Government with Wang Ching Wei at the head. Apparently General Nishio has not been in office long enough to extend his influence over the North China faction of the Japanese Army, for General Kita, Doihara's successor, is reported to be renewing his efforts to persuade Marshall Wu Pei Fu to emerge from retirement and assume command of the new proposed North China (Puppet) Army. They believe that should they secure the services of the retired Marshall it would cause serious disaffection among the Szechuan Generals who were formerly his subordinates. Neutral observers believe that General Chiang Kai Shek's recent assumption of the Governorship of Szechuan was designed to forestall just such disaffection. To meet the Chinese demand that all Japanese troops be withdrawn from the occupied area would produce the most violent reaction in Japan and would completely negate the sacrifices made during the past two years. Taking into consideration all these divergent aims and viewpoints, no common meeting ground seems to exist, and conciliation appears as far away as ever.

- 4 -

ECONOMIC:

In an attempt to bolster up the tottering economic structure of Japan, the Japanese have set up a permanent "Japan-Manchukuo-China" economic council at Tokyo. This council will meet at irregular intervals to map out industrial expansion and commodity mobilization measures in the three countries. Special committees will be formed to deal with problems concerning coal, iron, raw cotton, cereals and foodstuffs. It is understood that this council was set up to iron out the difficulties arising from the jealousy between the North and Central China Development Boards.

JAPAN:

The Japanese Government by Imperial Ordinances published on the 18th of October invoked Articles VI, VIII, XI and XX of the National Mobilization Act. These Acts were invoked in an attempt to conserve essential raw materials and fix the prices of commodities. Coal, electricity and foodstuffs are the principal commodities affected. Under the Mobilization Act the Government is empowered to cut off, if necessary, the supply of electric power to certain enterprises, in order to conserve electric supplies. Prices on foodstuffs, under the new regulations must remain as they were on September 18th, while rentals will be reduced to the level of those on August 4th, 1938. The regulations also forbid increase in salaries or wages. Raw silk, livestock, fish, vegetables and fruits were exempt from price regulations. The invocation of the new regulations was necessitated by the collapse of the Manchurian economy at the out-break of the European war and the near exhaustion of the Japanese foreign exchange fund.

KULANGSU:

The five months old controversy, which at one time was believed to be a test case on the status of all International Settlements, was brought to a close on the 18th by the agreement between the Japanese and the Kulangsu settlement administration.

DECLASSIFIED: E.O. 11652, 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 -

KULANGSU CONT'D:

The controversy had its origin in a gun battle last May, in which Mr. Hung Li-Hsun, Chairman of the Amoy Chamber of Commerce (Puppet), was wounded and a Japanese officer killed in the International Settlement. The Japanese landed large numbers of bluejackets to carry out searches throughout the International Settlement. Within four days the bulk of the Japanese forces were withdrawn, the Japanese leaving only a Consulate Guard. America, Britain and France each landed an equal number of sailors from their ships in port. In retaliation the Japanese imposed severe restrictions upon junk traffic from the Japanese-controlled port of Amoy. Since the bulk of Kulangsu's food came from this port prices advanced as much as two hundred percent. Following the commencement of hostilities in Europe the French and British forces were withdrawn, leaving the American and Japanese forces. These latter forces were withdrawn as part of the recent amicable agreement. Other terms of the agreement provide for the appointment of a Japanese Police Inspector and a Japanese Police Sergeant and the employment of Formosan Constables when financial conditions permit. The Japanese demand that the Japanese subjects of Formosan extraction be enfranchised was postponed. The amicable settlement of this thorny problem is considered by local observers as a prelude to the eventual solution of the problems in Shanghai, Tientsin and other foreign settlements in China.

*H. N. Stent*  
 H. N. STENT

Major, U. S. Marine Corps  
 Regimental Intelligence Officer.

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

- 2 -

MILITARY OPERATIONS CONT'D:

General Ma Hung-Lin in Ninghsia has 100,000 Mohammedan troops and General Ma Pu-Fang has an army of undetermined strength in Shensi. These troops are of a strictly provincial nature and have not aided in the national resistance to Japan. It is possible, that with Russian aid, the Chinese Communist Army is expecting to operate against these provincial troops in an endeavor to establish a single Government in these areas.

HANKOW:

In the last month the airfield at Hankow has suffered one serious explosion, caused by a bomb-loaded plane cracking up on the take-off, and two Chinese air raids. The first authentic information concerning the crack up and the first Chinese air raid reached Shanghai this week.

The witness, an American employed by the Standard Oil, witnessed both of these events from his home approximately 1,500 yards from the airfield. The crack up according to this witness was followed by progressive explosions for about a half hour after the crash. He stated that some of the explosions were caused by gasoline stores being set off, but the majority of the explosions sounded like ammunition. The hospitals in Hankow were filled to capacity after the crash. It was conservatively estimated that those killed outright numbered some 100 people while the wounded was placed at approximately 400.

The first bombing which occurred at about 1330 came as a complete surprise. The planes approached the airfield at a very high altitude and could only be seen as the sun flashed on the planes. No one seemed to pay any attention to the planes as they circled the field, apparently everyone thought them to be returning Japanese Planes. The witness states that he was working in his garden and paid no further heed to the planes until hearing the first explosion. The planes were flying from south



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

HNS/am

HEADQUARTERS, FOURTH MARINES

SHANGHAI, CHINA.

28 October, 1939.

RESTRICTED:

R-2 REPORT, PERIOD 0800 21 OCTOBER, TO 0800 28 OCTOBER, 1939:

MILITARY OPERATIONS:

While the situation in the Changsha area remains unchanged from that reported last week, Japanese forces based at Taiyuan are trying to eradicate the growing strength of the Chinese in Southwestern Shansi. Chinese guerrillas and regulars, estimated to be 50,000, are now fighting the Japanese in the mountains near Puhsien. In their punitive campaigns against these Chinese forces, the Japanese claim to have captured Swangohihshen, Shihkowchen and Juchengchen. The Japanese claim that their objective for the coming week would be Kihshien, former headquarters of General Yen Hsi-Shan's Army.

Operations against the Chinese in the guerrilla infested hills in Northeastern Hunan were attempted by the Japanese during the first part of the week. The largest of these operations was conducted between Houshangang and the Sintsiang River.

The Chinese Eighth Route Army, ex-Communist, has been reported withdrawing from Shansi into Shensi their base province. The Eighth Route Army has been having brilliant success in their guerrilla campaign and has been considered by many observers as the backbone of the guerrilla resistance in the northwest. The reason for their withdrawal has not been ascertained since their support from Soviet Russia has been increasing rapidly since the Japanese-Russian truce at Nomonhan. The only apparent reason for such a withdrawal is to put pressure on Chungking to accept their recent demands for a wider field of influence. There is a possibility that the new districts which the communist have requested from Chungking, which includes northwestern Shensi, Kansu, Ninghsia and Sinkiang are hostile to the proposed change.

DECLASSIFIED: E.O. 11652, 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 -

HANKOW CONT'D:

to north across the field with the wind blowing from the south. The Chinese (or Russian) pilots apparently misjudged the strength of the wind for the first bombs were not released quite soon enough. Some of the bombs fell beyond the limits of the field, thus accounting for the number of Chinese that were reported killed. Many of the pursuit ships that were housed in these hangars were out on the field at the time. They escaped destruction due to the wind blowing the fire away from them.

Three direct hits were registered on the hangars which immediately caught fire and, together with their contents, were a complete loss.

