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NATIONAL ARCHIVES MICROFILM PUBLICATIONS

Microfilm Publication M976

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

Roll 17

1930-39

793.94/4871-5020
Mar.-Apr. 1932



**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.

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

DOCUMENT FILE

NOTE

SEE 693.002 Manchuria/18 FOR Tel. # 376,4 p.m.
FROM China (Perkins) DATED Mar. 25, 1932
TO NAME 1-1127 ...

REGARDING: Foreign Office declared that unofficial representatives of the customs at Shanghai are now visiting Manchuria with the purpose of discussing the question of customs collection. So far as Darien customs situation is concerned Foreign Office says that Japanese will continue to send revenue to Shanghai until modus vivendi has been reached.

793.94/4871

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

REP

PLAIN

Peiping via N. R.

Dated March 25, 1932

Rec'd 7:30 a. m.

Secretary of State,
Washington.

376, March 25, 4 p. m.

Following from Reuter, Tokio, March 24th:

"Categorically denying Dr. W. W. Yen's assertion at Geneva that the Japanese are seizing the Chinese maritime customs revenue, Manchuria, the Foreign Office here declared that unofficial representatives of the customs at Shanghai are now visiting Manchuria with the purpose of discussing the question of customs collection.

795, 94
So far as the Darien customs situation is concerned the Foreign Office says that the Japanese will continue to send the revenue to Shanghai until a modus vivendi has been reached. Japan will never allow the Manchurian Government to touch the Dairen revenues until that Government has been officially recognized."

For the Minister

PERKINS

JS

CIB

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

DEPARTMENT OF STATE

THE SECRETARY

~~FE~~

Please note Secre-
tary's notation.

EPK

DEPARTMENT OF STATE

THE SECRETARY

~~FE~~

Have read the memo
with interest. Please
thank Prof Shotwell
for me. H

Ack'd to Prof. Shotwell,
March 18, 1932 E

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

MAR 24 1932 MAR 15 1932

Mr. Secretary
DIVISION OF COMMUNICATIONS AND SECRETARIAT
MAR 16 1932

The attached volume is a study of

Manchuria: a survey of its economic development, prepared under the direction of Professor Shotwell, for the Carnegie Endowment for International Peace, on the basis of materials collected by Baron Sakatani, with revision by Mr. Grover Clark. Date of appearance, 1931.

The five-page covering memorandum, giving an account of its contents, has been prepared by Mr. Caldwell of this Division.

You may care to know that we have this material.

FE:SKH/ZMF

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

793.94

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
MAR 10 1932
MAR 19 1932
MAR 24 1932
DIVISION OF COMMUNICATIONS AND RECORDS
MR. KLOTS

Office of Economic Adviser
MAR 25 1932
RECEIVED IN THE SECRETARY'S OFFICE

Mr. Secretary:

As indicated in the very complete table of contents (pages VIII-XII), the attached survey of the economic development of Manchuria contains a large amount of useful material, including trade statistics for 1930. Parts of the survey will be of special interest in connection with the present attitude of Japan toward Manchuria.

It should be borne in mind that most of the material was obtained from Japanese sources. Much of it was gathered by Baron Sakatani from the South Manchuria Railway Company, the Kwantung Leased Territory Government, and the Tokyo Government. Certain information has been added by Mr. Grover Clark, a part of which was obtained from Chinese sources.

The figures on page 12 show that the Japanese population in the Leased Territory, Railway Zone, and Consular Districts in Manchuria increased from 74,271 in 1910 to 212,146 in 1929. There were in 1929 only 7,250 Japanese in other areas of Manchuria, making a total of 219,396 in all Manchuria. Of these 51.2% were in the Kwantung Leased Territory, 43.3% in the South Manchuria Railway Zone, and 2.2% in Japanese Consular Districts -- 96.7%

in

F. W

793.94/4872

Mar 3 1932

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

- 2 -

in Japanese areas and only 3.3% elsewhere. This is attributed partly to the unsettled dispute regarding the land lease question (page 197). In this same period -- 1910 to 1929 -- the Chinese population of Manchuria increased from about 15 to 30 million (page 8).

Although on page 13 agriculture heads the list of occupations in the order of number of Japanese engaged, it is unlikely that any large number of Japanese are actually tilling the soil.

On page 99 it is stated that Manchuria "easily could support some 60,000,000 people -- or nearly as many as the total population of Japan", and certain population density figures on the same page seem to suggest Manchuria as a possible field for Japanese emigration. But as long as the Chinese scale of living is so much below that of the Japanese no large Japanese emigration to Manchuria is to be expected unless artificially assisted.

On page 115 cheap labor is given as a reason for a possible large increase in rice production in Manchuria.

On page 148, following a table of "Factories and Workers", it is stated that:

"The

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"The labor days of the Chinese workers, have increased steadily while those of the Japanese have remained practically stationary. Most of the Japanese workers are skilled craftsmen or foremen. The Chinese laborers generally are untrained, but they are diligent and quick to learn. The higher cost of living for the Japanese workers has made it necessary to pay them somewhat more than the Chinese receive, even for unskilled labor."

The table which follows this statement shows that Japanese craftsmen receive nearly three times the pay of Chinese craftsmen, and that the Chinese coolie wage is Yen .50, or roughly U.S.G. \$.25, a day.

A reference to the Japanese objections to the building by the Chinese of lines "parallel" to the South Manchuria Railway appears on page 53, where it is stated that:

"The Japanese have not pressed their claims with much insistence, and within the past couple of years the attitude of the more liberal-minded Japanese increasingly has been that there is plenty of business in Manchuria for both the South Manchuria Railway and the Chinese lines."

But the next sentence reads:

"This disagreement over railway construction by the Chinese and the real competition for the South Manchuria Railway which the entirely Chinese lines were developing, has been one of the serious contributing causes of the increasing Sino-Japanese tension in Manchuria." (Underlining not in original).

According

- 4 -

According to the estimate of the coal deposits in Manchuria on page 122, they total 2,300,000,000 tons, not all of which is good, however.

The iron ore deposits are estimated (page 133) at 400,000,000 tons, much of which is "of comparatively poor quality".

Japanese investments in Manchuria are given as Yen 1,687,601,531. (page 201)

A section on "American Activities" appears on page 206, and states that the American participation in the foreign trade of Manchuria in recent years has been greater than that of the British, having been exceeded regularly only by the shares of Japan and Chosen; and that the bulk of the American trade has been handled through American firms.

The following sentence appears on the same page:

"Since Secretary of State Hay's enunciation of the Open Door Policy in 1899, the United States has insisted that trade with Manchuria should be open to all nations on an equal basis. In this policy Japan has concurred since she became an active participant in trade in Manchuria."

In this connection the following passage should be noted also:

"Japan

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

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"Japan is peculiarly interested in Manchuria commerce not only because of her heavy investments in that region but also because of the very important part which Manchuria plays as a market for Japanese manufactured goods and a source of food supplies and raw materials (particularly coal, iron and oil) for Japan. Japan's position in and in relation to Manchuria thus is quite different from that of any other foreign Power." (page 196)

References to the effect of the Chinese boycott are made in the chapter on "External Trade", from which the following excerpts are quoted:

"Moreover, the three trade centers where there has been very little Japanese influence showed good trade increases in 1930 over 1929, while the centers where Japanese influence has been strong all showed either marked falling off, ***or only a small increase**" (page 217).

***"One point, however, seems fairly obvious. This is that the deliberate efforts which the Chinese have been making to turn Manchurian business away from Japanese channels began to have very definite results in 1930." (page 218).

JKC:AT
[Handwritten initials and signature]

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

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

DIVISION OF ECONOMICS AND HISTORY
405 WEST 117TH STREET, NEW YORK CITY

JAMES T. SHOTWELL, DIRECTOR



February 18, 1932

Am. S. II - 22 - 32

Dear Hornbeck:

The Japanese aggression in Manchuria has had one good result in that it has released me from any continuing obligation to publish the Sakatani monograph. But I didn't like to have all of that work go for nothing and Grover Clark has, I think, performed a miracle in revamping it and bringing it up to date. As I can't publish it, under the circumstances, I have a limited number of copies mimeographed and am sending one to you by this mail and one for the Secretary of State to be presented through you, if you care to do so.

I can only say that if hard work can justify a task, this task is fully justified.

Ever yours,

James T. Shotwell

Dr. Stanley K. Hornbeck

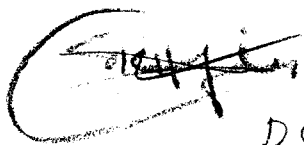
MAILED
MAR 23 1932

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


DCR

February 23, 1932.

793.94/4872

Dear Shotwell:

Referring to your letter of February 18, --

You state that you are sending copies of the Sakatani monograph, one to me and one for the Secretary of State to be presented through me. There reached me some days ago one set only. May I have your further instructions. In the interval, I thank you for the set received.

Yours cordially,

Mr. James T. Shotwell,

Director, Carnegie Endowment for
International Peace,

405 West 117th Street,

New York, New York.

SKH/ZMF

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

March 9, 1932.

Dear Shotwell:

The second copy of the Sakatani monograph, referred to in my letter of February 23, was received a few days ago, for which please accept my thanks.

This copy of the monograph is being brought to the attention of the Secretary, after which it will be placed in the Department's files for future reference.

Yours cordially,

SK Hamrick

Mr. James T. Shotwell,

Director, Carnegie Endowment for
International Peace,

405 West 117th Street,

New York, New York.

FE: *SK* KC:CLS

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1.

St. Hombrecht

New York, New York.

JKC/REK

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

i & ii & iii

MANCHURIA

A SURVEY OF ITS ECONOMIC DEVELOPMENT

Based in part on material prepared under
the supervision of

BARON Y. SAKATANI, D.C.L.

Formerly Chairman of the Japanese Research Committee of
the Carnegie Endowment for International Peace.
Formerly Minister of Finance in the Japanese Govern-
ment and President of Senshu University.

Revised by

GROVER CLARK, M.A.

Consultant on Far Eastern Affairs, New York.

1931.

Prepared for the

Division of Economics and History of the
Carnegie Endowment for International Peace

CONFIDENTIAL

NOT PUBLISHED

001

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

iv

PREFACE

-0-

With its large resources of coal and iron and its great areas capable of agricultural production, Manchuria has been the field of active international rivalry for half a century. Two wars have been fought to secure the right to exploit these resources -- the Sino-Japanese war of 1894-5 (which also decided the fate of Chosen) and the Russo-Japanese war of 1904-5. Military action by the Japanese in the autumn of 1931, resulting in the occupation of practically the entire territory, again brought emphatically to the attention of the world the problem which the conflict of interests in Manchuria presents.

The strikingly rapid economic development of the area in more recent years has markedly increased the economic significance of the region. This development, too, has brought increasing tension in the relations between the three nations most directly concerned: China, to whom Manchuria belongs, Japan, for whom access to Manchurian supplies of coal, iron, food and markets is essential, and Russia, for whom Manchuria offers a means of more direct contact with the Pacific and a market for manufactured goods. The interests of these three nations in Manchuria fundamentally are parallel, if not identical. Each will benefit most from peaceful and friendly co-operation in the further economic development of this area. Political antagonism and jealousies, however, have been allowed to befog this fact of a community of interest, so that a situation has been developed which, coming to a crisis in the autumn of 1931, presents a problem of the utmost gravity to those concerned with the task of maintaining world peace.

The student of world economy will find in this volume an illuminating record of the opening up, through the introduction of modern transportation, industry and commerce, of what is potentially one of the most important economic areas of the Far East. That this development should have led to international tension and friction in the past is understandable enough. This volume is published in the hope and with the expectation that it will help toward a more effective realization of the fact that in such economic development co-operation is more profitable than antagonism for all concerned.

The material for this volume has been in preparation for some time. His Excellency, Baron Y. Sakatani, supervised the gathering of much of the material as his last piece of work before his retirement, due to advanced age, from his position as head of the Japanese Research Committee of the Carnegie Endowment. In this task he had the assistance of Dr. Kakujiro Yamasaki, Dr. Baron Kimpei Matsuoka, Dr. Gotaro Ogawa, Mr. Gichi Ono and Dr. Ushisaburo Kobayashi, all of whom shared in the preparation of the volumes in the Japanese Series of the Carnegie Endowment's Economic and Social History of the World War. To the material gathered under Baron Sakatani's supervision has been added statistical data made available through the courtesy of

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

V-8

Preface

-0-

Mr. Toshi Go, manager of the New York office of the South Manchuria Railway Company. Mr. Grover Clark, whose long and intimate personal contact with and study of economic and other conditions in Manchuria as well as in China and Japan peculiarly fit him for the task, has contributed material which he had gathered and has carried through the task of co-ordinating and re-writing most of the original text.

-0-

The manuscript was ready for the press when the Japanese military moves in Manchuria began in September 1931. This event has made it necessary to reconsider the plan for publication. Not only is the economic situation profoundly modified by the political events of recent months, but Baron Sakatani's monograph did not supply the immediate economic background of the Manchurian situation as it existed when the Japanese extended their control. In the meantime the trade statistics for the year 1930 had become available and have been incorporated by Mr. Clark into the body of the text in such a way as to make the survey complete. This final text, however, has only just been finished and there has not yet been time for Baron Sakatani to examine it. For the above reasons, and in view of the extremely controversial nature of the issues with which the survey deals, it has been decided to prepare a limited number of mimeographed copies, not for publication, but for examination by those interested and competent to judge of the material thus presented.

James T. Shotwell

New York

February 15, 1932

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

vi

Editorial Notes

--O--

In the preparation of the material gathered by Baron Sakatani, the principal sources of information were the reports of the various departments of the South Manchuria Railway Company, the Kwantung Leased Territory Government and the Government at Tokyo. To data from these sources was added a considerable amount gathered specially for Baron Sakatani by investigators resident in Manchuria or sent there by him. In the final preparation for publication, this material gathered by Baron Sakatani has been supplemented by data from the same sources, from such standard sources of information about China as the China Year Book, the Chinese Economic Journal, the Chinese Economic Bulletins, the reports of the Chinese Maritime Customs Administration and other Chinese Government agencies, and from information secured on the ground personally by the editor. Wherever special facts or statistics have been used from the publications mentioned, especially if the facts are not generally known or are not available in several different places, the source has been given.

In the discussion of Chinese business organizations, Chinese currencies and certain other peculiarly Chinese matters, it seemed desirable to use the appropriate Chinese-language terms instead of roughly equivalent English terms. In this way, the fact is kept constantly before the reader that an organization which is being discussed, for example, is the specific Chinese body and not a Western organization which is only roughly similar. "Chain stores" have developed remarkably in Manchuria in recent years, for more specific example, but they differ in important respects from Western chain stores. It contributes to rather than detracts from understanding, therefore, to call them by the Chinese term "lien hao" instead of to call them simply "chain stores". A glossary of the Chinese terms used is included as Appendix II.

All quotations of weight and measure are in metric units, unless stated otherwise. The rates of conversion from other units of weight and measure which have been used are given in Appendix I.

All quotations of value, unless stated otherwise, are in the following units: tael values in the Haikwan Tael of the Chinese Maritime Customs; yuan values in the standard Chinese silver yuan (dollar) currency; yen values in the standard Japanese gold yen; rouble values in the standard Russian gold rouble. These currencies are discussed in Chapter II, on Currencies, Weights and Measures, and paragraphs dealing with exchange values are included in Appendix I.

All external trade figures are based on the reports of the Chinese Maritime Customs, unless stated otherwise. Generally, the direct reference has been to the summaries of these reports in so far as they pertain to

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

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Manchuria which are published year by year by the South Manchuria Railway Company under the title "Trade Returns of North China". These "Trade Returns" have been used rather than the original Customs reports because in them the details of the Customs reports already have been partially grouped conveniently by classes of goods, areas, etc. All trade figures are for the gross rather than the net trade unless stated otherwise -- i.e. the goods imported into Manchuria and later re-exported in their original condition (the "re-exports") are taken simply as part of the total imports and exports. These re-exports (of both Chinese and foreign goods) amount to between two and two and one-half per cent of the gross trade each year. The gross trade, rather than the net trade, figures are taken as giving a more accurate indication of the actual amount of business done.

All tables, chapter and section headings, etc. are for Manchuria as a whole, unless stated otherwise.

G.C.

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

Errata in Figures

-0-

*Corrective
made in parent
on appropriate pages
JHC*

- Page 13, line 6, near end: read 576,560; instead of 576,260.
- Page 45, last line, end: read Pages 210 ff., instead of Page 214.
- Page 49, first line of figures in table, center: read 9.0, instead of 8.9.
- Page 65, lines 8 and 9 of first paragraph under table; read "all", instead of Yen 249,156,000. At end of line 9: read Yen 167,156,000 instead of Yen 138,000,000.
- Page 84, lines 18 and 19 in center paragraph: cancel "1928 and 1929".
- Page 99, line 9 in paragraph under table, near beginning: read 38.9%, instead of 28.9%.
- Page 115, line 13 from top, end: read 28,700, instead of 28,7000.
- Page 126, line 9 from top, center: read 454,000, tons instead of 454,000,000 tons.
- Page 145, line 4 from bottom, near end: read 1927, instead of 1928.
- Page 154, line 9 in paragraph under table: read 2,447,000 tons, instead of 2,447,000,000 tons.
- Page 162, line 5: cancel "and the sugar production, 1,1,731 tons".
- Page 196, last line: read Pages 242 ff., instead of Pages 241 ff.
- Page 212, last line: read Page 31, instead of Page 26.
- Page 216, last line of first paragraph: read 1928, instead of 1929.
- Page 217, lines 7 and 8 of third paragraph: read "1930 over 1929", instead of "1929 over 1930"
- Page 217, line 9 of fourth paragraph: read "Chosenese border", instead of "Chinese border".
- Page 241, last line: read Page 221, instead of Page 222.
- Page 255, first line of third paragraph: read 1850-64, instead of 1851-65.
- Page 281, line 5 under table: read "marine products also are", instead of "lumber also is".
- Page 294, line 3 of Units of Area: read 2.59 square kilometres, instead of 2.59 kilometres.

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CHAPTER I. GEOGRAPHY, POPULATION AND CLIMATE

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1. Boundaries

The northeastern corner of China is commonly called Manchuria by the non-Chinese, from the fact that it was the home of the Manchu tribesmen who established the Manchu or Ching Dynasty which ruled in China from 1644 to 1912. The Chinese, however, refer to it as the "Three Eastern Provinces" (Tung San Sheng), because of its administrative division into the three provinces of Liaoning (formerly Fengtien) in the South, Kirin in the east and Heilungkiang in the north. West of Manchuria is Mongolia, the vast area which lies north of the Chinese Wall and south of Siberia. This territory was formerly divided, in common usage, into "inner" and "outer" Mongolia. Inner Mongolia was a belt lying directly north of what is sometimes called China Proper, from Manchuria on the east to Chinese Turkestan on the West. Outer Mongolia lay north of this area, and along the Siberian frontier. The eastern ends of both Inner and Outer Mongolia, abutting on Manchuria, have had close administrative and economic connections with Manchuria, and thus have formed a hinterland of Manchurian affairs. A survey of the economic problems in Manchuria proper must, to some extent, extend into these border areas; for it will be readily seen that the administrative boundaries do not coincide with those of the economic problems.

Manchuria frequently is spoken of as divided into South Manchuria and North Manchuria. The distinction has no administrative foundation, but it is convenient in discussions of economic and international political developments in this region. Geographically, the region drained by the Sungari River and its tributaries (which flow into the Amur River on the north) might be called North Manchuria, and that drained by the Liao and Yalu Rivers (both flowing into the Gulfs of the Yellow Sea to the south) might be called South Manchuria. Economically, the line might be between the area which looks to Harbin as a trading center and does its import and export business chiefly through the cities on the Siberian border (North Manchuria) and that which looks southward for its trade outlets, to Antung, Dairen and Yinkou (Newchwang). Internationally, North Manchuria might be considered as that region in which the principal railroad is the Sino-Russian Chinese Eastern Railway, and South Manchuria as that region through which the Japanese-owned South Manchuria Railway runs.

There is, however, no sharp demarcation between North and South Manchuria. Liaoning (Fengtien) Province definitely lies in South Manchuria; Heilungkiang Province, as definitely in North Manchuria. Kirin Province, on the eastern side of Manchuria, in whole or in part, is referred to sometimes as in one division, sometimes as in the other.

The southern end of the Liaotung Peninsula (which stretches down into the sea at the south of Manchuria) is held by Japan as a Leased Territory, the region having been leased by Russia from China in 1898 and the lease having been transferred to Japan following the Russo-Japanese War of 1904-05 and then

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extended, in 1915, to 1997. This area, 3,367 square kilometres (1,300 square miles) is administered in essentials as a Japanese province, under the authority of the Tokyo Government. It is called the Kwantung Leased Territory. In addition to this Leased Territory, Japan holds a narrow strip containing the lines of the South Manchuria Railway. This is called the South Manchuria Railway Zone, and, like the Leased Territory, was inherited by Japan from Russia. Its total area is 259 square kilometres (100 square miles), though the line has a total length of 1105 kilometres (690 miles).

Prior to the establishment of the Kuomintang Nationalist Government in China in 1928, Inner Mongolia for administrative purposes was divided into three special administrative areas. From east to west these were: Jehol, Chahar and Suiyuan. One of the early acts of the new Chinese administration was to give those areas the full status of provinces, retaining the names but making certain minor boundary changes. Technically, therefore, Inner Mongolia has ceased to exist, and the term Mongolia now refers only to what formerly was known as Outer Mongolia. Practically, the term eastern Inner Mongolia referred only to the region included in what is now Jehol Province - and this province still lies more within the orbit of Shenyang (Mukden), the capital of the Manchurian administration, than of Peiping or Nanking. The other two provinces of inner Mongolia - Chahar and Suiyuan, the latter particularly - lie well to the west of much direct influence from Manchuria.

Thus in so far as Mongolia is concerned in Manchurian affairs, only a relatively small part of the total area is involved - what is now Jehol Province, and the eastern end of what now remains as Mongolia. It is impossible to fix any exact western limit of Manchurian authority or influence in the present Mongolia, nor is it important to fix this limit at present, since neither economically nor politically is the region of much importance as yet - except that the Chinese will insist that it remain as part of Chinese territory.

2. The Administrative System.

Since the beginning of the Manchu (Ching) Dynasty's rule in China (1644), Manchuria, though technically a part of China, has had its own more or less independent administration. Prior to 1907 it was ruled as a dependency; in that year the three provinces were made an integral part of China and placed under a viceroy, who was responsible directly to the Emperor at Peking. Under the viceroy were the governors of the three provinces. Following the establishment of the Chinese Republic, the title of the head of the Manchurian administration underwent various changes, but the system of a more or less unified administration of the Three Eastern Provinces (Manchuria) continued. After the formal submission of the Manchurian authorities to the Nationalist Government (at Nanking) at the end of 1928, the three provinces technically were put on the same basis as other provinces in China, i.e., the governors were made nominally directly responsible to the Government at Nanking, and everything in the way of a viceroyship for the whole area was abolished. Practically, however, the older system continued in force, with actual control of Manchurian affairs in the hands of the man who was accepted as chief by the dominant politico-military group in Manchuria. Appointments to important positions in the Manchurian provincial administrations are made from Nanking, but the authorities at Nanking are careful to name those recom-

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mended by the de facto rulers in Manchuria.

Jehol Province, though not a part of Manchuria, in recent years has come increasingly under the influence of the authorities at the Manchurian capital - formerly called Fengtien City by the Chinese and Mukden by the foreigners, but now officially called Shenyang. Technically, the provincial governor, like the other governors, is responsible directly to Nanking. Practically he yields to Shenyang.

Formerly, the three provinces of Manchuria, like the other provinces of China, were subdivided into tao, or circuits, each with its own chief under the provincial governor. The tao in turn were divided into hsien, or counties, with their respective chiefs. Under the Republic, however, the administrative unit of the tao has been abolished in these provinces as in the rest of China. The next division below the province now is the hsien. These vary in size and importance.

The administrative system of Jehol Province now is like that of the other Chinese provinces. This status was established in 1928. In considerably older times, the land was divided between various "Leagues" of the Mongol peoples - as was the rest of Inner Mongolia and as is Mongolia today. Each "League" had its titular chief. The extension of Chinese influence, from the south and also from Manchuria, brought closer approximation to the administrative system in China. Today nominally the regular provincial system prevails in Jehol, but enough of the old forms and customs remains to make the actual administration less regular in practice.

In the eastern end of Mongolia (the area formerly called Outer Mongolia) the old system of Leagues continues in force. Nominally, the administration of all of Mongolia is under a Bureau of Mongolian and Tibetan Affairs, which is part of the national Government at Nanking. Practically, the nomadic inhabitants of this region are a law unto themselves, and what actual authority is exercised over them, which is not much, comes from Manchuria.

Since the establishment of the Republic in China, the Manchurian authorities, particularly during the past ten years, have not always recognized the authority of the central government of the country. On several occasions the repudiation of the central government has taken the form of armed attack, in some cases with the result of giving control of Peking (now Peiping) to the chief of the Manchurian administration. The Manchurian authorities acting independently of Peking in several instances have dealt directly with Russian and Japanese governmental agents. Thus politically as well as geographically Manchuria is and has been a more or less self-contained and self-sufficient unit.

3. Mountains, Plains and Rivers.

Topographically, Manchuria may be compared to a vast horseshoe, with the open end to the south. The Changpai ("Long White") Mountains form the eastern side, starting at the Liaotung Peninsula and stretching east and north. The main range rises to a height of 1,830 metres above sea level. The curving northern side of the horseshoe is formed by the Little Khingan Range, along the northern flanks of which the Amur River flows. The Great

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Khingan Range, carrying on from the Little Khingan in the north, stretches south and somewhat west until its extensions reach down to the Gulf of Peichili after passing through Jehol Province. Inside this horseshoe lies the great plain of Manchuria.

The mountains, particularly those in the north, are distinguished by having many plateaux separated by shallow valleys. The mountains are, in general, well forested, and most of the valleys contain streams. Several of the rivers are navigable, and the land along the streams generally is fertile. Westward from Manchuria (into Mongolia and Jehol Province) come the foothills of the Khingan Range and then the rolling plains. This side of the mountains is less forested and more dry than the eastern side, the desiccation becoming more intense toward the west and into the Gobi desert. The southern extension of the Khingan system, reaching down through Jehol and into Hopei (formerly Chihli) Provinces, is called the Yin Range.

The great plain of Manchuria, lying within the horseshoe of the mountain ranges, is divided approximately into halves by east-and-west branches of the bordering mountains. These cross hills form the divide between the rivers which drain northward into the Amur River (the Sungari and its tributaries, chiefly) and those which drain southward into the Gulf of Peichihli (the Liao and Yalu Rivers and their tributaries). The whole of the plain, except for comparatively small parts along some of the rivers which are sandy and subject to flood, is excellent farming land, in many ways comparable to the Mississippi River valley in the United States. In its largest dimensions, the plain area is approximately 950 kilometres (600 miles) from north to south and 650 kilometres (400 miles) from east to west. The southern part of the plain -- south of the dividing cross-hills -- has been the principal center of settlement and agricultural development for centuries. The northern part, particularly the great Nonni River region in the northwest and the lower reaches of the Sungari River in the east, has begun to be settled and farmed only comparatively recently -- since the development of railways which established communications with these areas. The crops in the southern half are considerably more diversified than in the northern. The southern part -- South Manchuria -- produces millet, kaoliang (sorghum), maize (corn), wheat, cotton, tobacco and fruits of various kinds in addition to the everywhere-present beans. Two crops form the great bulk of the agricultural production in the northern part (North Manchuria): beans and wheat. The development of soya bean production in this northern region in recent years has made it possible for Manchuria to produce over 60% of all the soya beans grown in the world.

There are four rivers of particular importance in Manchuria. All of these are navigable for at least part of their length. They are the Amur and the Sungari to the north and the Liao and Yalu to the south.

The Manchurian rivers have two flood seasons. The first, due to melting snow, comes in the spring; the second, due to the heavy summer rains, comes about the middle of summer. During flood times, small streams often become fair-sized rivers, and moist valley lands become lakes. The fact that the mountains are heavily forested, especially in the north, tends to prevent the sudden draining off of the water during the rainy season. This is less the case to the south, particularly in the Liao River valley.

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The streams on the Mongolian side of the Khingan Range are few. None is navigable. Because of the small rainfall and of the fact that this region is cut off from the sea by mountains, most of these streams either run into salt lakes or disappear entirely in the soil. In the extreme north of Mongolia are a few rivers, fed chiefly from the Dutulun Mountains (part of the Khingan system), which find their way into the Amur River system. Several streams originating in the southern end of the Khingan Range, find their way to the Gulf of Peichihli.

The Amur River starts with the junction of the Argun and Shilka Rivers at 53° 20' north latitude and 120° 28' east longitude, near the northern tip of Heilungkiang Province. It runs east and southeast from this point to its junction with the Sungari River at 47° 45' north latitude and 132° 40' east longitude. Then it turns northeast, and meets the Ussuri River at 48° 30' north latitude and 135° east longitude. The angle between these rivers at this point forms the extreme eastern end of Heilungkiang Province. From here, the Amur continues in a north-easterly direction, through Russian territory, and finally enters the Gulf of Tartary at 52° 57' north latitude and 141° east longitude, near Nicholaevsk. One of the principal tributaries of the Amur is the Argun River, which runs along the western side of the northern part of Heilungkiang Province. The Argun and Amur together form the northern border of Manchuria. Including the Argun, the Amur is about 4,320 kilometres long. It is navigable by medium-sized steamers for about 300 kilometers from its mouth. Shallow-draft river vessels, log rafts and similar means of transportation move along the entire course of the Amur and a large part of the Argun.

The Amur is extremely wide; even at the narrow gorge of the Preya Range the width being 600 meters. The banks of the river are somewhat precipitous, but generally its basin is a plain, with considerable forest land. Along the river are cities like Albagin, Blagoveschensk, Aigun, Lanchiang, Habarovsk and Nicholaievsk. Steamers go up to Strechensk, but the river is frozen from the middle of October until the middle of May.

The water of this river is darkish brown or even black, which characteristic gives it its Chinese name of Heilung Kiang (Black Dragon River). In the river are found carp, salmon, trout, hemibarbus, barbus and other fish.

The Sungari River flows through the northern and central districts of Manchuria. It meanders greatly, finally joining the Amur in the north-eastern part of Heilungkiang Province. Its upper flow is divided into two streams, the northern branch being called the Nonni, and the southern branch forming the main stream of the Sungari.

The Sungari originates in the Changpai Range. At first its current is rapid, as it passes through the mountainous districts of the Changpai and Hsiapai Mountains. Dense forests lie on both sides of the river in this region. Entering the plains of Kirin Province, the current slows down.

Through Kirin, the Sungari flows in a northwesterly direction, but as it crosses the western end of Kirin Province, it meets the Nonni River and takes a sharp turn to the northeast. This junction is near Petuma, at 35° 5' north latitude and 124° 52' east longitude and about 800 kilometers from the Sungari's source. From this point, the Sungari flows north-east,

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passing Harbin, and then Sanhsing. It joins the Amur about 1,350 kilometers from its junction with the Nonni. The Sanhsing district along the river is rich in forest lands, and the plain extending from Petuna and Harbin to the junction of the Sungari and Amur is generally fertile. It is the best agricultural land of North Manchuria.

Although the river is frozen for nearly six months in the year, below Harbin it is from seven to eight feet deep in summer and permits navigation of small steamers. The main river and its branches are suitable for rafting lumber. The river, therefore, has become a great transportation highway in North Manchuria. When Russian steamers entered from the Amur River and reached Kirin in 1894, new life was given to the Sungari basin, since which time steamers navigating the river have increased in number. Sailing boats piloted by Chinese also ply along the river.

The Yalu River rises in the eastern slopes of the Changpai Mountains, and, gathering small streams descending from the Manchurian and Chosenese sides of the mountain, it flows southwest. The Hun and Ai rivers are its chief tributaries. The sand banks of the Chiulitao area divide it into three streams, but at Shahochon the three rejoin. Then, after forming the great delta of Weihuatao, it enters the Yellow Sea. The river is only 560 kilometers long, its current is rapid, and its volume is not large. Near Wiju and the Weihuatao delta, which lies only 11 kilometers from Antung and the river mouth, it is not navigable by boats with a draught of more than a metre and a third. Between Shahochon and Wiju there are points where ships with a draught of more than 45 centimetres are not able to pass. The rapidity of the river current and the existence of so many sand bars prevent navigation by steamers, but with Chinese junks it is possible to sail 160 kilometers above the mouth.

This river has its trade value, since along its upper regions there are vast forest lands that extend many miles on both the Manchurian and the Korean sides, the timber from which is floated down to the sea. Valuable goods, such as wild silk cocoons, beans, ginseng, alluvial gold and hemp are produced along the Yalu.

The Liao River is the main water course of Liaoning (Fongtien) Province, to which, as well as to the Liaotung ("East of the Liao") Peninsula, it gives its name. Various streams, originating in the Khingan Range to the west of Manchuria and flowing eastward unite to form the Liao. Streams originating in the Changpai Range to the east also feed into this river. Emerging from the mountains on the west, the river flows eastward into the Liaoning plain, until its junction with the Tungliao ("East Liao") River. From here it flows southward to the Gulf of Peichihli which it enters at the port of Yingkuo (Newchwang). Approximately 800 kilometers of the main stream are navigable by river craft, besides another 450 kilometers of branch streams.

The river formerly was important as a means of transportation. But the soil along its banks is chiefly mud and fine sand, especially in the lower portions, and the region through which it runs is flat. Diking the river to prevent floods is difficult, and little has been done of such work. The stream also carries a heavy load of silt. Thus yearly the bordering flats are flooded, the stream becomes wider and shallower, and navigation becomes more difficult. Hence there has been a marked tendency in recent years for

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the traffic which formerly went by river to go by the railways which run through this region -- the South Manchuria Railway and the Peiping-Liaoning Line.

Yingkue (Newchwang) at the mouth of the Liao River is one of the three principal ports of South Manchuria. (The other two are Dairen, at the end of the Liaotung Peninsula, and Antung at the mouth of the Yalu River).

4. Area and Population.

A. Area.

No careful survey of Manchuria has been made. Neither have the areas of Jehol and that part of Mongolia which come within the Manchurian "sphere of influence" been accurately measured. Estimates made by the Research Bureau of the South Manchuria Railway, however, give a total of slightly more than 990,000 square kilometres for Manchuria. These estimates divide the territory up as shown below. The Japanese-controlled area is included in the Liaoning Province figure, in the table, though also listed separately.

Area

Region	Square Kilometres	Square Miles
Liaoning Province	233,680	90,224
Kirin Province	209,837	81,018
Heilungkiang Province	547,487	211,385
Total	991,004	382,627
Kwantung Leased Territory	3,377	1,300
South Manchuria Railway Zone	259	100
Total, Japanese controlled	3,636	1,400

B. Population

Accurate figures of Manchurian population also are unavailable. The figures obtained by the Research Bureau of the South Manchuria Railway Company are based on the statistics published by the police department of each province and estimating the natural increase of population and the trend of emigration and immigration.

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This Bureau's estimates for December 31, 1927 and 1929 are as follows:

Population		
Region	Population	
	1927	1929
Liaoning Province	13,591,100	14,988,660
Kirin Province	8,766,800	9,075,630
Heilungkiang Province	5,154,900	5,133,730
Total	27,512,800	29,197,920
Leased Territory and S.M.R.		
Railway Zone (included		
in Liaoning Province		
figures) ⁽¹⁾	1,108,964	1,225,821

In 1910 the Chinese Ministry of the Interior estimated the population of Manchuria at 14,917,000. The Chinese Post Office estimate put the figure at 22,083,000 in 1923, and at 25,266,103 in 1926. Allowing for increases by excess of births over deaths and by immigration, the population at the end of 1930 (figuring from the 1929 figure above) would have been approximately 29,990,000 or very close to 30,000,000, and by the end of 1931 it will be 30,750,000. The increase from 1910 to 1930 thus was 15,000,000, or just over 100% for the two decades.

Already Manchuria has a population approximately a third that of the United States, three-quarters that of France, half that of Japan Proper

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- (1) An official census of the Leased Territory and the Railway Zone on October 1, 1930, gave the population as 955,727 for the Leased Territory and 372,242 for the Railway Zone, making a total of 1,327,971. Of these, 225,819 were Japanese, 18,247 were Koreans, 3,020 were other foreigners, and 1,080,885 were Chinese. The Chinese were 81.5% of the total.

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or Germany and not much less than that of England. There is, however, still plenty of room for a very large further growth of population.

(1) Population Increases. The population of Manchuria is increasing at a rate rarely seen in the Far East, not only by natural gains from excess of births over deaths but also by the settlement of refugees and immigrants from south of the Great Wall, especially from Shantung and Hopei (Chihli) Provinces. During the recent years of famine and civil disturbance in this northern Chinese area, the movement into Manchuria was particularly heavy. The average natural population increase, according to Japanese estimates, for the eighteen years from 1907 to 1925 was 9.5 per 1,000. But during 1918 and 1919 epidemics caused an exceptionally high death rate -- in 1918 the birth rate was 26.8 per 1,000 and the death rate 24.7, for example, leaving a gain of only 2.1 -- so that the average was exceptionally low. The average excess of births for six years from 1920 to 1925 inclusive was 10 per 1,000. This may be taken as the standard rate for the natural population increase.

Another large increase has come from the immigration of Chinese. This has been going on for many decades. But the movement has been especially heavy in recent years. These immigrants enter Manchuria by rail and sea, through Dairen, Antung, Yinkou and along the Peiping-Liaoning Railway as well as on foot along the coast and through Jehol. These latter cannot be counted at all accurately; the entries through the ports and on the railway can be checked fairly completely.

Among the immigrants, especially in the earlier years, were many who went to Manchuria as seasonal laborers and returned to their homes in China Proper for the winter. The net addition to Manchuria's population from immigration, therefore, is represented by the difference between the arrivals and the departures. The figures for recent years, based on reports of the South Manchuria Railway Research Bureau, are as follows (Official Chinese reports give substantially the same figures):

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Chinese Migration to Manchuria								
Year	Entered Via							
	Dairen		Yinkou		Antung		Peiping-Liaoning Railway	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
1923	172,014	39.8	77,087	17.7	46,577	10.7	138,011	31.8
1924	167,206	34.7	61,904	12.9	42,641	8.8	210,719	43.6
1925	197,392	37.1	96,647	18.1	40,740	7.7	197,991	37.1
1926	267,062	44.0	124,743	20.5	48,287	7.9	167,260	27.6
1927	599,452	50.9	182,558	15.5	68,599	5.9	327,645	27.7
1928	506,553	54.0	152,556	16.3	52,703	5.6	226,660	24.1
1929	512,947	49.0	148,557	14.2	53,557	5.1	331,210	31.7
Seven Years	2,422,626	46.4	844,052	16.2	353,104	6.8	1,599,496	30.6

Year	Total entered	Total departed	Number re- maining	% remain- ing
1923	433,689	240,565	193,124	44.5
1924	482,470	200,035	282,435	58.6
1925	532,770	237,746	295,024	55.4
1926	607,352	323,694	283,658	46.8
1927	1,178,254	341,959	836,295	71.0
1928	938,472	394,247	544,225	58.0
1929	1,046,271	621,877	424,394	40.6
Seven Years	5,219,278	2,360,123	2,859,155	54.8

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Of these immigrants (both arriving and leaving) much the larger proportion are men. Exact data are not available, except for arrivals at Dairen. Of those arriving at that port in 1928, 82.7% were men and 17.3% were women and children. The 1929 percentages were: 84.1% men and 15.9% women and children. South Manchuria Railway estimates for arrivals at Yinkou in 1929 were: 80% men, 10% women, 10% children. The various government and railway authorities (Chinese and Japanese) have been at some pains in recent years to assist the migrants from China in getting settled on the land or otherwise provided with occupations so that they would not become public charges. In this they have been notably successful, for in spite of the heavy migration there has been little or no development of poverty. The railways by giving reduced fares have helped the migrants, and particularly have encouraged the movement of whole families who might be expected to settle permanently in Manchuria and thus develop the country. The South Manchuria Railway gives immigrants a 40% reduction on ordinary fares, and carries children under 15 and persons over 60 free of charge. The Chinese Eastern Railway provides free transportation for persons over 60 and under 10, and the Peiping-Liaoning Railway transports free children under 12.

(2) Population Groups. The great majority of the inhabitants of Manchuria are Chinese, and the proportion is increasing steadily. Originally the Manchu race inhabited this territory, but after the establishment of the Manchu Dynasty in China, many Manchus left Manchuria for China Proper, in order to undertake the task of establishing the Empire. Both the Manchus who left Manchuria and those who remained in their native land have been largely assimilated and absorbed by the Chinese race. The ratio of the Chinese to Manchus in Manchuria today is at least 90 to 10. Some estimates put the Manchu population as only 3% of the total.

Figures compiled by the Kwantung Leased Territory Government, as of December 31 in each year, give the following Japanese population for the Leased Territory, the Railway Zone and the Japanese Consular Districts:

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Japanese Population in Manchuria (Leased Territory, Railway Zone and Consular Districts)			
Year	Number	Increase	Index No.
			1910=100
1905	5,025		8
1910	74,271	13,849 (average per year)	100
1915	97,062	4,558 (" " ")	131
1920	152,787	11,145 (" " ")	206
1921	158,133	5,346	213
1922	163,587	5,454	220
1923	169,216	5,629	228
1924	173,896	4,680	234
1925	180,149	6,253	243
1926	185,284	5,135	249
1927	190,804	5,520	257
1928	203,624	12,820	274
1929	212,146	8,522	286

These figures do not include the Japanese residing outside the areas mentioned. Of these there were some 7,250 in 1929 according to the Japanese Foreign Office. The distribution of the Japanese population, by areas, in 1928 and 1929, was as follows:

Distribution of Japanese Population in Manchuria				
Region	1928		1929	
	Number	%	Number	%
Kwantung Leased Territory	101,744	48.3	112,211	51.2
S. M. R. Zone	96,649	45.8	94,996	43.3
Japanese Consular Districts	5,231	2.5	4,939	2.2
Total	203,624	96.6	212,146	96.7
Elsewhere (approximate)	7,250	3.4	7,250	3.3
Total Japanese residents in Manchuria	210,874	100.0	219,396	100.0

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The principal occupations of these Japanese residents of Manchuria are agriculture, manufacture, professional work, commerce and transportation, in the order of the number of persons engaged in each occupation.

No absolutely accurate figure is available of the total number of Chosenese living in Manchuria. Chosen government estimates put the total at 768,280 in 1927, and Japanese Foreign Office figures give 576,260 in 1928 and 561,642 in 1929. Chinese and Russian estimates put the number at considerably above these latter figures. Figures for several years (Japanese sources) are:

Chosenese in Manchuria			
Year	Leased Territory, S. M. R. Zone and Consular Districts	Elsewhere in Manchuria	Total
1910	604	?	??
1920	32,435	?	?
1925	61,099	?	?
1927	45,272	723,008	768,280
1928	50,560	526,000	576,560
1929	48,537	513,105	561,642

The great majority of the Chosenese thus live outside of areas where they would be directly under Japanese jurisdiction. The migrants from Chosen settle chiefly in the districts bordering on that country, but an increasing number are moving westward, particularly into the Harbin region. These latter thus tend to pass beyond any contacts with the Japanese authorities. Many of the Chosenese in Manchuria, in fact, become naturalized as Chinese citizens. Most of the Chosenese settlers take up farming, especially rice cultivation, though some engage in fishing and gold and coal mining. As a whole, the Chosenese in Manchuria are not well off financially, though their condition is improving.

Next to the Chosenese and Japanese, the Russians form the largest alien element in Manchuria. The influx of Russians has been particularly great since the Russian Revolution of 1917. Most of these immigrants are settled along the Chinese Eastern Railway. Many are extremely poor. 1927 estimates of the number of Russians in Manchuria give a total of 140,554. Probably the number has diminished somewhat since then, rather than increased. The numbers of other aliens are estimated (1927) as follows: 529 British, 384 German, 322 French, 190 American, 1,733 others, or a total of 3,158. There has been a decrease rather than an increase since 1927.