Authentic information as regards the second bombing of Hankow that took place recently is not as yet available. Reports, however, state that the Japanese officer commanding the airfield has been courtmartialed following the second raid. What charges were brought against him or what the finding of the court was has not been determined.

A report from Chungking yesterday stated that the Japanese planes raiding the Chinese capital and Chengtu the capital of Szechwan were based in Shansi. This indicates that the Japanese have found their air base at Hankow untenable with the growing strength of the Chinese airforce.

WANG CHING WEI:

No observable progress has been made towards setting up the proposed Central Government with Wang Ching Wei at its head. The Japanese continue to have difficulty in finding Chinese with the necessary qualifications and standing to serve with such a Government. The Japanese have been unable to provide an adequate staff for Wang Ching Wei and adequate talent does not seem to be among his followers. The recent meeting of Wang Ching Wei with the heads of the Provisional and Reformed Governments at Nanking seems to have been a complete wash-out. The Japanese as far as can be determined are about to withdraw their support

DECLASSIFIED: E.O. 11652, 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 -

WANG CHING WEI CONT'D:

from Wang Ching Wei. Most local Japanese leaders seem to feel that after the "Massacre" at the beginning of the week in the Western District, which both they and the foreign press blamed on Wang Ching Wei, what little political value Wang had was destroyed. The Japanese are now reported to be casting about for a means of getting rid of him without too great a loss of face.

An interesting item has come to light in connection with the proposed Wang Ching Wei Government. The name of Mr. Alfred Sze Sao Ke, former Chinese Minister to the U.S.A., has of late been linked with the Puppet Government quite often. A check on Mr. Sze shows that he was elected a member of the Central Executive Committee at the recent 6th Koumintang Congress (Puppet), held recently at 76 Jessfield Road Shanghai. Furthermore the Japanese are trying to persuade him to accept the position of Foreign Minister to the new Central Government.

POLITICAL:

The Central Political Bureau of the Chinese Communist Party recently met at Yen-an, and discussed definite demands to be presented to the Chungking Government. These demands are reported to consist of the institution of a joint Communist-Koumintang program for thorough resistance, and the expansion of the special administrative zone along the frontier districts, now accorded to the communist, including Shensi, Kansu and Ninghsia. In view of the rapidly increasing strength of the Chinese Communist as reported last week, Chungking will most likely accede to their demands.

Japanese sources report that secret instructions have been issued to the Chinese Communist party by the Far Eastern branch of the Comintern to launch an anti-British campaign with the view of expediting the "Bolshevisation" of China. There is a strong

- 5 -

POLITICAL CONT'D:

possibility of such an anti-British campaign materializing in the near future. The Chungking Government has a strong distrust for the British and reports have reached this office during the week of British manouvering to settle their difficulties with Japan at the expense of China. One of these reports is on the conference held this week between representatives of Jardine & Matheson and Butterfield & Swire and some high Japanese military officials including General Kusumoto Deputy Chief of the Asia Development Board in Central China. General Kusumoto's Chief of Staff stated that during the conference the representatives told the Japanese that they had authority from their London Government to make terms with the Japanese on shipping. They stated that if the Japanese would guarantee against further anti-British activity in Shanghai and vicinity and if British shipping could have access to all ports in China the British would in return withdraw their support from Chungking. The Chief of Staff stated that this was the first step towards a close relation between the Japanese and the British.

SHANGHAI:

The Japanese have completed the construction of a new bridge over Soochow Creek, the southern end of which connects with Jessfield Road in the "Loop" (At 30.2-46.7 Plan of Shanghai, 1935, sheet 1.) in the Italian Sector. This bridge was built almost on the sight of an old bridge (shown on the map) which was destroyed some time ago.

The new bridge is built of very heavy timber, is designed for loads in excess of thirty-eight (38) tons and is wide enough for two lanes of traffic. Its position on the Jessfield Loop makes it ideal, since north and south bound traffic may travel on one way routes around the loop.

It also gives the Japanese free access to the Italian Sector from the areas north of Soochow Creek without passing through any part of the Settlement proper or any of the sectors of the other defense forces.

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

- 6 -

SHANGHAI CONT'D:

That this bridge was not constructed to relieve ordinary traffic congestion in the Jessfield-Brenan Piece area is evidenced by the fact that the bridge is not open to traffic but is closed at the southern end by gates and barbed wire and closely guarded by the Japanese Army.

Another feature worthy of note in connection with this bridge is that in spite of its military significance neither the Italian forces nor the S.M.P. ever made known to the British forces or ourselves the fact that this bridge was being constructed.

*H. N. Stent*  
H. N. STENT  
Major, U. S. Marine Corps  
Regimental Intelligence Officer.

-----

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

AMERICAN CONSULATE GENERAL

NOV 6 - 1939

HNS/am

HEADQUARTERS, FOURTH MARINES  
 SHANGHAI, CHINA  
 4 November, 1939.

RESTRICTED:

SHANGHAI, CHINA

R-2 REPORT, PERIOD 0800 28 OCTOBER, TO 0800 4 NOVEMBER, 1939:

WANG CHING WEI:

The formation of the new Central Government for China is one of the most acute problems in Asia at the present time. Competent local observers are almost equally divided in their opinions as to the future Japanese policy in regards to this proposed Government. Especially as to whether or not the new Government is to be headed by Wang Ching Wei.

One group contends that the Japanese Army is so deeply committed to a Wang Ching Wei Government that it would be impossible for them to back down without too great a loss of face. Furthermore, the Japanese people have been fed so much propaganda with the theme, that with the formation of a new Government under Wang Ching Wei the China incident would be brought to a successful conclusion, that it is politically impossible for the Japanese to abandon Wang now, especially in the absence of any Japanese military gains in almost a year. Considerable weight is lent this version as the Japanese have announced that a two day conference will be held in Tsingtao starting November 8th. This conference, the Japanese explain, is to "merge" the Provisional Government of North China, the Reformed Government of Central China and the "Orthodox" Kuomintang (Wang Ching Wei). Japanese sources further state that the new Government will be established at Nanking before Christmas and the Japanese will recognize the Puppet Regime during the first days of the new year. It is the opinion of this first group that before Japan enters into the highly publicized conferences with the United States and Great Britain she will endeavor to have a new Central Government of China established. This they believe would give the Japanese an excellent bargaining point inasmuch as she

1998

DECLASSIFIED: E.O. 11652, 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 -

WANG CHING WEI CONT'D:

could claim that since the new Government was established and had been recognized by Japan, to abandon it would be tantamount to sacrificing her national honor. The new Government would also give her an excellent excuse for maintaining her troops in China, for should she withdraw them the new Government would be promptly liquidated.

The other observers point out that the Japanese authorities have expressed intense dissatisfaction over the reckless conduct of the various Wang Ching Wei controlled organizations. They claim that the Japanese military authorities are taking a very serious view of the situation that has arisen out of the shooting affairs which recently took place in the Western Area of Shanghai. According to their version, the Japanese Army is taking the view that the shootings were purely terroristic outbursts of the Wang Ching Wei clique, perpetrated without the knowledge of the Japanese military authorities. This insubordinate action on the part of Wang Ching Wei, combined with his political history of treachery and double dealing, and his almost total lack of support by the Chinese people have discouraged the Japanese in their attempt to place him at the head of the new Government. They believe the Japanese will postpone the establishment of the new Government until such time as they can persuade a capable Chinese leader who has better standing among the Chinese and who is more amenable to the Japanese version of the "New Order in Asia." In support of their point of view they point out that the Japanese have removed Wang from the occupied area and set him up in the French Concession. This they claim is but the first step. The next will be sending Wang Ching Wei abroad to remove him indefinitely from the political horizon.

- 3 -

WANG CHING WEI:

In the last week's report, the possibility of Dr. Alfred Sze becoming a substitute for Wang Ching Wei was discussed. It now appears that in view of Mr. Sze's age and his complete severance from all politics, there is very little possibility of his being persuaded or coerced into becoming the Chinese leader of the Puppet regime.

It is not unlikely that a statement to this effect by Mr. Sze may appear shortly in the press.

SHANGHAI:

(a) Pistols.

As a result of the uncertain conditions prevailing in the Western District, the gambling dens and opium hong's have been suffering from a general business depression, and have therefore adopted a policy of retrenchment. Their guards are now required to furnish their own pistols and ammunition. The depression that has hit the illegal business of the Western District has caused a sharp decrease in the Ta Tao revenue in the form of taxes. This has caused the puppet officials to announce that anyone joining one of the Wang Ching Wei "forces" will furnish his own armament. The combination of these two demands for hand weapons has put a premium on pistols. The night club owners in the Western District are offering \$250.00 for a Colt .45 automatic and \$100.00 for other types, with no questions asked. Ammunition also finds a ready market in this area. With this in view, extra care should be taken to safeguard all hand guns, both Government and private property.

(b) Increase in Crime in the American Sector:

With the unsettled conditions prevailing in the Western District crime in the American Sector has increased enormously in the past month. Below is a table of the major crimes committed in the American Sector from 15 October to 3 November,



- 4 -

Increase in Crime in the American Sector cont'd:

followed by the number of crimes committed in the same area  
from 15 September to 3 October.

Murder- - - - -	5	2
Attempted Murder- - - - -	2	1
Armed Robbery - - - - -	12	9
Robbery- - - - -	1	0
Armed Highway Robbery - - - - -	8	1
Highway Robbery - - - - -	3	3
Attempted Armed Robbery - - - - -	<u>1</u>	<u>0</u>
Total - - - - -	32	16

This crime increase is contributed to two factors. One, the existence of the "Bad Lands" from which lawless factions base their raids on the Settlement. This was amply demonstrated by the \$100,000.00 robbery and murder in the American Sector on 1 November. The car used in this crime was later found in the Western District out of the jurisdiction of the Municipal Police. Cooperation between the Municipal Police and the Japanese controlled Ta Tao Police is non-existent. Recently Major Bourne, head of the Municipal Police, asked for the cooperation of the Japanese Gendarmerie in suppressing lawless elements in the Western District. Major General Miura, commander of the Japanese Gendarmerie, replied in part: "The ideology of respect for self-government manifesting itself among the Chinese populace has caused such changes in the ramified political situation of the Western District that the mere application of suppressive measures would not contribute to any appreciable extent towards the prevention of those deplorable incidents that have recently transpired."

- 5 -

Increase in Crime in the American Sector cont'd:

The other factor in the crime increase is the low morale of the Foreign and Chinese Municipal Police. Especially the Chinese, who in the past have had implicit faith in the foreign administration, are beginning to waiver in their allegiance to the Municipal Authorities who they see daily being forced to back down before Japanese pressure.

(c) San Kwan Kong Bridge:

The San Kwan Kong Bridge which spans Soochow Creek at Jessfield Village (30.2-46.7 plan of Shanghai,) which was reported on last week was opened for traffic on 31 October. The north end of the bridge is guarded by a Japanese soldier and the south end by three policemen from the Western District Police Bureau. The bridge is open daily between 6 a.m. and 8 a.m. and 6 p.m. and 8 p.m. However the transportation of goods across the bridge without special passes from the Japanese Military Authorities is forbidden. This bridge replaces the ferry service which went into operation after the Chinese troops had burned the old bridge prior to withdrawing from Shanghai in 1937. The ferry was notorious for the quantities of opium brought over on it from the north side of the creek for sale by the many opium hongs in the "Badlands." The ferry was also used extensively by the Japanese to transport puppet troops and police from one district to another.

(d) Abduction:

On 1 November it was reported by the Municipal Police that four Japanese men had abducted a Chinese man from an American Sector street at 1100 a.m. The car used in the abduction (a dark blue Packard Sedan, license #8647) was traced by Municipal Detectives to the Japanese Headquarters at 92 Jessfield Road, in the Western District and was found to belong to K. Kitaoka, a Japanese who is a Reformed City Government advisor in the Ta Tao District. When questioned regarding the use of his car during the abduction the owner professed ignorance and the Japanese Police offered no assistance. This office has as yet been unable

DECLASSIFIED: E.O. 11652, 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 -

Abduction cont'd:

to ascertain why this Chinese man was abducted by the Japanese and what disposition was made of him.

(e) Chinese Refugees in Settlement:

It is estimated that there are a total of 42,309 refugees in the Settlement. This figure represents a decrease of 1,323 since the first of last month. Statistics of refugees classified according to three headings, namely,

- (1) Living in Refugee Camps - - - - - 37,792
- (2) Living in Alleyways and open spaces - - - 4,020
- (3) Living in Emergency hospitals - - - - - 497

As compared with statistics made on 4 October, 1939, the number of refugees housed in camps show a decrease from 39,073 to 37,792. The number of refugees living in alleyways and open spaces shows an increase from 3,978 to 4,020 while the number of refugee patients has decreased from 581 to 497.

HANGCHOW:

Severe fighting between the Japanese and Chinese regulars, reinforced by guerrilla forces was reported during the week by an American missionary who witnessed the attack. This informant claims that on 14 October a picked force of Chinese guerrillas and regulars believed to have numbered between two and three thousand men attacked the walled section of Hangchow. The attackers were apparently assisted by plain clothes men in the city for they experienced no difficulty in effecting their entrance. The objective of the Chinese appeared to be buildings used by the Japanese military and the local puppet administration. Four or five buildings of this character located in the northern section of the city were attacked and set on fire. Other buildings of a similar nature were fired in other sections of the city. Apparently the utilities were unharmed as the informant reports these services continued uninterrupted. There was street

DECLASSIFIED: E.O. 11652, 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 -

HANGCHOW CONT'D:

fighting in two sections of the city for several hours, with the casualties being fairly heavy on both sides. At dawn the Chinese withdrew but for the next several days remained in the immediate vicinity. Informed Chinese sources at Hangchow are said to claim that between forty and fifty thousand guerrilla and regular troops are stationed in the vicinity of Hangchow. Further attacks on the city are expected in the near future as the result of the last successful raid.

KOMONHAN AREA:

The Japanese report that a peaceful atmosphere prevails along the 5,000 kilometer frontiers between Manchukuo, Russia and Outer Mongolia in spite of the fact that a large number of Soviet troops are still stationed in Outer Mongolia. Some of the Soviet troops are reported to be withdrawing as a result of the truce.

The report states that part of the Soviet Air Force which participated in the battles near Komonhan have been sent to Sian, the capital of Shensi, and to Yenan, Chungking, Ichang and other places, as demonstrated by the raids on Hankow by Soviet bombers.

A warning against undue optimism regarding future border questions between Japan and the Soviet Union was contained in the report, and the fact that 531 frontier incidents had occurred between Manchukuo, the Soviet Union and Outer Mongolia in the past three years was recalled.

AVIATION-JAPANESE:

The Japanese claim to have carried out successful aerial operations during the past week at points located in the provinces of Chekiang, Fukien, Anhwei, Honan, Shensi, Kansu and on Hainan Island.