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Assuming the approximate correctness of these figures, the population of Manchuria would be divided as follows:

Population Proportions			
Nationality	% of Total	Nationality	% of Total
Japanese	.7	Other aliens	.5
Chosenese	2.3	Chinese and Manchus	96.5

Thus the alien population forms approximately 3.5% of the total -- while in the United States, for example, the alien population is approximately 10% of the total. Accurate data for earlier periods are not to be had, but the experience of the last decade or so has shown conclusively that the opening up of Manchuria by the construction of railways and other means of communication has made the area increasingly predominantly Chinese.

5. Climate.

A. Latitude and Atmospheric Conditions.

Manchuria is situated no farther north than most of the civilized countries of the world, since it extends from 38°47' to 53° north latitude. Dairen, at the southern end of the territory is on about the same latitude as Sendai in Japan; San Francisco and St. Louis, Missouri, in the United States; Lisbon in Portugal; Sicily; and Constantinople in Turkey. Harbin, the central city of North Manchuria, is on a line with Portland, Oregon, and St. Paul, Minnesota, of the United States; Ottawa, Canada; and Milan, Italy; and is south of Paris, France; and Vienna, Austria. The region of Manchuria lies north of Japan, but in latitude it is south of England, Germany, Canada, and other civilized countries. The Changpai Range lies to the east, preventing the climate from being influenced by the air currents from the Sea of Japan. On the north the area connects with the vast plains of Siberia, across the Khingan Range; on the west it extends to the waste land of Mongolia and the Gobi desert.

Generally, the climatic conditions in Manchuria correspond to those in other continental areas. Changes occur more sharply and more often during a day or a year than along sea coasts. Continental districts have a lower temperature, thinner clouds, more sunshine, more of finer dust, and lighter wind than coast districts. Manchuria possesses all these characteristics of a continental climate. Strong winds blow only in the spring.

B. Special Features of the Manchurian Climate.

Generally speaking, from January to March, the temperature of Manchuria is lower than in districts of the same latitude in Japan or other countries. But in April or May, the temperature suddenly rises, and in July it climbs much higher than in other localities of the same latitude. In

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August the temperature begins to fall, in September it takes a sudden drop, and from about October onward it becomes cold. The average difference of temperature at different hours within a day is great. Average temperatures at different points for the different seasons in 1929 were as follows:

Temperatures (1929; Centigrade)				
Locality	January	April	July	October
Dairen	-5.9°	9.1°	24.2°	13.5°
Shenyang	-12.6°	8.2°	24.9°	9.1°
Yinkou	-9.8°	8.4°	25.0°	10.6°
Changchun	-17.6°	5.7°	23.8°	7.0°
Harbin	-21.0°	5.1°	23.6°	6.0°

Another feature of the climate of Manchuria is that, during winter there appears the phenomenon of "three cold and four mild," or three cold days followed by four mild days. This phenomenon is caused by the fact that during winter the atmospheric pressure of the continent greatly rises, whereas in Central China and the Yangtze River regions a low pressure appears, as the result of which the cold north-west wind blows from Siberia, lowering the temperature. Thus for three days this cold weather continues. But on the other hand when the high pressure develops in the central part of China while Manchuria has a low pressure, the warm southwest wind blows, bringing four days of mild weather. In this way the cold and mild days appear alternately in three or four day "runs".

The atmospheric condition of Manchuria has another characteristic. The air being comparatively dry in proportion to the amount of sunlight, the evaporation quantity is large in proportion to the rainfall. The average annual sunlight in Manchuria is 66% at Dairen and 60% at Shenyang, while at Kamo and Amori in Japan it is 37% and at Sapporo and Asahigawa, 32%. But in Sacramento, California, it is 72%.

The average annual rainfall is 640 millimetres at Dairen, 630 millimetres at Shenyang and 670 millimetres at Changchun. But since the annual rainfall at Sacramento is 413 millimetres, the Manchurian rainfall is about 200 millimetres heavier. The rainfall at Asahigawa, Japan, which is 1,071 millimetres, is half again as much as that of Manchuria.

The evaporation quantity, however, is high in Manchuria despite the small rainfall. At Dairen it is 1,479 millimetres, at Shenyang, 1,510 millimetres and at Changchun, 1,298 millimetres. At Sacramento, California, it is 1,700 millimetres, but the Manchurian rate is much higher than that of Japan. At Kamo the evaporation is 1,076 millimetres, at Aomori it is 894 millimetres and at Asahigawa, 767 millimetres.

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Although Manchuria has a long winter, the non-frost season is comparatively long. Relatively strong winds blow in Manchuria, especially during the spring and summer.⁽²⁾

6. Occupation of Manchuria by the Chinese.

Manchuria has been inhabited for many centuries, the inhabitants being part of the great Mongol division of the human race. Various of the tribes have risen to prominence from time to time. Some have played an important part in Chinese history. Only in comparatively recent years has the sharp distinction between Manchuria and Mongolia been drawn; prior to that, the whole region, from the racial point of view, was essentially a unit.

Chinese historical records tell us that in ancient times the Sushen, Weimo, Fuyu and other races wielded power in the north, followed by the Kaochuli, Pohai, Khitan, and Nuchen peoples. Continuing through the periods of the Yuan and Ching Dynasties (1280-1368 and 1644-1912 A.D.) the district had a brilliant history of more than three thousand years. These dynasties, established by the Mongols and Manchus, conquered the entire territory of China Proper.

On the other hand, while the tide of military conquest has moved southward from Manchuria and Mongolia into China Proper rather than in the other direction, Chinese civilization and Chinese settlers have pushed northward and made these areas their own. Particularly after the rise of the Ching Dynasty, the Chinese, as traders and settlers, began to move into Manchuria, occupying the area gradually, peacefully and without bloodshed. The development of railways in Manchuria has hastened this movement, and today, with a population of 30,000,000 of whom the very large majority are Chinese, Manchuria culturally and in terms of racial occupation is practically completely Chinese.

When the founder of the Ching Dynasty first rose to power early in the seventeenth century, and organized the eight armies or "banners", he was not satisfied with holding the Changpai district alone, where the Manchu tribesmen lived. He warred with and overcame the neighboring peoples of other tribes and then came into conflict with the native Chinese Ming Dynasty at that time ruling in China. The drain on man power of the long and continued wars made it necessary for him to replenish his armies from Korea and Mongolia, but the eight Manchu Banners continued to be the nucleus of the Manchurian forces, and as far as possible only Manchus were admitted to these banners.

When the Ming forces were finally defeated and the Manchus entered Peking, there were comparatively few able bodied young men left in Manchuria. Particularly was this true in the valley district of the Mao Mountains, where the recruiting was most thoroughly done. Land lay waste and agricultural

(2) Further details of Manchuria's climate will be discussed in Chapter V. on Agriculture (Page 98 ff.)

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products became scarce. In many places, large sections of land were practically uninhabited. Since the territory of Manchuria has been occupied by various races from very early times, it could not be called a virgin land. But because of the large-scale drafting of men into its armies by the Ching Dynasty, the territory reverted almost to the condition of new land. In the Ming period, the Liaotung area had been subordinate to the Chinese, but as soon as the Manchus began to fight the Mings, the settlers in Liaotung fled back home. The Manchus in Liaotung entered China Proper when the Ching Dynasty was established at Peking. Thus Manchuria in a short time lost many of its inhabitants, leaving the land waste.

A. Closing Manchuria.

The Ching Dynasty (1644-1912 A.D.) issued an order in 1644 urging local officials to encourage agriculture, and protecting the rights of land owners and farmers. In 1651, those desiring to cultivate waste land north of Shanhaikwan were given land under the protection of the Shanhaikwan administration. Then the Liaotung Reclamation and Colonization Order was issued, and immigrants wishing to settle in the Liaotung district were recruited on very favorable terms. But the results of these efforts and plans were disappointing, and in 1668 the Liaotung Reclamation and Colonization Order was withdrawn. The authorities decided to adopt a policy of closing Manchuria to the Chinese and also to the Mongols and Koreans.

This policy of closing Manchuria was enforced partly in order to protect the wild ginseng, alluvial gold, and other resources of that territory. The principal financial resources of Manchuria at that time were the profits gained by gathering and exporting wild ginseng. Ginseng, sable furs, and huliectan were the three main products of Manchuria, and were sold at extremely high prices. The right to gather them was monopolized by the Manchu imperial family. The general public were not permitted to handle them. Of these three, ginseng was the most valuable. But the profits from the trade attracted the Chinese, who, despite the prohibition, hunted for it secretly. These secret hunters of ginseng did not pass through Shanhaikwan, where strict watch was kept, but came by boats from Tientsin or Shantung, landing on the Liaotung Peninsula and along the banks of the Yalu River.

The Manchus did not close Manchuria to the Chinese solely for economic reasons, however. They had conquered the Chinese by military force, but they feared the assimilative power of the enemy's civilization. Emperors Kang Hsi and Yung Cheng, early in the Ching succession, considered the preservation of the Manchu racial spirit a most important national policy. Nevertheless, it was to be expected that the Manchus, who had only a meager culture and civilization of their own, would be assimilated by the Chinese who possessed a higher culture and civilization.

B. Breaking Down the Barriers.

The Chinese continued to enter Manchuria despite the severe prohibitive measures. Interest was aroused among the Chinese in the fertile soil and rich resources of Manchuria. Young Chinese, who had joined the armies sent to prevent the southern advance of Russia, discovered the conditions in the northern territory. The traveling posts established at important places of both North and South Manchuria in order to facilitate communi-

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cation, also gave the Chinese an opportunity to become acquainted with conditions in Manchuria.

At that time, the Manchurian bannermen, who were a majority of the inhabitants in Manchuria, suffered from economic difficulties. They were not permitted to leave their districts, to engage in business, or to sell or purchase land. Nor were they successful farmers on their own account. In these circumstances, many let Chinese cultivate their lands as tenants, in order, with the income thus obtained, to provide themselves with daily necessities.

Drawn by these practical opportunities, some of the excess of the Chinese population, which continued to increase rapidly during the century and more of peace in the Kang Hsi (1662-1723 A.D.) and Chien Lung (1736-1796 A.D.) periods, entered Manchuria. These immigrants did not necessarily pass through the barrier at Shanhaikwan. Many went on merchant ships or fishing boats and landed on the Liaotung coast. Moreover, the officials guarding the barrier at Shanhaikwan were corrupt, and it was, therefore, not very difficult to pass. Thus the number of immigrants entering through this barrier gradually increased, rendering the original prohibition measures quite ineffective.

In the fifth year of the reign of Chien Lung (1740), the government ordered that all Chinese emigrants settled in Liaotung must return to their native districts. Another imperial message, issued in the eleventh year of Chien Lung's reign (1746), gave special attention to people in poverty who passed Shanhaikwan. The prohibitory laws were not enforced, and the number of Chinese entering Manchuria yearly increased. By the end of the Chien Lung period illegally cultivated lands were seen almost everywhere. In the seventh and eighth years of Tao Kuang (1821-1850 A.D.), those passing through Shanhaikwan into Manchuria numbered 4,600, few of whom returned to their native places even in the years of good harvests in their former homes.

In 1803, the law regarding the issue of special permits to emigrants was passed, and the prohibition law was practically annulled. The wish of the majority of Manchus, excepting noble families, to have their lands cultivated by Chinese and to make their living from land rentals was thus realized.

Towards the end of the Ming Dynasty (1368-1644 A.D.), the Chinese had lost their interest in and knowledge of Mongolia, but Emperor Kang Hsi's (1662-1723 A.D.) expedition into Mongolia found that the land beyond the Great Wall could be turned into valuable farms. Then the Chinese began to go beyond the Great Wall to attempt cultivation. During Kang Hsi's reign, a large number of Shantung people, who had entered Mongolia beyond Hsifenglou, north-east of Peking, were examined and sent back to their native provinces. Emperor Kang Hsi returned these Chinese settlers from Mongolia because he desired to prevent the association of Chinese with Mongols.

The Peking government called the Chinese who had attempted to enter Mongolia yueh jen or "passed over men", i.e. people who had passed beyond the Great Wall. These yueh jen appeared partly because of the fact that the Mongolian rulers had invited settlers. Mongolians invited these settlers, as they wished to pay off their debts with the rentals obtained by

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leasing their lands for tenancy cultivation. According to an estimate made by the Government in 1748, the total farm land that was leased to Chinese in the Tomuto and Harachin regions reached more than 1,300 square kilometers. If the Mongolians were unable to redeem their land, the Peking Government made it a practice to have the lease period extended so that the Chinese could not take permanent possession of the land. Eventually, the Government prohibited altogether the cultivation of Mongolian lands by Chinese.

About 1784, Chinese settlers were not limited to the Tomuto and Harachin areas, contiguous to Chihli Province and the Liaohsi (West of the Liao) district, but were also found in Bintowan, Buowan and Daruchiwan, the Mongolian territories east and west of the bending point of the Liao River. Furthermore, by 1791, Chinese had established themselves in all of the districts of Changchun and Nungan. Chief Changurabudan invited immigrants and let them till the land. The Government at Peking did not learn of this fact until 1799, when it despatched General Hsiu Lin to the district. It was found, however, that there were 2,310 households of Chinese already engaged in farming under long-term tenancy contracts. The total land cultivated by Chinese amounted to about 1,800 square kilometers in this region, and their undertakings were greatly aiding the livelihood of the tribesmen. Therefore, the Government felt obliged to station an official at Changchun to supervise these Chinese settlers, who were permitted to cultivate land in a limited section.

The number of Chinese settlers in the Changchun district grew yearly, and the office for supervising them was enlarged. Then further neighboring areas were opened to settlers, including part of the territory of Buowan, or the present Changtu, and an additional supervising official was appointed. At that time, the number of settlers was said to have reached several thousands.

When these settlers left their native places and entered Mongolia, they became tenant farmers of the Mongols on the Upper Liao River plain. With their superior strength and persistent efforts, they soon became virtual owners of the land. The lower Liao River district had been tilled for centuries, but Mongolia was a fertile, fresh land, almost completely unpopulated. The Mongolian rulers were unable to measure land and calculate taxes, of which fact the Chinese took advantage. Nevertheless, the Mongolian rulers gained large profits by opening their lands to settlers. The lantou (chief inspectors) profited much by exercising the power given by the rulers to invite settlers, and also gained the right of measuring and distributing. In this way, the Mongolian rulers became mere puppets, their lands gradually slipping away from them.

C. Effective Occupation.

The majority of the Chinese settlers in Mongolia and Manchuria came from Chihli (now Hopei) and Shantung Provinces. They came to totally unknown lands without any funds, without military power or Government protection. Yet their untiring efforts and perseverance brought them great success. They were mostly farmers, but there also came many merchants and money lenders. The farmers mostly came from Shantung, the merchants from Chihli. The latter were dealers in miscellaneous merchandise, with head offices in China Proper.

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Ginseng, one of the principal products of Manchuria, was monopolized by the Ching royal family. It was produced mostly in the Yalu River region. The Chinese secretly entered Manchuria and gathered ginseng, going up the river to the Changpai Mountains, where they also found that alluvial gold mining could be very profitable. Thus they came to mine alluvial gold, not only in the Changpai region, but in almost all the other prohibited mountain regions of Fengtien (now Liaoning) and Kirin Provinces, though secretly. Nevertheless, the coming of these Chinese greatly furthered the development of the country.

Thus a part of Manchuria had been opened to Chinese who were permitted to enter freely. In the latter part of the nineteenth century too, the power of the Ching Dynasty waned, and the influence of the central Government over Manchuria was weakened. In such circumstances, and in order to increase its revenues, the Government opened land to cultivation in Manchuria. In 1878 the last official prohibition of Chinese settling in Manchuria was revoked.

Manchuria not only was developed internally by Chinese, it also was liberated internationally. Trade ports were opened, the demand for products increased, and various enterprises began to prosper. Russians entering Manchuria became so numerous that the Government felt obliged to adopt some counter measure, and the Peking Government planned the colonization of Manchuria on a very large scale. It tried to send emigrants to Heilungkiang Province, but the result was not satisfactory. This measure, and the building of railways, however, stimulated general immigration into Manchuria, and the movement of settlers from China Proper has grown steadily. Today Manchuria is effectively occupied by Chinese, who have assimilated the Manchus. Chinese settlers also are pushing forward steadily into Mongolia, and even up into Siberia.

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CHAPTER II. CURRENCIES, WEIGHTS AND MEASURES.

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1. The Currency System.

China's currency has a long history, but at present it is in a state of considerable confusion. There is a national currency, but certain foreign currencies also are used, particularly in the trade ports. There are metallic coins and paper notes in wide variety. Some of the currencies are coined or issued by the Government, others by banks or privately. Even among the coins having nominally the same value, the fineness and weight vary. Many of the notes have been issued in such large quantities as to be inconvertible and hence to have an exchange value which varies sharply in relation to the coins on which they are supposed to be based.

This confusion arises out of the absence of a single central agency for controlling the minting of coins and the issuing of bank notes. The disadvantages of the confusion, in domestic as well as foreign trade, long have been recognized. The matter has been touched on in several treaties which China has made with foreign Powers, and the question of unification of the currency has received not a little consideration by the Chinese Government for decades. It was one of the principal subjects dealt with by the Kemmerer Commission which, at the invitation of the Chinese Government, studied the financial situation of the country during 1929. Various plans have been considered for the establishment of a gold standard, but so far nothing definite has been accomplished in this direction -- though, beginning in February 1930, the Chinese Maritime Customs Administration started collecting customs duties in terms of a "customs gold unit."

The various kinds of currencies in circulation, the notes based on these currencies and the "book currencies" are discussed in the following pages.

The situation in Manchuria parallels that in China. Various kinds and denominations of Chinese currency are in use, as also are certain foreign currencies, chiefly Japanese and Russia.

A. Chinese Currencies.⁽¹⁾

The standard unit of the Chinese currency now is the yuan (dollar). Yuan are minted in coins of one yuan value, and are the most important currency in Manchuria. Below the yuan come the subsidiary silver coins, called the chiao, which nominally at least are multiples of hundredths of the yuan. (In China Proper a few copper coins were minted several years ago with a nominal value of one and five one-hundredths of the yuan. Only a few of these were issued, however, and they have not passed into general circulation.)

The principal copper coins in Manchuria are the tung yuan. Below these are the chih chien. Nominally one chih chien equals one wen, and the

(1) For translations of the Chinese terms used in this chapter, see Appendix II, Page 297ff.

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tung yuan are coined in decimal multiples of wen. Transactions in chih chien usually are carried out in units of tiao. Each tiao nominally is 1,000 wen and hence also 1,000 chih chien. Since, however, a chih chien may actually be figured as worth anywhere from two to six or more wen, a tiao seldom has the full 1,000 coin pieces of chih chien.

Besides these coins, silver ingots form an important element in the currency system. These are called yin ting. They are made up in multiples of the liang (tael). The "customs gold unit" notes are beginning to circulate somewhat. In addition to these more tangible currencies, metal and paper, certain book currencies are in use, particularly the "haikwan tael", the "kuping tael" and the "transfer tael."

There is no connection, even nominal, between the silver and the copper currency. The chiao nominally are decimal subdivisions of the yuan. The tung yuan nominally are decimal multiples of the wen. The exchange between the copper and the silver coins varies, generally, with the relative values of the two metals. In recent years, the rate has been between three and four hundred tung yuan to the silver yuan. This exchange rate varies from locality to locality and time to time. Since the silver yuan have been kept up to standard fairly well, while the other coins and notes have been debased, and since the yuan as a coin is easier to deal with than the ingot yin ting, the tendency increasingly is for all values to be referred back to the silver yuan as a standard and for exchange quotations on the chiao and the tung yuan (the principal secondary currencies) whether as coins or as notes to be in terms of silver yuan.

Yuan, (or Ta Yang Chien): The yuan is the basis of the present Chinese currency system. It is the most important currency in circulation in Manchuria. Coins of this type were introduced into China by foreign traders in the seventeenth, eighteenth and nineteenth centuries. Since late in the nineteenth century, various issues of yuan and of the subsidiary silver coins have been put out by the Chinese authorities. The old "Mexican dollar", which came in in the early days of modern trade still occasionally is seen -- though counterfeits of it are more numerous. It has a high exchange value because of the silver content. The "Hongkong dollar", minted in Hongkong and India for China trade purposes also circulates at a good rate but not to a large extent in Manchuria. "Dragon dollars", issued at various times prior to the establishment of the Republic in China, and "Yuan Shih-kai dollars" (so called because they bear Yuan's portrait), issued during the presidency of Yuan Shih-kai, (1912-1916) are the most common silver dollars. "Sun Yat-sen dollars", minted in 1927 by the Nationalist Government and bearing Sun's portrait, also circulate somewhat, though not to as great an extent as in the Shanghai area.

Yuan coins in the main have been minted under direct authorization from the central Government of China, though some of the Manchurian provincial mints have issued yuan on their own accounts. The standards of fineness and silver content have been well maintained. The official standard for the yuan requires that it contain 24.17 grams of pure silver and have a fineness of 900. The "normal" exchange value is approximately 50 cents in the currency of the United States and Yen 1.00. The yuan are minted only in units of one yuan.

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The name usually given to the yuan currency is ta yang chien, especially when the distinction is to be made between prices, etc. quoted in yuan consisting of the full value and yuan consisting of the subsidiary coins, called the hsiao yang chien. Thus five yuan in ta yang chien is, at present rates, approximately equal to six yuan in hsiao yang chien. The yuan thus is both the actual silver coin (the silver "dollar" and a nominal unit. The yuan nominally is subdivided into 100 fen. 10 fen equal one chiao; 10 chiao equal one yuan -- nominally.

Chiao (or Hsiao Yang Chien): The chiao, or hsiao yang chien, are the subsidiary silver coins. They officially have a fineness of 820 to 860. The smallest silver coin issued has a nominal value of 10 fen, and is called a chiao. Other subsidiary silver coins are issued in units of 20 fen and 50 fen, being called respectively two and five chiao. The most common of these coins is the two chiao piece. Because of the smaller silver content of the hsiao yang chien, and because large quantities were issued in more or less debased form by provincial mints, these subsidiary coins for some time have been virtually an independent currency with an actual exchange value in terms of the yuan less than the nominal value. This exchange value has remained fairly constant, however, at approximately 11.4 chiao to the yuan (Yuan 1.14 in hsiao yang chien to Yuan 1.00 in ta yang chien).