The raids over Anhwei, Chekiang and Fukien were made by Navy aircraft and were conducted for several days in succession. Reported as being bombed were military establishments, godowns, wharves and junks. It is admitted that fierce Chinese anti-aircraft fire was encountered but all the planes were reported to have returned safely to their bases.

Oct. 28 + Nov. 4, 1939

100

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

- 8 -

AVIATION-JAPANESE CONT'D:

In Northwest China Army planes busied themselves launching raids over Nancheng, which is in Southern Shensi, Paoki, which is located in Western Shensi, Pingliang, important base in Eastern Kansu, Loyang, in Northwestern Honan, and Sian, in Shensi. During these air operations Chinese airdromes, factories, railroad stations and military establishments were bombed. A further claim is that the residents in Shensi and Kansu were reported to have been stricken with panic when the planes began dropping bombs.

TIENTSIN:

The chamber of commerce at Tientsin after enumerating the many indignities, inconveniences and cases of trade interference to which the business men of North China have had to contend, requested the State Department to refuse to renew the Commercial Pact with Japan. The principal grievances of the Tientsin business men are; the Japanese refusal to grant sufficient barrier passes to non-Americans employed by American firms to permit normal business intercourse; the multiple rules and regulations including the application for passes for American owned merchandise to pass the barriers; and the long delay experienced by Americans in getting their goods through the barriers. American business men at Tientsin report that the barrier restrictions have degenerated into a racket, whereby the Japanese controlled Chinese Police offer to let American merchandise pass the barriers with less difficulty and delay in consideration of certain sums for each passage.

American citizens in Tientsin are complaining of being forced, regardless of their American passports, to enter examination sheds at the barriers where they frequently encounter Chinese in various stages of deshabille. Their personal baggage is also given minute inspection on passing the barriers.

1005

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

- 9 -

TIENTSIN CONT'D:


The Americans of North China feel that unless full satisfaction is obtained from the Japanese Government in regards to the rights of American citizens and the gradual strangulation of American business ceases, no negotiations to conclude a Commercial Treaty with Japan should be entered into.

MILITARY OPERATIONS:

The Chinese Government reports large scale operations have been commenced by the Japanese forces on the north bank of the Yangtze. The Japanese are driving in two columns; one column with Sinyang in Southern Honan as its objective; the other column is reported moving along the Han River from Chienchiang. The Chinese claim that following the recent Japanese defeat in Northern Hunan, the Japanese have been concentrating their forces on the north bank of the Yangtze in the area between Sinyang and Chienchiang.

Chinese military leaders at Chungking expressed their belief that the Japanese will launch attacks on all fronts with the main effort directed against Changsha.

Other scattered operations were reported during the week. One such operation being the Japanese attack on Sientaocheng, a small village on the Han River. In Hupeh, the Chinese report the Japanese captured Siaotiehshan on 28 October. The Chinese claim they immediately counter-attacked and that heavy fighting is now in progress in this area.

  
H. N. STENT  
Major, U. S. Marine Corps  
Regimental Intelligence Officer.

-----

100

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

HHS/am HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA  
RESTRICTED: 11 November, 1939.

R-2 REPORT, PERIOD 0800 4 NOVEMBER, TO 0800 11 NOVEMBER, 1939:

CHANGSHA CAMPAIGN:

Reports from American observers in the Changsha area, were received here this week. This information verifies the reverses the Japanese are reported to have sustained in their recent military adventure. These detailed accounts give a much clearer picture of what really transpired during the engagement than has hitherto been available. Brushing aside the ridiculous Japanese assertion that the recent engagement was merely "reconnoitering in force", the simple facts are that the Japanese planned and prepared to capture Changsha and failed. This failure to take an objective after careful preparation is the first such drubbing the Japanese Army has experienced. This engagement in which the Japanese were both out-generaled and out-manouvered is worthy of the closest scrutiny.

Examining the many factors of this campaign it appears that fatal errors committed by the Japanese were even more responsible for their reverses than was the excellent manou-  
vering on the part of the Chinese. The two most outstanding of these fatal errors are: The apparent breakdown of the highly developed Japanese Intelligence Service and the absence of discipline among the Japanese troops. The impotency of the Intelligence Service is the most surprising and least understandable of all the factors. This service of information, that has been so comprehensive that time and again the Japanese were able to drive unsupported columns across hostile country to take an objective, seems to have been unable to furnish even the most elementary information concerning the principle factors facing the Japanese in conducting their operation. This lack of information is evidenced by the Japanese proceeding down Tung Ting Lake with tanks and artillery that there was no possibility of using. In fact, they remained on the lighters

DECLASSIFIED: E.O. 11652, 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 -

throughout the engagement, The roads in this entire area had been obliterated for weeks prior to the Japanese advance and the terrain was such that nothing other than light mountain guns, machine guns and other small arms could be used. This put the Japanese with their numerically inferior numbers in a most unfavorable position, even had other factors been in their favor. However, there were also other factors against the Japanese. The attack was conducted so far from their bases that the Japanese command must have envisioned living off the country to a large extent. This the Chinese had foreseen and had arranged for the smooth evacuation of the civil populace and all commodities useful to the Japanese from this area. Yet all these factors must have been unknown to the Japanese command, otherwise their conduct is incomprehensible. Another prime factor of which the Japanese appear to have been uninformed was the strength of the Chinese forces against which the Japanese support column from Kiangsu had to operate in order to join the assault column on the Changsha front. The Chinese forces facing the support column, being considerably more than was necessary to deflect this column and prevent its reinforcing the assault column, in itself spelt certain defeat for the Japanese. Therefore it seems the Japanese service of information must have completely failed, for it is unreasonable to suppose that the Japanese would attempt an operation were defeat almost inevitable.

The lack of discipline among the Japanese troops is attested to by the wholesale destruction of the countryside. The Japanese troops pillaged villages and farms, burning the buildings, shooting or bayoneting the male civilians and assaulting all women they encountered. This pillaging, raping and murder was on a scale surpassed only during the sacking of Peking. This conduct by the troops in the midst of an offensive operation is believed by the American observers to have materially contributed to the Japanese defeat.



DECLASSIFIED: E.O. 11652, 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 -

The Chinese strategy employed in this engagement is worthy of note. They commenced the operation on the Changsha front by offering frontal resistance, employing regular Central Government troops. These troops then began to withdraw. As the Japanese pursued the Chinese provincial troops fought guerrilla fashion against the Japanese supply columns and communication lines, in the area. After the Japanese support column had been deflected the Chinese troops engaged against them turned and threatened the Japanese flank. The Japanese, unable to advance without the support of artillery and tanks, having no hope of being immediately reinforced and with their lines greatly overextended, were forced to withdraw with very heavy losses.

The net result of the campaign for the Japanese is nil. They appear to have adopted the policy they have long pursued in Shansi of scourging the civilians to the utmost. This has created a depth of bitterness among the populace that is daily increasing the Chinese will to resist. The Chinese gain lies in the heightened morale of both the Army and civilians. The Chinese seem to have renewed their faith in the policies of Chiang Kai Shek and are more determined than ever to resist further Japanese advancement. The victory at Changsha has aided the Army's morale as only victory can.