Yang Piao. Various of the banks have issued notes based on both the ta yang chien and the hsiao yang chien. These are called, respectively, ta yang piao and hsiao yang piao. They are issued in units of one, five, 10 and sometimes 50 and 100 yuan for the ta yang piao, and in units of one, two, five, 10, 50 and sometimes 100 chiao for the hsiao yang piao.

Tung Yuan and Tung Yuan Piao. The copper coins most commonly in circulation are called the tung yuan (or tung tzu). These are supposed to be multiples of the wen. They have been issued in units of one, two, five, 10, 20, 50 and 100 wen, but those most commonly found are in units of 10 and 20 wen -- these being called, respectively, one and two tung yuan. The tung yuan are supposed to have a copper fineness of 950, but many of those in circulation are not up to this standard, especially since the rise in the price of copper during the World War made it very profitable for the authorities to collect tung yuan and reissue the coins with a lower fineness. The provincial mints of Liaoning and Kirin Provinces both mint tung yuan; Heilungkiang gets its tung yuan from these provinces.

The tung yuan piao are notes issued chiefly by the Heilungkiang provincial government; nominally convertible into the corresponding coins. The value of these notes in relation to the copper coins varies considerably from place to place. They usually are issued in denominations of 10, 20 and 50 tung yuan, and sometimes of 100 and 500.

Kuan Tieh and Tieh Tzu. The kuan tieh are notes issued in terms of tiao rather than of tung yuan. They are issued chiefly in Heilungkiang and Kirin Provinces, in denominations of one, two, five, 10, 50 and 100 tiao. The Kirin kuan tieh are under the control of the provincial finance department, and have had an excellent record for dependability. Recently, however, financial stringency has caused the authorities to issue these notes in large

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amounts, and they have lost their exchange value. Now the notes are almost inconvertible. In the absence of other currencies, the luan tieh of Heilungkiang and Kirin Provinces circulate fairly widely, though at considerable discount from the metal tiao.

Tieh tzu are notes convertible to hsiao yang chien, issued by common merchants and chien chuang (money shops). The denominations generally are one, two and five chia. In some districts the issue of these notes is unrestricted, but generally they are issued under the supervision of the government or of commercial guilds and the issues are limited according to the wealth and credit of the issuing merchants. Thus these notes are fairly well received.

Chih Chien and Tiao. The chih chien or "cash" come in a variety of forms and sizes, generally being round and having a square hole in the center. Those now in circulation are chiefly those minted by the Chinese Governments since the Ming Dynasty, though occasionally older chih chien are found. Formerly chih chien were the principal coin in use by the common people; in recent years, however, they have given way to the coins of larger unit value, and now chih chien are used to any appreciable extent only in the more remote districts.

The usual unit in trading in chih chien was the tiao. Nominally, one chih chien equals one wen, 10 wen formed one cheng and 100 cheng (or 1,000 wen) made one tiao. In practice, not only the value of the chih chien in terms of wen but also the number in a tiao varied from locality to locality. Thus in Liaoning Province, one chih chien is calculated at 6.25 instead of one wen, and 160 chih chien make up a tiao. In Kirin, one chih chien figures as two wen, and 500 chih chien make a tiao.

No notes based on chih chien are in circulation. Chih chien no longer are minted.

Yin Ting and Liang (Tael). The Yin ting are the ingots of or "shoes" silver which pass for money by weight. Until relatively recent times, silver in this form was almost the only medium of exchange in trade on all but the smallest scale. The basic unit is nominally the liang or tael, though the weight of the actual "shoe" or ingot in use varies from place to place in China. Shanghai "shoes" weigh approximately 50 taels, for example, while those in use at Yinkou average 53½ taels. Since the tael itself varies, there thus is no standard bar of silver in any way corresponding to a coin of fixed value. The liang (tael) in turn nominally is divided on a decimal system with an ultimate unit of a li. One liang equals 10 chien, one chien equals ten fen and one fen equals ten li. The liang is one Chinese ounce of silver. The ounces in use in various parts of China vary considerably. A few liang coins were issued some years ago, but none are in circulation in Manchuria.

Though the Yin ting are very inconvenient as money, they formerly formed the principal medium of payments in inter-port trade in China, and were widely used in Manchuria, especially in Yinkou, Antung, Shenyang and Kirin. In recent years, however, the custom of making payments by the transfer of book credits, chiefly with Yinkou as the central transfer office,

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the wide fluctuations in the world exchange value of silver and the growing circulation of the more convenient yuan and ta yang piao have tended to diminish the use of the yin ting. Today they are rapidly disappearing, though certain lumber transactions, chiefly on the Yalu River, still are carried on in this medium.

Haikwan Tael: The Chinese Maritime Customs Administration uses in its calculations a nominal tael (the haikwan, or customs, tael) which is exclusively a book unit. This is figured as being 1,000 fine and having a weight of 32.797 grams (583.3 troy grains). Until February 1930, customs dues were paid in the local currency of the port (usually in yuan currency) at the rate of exchange with the haikwan tael fixed for the day by the Customs authorities. Since that time, the dues have been payable in the new customs gold unit, at exchange rates (to the haikwan tael) fixed by the Customs.⁽²⁾

Kuping Tael: Another purely book unit is the kuping tael, which originally was adopted as the basis for collecting taxes during the Manchu Dynasty. It still is used as the basis of certain official transactions. It has a nominal fineness of 1,000 and a nominal weight of 37.31 grams (575.8 troy grains).

Transfer Tael: In connection with the trade at Yinkou, which formerly was the only trade port of any importance in South Manchuria, there grew up the custom of keeping and settling accounts in what was called a "transfer tael". This is based ultimately on the local liang (ounce) of silver.

Customs Gold Unit: Since February, 1930, customs tariff charges in Manchuria, as in the rest of China, have been quoted on the basis of the new "customs gold units", though payments of dues may be made in the local currencies at the ports (at rates fixed for the day by the Customs authorities) and the import and export value records still are kept in the old Haikwan Tael. This change was made to give stability in customs revenues in the face of the sharp drop in the international exchange value of silver. The customs gold unit is presumed to contain 60.1866 centigrams of gold. Its value hence is equivalent to 40 cents United States of America money, or Gold Yen 0.8025. Recently notes have been issued in multiples of the customs gold unit, for the convenience of those paying customs charges. These notes are issued only by the Central Bank of China, and great care is taken to maintain adequate reserves to support them. Consequently they command public confidence. As a result they are beginning to circulate for general trade uses, though less so, as yet, in Manchuria than in and around Shanghai.

Feng Piao: Because of the domestic and international complications which they have caused, one particular kind of yuan notes deserves special mention. These are the notes issued originally by the official Three Eastern Provinces Bank by order of the government at Shenyang (formerly

(2) All values in taels given in this book, which are chiefly trade figures, are in this haikwan tael unit unless otherwise noted. For exchange values of the haikwan tael into other currencies, see Page 295.

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Fengtien, from which place the notes get their name). These are called fengtien piao or feng piao. They are issued in various denominations of yuan -- one, five, 10, 50 and 100 -- but circulate at very considerable discounts.

These notes first were issued in December, 1917. Subsequently (1919) the Bank of China and the Bank of Communications (both of which have branches in Shenyang) were authorized to issue these notes, up to Yuan 5,000,000. When the Manchurian government found itself in financial need in connection with various military enterprises in relation to China Proper, it followed the practice which has become somewhat common among the provincial governments of issuing notes. Thus in 1922, when war broke out between the Chihli Party (then in control of Peking) and Chang Tso-lin (the head of the Manchurian administration) the note issue rose to Yuan 300,000,000. Another Yuan 490,000,000 was issued late in 1925 when Kuo Sung-ling (one of Chang Tso-lin's subordinates) revolted. Enormous further issues resulted from the civil war in China in 1926-28, when the Nationalists pushed their northward campaign and finally ousted Chang Tso-lin from Peking -- issues estimated to have totalled from Yuan 800,000,000 to Yuan 1,300,000,000. During the Sino-Soviet dispute in the spring of 1929, this means of raising money again was resorted to. The total outstanding issues of feng piao at the end of 1929 have been estimated at over Yuan 3,000,000,000.

Except at the start, these feng piao have had virtually no backing other than the promises of the Manchurian administration. Political developments which affected the stability of that administration therefore immediately were reflected in fluctuations in the exchange between feng piao and silver currencies (silver yuan and hsiao yang chien) as well as between feng piao and Japanese currencies. Over-issue without adequate backing also inevitably caused depreciation.

This depreciation began in 1918 and has continued fairly steadily since. The civil war in 1922, accompanied by a large issue of the notes and the ousting of the Manchurian chieftain from a share in affairs at Peking, resulted in a drop of the notes to Yuan 157 to Yuan 100 in silver. The rebellion of Kuo Sung-ling in 1925, which for a time seriously threatened the Manchurian administration and which was met financially in part by another big issue of notes, brought the feng piao down to Yuan 290 to Yuan 100 in silver. Recovery followed the crushing of the revolt -- recovery to 260 to 100 in January, 1926 -- but Chang Tso-lin's move down into China Proper in July, 1926, caused a drop to 600 to 100. Chang secured control of Peking, but the feng piao continued to fall -- to 614 in January 1927. During the long war between the Nationalists and the Manchurian authorities (ending in the summer of 1928) the notes continued to fall, partly because of continued over-issue and partly because of the darkening of the political prospects for Chang Tso-lin. Even the settlement of the differences between the Manchurian leaders and the Nationalists, and the submission of Manchuria to the Nationalist Government at Nanking at the end of 1928 did not materially improve the situation.

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The Sino-Soviet dispute, coming in 1929, caused a new issue of notes and new political difficulties -- and feng piao fell to Yuan 6,000 to the Yuan 100 in silver, by the end of that year. The drop continued. In December, 1930, the quotation was Yuan 11,800 in feng piao to Yuan 100 in silver.

The Manchurian administration has made various efforts to stop the depreciation of the feng piao. These included the issue of bonds to redeem the notes, the coining of new silver yuan to serve as reserve, and various attempts to stabilize the feng piao by government fiat. The continued issue of new feng piao in large amounts during emergency times, however, left the public somewhat sceptical of the sincerity of the efforts to redeem the notes, and the efforts to force an arbitrary exchange rate proved unavailing.

Among the steps taken by the Manchurian authorities to bolster the feng piao was the issuing of orders that merchants should deal only in the feng piao unit and that calculations into other currencies were forbidden. Violations of this order were to be counted as crimes and those guilty were to be punished as conspirators. This was in 1925, after orders had been issued establishing an official exchange rate of Yuan 150 in feng piao to Yuan 100 in silver, at which rate the Three Eastern Provinces Bank announce it would redeem the feng piao, beginning on August 10. Previously the official finance bureau, the Bank of Communications, the Bank of China and the Three Eastern Provinces Bank had been instructed to recall the feng piao -- a step which could not be carried out because it was found that there was not enough available cash to redeem the notes. The announcement that the Three Eastern Provinces Bank would redeem the notes at 150 to 100 also was without effect.

The chief attack in the prohibition of the use of other currencies than the feng piao was against Japanese money, which was getting increasingly wide circulation because of its reliability. For this reason the Japanese authorities in Manchuria felt called on to enter vigorous protest with the Chinese authorities against the prohibition. A conference of Japanese was held September 14, 1925 under the auspices of the Government-General of the Leased Territory (which supervises all Japanese commercial activities in Manchuria) following which the police in the Railway Zone were ordered to prevent the obstruction by the Manchurian authorities of commercial deals in other currencies than feng piao. The heads of the various Japanese produce and other exchanges (most of which are government agencies) also were ordered to disregard the orders of the Manchurian administration and to continue dealings in Japanese currency as before. This was followed by negotiations between the Japanese consul-general at Shenyang and the Chinese authorities. The negotiations continued through that year, but no definite results were secured and they were dropped when the civil war of 1926-28 in China Proper got well started. Meanwhile, the feng piao continued to fall.

At the end of 1926 a body called the Currency Maintenance Committee, which had been considering the feng piao situation under instructions from the Manchurian authorities, issued new orders declaring that those transacting time deals in exchange between foreign currencies and feng piao should be counted as criminals disturbing the money market. This order could not be enforced, however, and the fall of the feng piao continued.

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The exchange rate of Yuan 11,800 in feng piao to Yuan 100 in silver, at the end of 1930 meant that a feng piao with a face value of Yuan 1.00 was in actual use worth only a little more than two tung yuan, (Feng Piao Yuan 118 to silver Yuan 1.00 as compared with Tung Yuan 300 to 350 to silver Yuan 1.00) or some Yuan 9.00 in feng piao to one chiao in hsiao yang chien. On this basis, as one observer has remarked, station porters and waiters showed no enthusiasm over a tip of Yuan 1.00 in feng piao.

B. Foreign Currencies.

The first foreign currencies circulated in Manchuria were Mexican and Hongkong silver dollars, which began to come in when Yinkou was opened to foreign trade in 1864. The appearance of Russia in Manchuria, in connection with the construction of the Chinese Eastern Railway and the lease of the Kwantung Territory, brought in roubles, beginning in the late nineteenth century. Japanese currency began to circulate in the form of military notes issued during the Russo-Japanese war (1904-5).

Today, the Mexican and Hongkong silver dollars, in so far as they circulate at all, have become in effect part of the Chinese yuan currency. Roubles for a time circulated virtually throughout all Manchuria; now they are confined almost entirely to Harbin and its immediate environs. Japanese yen currency circulates readily in the Leased Territory and along the South Manchuria Railway, and to a certain extent in neighboring Chinese-controlled areas.

Japanese Currency: The Japanese currency now in circulation in Manchuria consists of relatively small amounts of subsidiary coins and silver yen minted in Japan, and substantial amounts of notes issued by the Bank of Japan, the Bank of Chosen and the Yokohama Specie Bank. Most of the notes now in circulation have been issued by the Yokohama Specie Bank and the Bank of Chosen. The present circulation of the notes of these two banks is approximately Yen 47,500,000. Military notes issued by the Japanese Government during the Russo-Japanese war totalled approximately Yen 150,000,000. Practically all of these now have been retired.

The Yokohama Specie Bank, following the common practice of foreign banks operating in the treaty ports in 1903, began the issue of notes payable at sight in Japanese silver yen, soon after it opened its office at Yinkou. In return for undertaking the redemption of the Japanese military notes, the bank was given the right, by the Japanese Government, to issue silver yen notes in Manchuria. These, however, were to be issued only through the office at Dairen, and to be redeemable only there. In 1913 the bank was authorized to issue notes based on gold yen coins or Bank of Japan notes. The issue of silver yen notes reached its peak in 1911, with Yen 7,198,000, fell to Yen 1,037,000 in 1921, and rose again to Yen 5,971,000 in 1929. These silver notes are called by the Chinese yin piao or chao piao. The silver yen notes are issued in denominations of one, five, 10 and 100 yen.

Since the rapid expansion of trade with Chosen, following the completion in 1911 of the reconstruction of the Antung-Liaoning Railway (which connects with the Chosen Railway system at Antung), notes of the

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Bank of Chosen have found increasing circulation in Manchuria. These notes are issued on the basis of reserves of gold coins, gold bullion or Bank of Japan notes. Formerly they were legal tender in Chosen only. Following the opening of branches of the Bank of Chosen at Dairen, Shenyang, Changchun, Ssuningkai, Kaiyuan, Harbin and Yinkou -- all important railway and trade centers -- the sphere of circulation of the notes increased considerably.

In order to unify the Japanese gold note circulation in Manchuria, the Japanese Government, in December, 1917, ordered that the gold yen bank notes of the Bank of Chosen alone should be legal tender in the Leased Territory and the Railway Zone. Gold yen notes previously issued by the Yokohama Specie Bank were transferred to the Bank of Chosen at that time, to be withdrawn from circulation as rapidly as possible. The circulation of the Bank of Chosen gold notes in Manchuria has fluctuated around Yen 40,000,000 since 1918, rising to Yen 46,775,000 in 1921 and Yen 46,355,000 in 1928, and falling to Yen 33,829,000 in 1926 and Yen 34,251,000 in 1922. These notes are called chin piao by the Chinese. The term also is applied to the gold yen notes issued by the Bank of Japan itself, of which some are in circulation in Manchuria. The gold notes are issued in units of one, five, 10 and 100 yen, with subsidiary notes in five, 10, 20 and 50 sen.

Russian Currency: After the Russian revolution (1917) North Manchuria found itself involved with rouble notes of many kinds and dubious quality -- Romanoff, Kerensky, and other notes. Notes issued by the Russo-Asiatic Bank, the Harbin municipality and Chinese chambers of commerce at Harbin and Manchuli further complicated the situation. The establishment of the official Dalbank by the Soviet Government (1922) and the opening of an office of this bank at Harbin soon thereafter helped to clarify the situation, as did the issue of gold rouble notes in the new chervonetz units. These new notes gradually came to be accepted as dependable. The difficulties which have arisen between the Chinese and Russian authorities in Manchuria, however, particularly those of 1929, and the steady penetration of Japanese currency into North Manchuria, have tended to reduce the use of Russian currency. In July, 1927, it was estimated that not more than Roubles 700,000 of the notes were in circulation. The number has not increased since then.

C. Circulation of Currencies.

Circulation Areas: The various currencies circulate to differing extents in different localities. In the Kwantung Leased Territory and the South Manchuria Railway Zone the Japanese currencies (gold and silver yen notes of the Bank of Chosen and the Yokohama Specie Bank, with a small amount of Bank of Japan notes) are used more generally than anywhere else, by the Chinese as well as the Japanese. The subsidiary Japanese coins and notes also are used generally. Particularly in the Leased Territory, the Japanese currency is virtually the only currency used, though Chinese hsiao yang chien and tung yuan (chiefly the coins) find some circulation among the Chinese.

At Yinkou the Chinese currencies predominate -- the silver yuan and yuan notes (ta yang chien and ta yang piao), hsiao yang chien (coins and notes) and tung yuan (coins and notes). Chih chien are almost never seen. The silver yuan include practically all the varieties which have been minted (Mexican and Hongkong dollars as well as the various Chinese issues). The

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tung yuan piao used are chiefly those issued by the Kung Tsai Ping Shih Bank of Shenyang. Japanese currency (chiefly Yokohama Specie Bank and Bank of Chosen notes) also is used.

At Antung considerable Japanese currency is used (chiefly Bank of Chosen notes, and to a certain extent Japanese subsidiary coins) as well as the various kinds of Chinese currencies.

In the Railway Zone area at Shenyang, Japanese currencies prevail, though the Chinese currencies also are used. Outside of that zone the Chinese currencies predominate though shopkeepers will take the Japanese currencies. The Japanese subsidiary coinage is tending to be used more generally than the Chinese even outside the Railway Zone, because of its more convenient size (the Japanese copper sen pieces are considerably smaller than the tung yuan) and of the dependability of its exchange value with the silver yuan and the yen. Yuan piao of various kinds are in circulation. The feng piao circulate in large numbers, but because of the greatly depreciated value in relation to the silver yuan and the constant fluctuations of the exchange they are not popular, and prices quoted in feng piao tend to be definitely higher (in terms of silver yuan) than when quoted in yen or silver yuan -- presumably because the shopkeepers and merchants want to protect themselves against further depreciation of the feng piao.

At Kirin City the Chinese currencies predominate. These include the silver yuan (ta yang chien), hsiao yang chien, ta yang and hsiao yang piao, a small amount of feng piao, tung yuan and tung yuan piao and kuan tieh and tieh tzu. Occasionally tiao of chih chien appear, chiefly coming in in transactions with peasants in the hinterland. Japanese currencies circulate to a small extent, and occasionally rouble notes are found.

At Changchun (the terminus of the South Manchuria Railway) Japanese currencies are fairly common, along with the various Chinese currencies. The Japanese currencies include both the gold and silver notes. Some feng piao also circulate, and a few rouble notes.

At Harbin the principal currencies are the "Harbin dollar", in the form of notes, which circulates at a considerable discount from the standard silver yuan, the Japanese yen (notes and subsidiary coins) and the rouble notes. The exchange between the standard silver yuan and the yen is approximately the same as elsewhere. Hsiao yang chien are used somewhat, and hsiao yang piao more -- the latter at some discount from the coin. Tung yuan are comparatively scarce. The tung yuan piao issued by the Heilungkiang provincial government and tieh tzu issued by local shops and chambers of commerce are the principal currencies of lowest denomination. Russian roubles are used by the considerable Russian population and to a certain extent by others, particularly by those who have dealings with the Chinese Eastern Railway -- which includes, directly and indirectly, a substantial proportion of the population. The Japanese notes are chiefly the gold notes of the Bank of Chosen.

At Ssuninghai, Kaiyuan, Taonan and other Chinese railway centers, the Chinese currencies predominate, though some Japanese notes also are in circulation.

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In general, the further one gets away from the railways the more likely one is to find the people using "hard money" rather than notes -- some silver yuan, considerably more tung yuan, a certain amount of chih chien. The more conservative wealthier peasants and merchants in the remote regions still tend to accumulate their money in the form of yin ting silver ingots.

Along the Chosen border Japanese currencies are acceptable. The trading with Mongolia is done almost exclusively in silver, in the form of silver yuan (increasingly) or of yin ting. Hsiao yang chien and tung yuan are the principal "small change". Notes of any kind are unacceptable to the Mongols.

Amounts in Circulation: It is impossible to get exact figures as to the amounts of the various kinds of currencies in circulation in Manchuria. Not even approximate estimates can be made with regard to the copper coinage and the notes based thereon, and the hsiao yang piao. South Manchuria Railway Company estimates of the circulation of the principal notes and silver coins, as of the end of December, 1929, are the source of the data for the following tables. In connection with the value in silver yuan given to the feng piao in this table, it should be noted that the exchange of feng piao to silver yuan had dropped from 6,000 to 100 at the end of 1929 to 11,800 to 100 at the end of 1930.