POLITICAL:

Following the speech by Viacheslav Molotov, the Soviet Foreign Minister, there has been an ever increasing crop of rumors of a possible Soviet-Japanese rapprochement. That Japan is seriously considering such a move cannot be denied, since despite occasional appeasing statements made by Tokyo statesmen, general Japanese indignation against the United States is mounting steadily. In private conversation many high Japanese Army, Navy and Diplomatic officials in China declare "America is driving us into Russia's arms by her refusal to acknowledge the New Order in East Asia". This line of reasoning has led to

Nov. 4 - Nov. 11, 1939

1009

DECLASSIFIED: E.O. 11652, 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 -

Japanese-Russian parleys which have as their declared objective the settlement of the outstanding disputes between the two countries. The true purpose of these parleys, however, is that the United States, unwilling to see Japan drawn into the Soviet sphere would modify her stand towards Japan.

There are, however, many Japanese leaders, particularly Army men, who declare they prefer "meeting Russia halfway" to adopting any appeasement policy towards the United States. The greatest opposition to any Russian-Japanese rapprochement rests with the Japanese Navy and Diplomatic officials who much prefer the friendship of the Democracies, particularly the United States, if it can be obtained. These officials have expressed themselves as unable to believe Russia would permit Japan to retain her hold on Inner Mongolia, North China, control of the Puppet Chinese Government, and through this Puppet Government control of China's coastal zones, rivers, railways and industrial centers. They further cite the Saghalien disputes, the fishery questions, the Manchurian Frontier, and Moscow's control of the Chinese Communist armies as impossible obstacles to any Soviet-Japanese understanding.

WANG CHING WEI:

The Japanese are progressing with the establishment of the new Government and plan to have it formally proclaimed about Christmas. The best information available states that Japan will formally recognize the new regime in January prior to the twenty-sixth on which date the abrogation of the Trade Treaty by the United States becomes effective. The present line-up for the new Government shows Wang Keh-lin, now head of the Peking Regime, in the position of Finance Minister to the new Government.

1 ( ) 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

- 5 -

There is, however, an undercurrent to the quiet establishment of this new Government. The Japanese have for the past several weeks advanced information to the effect that Chungking terrorist groups, intelligence bureaux and political bureaux were being established in the International and French Concessions of Shanghai. These reports are believed to be without foundation, as some of the Chinese leaders whom the Japanese claim are in Shanghai with these mythical organizations are known by this office to be in Chungking. There is but two possible interpretations that can be put on this Japanese action. One that the Japanese are laying the ground work for creating incidents in the International Settlement and the French Concession and the other which is more probable that should the Japanese fail in their announced attempt to establish Wang Ching wei at the head of the new Puppet Government next month, they would write-off the liability of having a useless puppet leader on their hands by having him liquidated and blame the Chungking Government's mythical terrorist for the crime.

*A. C. Hart* 1st Lieut.

for,

H. N. STENT  
Major, U. S. Marine Corps  
Regimental Intelligence Officer.

-----

1 0 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

HNS/am

HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA

AMERICAN CONSULATE GENERAL

NOV 20 1939

RESTRICTED:

18 November, 1939

SHANGHAI, CHINA

R-2 REPORT, PERIOD 0800 11 NOVEMBER, TO 0800 18 NOVEMBER, 1939:

POLITICAL:

The Japanese landing at Pakhoi, which has long been expected, has finally materialized. The operation is being discussed from a political rather than from a military point of view because of the relative importance of the sides of this operation. Reports are current in Shanghai to the effect that the real battle in China is at present being fought in Chungking. The rapidly increasing strength of the Chinese communists forces is splitting the united front of China wide open. While the conservative capitalistic influence and strength was predominate China's national leaders welcomed the support of the communist elements in China. Now, however, they see that the communists will soon be the predominate influence, and backed by the superior military organization they will dictate the reconstruction terms should the Chinese be victorious. Since it has been the practice of the communists in China to emulate the teachings of Russia and divide up the property of the wealthy among the poor, the wealthy land owners see that they have more to lose by winning the war than should they lose. The big land-owners in the unoccupied area are reported to feel that under Japanese bondage they would be forced to pay tribute, but under communist rule they would promptly be stripped of their property and reduced to coolie level. This fight is being reflected in the local Chinese press where stories are current that Chiang Kai-Shek is "mentally sick" and is soon to retire. It is the belief of some of the leaders, in the unoccupied area, that some sort of deal with Japan must be worked out. Some observers believe that the landing at Pakhoi which is at the back door of the present dissenters was designed not so much to close the port, which is

- 2 -

the reason both sides are advancing, but rather to accelerate the deterioration of the present united front at Chungking, and in the event that an open rupture should appear, and the Yunnan, Kwangsi and Kwangtung leaders cooperate with the Japanese, Pak-hoi and Canton would be an excellent base from which to advance the occupation of these provinces.

SHANGHAI:

Reports to the effect that Chinese regular troops are rapidly approaching Shanghai areas are without foundation. The nearest Chinese regular units to this city are detachments belonging to the following units:-

NEWLY ORGANIZED 30TH DIVISION OF THE CHINESE NATIONAL ARMY:

This unit which has an approximate strength of 6,000 men is commanded by General Chang Lien Kie. It is at present operating some 40 miles to the west of Shanghai between Ping Hu, an administrative district on the north bank of Hangchow Bay to the east of the Shanghai-Hangchow Railway, and the Dien San Lake, on the border of Kiangsu and Chekiang provinces to the east of Tai Hu Lake. The headquarters of the 30th Division are stated to be in constant contact with the various mobile units operating in the western suburbs of this city and along the Shanghai-Hangchow Railway and on the upper reaches of the Yangtze River.

63RD DIVISION OF THE CHINESE REGULAR ARMY:

This army is commanded by General Tan Ching Luo and has a reported strength of 10,000 men. It operates along the Nanking-Hangchow Highway and in the vicinity of Ishing, southwest of Suzhou.

GUERRILLA UNITS IN THE SHANGHAI AREA ARE:-

(a) Loyal and Righteous National Salvation Army:

Reports state that this army, which is commanded by General Hsu Tse-Tao, has a strength of 5,000 men and at present is operating in the Pootung Peninsula in the areas abutting the Shanghai-Hangchow Railway.

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

- 3 -

(b) Peace Preservation Corps of the Kiangsu Provincial Government:

The unit which consists of 1,500 men and is commanded by General Wong Shih Lan is operating in the rice producing areas in the vicinity of Yangzoh and Kunshan and along the Shanghai-Nusieh Highway.

The two guerrilla units consist of the remnants of the Chinese army which remained in the area south of Nanking after the general withdrawal of the main body of the Chinese army at the end of 1937, and are under the direct command of General Han Teh Chien, war-time chairman of the Kiangsu Provisional Government.

Other units organized from the remnants of the Chinese army following the general withdrawal in 1937 at present operating in the region under the Chinese high command of the 3rd War Zone are:-

(a) The Shanghai-Sub-section of the Main Guerrilla Corps:

This unit operates under the Military Affairs Commission of the National Government. It is commanded by General Kuh Sung and has a reported strength of 2,000 men. It operates in the areas to the west of Shanghai and in the Western Extra-Settlement Area.

(b) The First Detachment, Self Defense Army, 3rd War Zone:

This unit operates in Joozung, Paoshan, Kating, Taichong and adjacent areas. It is commanded by General Jong Wei and is comprised of approximately 1,000 men.

(c) The Sallying Corps of the 3rd War Zone:

This corps of about 4,000 men is commanded by General Sung Tsing-Sung and operates in Changshing, Nanzing, and the adjacent districts south of the Tai Hu Lake.

All these armies and quasi-armies are under the control of General Koo Chu Dong, Commander-in-Chief of the 3rd War Zone, otherwise known as the Eastern front covering Kiangsu-Chekiang, Southern Anhwei and the greater part of Kiangse Province.