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Circulation of Bank Notes (End of December, 1929)				
Kind	Estimated Amount in Circulation	Exchange Rate against Silver Yuan 100	Value in Silver Yuan	Circulation Area
Feng Piao	Yuan 3,000,000,000	Yuan 6,000	50,000,000	Liaoning Province
Silver Yuan Piao (Ta Yang Piao)	Yuan 45,000,000	Yuan 100	45,000,000	Liaoning Province and along the railways
Harbin Ta Yang Piao	Yuan 37,300,000	Yuan 140	26,643,000	Harbin and C. E.R. Zone
Kirin Kuan Tieh	Tiao 10,000,000,000	Tiao 20,000	50,000,000	Kirin Province
Kirin Yung- cheng (Offi- cial bank) Ta Yang Piao	Yuan 10,000,000	Yuan 145	6,881,000	Kirin Province
Heilungkiang Kuan Tieh and Tieh Tzu	Tiao 12,000,000,000	Tiao 40,000	30,000,000	Heilungkiang Province
Heilungkiang Ta Yang Piao	Yuan 10,000,000	Yuan 140	7,143,000	Heilungkiang Province
Yin Ting kept in Antung	Taels 2,000,000	Taels 82	2,439,000	Antung
Yin Ting for transfer accounts at Yinkou	Taels 15,000,000	Taels 210	7,143,000	Yinkou
Silver Yuan	Yuan 1,000,000	Yuan 100	1,000,000	Manchuria and into Mongolia
Hsiao Yang Chien	Yuan 5,000,000	Yuan 114	4,386,000	Manchuria and into Mongolia
Total in Chinese silver currencies and notes			230,635,000	

Besides the above, there were in circulation at the end of 1929 foreign currencies approximately as follows: Bank of Chosen gold yen notes, Yen 41,545,000; Yokohama Specie Bank silver yen notes, Yen 5,971,000; Soviet Russian rouble notes, Roubles 700,000.

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2. Weights and Measures.(3)

A wide variety of weights and measures are used in Manchuria. These include not only the Chinese weights and measures with their several local variations but also the standardized Japanese, Russian and "English" weights and measures. The older Chinese standards actually used vary not only from locality to locality but also from occupation to occupation in the same locality.

A. Chinese Weights and Measures.

The names of the basic units in the Chinese system of weights and measures are the chih (foot) for length, the liang (ounce) for weight and the sheng for volume. The actual chih, liang and sheng (and their subdivisions and multiples, to which various names were given) in use varied considerably.

In 1914 a Weights and Measures Law was promulgated by the Republican Government which attempted to establish a double system, based on the metric system and on the chih used by carpenters and the kuping tael (or liang). This tended to standardize weights and measures in some of the principal trade centers, but considerable variety continued in practice, especially in the interior.

On February 6, 1929, the National Government promulgated a new law laying down standards of weights and measures. This adopts the metric system, with appropriate Chinese names for the various units, as standard, but admits, for temporary use in markets, a second set of standards of approximately the equivalent values. The official metric units are called kung (public) chih, liang, sheng, etc. while the "market" units are called shih (market trade, common, in the sense of vulgar) units. These new kung units (metric) are official for all Government affairs -- which include railway business, since the railways are Government owned -- but in practice the older standards still are more commonly used even in government circles.

Length Units: Most of the Chinese units are divided and multiplied on a decimal system, though not all. Thus the chih (approximately an English foot or 30.5 centimetres) is divided into 10 tsun, which in turn are divided into 10 fen each. 10 chih are called a chang, 10 chang make a ying and 18 ying make a li, which is the unit of distance measurements and equals approximately one-third of an English mile or half a kilometre.

Weight Units: The liang (approximately 1.33 avoirdupois ounces or 37.8 grams) is subdivided as follows: one liang equals 10 chien, one chien equals 10 fen, one fen equals 10 li, one li equals 10 hao and one hao equals 10 ssu. 16 liang make a chin (approximately 1.33 avoirdupois pounds or .6 kilograms; frequently called a catty by foreigners) and 100 chin make a tan. The tan is called a picul in Customs Administration reckonings and equals, when so used, 133.3333 avoirdupois pounds or 60.5 kilograms.

(3) For the metric equivalents of the various weights and measures discussed in this section, and the conversion rates used in compiling the statistics in this book, see Appendix I, Page 293ff.

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Volume Units: The sheng is divided, by successive decimals, into the ho, the shao and the tso, (one sheng equals ten ho, etc.), and is approximately one litre or one English quart. 10 sheng make one tou (the common unit in measuring grain), 10 tou make a shih and two shih make a ying.

Area Units: Area units derive from the chih. 100 square fen make a square tsun and 100 square tsun make a square chih. 100 square chih make a square chang, but six square chang make a fen (fen, which means a subdivision, is used here as a subdivision of the mu) and 10 fen make a mu, which is approximately one-sixth of an English acre or roughly 6.75 acres. 100 mu make one ching.

New Metric Units: In the newly-adopted metric standards, the metre is called kung chih, with subdivisions into kung tsun (decimetre), kung fen (centimetre) and kung li (millimetre). The decametre is kung chang, the hectometre is kung ying and the kilometre is kung li. The kung chih thus is a little more than three of the old chih, and the kung li (kilometre) is roughly two of the old li.

The metric system gives the kilogram the name of kung chin, and calls the hectogram the kung liang. The decagram is kung chien, the gram is kung fen, the decigram is kung li, the centigram is kung hao and the milligram is kung ssu. The metric ton is 10 kung shih or 1,000 kung chin. Thus the kung chin is half again as much as the old chin, with corresponding changes in the other units.

The litre, in the new system, is called the kung sheng, with subdivisions by tens and using the old names with kung preceding, for the decilitre, (kung ho) the centilitre (kung shao) and the millilitre (kung tso). The kung tou is a decalitre, the kung shih is a hectolitre and the kung ping is a kilolitre. The kung sheng thus is only slightly different from the old sheng, as are the other units of capacity.

The new mu -- the kung mu -- corresponds to the are, and the kung ching to the hectare. The kung mu thus is less than one-sixth of the old mu.

B. Japanese Weights and Measures.

Among the Japanese resident in Manchuria, there is a natural inclination to use Japanese units of weight and measure. By a Weights and Measures Regulations for the Kwantung Leased Territory, effective beginning in March, 1924, Chinese merchants transacting large deals with Japanese merchants resident in the Leased Territory or the Railway Zone are required to use Japanese units.

The Japanese unit of distance is the ri (3.927 kilometres). Areas are measured in cho (.991 hectare) or tsubo (3.3 centares; 3,000 tsubo to the cho). Weights are the kwan (3.75 kilograms), the kin (.6 kilograms; 160 monme) and the monme (3.75 grams; 1,000 monme to the kwan). Volumes are counted in koku (1.8 hectolitre), to (10 to to the koku) and sho (10 sho to the to). In measuring the capacity of ships, one koku is counted as 1/10th of a metric ton. A koku of rice usually is counted as weighing 102.8 kilograms. In measuring lumber, a koku is counted as .28 cubic metres (10 cubic feet).

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Japanese statistics about Manchuria generally are kept in the Japanese units. When these statistics are used in writings in the English language, however, the figures generally are given in English units -- e.g. miles instead of ri, or acres instead of cho - though occasionally the Japanese units are used in English writings.

C. Russian Weights and Measures.

In and around Harbin, and along the Chinese Eastern Railway, Russian weights and measures still are used to a certain extent, though less so than some years ago. The basic units are the pood (16.36 kilograms), the verst (1.06 kilometres) and the vedro (10.25 litres).

D. "English" Weights and Measures.

The so-called "English" weights and measures are used to a considerable extent in foreign trade transactions in Manchuria, particularly in those in which foreigners are concerned. The units so used are those standardized in Great Britain or the United States of America.

Sometimes weight measurements are in what is called the "American" ton, by which is meant the short ton of 2,000 pounds avoirdupois (0.907 metric tons). This is now the official unit for the South Manchuria Railway.

The "bushel" sometimes used as a unit in reckoning quantities of grain (but not often used in actual grain transactions) generally is the "American bushel" equivalent to 0.352 hectolitres. The gallon used by the British oil companies in oil transactions usually is the "imperial gallon", equivalent to 4.54 litres. The American oil companies sometimes also use this "imperial gallon", but more frequently the "American gallon", equivalent to 3.78 litres.

E. Usages.

Most of those who write in English of distances and areas in China and Manchuria (including Chinese Government agencies) use the "English" mile unit (1.6 kilometres) and the square mile (2.59 square kilometres) and acre (0.405 hectare) or, less frequently, the Chinese mu (roughly 6.75 are). The Chinese unit of distance, the li (roughly half a kilometre) seldom is used.

There is no uniformity in usage as to weights. Weights are given sometimes in long tons (1.016 metric tons; 2,240 pounds), sometimes in short tons (0.907 metric tons; 2,000 pounds), sometimes in metric tons (1,000 kilograms), sometimes in piculs. The picul, though strictly 100 Chinese "pounds" or chin and hence variable as the chin varies, when used in statistics generally is the standardized Chinese Customs Administration picul of 60.5 kilograms (133,333 pounds). The Customs Administration in its weight reckonings always uses this picul and its subdivisions into chin (0.6 kilograms; 1.333 pounds) and liang (37.39 grams; 1.333 avoirdupois ounces), or in long tons. Writers using figures in tons frequently neglect to state in which ton they are reckoning. Sometimes a Japanese writer will use the English word "pound" in connection with weights when the amounts are in the Japanese "pound" or kin -- which is 0.6 kilograms as compared with the 0.453 of the

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avoirdupois pound. The usages as to measures of volume are explained in the preceding section (on "English" Weights and Measures).

This confusion and lack of uniformity in usage of weight and measure terms adds to the confusion arising out of the use existence of so many different kinds of units, both Chinese and foreign, side by side. There is an increasing tendency, however, to use metric units, and unquestionably this tendency will grow, especially since the adoption of an official metric system of units by the Chinese Government. In this book, metric units have been used throughout. The conversions from the various other kinds of units encountered in compiling the statistics have been made at the rates given in Appendix I.

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CHAPTER III. FINANCIAL INSTITUTIONS.

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Financial institutions in Manchuria may be classified as Chinese, Japanese and other foreign. Of these, the Chinese are the most numerous and important in the aggregate, the Japanese come next and the other foreign third.

1. Chinese Financial Institutions.⁽¹⁾

The Chinese banking institutions fall into two distinct classes -- the old-style money exchange shops, remittance offices, etc., and the modern-style banks organized along lines borrowed from the West. Besides these, there are the recent mutual savings societies.

A. Old-style Money Organs.

The old-style organs go by a wide variety of names, usually somewhat indicative of the character of their business. The principle ones are:

Piao Chuang and Huitui Chuang: These are shops that handle the business of money remittance and drafts. They generally also conduct a business as chien-pu, making exchanges between the various currencies in circulation. This type of financial institutions exists widely in China Proper and generally has an excellent reputation. The number in Manchuria is comparatively small, and the individual institutions are not large.

Yin Lu: The yin lu have developed especially at Yinkou. They issue "transfer taels," make loans and handle drafts. Following the establishment of the custom of doing business in transfer taels, the yin lu became very powerful. Their power now is decreasing, however, as the transfer tael is losing its popularity.

Chien Pu: These are small money changing shops whose principal business is to buy and sell the various currencies. Chien pu are very widespread in Manchuria, as elsewhere in China -- and as one would expect from the confusion in the currency. Their principal business is carried on with the small shopkeeper or laborer who wants to turn his tung yuan or hsiao yang chien into some other currency. Some of the larger chien pu, however, also make loans to merchants and others, issue bills of exchange and transact other business of this sort. A few of the chien pu issue notes (tieh tzu, tung yuan piao or chien piao) to relieve temporary local shortages of coins. These circulate only locally.

Tang Pu: The tang pu are the pawnshops. They also exist in great numbers and are scattered through the whole of Manchuria. They do ordinary pawn shop business, in some cases combining this with more general loan business and with buying and selling currencies.

(1) For translations of the Chinese terms used in this chapter see Appendix II, Page 297 f.f.

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Besides the types of institutions already mentioned there are the chin tien which buy and sell bar gold and silver, the chien tan-tzu which are money change stands maintained more or less itinerantly by roadsides, and yin chu-tzu, chien ching chi and tao a, which are small shops doing various sorts of business in money. It is impossible to estimate the gross business done by these various old-style banking institutions, but the total is large. They play a vital part in the life of the people. Even today, they rather than the modern banks are the financial organs with which the bulk of the people deal.

B. Modern Financial Institutions.

When the first modern Chinese banks were established there were no governmental banking regulations. The first regulations were issued in 1909, but modern-style Chinese banks did not appear in large numbers until after the establishment of the Republic (1912). The Chinese banking institutions of modern type in Manchuria have all been established since the Russo-Japanese war. Among these are the governmental banks of the three provinces, the branches of government and private banks with head offices in China Proper, and private banks with head offices in Manchuria. Most of the banks possess the right of issuing bank notes -- ta yang piao, hsiao yang piao and (the banks in Kirin Province) kuan tieh. There has been a distinct tendency, however, for the banks to abuse the note-issuing privilege, with the result that many failures of the smaller institutions have occurred, and even the larger banks have at times been able to meet demands for converting their notes only with the substantial aid of other banks. The governmental banks have been by no means least careful about over-issuing notes -- as, for example, the over-issuing of feng piao by the Three Eastern Provinces Bank.

There are some 35 modern Chinese banks, government and private, in Manchuria. Of these, 26 have their head offices in this area. The others are banks with head offices in China Proper. The 26 banks with head offices in Manchuria have a registered capital of Yuan 52,000,000, of which Yuan 25,000,000 is paid up.

It is virtually impossible to form any accurate idea of the amount of business done by either the old-style or the modern Chinese banks in Manchuria, particularly the former, as data are not available. Although there have been a number of failures among the smaller banks, some of these have shown remarkably good results. The modern Chinese banks in Manchuria, as in the rest of China, are going through a "shaking down" process, in the course of which the less efficient and weaker institutions are being weeded out and the banking system as a whole is becoming better organized and more dependable. At present, the branches of the Bank of China and the Bank of Communications command more confidence than any of the other modern Chinese banking institutions in Manchuria.

The Chinese Post Office, through its savings and money order departments, plays an important financial part. These departments, like the rest of the postal administration, have been run with remarkable efficiency and they command the confidence of the people.

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The principal modern Chinese banks operating in Manchuria are the following:

The Three Eastern Provinces Bank: The Three Eastern Provinces Bank traces its origin back to the Fengtien Government Bank which was established in 1905 with the mission of unifying the currency in Manchuria. The Fengtien (now Liaoning) provincial government originally subscribed Taels 300,000 toward the capital. A reorganization in 1909 brought the capital up to Taels 600,000, all of which was subscribed by the provincial government. The name was changed at this time to the Three Eastern Provinces Bank. In 1924, this bank absorbed the Fengtien Industrial Bank, and the capital of the reorganized institution was made Yuan 20,000,000. One of the principal reasons for this reorganization was the difficulty which had arisen in the affairs of the Three Eastern Provinces Bank largely through the excessive issue of feng piao. The bank's head office is at Shenyang. It has branches in the principal cities of Liaoning Province.

When the bank first was organized, in 1905, besides ordinary banking business it engaged in pawn brokerage and appraising silver coins. It also issued paper currencies -- and it has continued the chief agency for the issue of feng piao. New regulations for the bank were adopted at the time of the amalgamation with the Fengtien Industrial bank. These regulations among other rules lay down (a) that the bank is an official governmental enterprise of the Liaoning provincial government and that its chief purpose is to steady and regulate the money market, (b) that the bank is to supervise the commercial banks of the three Manchurian provinces, to act as the depository for the Liaoning provincial government and to undertake the underwriting and redeeming of provincial bonds, (c) that its business shall include: issuing drafts for business both inside and outside of Manchuria, dealing in gold and silver bullion and the various currencies, accepting deposits and making loans of all kinds, discounting promissory notes and bills of exchange, safekeeping securities and other valuables. The bank also is given, by these regulations, the right to issue, with the consent of the government, paper currencies for circulation within Liaoning Province. As "accessory business", the bank may participate directly or indirectly in deals in staple Manchurian produce, do pawn brokerage business and manufacture spirits, bean oil, wheat flour and textiles.

The Kirin Provincial Government Bank: In 1898 the Kuan Tieh Bureau of Kirin Province was established in order to issue notes and mint coins to make up for the shortage of currency. Ten years later a subordinate bureau (the Kuan Chien Bureau) was formed to issue notes convertible to silver yuan and taels. The two bureaus were united in 1909 to form the Kirin Provincial Government Bank with an authorized capital of Yuan 10,000,000. The head office is at Kirin City, while branches exist at Changchun, Harbin, Yinkou and other important points. This is the central bank for Kirin Province, and the official fiduciary agency of the government.²

² The bank is a part of the Yung Heng Lien Hao System discussed in Chapter VIII on Commerce. (See page 194.)

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At the start, the bank had an issue of Tiao 1,500,000 in kuan tieh, protected by a reserve of Taelis 30,000 in silver. The notes were circulated at par. But the issue of kuan tieh rapidly increased, and their market value fell. Because of this, the bank began to issue ta yang piao and hsiao yang piao. These for a time were accepted at face value, but over-issue followed and since 1918 the Kirin yang piao have been at a discount in relation to the silver yuan.

The bank was established primarily to adjust the currency situation in the province. It engages in general banking business.

The Heilungkiang Provincial Government Bank: The Kuang Hsin Kung Ssu Bank was established in Heilungkiang in 1904 with a capital of Taelis 512,000. The Heilungkiang Government Bank was started in 1908 with Taelis 300,000 capital. In 1919 these two were amalgamated under the name of the Heilungkiang Provincial Kuang Hsin Kung Ssu, or Heilungkiang Provincial Government Bank, with a capital of Taelis 1,000,000.

The headquarters of the bank are at Tsitsihar, the capital of Heilungkiang Province. It has branches in Harbin and other important centers. Besides issuing paper currency of various denominations and kinds on behalf of the provincial government, it does a general banking business and handles the provincial government funds. It deals in cereals, chiefly wheat, and beans, does a forwarding business and acts as a pawn broker. The notes issued by the bank reached a figure of Yuan 10,000,000 at the end of 1929.³

Bank of China: The Bank of China was established in China Proper in 1912 as a semi-government institution, succeeding the Taching Bank which was the bank of the central Government in China during the later years of the Ching Dynasty. Following the establishment of the Central Bank of China by the National Government at Nanking (1929), the Bank of China was reorganized into a private bank though with certain specified semi-government functions.

The Bank of China maintains branches at Dairen, Shenyang and several other important Manchuria cities, through which it does a general banking business. It also issues notes -- ta yang piao and hsiao yang piao. Because of the strength of the bank and the care taken to protect its note issues, the notes of this bank circulate practically at par.

The Bank of Communications: One of the first modern-style banks to be established in China (1907), the Bank of Communications after the start of the Republic became a semi-government institution. It passed through various vicissitudes and reorganizations, and now is primarily a private institute though with certain functions in connection with the government. It is one of the strong banks of China Proper. It has branches in Dairen, Shenyang, Harbin and other cities in Manchuria, which do a general banking business.

The notes issued by this bank in China Proper at one time circulated

³ The bank is part of the Kuang Hsin Lien Hao system discussed in Chapter VIII, on Commerce. (See Page 195.).

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only at a great discount. More recent notes, however, and those issued specially for Manchurian circulation, have well maintained their exchange value with the silver yuan.

Mutual Savings Societies (Chu Hsu Hui): While the modern-styled banks have not as yet won their way to doing business with the bulk of the people -- partly because most of the people of necessity deal in such small amounts of money -- the banking needs of the poorer classes are being met increasingly by a new type of association which started only some 15 years ago. These are the chu hsu hui, or mutual savings societies. The first of these societies was organized at Tiehling in 1916. Since then well over 75 similar bodies have been formed, and the number is increasing yearly. The chu hsu hui handle deposits and make loans much as ordinary banks. But they deal in accounts which individually are smaller than most banks would consider profitable. Yet in the aggregate the working funds of the chu hsu hui amount to fairly large sums. The societies engage in warehousing and insurance businesses and make investments in various other enterprises. They act somewhat as trustees for their depositors. At present, the chu hsu hui are most numerous at Shenyang and Fushun, but there is no significant part of Manchuria which is without its association of this kind. Shenyang has six large chu hsu hui, with capital of from Yuan 500,000 to Yuan 7,200,000 each. Fushun has eight such organizations with capital of from Yuan 100,000 to Yuan 1,500,000. Altogether there are 75 chu hsu hui with a capital of more than Yuan 100,000 each. Their combined capital is Yuan 50,130,000, and they have reserve funds totalling Yuan 50,000,000.

One reason for the success of these societies is that in obtaining subscriptions and deposits arrangements are made for payments into the accounts monthly, seasonally or yearly according to local conditions. The saving societies not only encourage the spirit of thrift and saving but they give the members profits from what is in effect the co-operative use of funds. Members of the societies are supposed to be Chinese citizens, recommended by responsible sponsors. General and extraordinary meetings of the societies are held, with accountings usually submitted annually. Profits, after the deduction of reserve funds, are divided as dividends to the shareholders. Interest is paid on deposits. On current accounts the rate is .015% (0.00015) per day, .0175 per day on deposits subject to withdrawal at any time on notice given, from 7% up per year on fixed deposits (the rate depending on the length of time of the deposit) and from 12% to 14% on various classes of special deposits.

2. Japanese Financial Institutions.

Japanese banking institutions, especially the Japanese banks, play an exceedingly important part in the economic life of Manchuria. Whether their gross business would exceed that of all the Chinese banking institutions, new and old style, it is impossible to say but the probabilities are that the balance would lie with the Chinese institutions. There is little doubt, however, that the total of business done by the Japanese banks is greater than that done by the modern-style Chinese banks. The Japanese banks are particularly important in connection with the external trade of Manchuria, and in this field they easily outdistance the banks of all the other foreign nationalities combined as well as the Chinese banks.

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The first entry of Japanese banks into Manchuria was made by the Yokohama Specie Bank, which established its Yinkou branch in January, 1900. The Yokohama Specie Bank is an exchange bank, and it first intended to engage in the exchange business in Manchuria. But the economic field of Manchuria was as yet undeveloped. Because of this condition, the bank revised its articles of association so that it might issue bank notes in China, in September, 1901. Its branch at Tientsin first issued the bank's notes in China, and this was soon followed by similar note issue by the Yinkou branch.

During the Russo-Japanese war, the Japanese army was obliged to issue military notes which reached the total amount of Yen 150,000,000. After the conclusion of the war, the Japanese Government took steps to redeem these military notes. An Imperial order issued in September, 1906, instructed the Yokohama Specie Bank through its branches in Manchuria to issue silver yen notes in order to redeem the military notes. These silver yen notes (called chao piao by the Chinese) were to circulate as Japanese legal tender in the Kwantung Leased Territory and the Railway Zone. Thus this bank became the official Japanese note-issuing bank in Manchuria. The note issuing and redeeming office for this area was established at Dairen. The bank also became at this time the agent for handling Japanese national funds in Manchuria.

The silver yen notes met with success from the start, and the redemption of the military notes proceeded smoothly. Beginning in 1907, however, silver bar quotations against gold fell, and there was considerable fluctuation in the market exchange between the silver yen notes and gold yen notes issued by the Bank of Japan which had begun to find their way into Manchuria though issued primarily for use in the Japanese Empire. This caused inconvenience to Japanese merchants in Manchuria. Besides, in April, 1907, the Government-General of the Kwantung Leased Territory had adopted the gold yen standard for its finances, and in October of the same year the South Manchuria Railway began to collect freight and passenger charges and to keep its accounts on a gold yen basis. These developments suddenly increased the demand for Bank of Japan notes. Beginning in December, 1909, the Yokohama Specie Bank accepted deposits in gold as well as silver, and handled gold drafts. The silver yen notes, however, continue to circulate, now at par with the gold yen notes, and they are used in private transactions indiscriminately with gold yen notes of the Bank of Japan and the Bank of Chosen, though they no longer are Japanese legal tender.

In July, 1913, the Japanese Government permitted the Yokohama Specie Bank to issue, besides the former silver yen notes, other bank notes convertible to gold yen or the Bank of Japan gold notes, with a specie reserve of the issue amount. This bank, thus, came to enjoy the position of a central bank for Japan in Manchuria. Furthermore, it secured low interest funds from the Japanese Department of Finance, to make long term loans on promising enterprises in Manchuria in order to stimulate industrial and commercial activities. With such aid from the bank, Japanese enterprises in Manchuria were able to make rapid progress.

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Then the Shoryu Bank, which was organized at Yingkou as a joint Sino-Japanese enterprise, moved its head office to Dairen, and obtained the strong backing and funds of the Yasuda family, a great financial power in Japan. It became an important local bank. At Dairen, Mukden, Antung, and other important cities of Manchuria small local banks were established by Japanese, and the number of Japanese banking institutions in Manchuria steadily increased.

The completion of reconstruction on the Mukden-Antung section of the South Manchuria Railway late in 1911 led to the rapid expansion of trade with Chosen. The official Government bank of Chosen, the Bank of Chosen, thus logically became concerned in Manchurian business development. The need for long-time loans for industrial and agricultural development also led Japanese financiers to see the advisability of forming a special organization to undertake such work, with the result that the Oriental Development Company was started.

With these developments, it became necessary to unify and adjust Japanese banking organizations in Manchuria, and in October, 1917, the right of issuing gold notes and handling national funds was transferred from the Yokohama Specie Bank to the Bank of Chosen. Loans on security of real estate came to be handled by the Oriental Development Company. The Yokohama Specie Bank thus returned to its original business of exchange banking.

Subsequently many other Japanese banks and other financial organizations were established in Manchuria. During the European war, all these institutions showed successful business results, but with the depression which followed many of them found it difficult to recover their investments and loans. In the recent two or three years, small banks have been amalgamated with larger ones, and leading local banks have been forced to retrenchment. The Shoryu and Manshu Banks, the largest of local banks, reduced their respective capitals. The Bank of Chosen, the central Japanese bank in Manchuria, likewise reduced its capital and made retrenchments. The money market of Manchuria is now in need of a revival just as are its enterprises.

Besides banks, there are trust companies, pawnshops, and others that may be counted among Japanese financial institutions.

The total number of banks reached 17 at the end of 1929, but the Yokohama Specie Bank (capital Yen 100,000,000) and the Bank of Chosen (capital Yen 80,000,000) are special banks. Ordinary Banks number 15, all of which have their head offices in Manchuria. Their total branches and sub-branches number 40. The total registered capital of these 15 banks (the Yokohama Specie Bank and the Bank of Chosen not included) is Yen 33,975,000, of which Yen 14,431,000 is paid up. The deposits and loans of the Japanese banks in Manchuria (including the Yokohama Specie Bank and the Bank of Chosen but not including the Oriental Development Company) have been as follows at the end of the years indicated:

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Deposits and Loans of Japanese Banks in Manchuria							
(Yen; in thousands)							
Year	Gold Account	Deposits Silver Account	Total	Gold Account	Loans Silver Account	Total	
1918	75,076	4,523	79,599	136,351	20,979	157,330	
1922	110,114	11,124	121,238	279,819	9,566	289,385	
1925	132,041	28,479	160,520	282,252	14,416	296,668	
1926	120,425	19,022	140,347	259,087	13,957	273,044	
1927	144,262	16,557	160,819	238,814	11,569	250,383	
1928	145,950	16,749	162,699	196,226	12,633	208,859	
1929	142,311	20,748	163,059	206,241	15,319	221,560	

Of the deposits in the Japanese banks (excluding governmental deposits and deposits by other banks) about 74% are by Japanese, 19% by Chinese and 7% by foreigners. About 70% of the deposits in gold yen accounts are by Japanese, and about 60% of the silver yen deposits are by Chinese. 35% of the loans are on the security of real estate, 32% on credit, 19% on collateral securities and 13% on the security of merchandise, with 1% miscellaneous. 68% of the loans are used as commercial funds by the public, 12% go to other banks and 12% are for industry, with 8% miscellaneous. The amount of drafts handled by the Japanese banks is steadily increasing. The bulk of this business is in drafts in gold yen (approximately Yen 1,100,000,000) with silver yen drafts next (approximately Yen 300,000,000) and hsiao yang currency drafts a poor third (approximately Yen 5,000,000).

The principal Japanese banks operating in Manchuria now are:

The Yokohama Specie Bank: A branch of the Yokohama Specie Bank was first opened at Yinkou in January, 1900, and in 1901 branches were also opened at Dairen and Mukden (now Shenyang), branches subsequently or sub-branches were established at Port Arthur, Liaoyang, Changchun, Tiehling, Antung, Harbin, and Kaiyuan. In 1917, the bank transferred a part of its business to the Bank of Chosen and the Oriental Development Company, and with this the branches at Port Arthur, Liaoyang, Tiehling, and Antung were closed. This bank has been engaged in banking business in Manchuria for 30 years and has obtained a very high reputation among the Chinese as well as the Japanese and other foreigners. The bank plays an especially large part in the staple produce field.

The silver yen notes issued by it circulate to the amount of between Yen 6,000,000 and Yen 9,000,000, the principal circulation being during the time of staple produce shipments. The deposits of the bank's branches in Manchuria in recent years have been approximately Yen 30,000,000 and the loans have amounted to around Yen 17,000,000.

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The Bank of Chosen: The Bank of Chosen opened its first branch in Manchuria at Antung in 1909, the Mukden branch in July, 1913, and the Dairen branch in August, 1914. Since 1917 it has had the privilege of issuing gold Yen notes which were made the legal currency for Japanese affairs in Manchuria. The bank also handles Japanese national funds.

At the Dairen branch one director is stationed as the general manager for Manchuria. Branches have been established at Changchun, Kaiyuang, Yingkou, Kirin, Harbin, Ssuping kai, and Tiehling, and sub-branches at Port Arthur, Liaoyang, Chengchiatun, Lungchingtsun, and several other places. During the boom period of the European war, the amount of loans made on real estate and other securities greatly increased, but with the following depression a greater portion of the investment and loans were "frozen", and the business was not satisfactory. Accordingly the bank was obliged to follow a retrenchment policy, and in 1925, the branches and sub-branches at Ssuping kai, Chengchiatun, and Kirin were closed, in order to adjust the bank's affairs. The deposits of the Manchurian branches of the bank in recent years have been between Yen 45,000,000 and Yen 55,000,000, and the loans have somewhat exceeded Yen 100,000,000. The bank's gold Yen notes circulate to a total of between Yen 40,000,000 and Yen 46,000,000.

The Shoryu Bank. The Shoryu Bank is the most reliable local Japanese bank in Manchuria, having the backing of the powerful Yasuda financial interests of Japan. It was originally established at Yingkou in 1906 with a capital of Yen 160,000 subscribed by both Japanese and Chinese. In 1910, the main office was moved to Dairen, and the capital was increased to Yen 1,000,000 (Yen 700,000 in gold and Yen 300,000 in silver), the new capital coming chiefly from the Yasuda interests. Besides ordinary banking business, it handles savings deposits. As it also handles the government funds of the Kwantung Government, it has gained public confidence, and opened branches at many important points. With the growth of its business, the capital was increased several times, reaching at one time the total of Yen 20,000,000 with Yen 9,000,000 paid-up. It established branches at Tsingtao, Chefoo, Tientsin, and other cities outside Manchuria. When the depression came, it merged with the Ryuko Bank, and brought in large sums from the Yasuda headquarters to aid Manchurian enterprises. But as in the cases of other banks, its investments became "frozen" to some extent, and the general shareholders' meeting held in 1926 resolved to reduce its registered capital to Yen 12,000,000 with Yen 5,600,000 paid up, by writing off unsound real estate investments. Since then, the bank's financial condition has been much improved. It has at present 18 branches throughout Manchuria. The deposits and loans aggregate approximately Yen 57,000,000 and Yen 69,000,000 respectively.

The Manshu Bank: The Manshu Bank was established with the support of the Bank of Chosen, in 1923, when the Manchurian financial condition was greatly depressed. It was an amalgamation of the Ryoto Bank, Dairen, the Manshu Commercial Bank, Antung, and the Mukden Bank, Mukden, all Japanese institutions. At first the registered capital was Yen 30,000,000 with Yen 9,720,000 paid up. The Bank has gradually devel-

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oped, having 18 branches in Manchuria. The bank's deposits and loans have been around Yen 18,000,000 and Yen 38,000,000 respectively.

Japanese banks other than the above-mentioned four are small, catering chiefly to the needs of the Japanese and Chinese in their local communities.

Other Japanese Financial Institutions: Besides the banks strictly so-called, there are several other Japanese financial institutions operating in Manchuria.

The Oriental Development Company was organized to engage chiefly in the business of long-time real estate loans in Manchuria and Chosen, with a view to the development of agriculture and industry in these regions. Beginning in 1917, it took over the real estate loan business of the Yokohama Specie Bank in Manchuria, and became the chief Japanese agency in Manchuria in this line.

The loans made by the company reached large proportions during the war boom period, but during the subsequent depression a drastic retrenchment policy was adopted. Its outstanding loans now have dropped to around Yen 40,000,000. Most of the loans are for the purchase and construction of buildings, (65%), with land improvement and agriculture next (9.5%) and manufacturing industries third (8.9%). The recent policy of the company has been one of activity in Chosen rather than in Manchuria.

Japanese bank clearing houses have been established at Dairen and Shenyang. The clearings at Shenyang total some Yen 20,000,000 annually, and those at Dairen Yen 1,300,000,000 of which 65% are in gold yen accounts.

Besides the banks, the Oriental Development Company and the clearing houses, there are various other Japanese financial institutions. These include 108 savings, trust and money-lending organizations. There are 21 savings and trust companies with a capital of more than Yen 100,000 each and an aggregate registered capital of Yen 15,000,000 of which Yen 4,000,000 is paid up. Loans by the organizations amount to approximately Yen 30,000,000 annually. The postal savings department of the Japanese Post Office also is an important financial institution. The number of active accounts runs to approximately 250,000, with deposits totalling around Yen 16,000,000. Besides the savings department, the post office also operates a postal transfer business. Deposits run to Yen 20,000,000, with nearly 400,000 accounts. The government produce exchanges and the guarantee companies connected with them also are important in financial affairs.⁴

3. Other Foreign Financial Institutions.

Russia has been represented in Manchuria by two banks -- the Russo-Chinese Bank organized in 1895 and later called the Russo-Asiatic

4. These are discussed in Chapter VIII, on Commerce (See Page 210.)

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Bank, and the Soviet Russian Dalbank.

The Russo-Chinese (Russo-Asiatic) Bank: When Russia began to turn its eyes definitely toward the development of interests in Manchuria, one of the first things it did was to organize a bank. This was the Russo-Chinese Bank, formed in 1895 with headquarters at St. Petersburg. The initial capital of Roubles 6,000,000, though under Russian control, came chiefly from French sources. The primary purpose of the bank was to undertake the construction of the Chinese Eastern Railway, and the agreement for this construction was signed (1896) by the Chinese Government with the Russo-Chinese Bank rather than with the Russian Government. The agreement called for a contribution of Kuping Taels 5,000,000 to the capital of the bank by the Chinese Government. In 1910 the name was changed to the Russo-Asiatic Bank.

The Russo-Chinese Bank was the first foreign bank to operate in Manchuria, and at one time it easily dominated the modern banking field in that region, besides doing considerable business in China Proper. The transfer to Japan of the Russian railway and other interests in South Manchuria (1905) curtailed the field of activity of the Russo-Chinese Bank. The Russian Revolution (1917) left the status of the bank and of the Chinese Eastern Railway in considerable doubt. Finally the business of the bank in all of China as well as in Manchuria was wound up and the offices were closed (1928).

The Dalbank: The Soviet Russian Dalbank was organized in 1922 to be the chief financial institution for Soviet Russian commerce and industry in China. At first it operated in Harbin through the People's Bank of Moscow and the Harbin branch of the International Banking Corporation of New York. In 1923 it was established as an independent organ. Its headquarters now are in Harbin, and it has branches in the principal North Manchurian cities and correspondents elsewhere. It does a general banking business, giving special attention to Soviet undertakings and to small deposits. Formerly it was the sole depository of Chinese Eastern Railway funds. The Chinese, however, felt that they should have a share in the profitable business of handling these funds, and after considerable negotiation it was arranged, in August, 1927, that the railway receipts should be deposited in equal portions with the Three Eastern Provinces Bank and the Dalbank. One of the results of the severing of diplomatic relations between China and Soviet Russia in 1927 was the closing of the Dalbank's offices in China Proper. The office at Harbin, however, continued to function until the dispute between the Chinese Eastern Railway and Manchurian authorities occurred in the spring of 1929. The Harbin office of the Dalbank was closed for a time then, but it subsequently reopened when the dispute was settled.

With the opening of Manchuria to modern trade, British, American, French and German banks entered the field.

The first of these was the Hongkong & Shanghai Banking Corporation (British) the head offices of which are in Hongkong. This

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bank plays a very important part in the international exchange business of Manchuria, almost monopolizing, particularly, the business done by Chinese with South China. The bank has branches at Dairen, Shenyang and Harbin, at each of which it does a small amount of business in loans and deposits. The other British bank now operating in Manchuria is the Chartered Bank of India, Australia and China, which opened branches at Dairen and Harbin in 1928. It, too, does an exchange business, and some business in loans and deposits.

The principal American bank is the National City Bank of New York, which formerly operated in the Far East through the International Banking Corporation but now uses its own name. It has branches at Dairen, Shenyang and Harbin and does a general exchange and banking business. The American Oriental Banking Corporation, the head office of which is in Shanghai, has branches at Dairen and Harbin.

The Banque Industrielle de Chine (French) does a small business in Manchuria, and the Deutsch-Asiatische Bank (German) has resumed business there since re-opening following its closure in China as a result of the World War.

Most of these banks have either branches or correspondents at Yinkou and Antung, as well as in the more important railway centers. They do proportionately a larger share of the total banking business in North Manchuria than in South Manchuria because in the north the Japanese banks are not so well established.

Besides the above, there are several smaller foreign banks operating chiefly in the Harbin area. These include the Far Eastern Jewish Bank of Commerce, the Far Eastern Mutual Credit Corporation, the Jewish People's Bank and the Far Eastern Bank of Harbin.

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CHAPTER IV. TRANSPORTATION, PORTS AND COMMUNICATIONS

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By far the most important means of communication as well as of transportation in Manchuria are the railways. Steamships play an important part in communications and transportations, chiefly in relations with outside areas, but even in this field the railways are of vital importance -- the Peiping-Liaoning Railway connecting with China Proper, the Chinese Eastern Railway connecting with Russian territory and the South Manchuria Railway connecting with the Chosen Railway. Boats on the Liao, Yalu and Sungari Rivers were important in transporting both freight and passengers before the railways were built; their significance now has very much diminished. Carts drawn by horses, mules and oxen still play a vital part in transportation and communication beyond the railways, particularly in northern Manchuria. The Chinese postal system throughout Manchuria generally and the Japanese postal system in the Leased Territory and the South Manchuria Railway Zone are important means of communication. The Chinese and Japanese telegraphs, operating in the areas where the post offices function, are well developed. Wireless communication is well started. Airplanes are coming into use to a small extent, chiefly as yet for carrying high officials from place to place.

1. Railways.

Railway construction in Manchuria did not start until after the Sino-Japanese war (1894-95). In 1897 a small section of the projected line from Tientsin to Mukden (now Shenyang) was completed north of the wall at Shanhaikwan. Active railway construction began in 1900 with the re-starting of the work, with British co-operation, on the Tientsin-Mukden line and the commencement of work on the Chinese Eastern Railway. Both of these lines were opened to traffic in 1903.

Since that time there has been striking development of railway communications. Particularly in the last three or four years, while civil wars have checked railway building in China Proper, railway construction has gone ahead in Manchuria until now there is a total of nearly 7,000 kilometres in operation.

Most of the earlier railway building in Manchuria was done by Russians or with money borrowed from Japan and spent under Japanese supervision. The recent building, however, particularly that which has been done since 1927, has been in the main by the Chinese themselves. Of other foreigners than Russians and Japanese, only the British have been concerned in actual railway construction in Manchuria, though Americans and others have discussed railway projects for this area.

A. Present Railways.

The railways operating in Manchuria at the end of 1930 totalled 6,987 kilometres⁽¹⁾ The lines were as follows:

(1) The kilometrage given is not absolutely exact since complete statistics are not available. Besides the lines listed there are two or three small narrow-gauge lines operating in collieries. The figures used are those compiled by Grover Clark from official and unofficial sources for his "Economic Rivalries in China."

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Railways in Manchuria				
(End of 1930; lengths in kilometres, including branches)				
Classification	Length		Gauge	Remarks
	Kms.	% of total		
<u>Chinese Government Railways</u>				
Peiping-Liaoning, section in Manchuria	625	9.9 9.0	Standard (1,435 metres)	Partly British capital
Ssuningkai-Taonan, with Tungliao branch	502	7.2	Standard	With Japanese capital
Shenyang-Hailungcheng	415	5.9	Standard	Entirely Chinese
Hulan-Hailun	298	4.3	Standard	Entirely Chinese
Kirin-Tunhua	266	3.8	Standard	With Japanese capital
Taonan-Anganchi	259	3.7	Standard	With Japanese capital
Tahushan-Tungliao	256	3.7	Standard	Entirely Chinese
Kirin-Hailungcheng	182	2.6	Standard	Entirely Chinese
Kirin-Changchun	171	2.4	Standard	With Japanese capital and management
Tsitsihar-Koshan	158	2.2	Standard	Entirely Chinese
Total Chinese Government Railways	3,132	44.8		
Private and provincial entirely Chinese railways				
Kaiyuan-Hsifeng	64	.9	1 metre Broad	Entirely Chinese
Holi Colliery	55	.8	(1.524 metres)	Entirely Chinese
Tsitsihar-Anganchi	27	.4	Standard	Entirely Chinese
Tsitsihar-Anganchi	27	.4	1 metre	Entirely Chinese

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Railways in Manchuria, continued.				
Classification	Length		Gauge	Remarks
	Kms.	% of total		
Total Chinese private and provincial lines	173	2.5		
<u>Sino-Russian Railways</u>				
Chinese Eastern Railway	2,267	32.5	1.524 metres	Originally chiefly French capital, advanced through Russia
Muling Colliery	59	.8	1.524 metres	Muling Colliery management
Total Sino-Russian lines	2,326	33.3		
<u>Japanese Railway</u>				
South Manchuria Railway	1,112	15.9	Standard	Entirely Japanese
<u>Sino-Japanese private railways</u>				
Tumen-Tienpaoshan	110	1.6	76.2 centimetres	Private company, with Chinese and Japanese stockholders
Chinchou-Pitzuwo	101	1.5	Standard	Private company; with Chinese and Japanese stockholders
Penhsihu-Neuhsintai	24	.3	76.2 centimetres	Private company; with Chinese and Japanese stockholders.
Miaerkou	9	.1	76.2 centimetres	Penhsihu Colliery and Iron Works private line
Total Sino-Japanese private railways	244	3.5		

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Railways in Manchuria, continued.			
Classification	Length		
	Kms.	% of total	
<u>Summary</u>			
Entirely Chinese			In Manchuria there is only one line-- the South Manchuria Railway -- which is not at least partly Chinese in interest. Of the 4,365 kilometres of standard gauge lines, the Chinese government has an interest in 3,132 kilometres, or 45.5%, while Chinese interests participate in all the private lines. Including the Chinese Eastern Railway, the Chinese Government has an interest in 5,468 kilometres or 79.3% of the total kilometrage. The standard and broad gauge form 97.3% of all the lines.
Standard gauge	1,336	19.1	
Narrow gauges	91	1.3	
Broad gauge	55	.8	
Total	1,482	21.2	
Entirely Japanese (standard gauge)	1,112	15.9	
Sino-Japanese			
Standard gauge	1,299	18.6	
Narrow gauges	143	2.0	
Total	1,442	20.6	
Sino-Russian (Broad gauge)	2,326	33.3	
Sino-British (Standard gauge)	625	9.0	
Total	6,987	100.0	

B. Construction.

Railway building began in Manchuria in 1897. Roughly speaking, it was carried on by the British and Russians in the first 10 years, by the Japanese during the next 15 years and by the Chinese and Japanese during the last five years. In 1912, the only railway lines of any importance in Manchuria were the South Manchuria Railway, the Chinese Eastern Railway and the section of the Peking-Mukden (now the Peiping-Liaoning) Railway in Manchuria. These, with a few small narrow gauge lines, had a total length of 3,485 kilometres. The only entirely Chinese line was the Anganchi-Tsitsihar Railway (the narrow-gauge line), which was 27 kilometres long. The first entirely Chinese line of importance was the Mukden-Hailungcheng (now the Shenyang-Hailungcheng) Railway, which was opened in 1927. The entirely Chinese lines now total 1,482 kilometres. In other words, 98.1% of the railway construction in Manchuria by the Chinese themselves without outside financial aid was done in the five years 1926-30. Since 1912 the British and Russians have done no new railway building, except for the construction of extra sidings, some double-tracking, some small branches, etc. The Japanese

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since 1912 have furnished money for the construction of all of the lines in which they share interests with the Chinese except part of the Kirin-Changchun line, which was built in 1910-12 - a total construction, 1912-1930, of 1,271 kilometres, or less by 184 kilometres than the entirely Chinese construction in the 1927-30 period.