1 0 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

- 4 -

Reliable information on hand indicates that so far no further units of the Chinese regular army units have been despatched to this part of the country.

It is safe to say that the present state of affairs in the 3rd War Zone will continue for some time to come even though armed forces loyal to the Chungking Government are in close proximity to many of the key points under the jurisdiction of the Japanese sponsored Chinese regime in the Kiangsu-Chekiang area. The recent propaganda circulated in the local press to the effect that the local area Chinese forces have been reinforced by large contingents of the Chinese regular Army, is believed to have been intended to keep those districts affected in a state of suspense and so hamper and disrupt any plans the Japanese have of obtaining control over the districts in their "New Order Movement."

Guerrillas operating in this region, it is estimated total some 13,500 men. Of this number some 4,000 are located in the vicinity of Tai Hu Lake, 7,000 in the immediate vicinity of Shanghai and in the different localities situated in the Pootung Peninsula, while some 2,500 are roaming around both sides of the Nanking-Shanghai Railway, between the Yangtze River and the border line of Kiangsu and Chekiang Provinces.

It has been learned on good authority that the numerous guerrilla units loyal to the National Government scattered all over the lower Yangtze Delta, have been ordered by the Chinese military authorities to intensify their training and further strengthen their organization.

Attempts at unification of control are also being made by the military authorities of the National Government to cover these units with the object of introducing a system of cooperation between them and ultimately making them flying columns which are to be utilized when the time is opportune for the general counter-offensive campaign.

1 ( ) 1

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

- 5 -

Another reason that has prompted the National Government to turn its attention to the mobile units around Shanghai, is the incessant activities of the hirelings of the Wang Ching Wei Clique in alienating the Government support from the guerrilla bands and inducing them to declare allegiance to Wang Ching Wei's peace movement.

However, the successes and failures suffered by both political sides in their respective tactical movements towards the guerrillas are difficult of judgement at present in view of the fact that these mobile units, though not totally devoid of patriotic and heroic elements, are mainly loafers and brigands, with few scruples and do not hesitate when the opportunity offers to benefit their own personal ends.

Along the Shanghai-Hangchow Railway and Shanghai-Nanking Railway and in the vicinity of the different sub-urban cities, such as Wusieh and Changchow, Chinese guerrilla forces have been very active lately, and it is reported on good authority that surprise raids on local Japanese garrisons are almost daily occurrences. Railway bridges have been damaged and yards of track have often been removed during the night, but the principal sufferers have been Chinese passengers who travel in the 3rd and 4th class coaches, and the Japanese losses are believed to have been negligible.

Up to the present, it is estimated that approximately 4,300 ex-members of the Chinese guerrilla units have surrendered to the Japanese authorities.

Business on a decline in Shanghai:

The local Chinese newspapers have lately been carrying articles concerning the decline of local commerce and stating that many shops are finding it difficult to maintain their business. An investigation into this situation showed that many shops are doing less business than before. In most cases, the trade depression is due to the extremely high prices prevailing which are tending to induce the majority of people to postpone the purchase of commodities other than those absolutely essential to their needs.



1 0 1 F

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

- 6 -

The following is a table showing the present business condition in various trades as compared with that in the first half of this year.

<u>Kind of Trade</u>	<u>Business Condition</u>
Four leading department stores on Nanking Road	Sales dropped from about 10% to 20%
Silk Stores and Piece Goods Shops	Sales dropped from 20% to 30%
Metal goods and electric supplies	Sales dropped by about 20%
Clocks and Watches	Sales dropped from about 20% to 30%
Silversmiths shops	Decreased by a half. (These shops at present are doing more buying than selling)
Rice, pork, vegetable, fruit and fuel shops, etc.	No change.
Hotels and Restaurants.	No change.
Cigarette & Exchange Shops	No change
Money exchange shops and native banks (especially in Liangse and Szechuen Roads)	Doing good business at present because of the fluctuation in foreign exchange.
Amusement resorts and ballrooms	No Change.
Hire cars and trucks	Depressed by 10% to 30%

Although a number of shops have sustained a certain amount of loss, it is not likely that they will go out of business at the end of this year as mentioned in the press report, because in the past they have reaped a good profit which they hope will tide them over until more prosperous times return.

MISCELLANEOUS:

While not within the ordinary scope of this report the following information is included as it is believed to be of general interest:

A foreigner, whose information is deemed very reliable and who recently returned from France via Switzerland, disclosed the following items of interest on the "Line-Up" in Europe.

DECLASSIFIED: E.O. 11652, 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 -

At the last conference of the Rome-Berlin Axis in Berlin, which Count Ciano attended, Hitler uncovered his designs on Poland and attempted to give Italy certain assignments in the general plan.

Count Ciano is reported to have remarked to Hitler that any attempt on Poland would most certainly mean war with France and England and that Italy would be faced with a revolution were Mussolini to support Germany in such a move. He went on to say that less than 10 per cent of the Italians were loyal Fascist supporters of Mussolini, the remainder being strongly behind King Vitor Emanuel who was very friendly to France and Britain.

Count Ciano's statements threw Hitler into a towering rage, and he is reported to have assaulted the Count, screaming that this meant the end of the Rome-Berlin Axis, thus forcing him (Hitler) to get Russian support.

Count Ciano returned hurriedly to Rome and has since switched over to the King's side.

That Mussolini's influence is declining very rapidly in Italy seems quite definitely established, his only remaining loyal backing being the Fascist Youth who were brought up in that sphere of influence and know little else.

Coupled with this is the fact that Mussolini has been suffering from a well-known disease for some time, and that it has now attacked his eyes, seriously curtailing his public appearances and addresses.

That the general sentiment in Italy is becoming more and more pro-France is evidenced by the friendly spirit and cooperation with which the French are greeted in Italy and the obstacles presented to the Germans.

Several cases were on record of Italian ships, carrying German passengers, being halted by British and French men-of-war, seemingly by pre-arrangement, and the Germans removed without protest from Italy.

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

- 8 -

A further item of interest from France is that the French, though woefully weak in the air when war threatened a year ago, are now having phenomenal success in the air against the German aircraft. This, our informant states, is principally due to a new fast pursuit ship for which a quick-firing gun of somewhat larger calibre than a 37 millimeter, and fired through the engine, has been developed.

The shell fired by this gun is a most closely guarded military secret, and the results it obtains, from accounts, give the French a real air threat.

JAPANESE COMMUNISTS:

A very reliable Japanese source has stated that Japanese Army reinforcements coming to China during the past six weeks included in their number some 450 odd Japanese Communists.

These Communists were under close observation in Japan, but to avoid the world wide publicity and disturbance which their arrest would cause there, they were drafted, put in uniform, and sent to China where they were arrested upon landing.

What disposition was made of them after their arrest was not disclosed.

The completion last week of the new Japanese Naval Landing Party Cemetery in Luna Park, Hongkew, reported to contain already the ashes of some 10,000 Japanese dead, may contain the remains of some of these communists.

*H. N. Steint*  
 H. N. STEINT

Major, U. S. Marine Corps  
 Regimental Intelligence Officer.

1 ( ) 1 C

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

HNS/am HEADQUARTERS, FOURTH MARINES  
SHANGHAI, CHINA  
RESTRICTED: 25 November, 1939

R-2 REPORT, PERIOD 0800 18 NOVEMBER, TO 0800 25 NOVEMBER, 1939:

A. POLITICAL:

1. American-Japanese Relations:

A credited Japanese spokesman in a recent private talk gave some interesting views on Japanese reaction to American Far Eastern Policies. He stated that there was not the remotest chance of a genuine rapprochement with Moscow. He then explained that most of the ballyhoo is for the purpose of making Washington think that too strong an American stand might "scare Japan into the arms of the Russian bear." He discounted this possibility, stating that Japan knows very well that Soviet Russia would always be more of a stumbling block to her plans for the Asiatic Mainland than America would be. America, he believes, is not taking the Japanese-Soviet rapprochement threat with any degree of concern, and that the continuous reinforcement of American naval forces in the Far East was undoubtedly America's answer to such threats.

The spokesman related that in his talk with Secretary of State Hull, prior to his departure, he stated that basically all Japan wanted was the renewal of the Lansing-Ishii agreement, America recognizing, by the terms of this treaty, that geographical propinquity gives Japan special rights and interests in China. All the bombings and slappings over which America has protested are but minor issues and easily adjusted, he added. Mr. Hull, whom the spokesman declared was not really Secretary of State but merely a charming and handsome gentleman whom the President uses "as a chop for documents", failed to answer these assertions. Mr. Hull did, however, when pressed for a farewell verbal message for the spokesman to take to Tokyo, state that if Japan plans actual domination of China, the United States will never permit it. This statement seems to have had a profound effect upon the Japanese spokesman.

- 2 -

When questioned concerning the recent appeasement measures adopted by England and France toward Japan in China, he stated that this leniency was due only because of a gentleman's agreement by which the United States will become more and more stiff-necked, and carry the "white man's" load in the Far East.

2. Wang Ching Wei:

In an inspired editorial in the Central China Daily News, which is owned by Wang Ching Wei, Mr. Wang expressed serious disagreement with the Japanese Premier, General Nobuyuki Abe, over the formation and status of the New Central Government. General Abe had previously stated the conditions on which the New Central Government was to be formed. In brief the terms amounted to the outright ceding by China of Inner Mongolia and North China and the stationing of troops in other parts of China under the pretext of carrying out the anti-Comintern agreements.

Wang refuted these terms when he stated that only a Chinese Government founded by the Chinese on their own initiative and without help or coercion had a chance to survive. Wang further declared that the only concession China could give to Japan was that of leadership in the Far East, a leadership similar to that exercised by Britain in the Anglo-French cooperation, and not a cooperation by which one partner seeks to dominate the other.

Several reports have been received to the effect that Wang Ching Wei never actually deserted the Kuomintang, but that he was sent by Chiang Kai-shek in the guise of a traitor to gain Japanese support and then embarrass the Japanese by impossible demands. His ever increasing demands on the Japanese for greater concessions to China would indicate that these reports may be true. If such is the case, the Japanese authorities are faced with a very serious problem, for the Japanese public has been educated during the past year to believe that with the formation

- 3 -

of the Wang Ching-wei government hostilities would be brought to a close. Should this hope now blow up, Japanese civilian reaction is liable to be violent, as with no hope of immediate peace, the struggle which is bleeding Japan white will have no end in sight.

3. British and French Troop Withdrawals:

The withdrawal of the British and French troops from North China and the withdrawal of two French Battalions from Shanghai has evoked nothing but bitterness from the Nationals of the two countries concerned. Some observers maintain that the present decision of Britain to withdraw the greatest portion of its garrison troops from North China must be interpreted as having been prompted not by her recognition of Japan's China policy, but by her desire to turn the European situation in her favor by restraining Japan from the possible reconciliation between Japan and the Soviets. These observers claim that Britain and America have parallel interests in the Far East and that the partial withdrawal of one partner will necessitate the other partner strengthening her position.

Other British observers are frankly pessimistic, feeling that British Nationals in the Far East have been cast in the role of the sacrificial lamb in Britain's Far Eastern appeasement efforts. They point out that it is inconceivable that Britain is short of men in view of the British authorities announcement to their Nationals at the beginning of the European War that there was no need for them to go home to take up arms. They state that the present British and French policy is interpreted by both the Japanese and Chinese as a concession to Japan, and that it is a very short sighted policy to leave British and French interest and Nationals in the hands of the Japanese. For, they continue, there is nothing to gain in the Far East by the British and French appeasement, as every point yielded will only mean the pressing of another point. The only bright spot in the future, these observers maintain, is that in spite of British and French appeasement, the American policy in the Far East remains unchanged and has been growing ever more uncompromising.

- 4 -

JAPANESE MONOPOLIES:

Since 1938, the Japanese authorities have been endeavoring to control the supply of various commodities for local consumption. Up to the present, the Japanese authorities have acquired a virtual monopoly in three different trades. These trades being the fish, livestock and eggs. Other items of daily necessities have not yet come under an official monopoly, but the transportation and sale of these articles is under a sort of semi-official control. These articles include rice, wheat and vegetables. Below is a summary of these activities:

1. FISH During August 1938, the new Fish Market sponsored by the Ministry of Industry of the Reformed Government was inaugurated in Hongkew for the control of the fish supply for local consumption. Measures were adopted and put into effect to compel fish dealers to transact business in the new Fish Market. The Ministry then established the Ta Tung Fish Trade Company in Hongkew for the regulation of the transportation and disposal of fish intended for local consumption. The Company is operated on a commission basis. A Commission of 9% is taken from every \$1.00 worth of fish sold and this commission is shared as follows:

1. 4% for the Fish Market
2. 4% for the fish hongs
3. 1% for the Ta Tung Fish Trade Company.

At present all fish and other sea products destined for Shanghai are first brought to the Fish Market, where payment of the tax is duly enforced. The volume of business transacted by this Fish Market averages some 2,000 piculs per day. With the present market rates for fish this nets the Fish Market \$5,320 and the Ta Tung Fish Trade Company \$1,330 per day.

DECLASSIFIED: E.O. 11652, 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 -

2. LIVESTOCK The monopoly on livestock was initiated with the formation of the "Shanghai Livestock Market," which was empowered by the Ministry as the sole agency for the transportation and sale of livestock. Shanghai dealers and brokers in livestock as well as boat men engaged in livestock transportation were required to register with this market on 10 April, 1939.

At the present time, complete control over the transportation and sale of cattle and fowl has been effected by the livestock market. All livestock destined for the Settlement or the French Concession is now required to pass through the market in Hongkew, where a levy in the name of a market due plus a commission is collected. The Market dues and commissions payable in Japanese currency charged by the livestock market on various kinds of livestock are as follows:

	<u>Market due</u>	<u>Commission</u>
Cows (Oxen)	Y2.00 per head	40 cents
Pigs	Y2.00 per head	60 cents
Chicken & Ducks	2% of the cost of per 100 catties (1 1/3 lbs)	40 cents per 100 catties.

In addition to control of the trade by the Livestock Market, the Japanese are giving special aid to the Japanese shipping companies by ruling that only Japanese vessels are to be used for the transportation of livestock to Shanghai, although the Japanese shipping rates are 50% higher than that charged to by foreign shipping companies. In addition/a variety of fees both during and after the completion of livestock transportation, the hides of slaughtered cattle must be sold to the Japanese Military Authorities at arbitrary prices by the latter.