Manchuria's 6,987 kilometres of railways in 1930 formed 40.0% of the railways in all of China, which totalled approximately 17,488 kilometres. In 1912 Manchuria's share of the total was 36.6% of the total for China. Manchuria's area, on the other hand, is only about 20% of the combined area of China Proper (omitting Mongolia, Chinese Turkestan and Tibet, where there are no railways except for a recently-constructed short section of Russian lines in Chinese Turkestan). Nevertheless, compared with other countries, Manchuria still is very short of railways. A comparison of figures is as follows:

Comparisons of Railways				
	Manchuria		Japan Proper	Continental United States
	1930	1912	1930	1930
Kilometres of railways	6,987	3,485	19,512	390,210
Population	30,000,000	15,000,000	64,450,005	122,775,046
Area (square kilometres)	991,000	991,000	385,278	7,839,384
Population per 1 kilometre of railway	4,294	4,304	3,303	314
Square kilometres per 1 kilometre of railway	142	284	19.7	20.1

To get one kilometre of railway for each 20 square kilometres of area in Manchuria -- approximately the ratio in Japan and the United States -- it would be necessary to build approximately 42,600 more kilometres of railway than there now are. Railway building, however, has progressed rapidly, and has approximately kept pace with the increase in population.

The railways at present in operation fall into three principal groups: (1) those belonging to the system of the Chinese Government Railways, which are, theoretically at least, under the jurisdiction of the national Ministry of Railways; (2) those managed independently of the Chinese Government Railways but with governmental (Chinese or foreign or both) participation -- the South Manchuria and the Chinese Eastern Railways; (3) private and provincial lines.

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2. Chinese Government Railways.

The Chinese Government Railways in Manchuria have a total length of 3,132 kilometres, and all are of the standard gauge (1.435 metres). Of these lines, 1,309 kilometres have been built entirely with Chinese capital and are subject to no loan or other obligations to foreigners. These lines have all been built since 1926. One of the lines -- the Peiping-Liaoning Railway (625 kilometres are in Manchuria -- was built primarily with British capital and is subject to British loan claims on the basis of which there is British participation in the management. Four of the lines (1,198 kilometres) were built originally with money borrowed from the Japanese, and in their financial management the Japanese have a share. These are the Ssupinghai-Taonan, Taonan-Anganchi, Kirin-Tunhua and Kirin-Changchun lines.

The Peiping-Liaoning Railway section in Manchuria was built to provide railway connections between China Proper and Manchuria. The Japanese-financed lines were built primarily as feeders for the South Manchuria Railway. The purely Chinese lines, however, have been planned with the idea of creating a system of railways running from the north and northeast of Manchuria which will be entirely under Chinese control, and will feed into the port of Hulutao. This port, according to the plan, will be built up as a rival of Dairen. The construction of these Chinese lines has now been so far completed that there is direct rail connection on Chinese Government Railways from well to the north in Manchuria down to the railway centers of China Proper. At present the line from the junction point with the Peiping-Liaoning Railway (Tahushan) northward is somewhat indirect because there is no direct track from Tungliao to Taonan. The plan is to construct this direct line in the near future. Through passenger and freight service on Chinese Government lines from Pukow (opposite Nanking on the Yangtze River) to Tsitsihar was inaugurated in 1931, though the through traffic as yet is not very large.

In connection with the construction of these entirely Chinese lines, the question has arisen of whether or not they violate part of the understanding between China and Japan which the Japanese claim was reached at the time of China's consent to the transfer of part of the Chinese Eastern Railway to Japan (1905) -- i.e. that China would not build railways parallel to the South Manchuria Railway. The reason for Japan's asking for this pledge from China at that time, it is stated, was that she wanted to avoid undue competition with the South Manchuria Railway. At various times in recent years the Japanese have entered formal protests against the construction of certain of the purely Chinese lines, on this ground of paralleling the Japanese line. The Chinese have denied that any pledge was made not to parallel the South Manchuria Railway lines. They also have taken the position that the Chinese lines were so far away from the South Manchuria Railway that they did not parallel that line in any sense of creating undue competition. The Japanese have not pressed their claims with much insistence, and within the past couple of years the attitude of the more liberal-minded Japanese increasingly has been that there is plenty of business in Manchuria for both the South Manchuria Railway and the Chinese lines. This disagreement over railway construction by the Chinese, and the real competition for the South Manchuria Railway which the entirely Chinese lines were developing, has been one of the serious contributing causes of the increasing Sino-Japanese tension in Manchuria.

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The construction of the purely Chinese lines has been carried out partly with money taken from the surplus revenues of lines already in existence, including the Peiping-Liaoning Railway and the lines built with Japanese loans. The British have protested informally against the use of revenues from the Peiping-Liaoning line for other railway construction while the payments on the British-held bonds secured on this line were not insured by an adequate reserve or were actually in default. The Japanese have asked somewhat insistently by what right the Chinese take money from railways on which they -- the Japanese -- have outstanding loan obligations, use that money to build competing lines, and neglect to pay principal or interest on the Japanese loans.

Funds for Chinese railway construction also have come from the provincial authorities and rich private individuals. One practice has been to buy up land along the proposed line of a new railway and then sell again at enhanced prices either when it was officially announced where the line would run or when the line had been constructed. Cities and villages along the proposed route, too, have been called on to contribute substantial sums in order to have the railway run nearby instead of having it pass at some distance. Incidentally, the fact that the cities and villages were ready to make contributions for such a purpose illustrates one of the many changes which have come in China. When the first railways were built in China Proper, the cities and villages frequently strenuously objected to railways being constructed anywhere near.

The details with regard to the various railways are given in the following paragraphs, the lines being discussed roughly in their order from the south northward in systems.

The Peiping-Liaoning (Pei-Ning) Railway: The Pei-Ning Railway (to give it the abbreviated title ordinarily used, besides that part of its main line which is in Manchuria (from Shanhaikwan to Shenyang) has three important branches in this region: (1) from Chihhsien (Chinchow) to the Peipiao coal mine (112 kilometres), (2) from Koupangtzu to Yinkou (90 kilometres), (3) from Lienshan to Hulutao (11 kilometres). The latter two of these are particularly important as furnishing connections between the two ports and this through line into China Proper. From Shanhaikwan, the line runs southward to Tientsin, where it connects with the Tientsin-Pukow Railway, and on to Peiping, where it connects with the Peiping-Hankow and the Peiping-Suiyuan lines. At Shenyang, it meets the South Manchuria Railway, and while at present there is no through movement of rolling stock between the two lines the facilities for such through movement exist. This section of the Peiping-Liaoning Railway frequently is called the Kwanwai line, meaning the line outside the mountain pass at Shanhaikwan. The total trackage of the Pei-Ning Railway is 1,354 kilometres, of which 625 kilometres are in Manchuria.

Construction on the line was started under Li Hung-chang in 1880, near Tientsin, in spite of Imperial orders against building railways. In 1898, the British secured a concession for taking over the part of the line which already had been built and for extending it into Manchuria, using for the purpose money which they were to loan. The end of the line was a short distance north of Shanhaikwan when the British came in. Con-

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struction was carried through to Hsinmintun, 50 kilometres from Mukden, in 1903. The Russo-Japanese war interrupted the work. During that war, the Japanese had built a military line from Mukden to Hsinmintun. This was bought by the Chinese Government following the war and reconstructed as the final part of the Peking-Mukden Railway. Through traffic into Mukden opened in 1907. The payment for the Hsinmintun-Mukden section was in the form of a loan from the South Manchuria Railway Company,

The original British loan was for £2,300,000 and was to run, at 5% interest, for 45 years from October 10, 1898. ⁽²⁾ On December 31, 1929, there remained £862,500 unpaid on this loan. The Japanese loan was for Yen 320,000, to run for 18 years from April 15, 1907. This was entirely repaid in the specified time. A Chinese Government loan to the railway of Yuan 23,903,392 remains unpaid in full. This was the amount spent on the line up to the time of the British concession. Further British loans, made for double-tracking part of the line south of Shanhaikwan, had outstanding balances at the end of 1929 of £426,590 and Yuan 1,450,673. In addition, there were outstanding debts for materials totalling Yuan 4,844,948. The cost of the entire road and equipment, as of the end of December, 1929, was Yuan 103,300,492. Accumulated surplus revenues amounted to Yuan 93,045,784.

In 1922, when Chang Tso-lin, as head of the Manchurian administration, declared the independence of Manchuria from the authority of the Peking Government, the section of the railway in Manchuria was cut off from the rest of the line and operated as a separate unit. This considerably upset the arrangements as to repayment of loans, etc. The section in Manchuria continued to be operated separately from the rest of the line, with brief intervals of unification while Chang Tso-lin was in control at Peking, until the end of 1928 when the Manchurian leaders put Manchuria formally under the jurisdiction of the Nationalist Government at Nanking.

Except when its operation was interrupted by military activities, the Pei-Ning Railway always has paid well. The surplus revenues from the section in Manchuria have been used in very substantial amounts for the construction of Chinese railways in this area. The operating returns of the railway for 1929 were as follows:

Peiping-Liaoning Railway Operations (1929)			
Passengers carried	4,693,198	Total revenue	Yuan 37,514,591
Freight carried	7,533,581 tons	Total expenses	Yuan 18,512,682
Passenger revenue	Yuan 16,131,425	Gross profit	Yuan 19,001,909
Freight revenue	Yuan 21,383,166		

Out of these gross profits the interest and amortization charges on the loans, and similar non-operating charges were to be met.

(2) Statistics relative to the Pei-Ning Railway in this paragraph and the following table are from the China Year Book for 1931.

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The Tahushan-Tungliao (Ta-Tung) Railway: The Tahushan-Tungliao Railway, usually called the Ta-Tung line, connects with the Pei-Ning Railway at the town of Tahushan, which is south of Shenyang about 200 kilometres. It is one of the later but more important of the purely Chinese lines built in Manchuria, and forms an important link in the through system of these railways. The line has a total length of 256 kilometres. (Tungliao is the Chinese name for the terminus of the line. This city formerly was more generally known by its Mongolian name of Paiyintala. The line now sometimes is called the Tahushan-Paiyintala Railway.)

Construction on this line through to Tungliao was completed in the fall of 1927. At the northern terminus, it met the Tungliao branch of the Ssupingkai-Taonan line, thus providing through if somewhat indirect rail connections from the Pei-Ning line to Taonan and northward. The funds for the construction of the railway were taken chiefly from the surplus revenues of the Manchurian section of the Pei-Ning Line, and the Ta-Tung Railway is operated in effect as a branch of the Pei-Ning.

The Japanese watched the construction of this line with some apprehension, on the ground of a possible violation of the understanding against paralleling the South Manchuria Railway. No formal protest was filed, however, until work on the final section into Tungliao was started. In spite of the protest, the Chinese proceeded with the completion of the line, and the Japanese did not press their objections.

Tungliao is destined to be one of the principal centers in the development of western Manchuria. It already is an important center for the movement of goods from North and Northwest Manchuria to the sea. At present it is in rail contact with the ports of South Manchuria via two routes -- the Ta-Tung and Pei-Ning Railways and the Ssupingkai-Taonan and South Manchuria lines. These both give outlets to Hulutao, Yinkou and Dairen, but the distances from Tungliao to the three ports via the Chinese Government Railways exclusively is considerably shorter than that via the route which includes the South Manchuria Railway. By the former route, Tungliao is 173 kilometres nearer Yinkou than by the latter. From Tungliao to Hulutao is 359 kilometres less via the Chinese Government Railways than via the Ssupingkai and South Manchuria Railway route. Already there is a distinct tendency for goods from the Tungliao region, and from North Manchuria coming down the Chinese Government Railways from Tsitsihar, to go to the sea at Yinkou over the entirely Chinese lines rather than to go out through Dairen. When the harbor works at Hulutao are completed, this tendency of the Chinese lines to cut into possible business of the South Manchuria Railway will become more marked. So far, however, the amount of business has increased faster than the railway facilities, so that the business of the South Manchuria Railway has grown steadily and rapidly in spite of these other lines. The general feeling, among the more far-seeing Japanese as well as the Chinese, now is that this condition will continue and that there will be plenty of business for both Dairen and Hulutao, and for the Chinese and Japanese railways. The more optimistic insist that the construction of the Chinese railways and of a Chinese port at Hulutao will benefit Dairen and the South Manchuria Railway by greatly stimulating the development of Manchuria as a whole and thus creating very much more business. Certainly the railway kilometrage in Manchuria has not as yet reached anything like the saturation point.

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The Ssuningkai-Taonan (Ssu-Tao) Railway: The Ssuningkai-Taonan Railway (commonly called the Ssu-Tao line) connects with the South Manchuria Railway at Ssuningkai, which is a little north of the half-way point between Changchun and Shenyang. The main line (388 kilometres) runs northwestward to Taonan. From Chengchiatun, roughly a third of the distance from Ssuningkai, a branch (114 kilometres) runs west to Tungliao.

The line is one of the three in Manchuria built with capital advanced by Japanese interests in accordance with agreements of 1913 and 1915. Construction on the Ssuningkai-Chengchiatun section started in April, 1917 and was completed in December, 1918. The loan for this work was made by the Yokohama Specie Bank; construction was in charge of an engineer from the South Manchuria Railway Company. In September, 1919, a new agreement was signed between the Chinese Government and the South Manchuria Railway Company for the extension of the line to Taonan and the construction of a branch to Tungliao. The extension was completed in November, 1921, and the branch in November, 1923. Both immediately were put into operation.

The agreements covering construction of the line provided that the railway was to be operated as a part of the Chinese Government Railway system, under the jurisdiction of the Chinese Ministry of Railways, but that, in view of Japan's financial interest, Japanese were to be appointed as heads of the traffic, engineering and accounting departments. The 1919 agreement transferred to the South Manchuria Railway Company all the rights of the Yokohama Specie Bank in the finances of the line, so that now the entire obligation, is to the South Manchuria Railway Company and that company has full authority to exercise the Japanese rights.

The financing of the construction of the line was arranged by bonds to the value of Yen 5,000,000 issued in 1915, to bear 5% interest and run for 40 years, and a loan from the South Manchuria Railway company of Yen 32,000,000 made in 1919, at 9 $\frac{1}{4}$ %. ⁽³⁾ The original plan was to cover the 1919 loan also by bonds. Market conditions were bad, however, and the money was advanced by the company on a short-term loan agreement. This was for one year, but it has been renewed annually since. The interest rate now is 9%. On December 31, 1929, the outstanding indebtedness was Yen 4,780,000 on the Yen 5,000,000 bonds and Yen 43,942,669 (principal and accumulated interest) on the Yen 32,000,000 loan, making a total of Yen 48,722,669 due. The cost of construction and equipment at the end of 1926 (later data not available) was Yen 19,350,210. The line has practically no rolling stock of its own; its needs being supplied by hiring cars and locomotives from the South Manchuria Railway Company.

(3) Statistics relative to the Ssu-Tao Railway in this paragraph and the following are from the China Year Book for 1931.

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The 1929 operations were:

Ssuningkai-Taonan Railway Operations			
(1929)			
Passengers carried	714,428	Total revenue	Yuan 7,675,284
Freight carried	807,893 tons	Total expenses	Yuan 3,864,812
Passenger revenue	Yuan 1,790,751	Gross profits	Yuan 3,810,472
Freight revenue	Yuan 4,252,349		

The Taonan-Anganchi (Tao-An) Railway: The Taonan-Anganchi Railway, ordinarily called the Tao-An line, runs northward from the terminus of the Ssu-Tao Railway to the town of Anganchi (Tsitsihar station) on the Chinese Eastern Railway. It has a total length of 259 kilometres.

The line was built under the provisions of an agreement between the Manchurian authorities and the South Manchuria Railway Company, signed in September, 1924, when Manchuria had declared itself independent of the rest of China. Construction started in April, 1925 and was completed, after some delays due to floods, in December, 1927. Operation began at once. The funds advanced as initial capital under the loan agreement totalled Yen 12,920,000. A further advance of Yen 2,500,000 for the purchase of rolling stock later was made. The total of Yen 15,420,000 still is outstanding, in addition to some interest amounts. Since repayment was not made within the first six months of operation, by the terms of the agreement a Japanese chief accountant and two Japanese assistants were appointed. Operations for 1929 showed total revenues of Yuan 2,228,150 and total expenses of Yuan 1,908,401, leaving gross profits of Yuan 319,749. 294,642 passengers and 356,711 tons of freight were carried.⁽⁴⁾

By way of the Tao-An, Ssu-Tao and South Manchuria Railways, the distance from Anganchi to Dairen is 1,127 kilometres, as against 1,223 kilometres to Dairen via the Chinese Eastern and South Manchuria Railways. From Anganchi to Vladivostok via the Chinese Eastern and Ussuri Railways is 1,062 kilometres. Thus there is a slight favorable margin (65 kilometres) on the side of transportation from Anganchi to Vladivostok over the Chinese Eastern Railway as compared with the line to Dairen via Ssuningkai. On the other hand, not only is the distance from Anganchi to Dairen less (96 kilometres) by way of Ssuningkai than by way of Harbin, but shipment of this route is possible without rehandling of the goods at Changchun -- where the change from the broad-gauge Chinese Eastern Railway cars to the standard-gauge cars of the South Manchuria line must be made. For these reasons, the tendency will be for traffic to move from western North Manchuria down through Ssuningkai to Dairen or direct to Vladivostok, rather than through Harbin and then south.

⁽⁴⁾ Statistics in this paragraph are from the China Year Book for 1931.

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For a time after the completion of the Ssu-Tao and Tao-An lines, there were no arrangements for through traffic. Both lines were under Chinese control, and both had been built with Japanese capital. The Ssu-Tao line, however, was under the Chinese Ministry of Communications, while the Tao-An line was under the Manchurian authorities-- and considerable mutual jealousy existed. Since Manchuria re-joined the rest of China at the end of 1928, however, these difficulties have been adjusted and both lines have come under the Chinese Ministry of Railways. Through traffic now is established.

Since its opening, the Tao-An line has showed, on the whole, good results. This is particularly true since the beginning of 1929, when in spite of protests from the Chinese Eastern Railway, a bridge was built over the tracks of that line north from Anganchi and connections were established with the provincial standard gauge line through to Tsitsihar, the capital of Heilungkiang Province. With the completion of this connecting link, through traffic on standard gauge Chinese Government Railways became possible all the way south into China Proper from the terminus of the Tsitsihar-Koshan line 158 kilometres northward from Tsitsihar.

The Kirin-Changchun (Chi-Chang) Railway: The Kirin-Changchun Railway, ordinarily called the Chi-Chang line (Chi being the more correct spelling for the Chinese pronunciation of the first syllable of Kirin), is the oldest of the Chinese Government Railways built in Manchuria with Japanese financial participation. It runs between the capital of Kirin Province and the northern terminus of the South Manchuria Railway at Changchun. Its length is 171 kilometres.

The original funds were Yuan 4,300,000, of which Yen 2,500,000 was supplied as a loan by the South Manchuria Railway Company under an agreement signed in 1908. Construction began in 1910 and was completed in October, 1912. Subsequently it was found that the initial loan was not enough to cover construction and equipment expenses, as well as initial operating losses and interest charges, and a new agreement was signed in October, 1917 by which the amount of the loan was increased to Yen 6,500,000 and the loan was made to cover a period of 30 years, with 5% interest. By the terms of the 1917 agreement, which like the earlier ones was made between the Chinese Government and the South Manchuria Railway Company, the Chinese Government appoints the head of the railway, but the South Manchuria Railway Company names the traffic manager, the chief engineer and the chief accountant. This arrangement is to continue for the full term of the loan. At the end of 1929, ⁽⁵⁾ Yen 5,850,000 remained outstanding on the Yen 6,500,000 loan. Additional advances by the South Manchuria Railway Company and accumulated interest brought the total indebtedness to the company to Yen 7,250,000. Through traffic arrangements with the South Manchuria Railway are in force, and the latter's station at Changchun is used jointly by the two railways.

(5) Operation and current indebtedness statistics are from the China Year Book for 1931.

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Operations for 1929 were:

Kirin-Changchun Railway Operations (1929)		
Passengers carried	975,479	Total revenue Yuan 3,884,751
Freight carried	1,916,774 tons	Total expenses Yuan 2,697,007
Passenger revenue	Yuan 1,173,352	Gross profits Yuan 1,187,744
Freight revenue	Yuan 2,650,739	

The Chi-Chang Railway has contributed largely to the development of Kirin Province in recent years, especially in opening up the timber and agricultural resources. The fact that the Japanese have a substantial share in its management, moreover, has stimulated the investment of Japanese capital in the industrial development of the region.

When this line first was built, it was envisaged as a link in the railway which eventually would run eastward from Changchun to the sea at the Possiet Bay (where Manchuria, Chosen and Russia meet). Connection would be established here with the Chosen Railways, and a new port would be developed. At present there is no important port between Fusan at the tip of Chosen and Vladivostok on the Siberian littoral. A port at Possiet Bay would be of much value not only in the trade between Manchuria and Japan but also in giving a convenient outlet for the more general trade between central Manchuria and the rest of the world.

The Kirin-Tunhua (Chi-Tun) Railway: The Kirin-Tunhua Railway, ordinary called the Chi-Tun line, runs eastward from Kirin City for a distance of 200 kilometres, with a trackage of 266 kilometres. It has been built as part of what eventually will be a line running completely through to the sea at Possiet Bay (see the preceding paragraph), the total length of which, from Kirin, will be approximately 500 kilometres, making a through distance from Changchun of approximately 625 kilometres. The Chi-Tun Railway was built with Japanese money under an agreement signed in October, 1925, between the Chinese Government and the South Manchuria Railway Company. The entire line was completed in October, 1928.