- 6 -

3. EGGS The Japanese "Kiangpei Industrial Company" was formed at the end of October to regulate the transportation and tax of egg products arriving from the interior. This company is a front for the Mitsui Bussan Kaisha which has the monopoly on egg products in Central China. Dealers in eggs must first apply for permission to the Japanese Military Authorities to collect eggs from inland areas and when they are transported in Japanese currency must be paid plus a "Proceedure tax" of 30% to Shanghai, a tax of \$2.00/per basket of 600 to 900 eggs. Dealers not connected with Japanese interests are compelled by the "Kiangpei Industrial Company" to sell hen eggs at a reduced rate to the Yangtze Ice and Cold Storage Co., a subsidiary of Mitsui Bussan Kaisha, while those connected with the Japanese are required to sell 80% of their consignments to Japanese concerns and in return are exempt from the tax on the remaining 20% which they are allowed to dispose of freely. Mitsui Bussan Kaisha also has a monopoly on the exportation of eggs and egg products to markets abroad.

4. RICE Some six months ago the Japanese authorities authorized the Mitsubishi Shoji Kaisha to be the sole agent for the wholesale purchase of rice in the Jusiieh and Changshow areas, the rice producing districts of Central China. Local Chinese rice merchants making purchases of rice in other areas are required to arrange for the transportation of their rice by Japanese concerns, or Chinese transportation hongts connected with the Japanese, as only such firms are permitted to transport rice from the interior. The present arrivals of rice are chiefly from the Nanking, Soochow, Quinsan, Sungkiang, Fengking and Siking districts of Kiangsu. Approximately 8,000 cars per day are transported from these areas in which the dealers must obtain for transportation permits from the local authorities which entails expenses in addition to the normal production and transportation charges.

- 7 -

The present stock of rice in Shanghai is in the region of two hundred thousand zars and the rate of consumption is around 10,000 zars a day (Settlement and French Concession). The principal source of rice supplies at present is the southern part of Kiangsu. In this district there is an estimated 22,000,000 zars. Rice dealers in Shanghai anticipate no difficulty in meeting local demands which amount to about four million zars per year providing the transportation facilities, which are in Japanese hands, remain uninterrupted.

5. WHEAT A situation similar to that of rice exists in this trade. Between the months of June and September of this year, some 1,600,000 piculs of wheat produced in Kiangsu province arrived in Shanghai, but since the beginning of October, no appreciable quantity of wheat was imported, as a result of the Japanese authorities forbidding the exportation of wheat from the interior to Shanghai. In explanation for the prohibition of the export of wheat the Japanese authorities claim they have to keep sufficient quantities of wheat for use by the several Chinese flour mills in cities along the Nanking-Shanghai Railway which are at present occupied and controlled by Japanese commercial interests.

As a result of this semi-official control of rice and wheat trade by the Japanese authorities, the price of both rice and wheat in the local market has shown no sign of returning to normal levels even after the current good harvest. A fresh rice crisis may soon become inevitable if the Japanese authorities should choose to further tighten their grip on the rice and wheat trade as there is every reason to believe that they contemplate doing.

6. VEGETABLES An abortive attempt to monopolize the local vegetable supply was made during September 1939 by the local Chinese puppet authorities. Consequent upon this failure, the Japanese authorities devised certain measures with a view to

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

- 8 -

limiting the supplies of vegetables in the local foreign controlled areas, which have since led to a rise in process of various vegetables in the Shanghai market to their present prohibitive level. In accordance with the Japanese restrictions, only vegetables produced in the western suburbs of Shanghai, Zikawei, and the southern part of Pootung are allowed to enter the foreign Settlements, while those produced in the northern part of Pootung, Chapei, Kiangwan, Tazung and Chenju can only be brought to, and sold through the Hongkew market.

CONCLUSION:

The resume of the various monopolies as described in the foregoing is all part of a scheme to bring all trades under the rigid control of an organization known as the Central China Liaison Office of the Asia Development Board, with offices in the New Asia Hotel, Hongkew, which is the supreme official organization for the "development" of China.

The Central China Liaison Office of the Asia Development Board in May, 1939 called upon the various trades to effect registration with that office. The purchasing agents of the various trades are not permitted to proceed to inland places should they fail to effect the necessary registration. Purchase permits and transportation permits can be issued only after registration has been effected with the Central China Liaison Office of the Asia Development Board.

After all requirements have been duly complied with, it is still not expected, however, that traders will henceforth be free from further interference. There is nothing to suggest that the Japanese will not cause undue delays in buying and transportation of goods and produce to Shanghai, should it at any time suit their purpose to do so. In brief the daily necessities of the five million people in Shanghai is subject to the whims and caprice of the Japanese authorities.

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

- 9 -

C. WESTERN EXTRA SETTLEMENT AREA:

1. Recruiting of Puppet Army:

The China National Salvation Army, a puppet army that Wang Ching Wei has been attempting to organize for some time, has established a "Recruiting Office" at the Ta Tao Headquarters of Shanghai's Western Extra-Settlement area.

Ex-guerrilla members, soldiers and policemen may enroll with the recruiting office on recommendation by persons having connection with the pro-Wang Ching Wei clique. After joining, members will be issued a monthly pay of \$24.00 each and will be dispatched to join the various units of the 'army' in the suburbs of Shanghai.

This report is interesting in view of the many desertions from these puppet organizations that have recently been reported. One such report states that the "Self Defense Corps," the organization responsible for the robberies of three pistols from Settlement police some time ago, had practically ceased to exist. According to this report, some six members of the now defunct Self Defense Corps, armed with written orders from the Japanese Military Police authorizing them to be incorporated into the Special Service Corps, appeared at that organization. They stated that the Self Defense Corps had been inactive for some time, but that at present some ex-members were preparing a petition addressed to the Japanese Military Authorities and were coercing shops in the Western Area to affix their Chops stating that this organization was necessary for their security.

It was 16 members of this organization who were arrested by the British Military Authorities on Brenan Road on 10 November 1939. They were later released after representations had been made on their behalf by the Japanese Military Police to the British Military Authorities.

DECLASSIFIED: E.O. 11652, 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 -

2. Policy of Shanghai Puppet Government towards Foreigners:

"Mayor Fu" of the Shanghai City Government issued orders on 21 November, 1939 to the City Government Police Bureau prohibiting the reckless detention of foreign residents enjoying consular jurisdiction. All such foreigners who commit a comparatively serious offense within the jurisdiction of the City Government should be handed over to their respective Consulate-Generals in Shanghai, while those who commit trivial offenses should be released immediately after an interrogation, according to the "Mayor's" orders.

It remains to be seen whether or not this "Policy" of Mayor Fu's is actually carried out.

D. MILITARY OPERATIONS:

1. The Japanese Pakhoi Campaign:

Landing in Western Kwantung on the shores of the Gulf of Tongking on November 15 the Japanese forces seized Yamchow, an important communication center west of Pakhoi, two days after landing. Advancing at the rate of 20 kilometers a day the Japanese crossed the high mountains in southern Kwangtung and captured Nanning, their objective, yesterday. The area was defended by the Chinese 188th Division, the 170th Division and the newly formed 19th Division. The Japanese state that the Pakhoi campaign had dual objectives. One being to cut off the Chinese southern supply route, over which they claim 70 percent of the Chinese supplies were shipped, and the other to cause a serious deflection among Chinese militarists and politicians. The Japanese claim that Ho Ying-ching, Chinese War Minister, is really Chiang Kai-shek's prisoner at Chungking. These Japanese sources state that with the capture of Nanning Lung Yun and Ho Ying-ching will undoubtedly climb aboard Wang Ching-wei's band wagon providing they can effect their escape. The Japanese believe that with their latest military acquisition many South China leaders will swing over to the Japanese side.

*H. N. Stent*

H. N. STENT  
 Major, U. S. Marine Corps  
 Regimental Intelligence Officer.

**MICROCOPY**

**976**

**ROLL**

**63**

**END**