The first references in Sino-Japanese agreements to a line from Kirin eastward was included in the so-called Chientao Agreement of 1909. This provided that the Chinese Government would build a line to connect with the Chosen Railways, under substantially the same terms as to financing and management as the Kirin-Changchun Railway. The line would be known as the Kirin-Huining Railway. Nothing further was done until June, 1918, when the Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen joined in signing an agreement with the Chinese Government for the construction of this line, and advanced a loan of Yen 10,000,000 with the understanding that the formal loan agreement would be signed in six months. Political disturbances in China Proper, however, brought about a change in administration, and the formal agreement never was signed.

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The next step came in October, 1925, when the South Manchuria Railway Company and the Chinese Government signed a new agreement for the construction of the line, involving an advance by the company to bring the total up to Yen 18,000,000. Under the terms of this agreement, the Japanese participation in the management is considerably less than in the Kirin-Changchun line, being limited to naming the chief accountant.

When the line is completed through to the coast, it will form an exceedingly important line of transportation. At present, however, the business returns have been disappointingly small, largely because of the decline of the timber industry in the region tapped.

The Shenyang-Hailungcheng (Shen-Hai) and Kirin-Hailungcheng (Chi-Hai) Railways: The only railway line in South Manchuria to the east of the South Manchuria Railway is the line running between Shenyang and Kirin City, which was built in two separate sections meeting at the city of Chaoyang. The two sections are called the Shenyang-Hailungcheng, or Shen-Hai, and the Kirin-Hailungcheng, or Chi-Hai, Railways. Together, they sometimes are referred to as the Shenyang-Kirin, or Shen-Chi, line. Both lines have been built entirely with Chinese capital, and are under exclusive Chinese jurisdiction -- the jurisdiction of the Chinese Ministry of Railways, since the reunification of Manchuria with China Proper at the end of 1928.

The first construction was on the Shen-Chi line, with money (Yuan 20,000,000) contributed by the Manchurian government and the Chinese public. Construction was completed in 1927 as far as Hailungcheng. A branch line running from this point westward to Hsian (68 kilometres) was completed in the same year. A northern extension to the city of Chaoyang was completed the next summer (August, 1928). The total length of this line, including the branch, is 415 kilometres. Connections are made at Shenyang with the Peiping-Liaoning Railway, and thus with the South Manchuria Railway also. Through traffic therefore is possible to Dairen, via the South Manchuria Railway, or to Yinkou or Hulutao via the Pei-Ning Railway.

The line from Kirin City southward to Chaoyang - the Kirin-Hailungcheng Railway - to connect with the Shen-Hai Railway, was completed in 1929. This also was built entirely with Chinese capital. It has a length of 182 kilometres.

The Japanese protested against the construction of this line, on the ground that it paralleled the South Manchuria Railway and thus violated the 1905 agreement, and also that it infringed the provisions of the 1918 loan agreement (see the section on the Kirin-Tunhua Railway immediately preceding) with the three Japanese banks. The objection, it was stated, was based not primarily on the building of the line but on the violation of the principle involved in these agreements. The Chinese constructed the line and put it into operation nonetheless.

With the completion of the Chi-Hai part of this line, the distance by rail between Kirin City and Shenyang via the Chinese lines becomes 438 kilometres, as against 435 kilometres from Kirin City to Shenyang via Changchun and the South Manchuria Railway.

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The Hulan-Hailun (Hu-Hai) Railway: Chinese plans for railway construction in North Manchuria envisage the construction of lines north of the Chinese Eastern Railway which will reach through to the Amur River at Aigun and Blagoveshchensk. Part of this projected system is the Tsitsihar-Koshan line (which see). Another part is the Hulan-Hailun Railway, ordinarily called the Hu-Hai line. This line starts from Hulan, opposite Harbin on the Sungari River, and runs almost due northward for a distance of 220 kilometres. The total trackage, including branches, is 298 kilometres. The construction of the line was financed by the provincial authorities of Heilungkiang Province and private subscriptions totalling Yuan 10,000,000. Work was started in the spring of 1926, and the line was opened for traffic in December, 1928.

The region which the Hu-Hai Railway taps is extremely fertile, and though as yet it is comparatively thinly settled, the area offers excellent agricultural opportunities. The region, too, is one of the big timber areas of North Manchuria. The prospects for the line, therefore, are excellent. As yet, this line has no traffic connections with any of the other Chinese Government railways. Nor does it connect directly with the Chinese Eastern Railway, being on the other side of the Sungari River. It has been built to the standard gauge used on the Chinese Government Railways, however, and eventually will tie into this system.

In this connection it is interesting to note that all the Chinese railway construction north of the Chinese Eastern Railway is of the standard gauge rather than of the broad gauge used by the latter line.

The Tsitsihar-Koshan (Tsi-Ko) Railway: As part of the plan for pushing railways northward into the region north of the Chinese Eastern Railway, construction was started in 1928 on the Tsitsihar-Koshan Railway, ordinarily called the Tsi-Ko line. The money for the construction was to come from the provincial authorities, chiefly, with additional contributions from the public and from district authorities along the way. Owing to the death of Governor Wu of Heilungkiang Province (in June, 1928), who had been particularly active in pushing railway development, and to difficulties in getting the money together, construction was somewhat delayed. The line was completed through to Koshan in 1930, however, at a cost of approximately Yuan 5,000,000, for the distance of 158 kilometres.

This line, according to Chinese plans, together with the Hulan-Hailun Railway (which see) will form part of a network of Chinese railways in the extreme north of Manchuria. The line is built to the standard gauge of the Chinese Government lines. Since the construction in 1929 of the standard gauge connection across the Chinese Eastern Railway at Anganchi and the completion of the Tsi-Ko line, there has been the possibility of through railway traffic on Chinese Government Railways exclusively all the way from Koshan down to the Peiping-Liaoning Railway and thence into China Proper.

3. The South Manchuria Railway.

The second principal group of railways in Manchuria consists of the two long lines which do not belong to the Chinese Government Railway system -- the South Manchuria Railway which is entirely Japanese owned, financed and operated, and the Chinese Eastern Railway in which the Chinese

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and Russian Governments share. These two lines originally were built as part of one system. They were divided in 1905 as one of the results of the Russo-Japanese war. Although the South Manchuria Railway is shorter than the Chinese Eastern Railway by over 650 kilometres of main lines the traffic on it is considerably heavier.

A. Underlying Agreements:

The main line of the South Manchuria Railway, from Changchun to Dairen with a branch to Port Arthur, was built as part of the Chinese Eastern Railway system.⁽⁶⁾ Construction was completed in 1903. The next year the Russo-Japanese war broke out. As a result of that war, all the Russian interests in the railway south of Changchun and all the rights appertaining to the Chinese Eastern Railway Company (which included policing of the railway zone) were transferred to Japan by the terms of the treaty ending the war (signed at Portsmouth, New Hampshire, U.S.A., September 5, 1905.) The transfer was agreed to by China in Sino-Japanese agreements signed December 22 of the same year.

When Japan took over part of the southern extension of the Chinese Eastern Railway, following the Russo-Japanese war, she acquired, by the terms of the peace treaty and the confirming agreement with China, the same rights in this part of the railway as the Chinese Eastern Railway Company and the Russo-Chinese Bank (i.e. the Russian interests) had had. She did not assume toward China, however, the obligations as to a share in the management of the line which had been part of the agreements relative to the Chinese Eastern Railway. The line simply passed in toto to Japan's exclusive control, but these original agreements formed the basis of the definition of Japan's rights as to the Railway Zone, etc. as well as to the operation of the railway itself until new agreements were made in 1915.

One point of difference is significant, however. The right of policing in the railway zone, and of maintaining post offices and telegraphs, was given by the original agreement to the Chinese Eastern Railway Company, not to the Russian Government. The transfer of all the rights was to the Japanese Government. But when the South Manchuria Railway Company was formed, the Japanese Government did not assign to it the policing, postal and telegraph rights but kept these for itself. The rights of the South Manchuria Railway Company thus are less, in these respects, than those of the Chinese Eastern Railway Company.

The original agreement for the construction of the Chinese Eastern Railway provided that China might buy the line from Russia at the end of 36 years after the completion of construction, and that, failing this, the line would revert to China without payment at the end of 80 years. The line was formally opened July 1, 1903. This gave China the purchase option in 1939, and the reversion of the railway in 1983. The agreement between China and Japan relative to the incorporation of the Mukden-Antung line into the South Manchuria Railway system, which was part of the agreements signed December 22, 1905, containing China's consent to the transfer of the South Manchuria section of the Chinese Eastern Railway to Japan,

(6) For further details as to the construction and rights of the Chinese Eastern Railway, see the section in this chapter on that line, P. 69 ff.

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provided that the Japanese rights should continue for fifteen years from the time of the completion of the reconstruction. Three years was allowed for this, so that the concession would expire as provided in this agreement, in 1923. The Mukden-Antung agreement also specifically stated that the Japanese concession "is therefore to expire in the 49th year of Kuang Hsu," which would have been 1923.

Part of the agreements relative to Manchurian and other affairs signed between China and Japan on May 25, 1915, (the so-called "twenty-one demands") however, provided for an unqualified extension of the Japanese holdings of the two parts of the South Manchuria Railway to 99 years from the dates of completion of construction. This meant that Japan's control of the main line from Dairen to Changchun was extended to the year 2002, and of the Antung-Mukden section to 2007. The Chinese have insisted that these 1915 agreements were invalid, on the ground that China's consent was secured by threat of force. While the Japanese have made certain concessions as to other parts of those 1915 agreements, however, they have shown no inclination to agree to any change in the provisions covering the extension of their hold on the railways.

When the main line was built by the Russians, it was given the same broad gauge as the Trans-Siberian line -- 1.524 metres (5 feet). During the Russo-Japanese war, the Japanese troops reduced the gauge to 106.68 centimetres (3 feet 6 inches) to conform to the gauge of the railways in Japan, so that Japanese equipment could be used. After the war was over, it was deemed desirable to have the gauge conform to that in use on the Chinese railways and in Chosen -- i.e. the "standard" gauge of 1.435 metres (4 feet, 8½ inches). Double tracking of the main sections also was considered advisable. The widening of the gauge was completed in 1908, and the double tracking from Dairen to Mukden (now Shenyang) in 1918. Double tracking of the line from Mukden to Changchun was started in 1919 and now is nearly completed. The road bed has been steadily improved, so that now on the Dairen-Changchun line the steepest grade is 1% and the shortest radius of any curve is 300 metres. 45.3 kilogram (100 lb.) rails have been laid throughout.

The Antung-Mukden line was built by the Japanese troops during the Russo-Japanese war as a light military railway. The agreement with China for the inclusion of this line in the South Manchuria Railway system provided that reconstruction should be completed in 1908. Controversies with Chinese authorities as to precisely the route which the reconstructed line should follow, and the mountainous character of the territory traversed, however, delayed start on the reconstruction until August, 1909. The work was completed and the section was formally opened on November 1, 1911. The cost of the work was Yen 25,000,000. As the entire system now stands, according to the official figures of the South Manchuria Railway Company, it includes the following:

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The South Manchuria Railway	
Section	Length (Kilometres)
Dairen-Changchun (main line)	706
Antung-Shenyang (main line)	260
Port Arthur branch line from Choushuitzu	51
Yinkou branch line from Tashichiao	22
Fushun branch line from Hunho	57
Yentai Colliery branch line	16
Total	1,112

B. The South Manchuria Railway Company.

These lines, forming the South Manchuria Railway, are operated by the South Manchuria Railway Company. This company was formed under an Imperial Ordinance issued June 7, 1906 and a Government Order issued August 1 of the same year. The articles of incorporation (since revised several times) were passed in November, 1906. These articles provide for the formation of a joint stock company. Of the authorized capital stock of Yen 440,000,000, one-half is held for the Japanese Government and the other half for private subscription. The Government has taken up Yen ~~249,156,600~~ ^{all} of its stock; private subscribers have taken up Yen ~~188,000,000~~ ^{167,156,000} of theirs (March 31, 1930).

The company's investments (7) in the railways, as of March 31, 1930 (end of the fiscal year 1929) were Yen 261,882,378. The gross revenue for the fiscal year was Yen 122,103,743, the expenditure Yen 47,213,508 and the profits Yen 74,890,235. This works out at an investment per kilometre of Yen 235,506 and profits per kilometre of Yen 67,346. The fiscal year ending March 31, 1930 was the most profitable in the railway operations of the company. For the fiscal year ending March 31, 1931, the gross revenue fell to Yen 91,307,359 from the previous years Yen 122,103,743, with nothing like a corresponding fall in expenses. The decrease in revenue was due to the radical fall in silver and the effect of the world-wide depression. The company also has something over Yen 60,000,000 invested in various Chinese railways, in the form of loans. Added to its investment in its own lines, this means that the South Manchuria Railway Company has put roughly Yen 325,000,000 into railway development in Manchuria.

(7) For details of the South Manchuria Railway Company investments see the table on Japanese investments in Manchuria, Page 200.

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In addition to operating the railway, the company carries on many other enterprises some of which, like schools and hospitals, are not profit-making. Gross expenses for all the company's business in the fiscal year 1929-30 amounted to Yen 195,492,205, receipts were Yen 240,998,062 and profits Yen 45,505,857. The entire investment of the company in its own undertakings on March 31, 1930 was Yen 716,201,514. But its total investments, including loans to Chinese railways, etc., were Yen 1,034,593,658. The net return on the company's own investment thus was only 6.5%, while the profits for the year formed only 4.4% of the total investments. These profit percentages should be compared with that on the railway operations alone -- which was 28.6% for the 1929-30 fiscal year on the investment in railway properties of the company.

The bulk of the revenues of the South Manchuria Railway Company's railway lines comes from its freight rather than from its passenger service (Yen 101,089,474 from freight as compared with Yen 17,451,585 from passengers in 1929-30, for example). This is in part because the company has made a practice of giving special passenger fare reductions to immigrants and settlers moving into unoccupied territory.

In connection with the development of freight traffic, the South Manchuria Railway has put considerable effort and money into providing trans-shipment and storage (8) facilities not only at Dairen but also at the principal stations along the railway lines. In these and other ways it has contributed in an important way to the development of Manchurian agriculture and industry by helping to provide adequate facilities for the transportation of the products of these activities. Mineral and agricultural products constitute the bulk of the freight carried by the company's railway.

The following tables show the growth of the freight and passenger business of the company and also the kinds of goods carried.

(8) For details of warehousing facilities, etc. see Page 214
 For details of port facilities, see Page 81 ff.

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South Manchuria Railway Operations ⁽⁹⁾ (Freight in metric tons; financial figures in yen)						
Year	Kilometres open to traffic	Amount of investment	Passengers		Freight	
			Number	Revenue	Tons	Revenue
1907-8	1,130	9,099,301	1,512,231	3,564,239	1,348,196	6,160,274
1917-8	1,105	78,583,598	5,844,929	8,136,707	6,597,679	23,793,056
1920-1	1,120	166,225,464	8,123,411	14,659,337	9,209,913	63,876,090
1924-5	1,115	211,457,092	8,732,718	13,645,538	13,231,712	77,019,368
1925-6	1,118	220,788,864	9,109,004	14,530,942	13,646,080	80,535,820
1926-7	1,116	225,039,369	8,290,085	15,216,353	14,996,521	89,513,059
1927-8	1,112	239,517,926	8,263,089	16,102,953	16,713,942	94,040,819
1928-9	1,112	249,703,229	9,702,119	17,619,293	17,526,459	97,738,147
1929-30	1,112	261,882,378	10,410,579	17,451,585	18,558,867	101,089,474

Year	Total Revenue	Total Expenses	Profit
1907-8	9,768,887	6,101,615	3,667,272
1917-8	34,457,923	10,858,734	23,599,189
1920-1	85,316,806	36,760,264	48,556,542
1924-5	92,561,732	39,553,297	56,008,435
1925-6	97,395,228	38,800,691	58,594,537
1926-7	107,923,567	45,951,623	61,971,944
1927-8	113,244,180	45,235,835	68,008,345
1928-9	118,639,090	44,358,065	74,281,024
1929-30	122,103,743	47,213,508	74,890,235
1930-31			

(9) South Manchuria Railway Company official reports.

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Kinds of South Manchuria Railway Traffic ⁽¹⁰⁾							
Freight carried (Metric tons)					Passengers carried (Number)		
Kind	1907-8		1929-30		Class	1907-8	1929-30
	Tons	%	Tons	%			
Coal	150,128	11.1	8,934,750	48.1	First	39,152	13,473
Beans	183,991	13.6	2,989,956	16.1	Second	925,493	159,536
Beancake	578,460	42.9	427,799	2.3	Third	547,586	10,237,570
Grains	66,979	5.0	1,162,222	6.3			
Lumber			684,306	3.7			
Flour	11,256	.8	218,082	1.2			
Salt	42,640	3.2	168,666	.9			
Mineral Products			513,699	2.8			
Others	314,742	23.4	3,459,387	18.6			
Total	1,348,196	100.0	18,558,867	100.0		1,512,231	10,410,579

Relations with other Railways: Working arrangements with regard to through rates on freight shipments and passenger traffic have been made with the Chinese Government lines as well as with the Chinese Eastern Railway and the railways in Russia. Close cooperation in such matters is maintained with the Chosen Railways. The South Manchuria Railway thus is tied intimately into the transportation system of Manchuria. In addition, special arrangements have at various times been made with both the Chinese Eastern Railway and the Ussuri Railway (which connects with the Chinese Eastern Railway at Suifenhao and carries traffic to and from Vladivostok). These have been chiefly attempts to avoid mutually harmful competition, in securing the business of shipping the beans and other agricultural products of North Manchuria, by an understanding as to the approximate proportions of this business which are to go southward (through Dairen) and eastward (through Vladivostok) respectively and by mutual adjustment of rates to promote cargo movement in these proportions. Disturbed conditions and uncertainty on the Chinese Eastern Railway and the Ussuri Railway, due to the Soviet revolution in Russia and subsequent developments, however, have kept these understandings

(10) South Manchuria Railway Company figures.

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from being effective over more than short periods. As soon as conditions of operation on the Chinese Eastern Railway become more stabilized, probably further efforts along these lines will be made.

4. The Chinese Eastern Railway.

The Chinese Eastern Railway is the longest single line in Manchuria. It runs across North Manchuria from Russian territory to Russian territory, Manchuli being the junction point with the Trans-Siberian Railway at the western end, and Suifengho (Pogranichnaya) being the meeting point with the Ussuri Railway at the eastern. Harbin is situated roughly midway between these two points, and from this city the southern section of the Chinese Eastern Railway runs southward to Kuangchengtzu (just north of Changchun) where the line meets the northern end of the South Manchuria Railway. All traffic between the two railways must be transshipped at this point because the difference in gauge of the two lines makes through movement of rolling stock impossible.

Russia's original interest in building this railway in Manchuria at the end of the nineteenth century was three fold: (1) she wanted a more direct route to Vladivostok than that which followed the long northward bulge of the Manchurian border along the Amur River (and in any case this bulge goes so far north that traffic on the Ussuri Railway which follows the Amur frequently is interrupted in winter); (2) she wanted a railway under her own control which would give contact with an ice-free port in eastern Asia, such as Dairen is; (3) she wanted the opportunity which this railway development would give for extension of her influence in the East. The line was built for political and military purposes rather than for the sake of the economic development of Manchuria. The line from Manchuli to Suifengho shortened the distance from European Russia to the Pacific coast by some 650 kilometres, as compared with the route along the Amur.

A. The Original Agreements:

In May, 1896, the so-called Cassini Treaty was signed between China and Russia. This was a secret agreement, providing for mutual support and also giving Russia the right to construct a railway across Heilungkiang and Kirin Provinces "in the direction of Vladivostok." The actual contract for the construction was to be between the Chinese Government and the Russo-Chinese Bank, an institution formed specially for this purpose. The contract was signed September 8, 1896, and the statutes of the Chinese Eastern Railway Company were duly adopted on December 16 of the same year.

By the terms of these documents, the Chinese Eastern Railway Company acquired the right not only to build the railway itself but also to control the land necessary for construction (in effect a zone stretching on each side of and including the railways tracks, the station yards, etc.) and the right to police and otherwise administer affairs in this zone. China became a shareholder in the Russo-Chinese Bank to the extent of Kuping Taels 5,000,000. China was given the right to buy back the railway at the end of 36 years from its opening, on payment of the capital involved and the debts incurred, or to take control of the line without compensation at the end of 80 years. Meanwhile, the company was to be managed by a board of directors of nine members with a Chinese president appointed by the

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Chinese Government. The general manager of the railway, however, was to be a Russian appointed on the nomination of the Russian Government.

The agreements were the basis not only for the construction of the line from Manchuli to Suifenho but also for the southward extension of the Chinese Eastern Railway to Dalny (now Dairen) and Port Arthur. This extension was not covered in the original 1896 agreements, but was provided for in a supplementary agreement signed July 6, 1898, following the signing of the agreement which gave Russia the lease hold on the Kwantung Leased Territory. This supplementary agreement provided for the application to the southern extension of the line of the various provisions of the original agreement.

When Japan acquired that part of the southern extension from Changchun southward, as a result of the Russo-Japanese war, all connection of the Chinese Eastern Railway with the management of the Japanese-controlled line ceased. The transfer of that section did not, however, affect the position of the Chinese Eastern Railway Company or the Russo-Chinese Bank in relation to the rest of the Chinese Eastern Railway.

B. The Present Status.

For a time after the collapse of the Tsarist Government in Russia in 1917, the management of the Chinese Eastern Railway simply remained in the hands of the manager and the directors who had been in control at the time of the Russian revolution, though their status was far from clear since diplomatic relations between China and Russia no longer existed. In 1918 an inter-allied board was set up, to manage the railway, consisting of representatives of the allied troops then in Siberia, with an American as chairman. The purpose was to insure efficient operation of the line for the troop movements. After the inter-allied withdrawal from Siberia in 1919, this board was disbanded and control passed back to the previous administration. During the succeeding period, the French tried to put in a claim to a share in the line because of their interest in the Russo-Chinese (now the Russo-Asiatic) Bank. The Chinese successfully resisted this claim on the ground that the statutes of the Chinese Eastern Railway Company specifically provided that only Chinese and Russian subjects might own shares in the company.

In 1924 agreements between the Soviet Russian Government and China were signed, restoring diplomatic relations. Among these agreements was one which in effect confirmed to the Soviet Government the pre-revolution Russian rights in the line, though these rights now rested directly with the Russian Government instead of indirectly through the bank. The general agreement was signed at Peking (now Peiping) in May, 1924. In September of that year a more specific agreement was signed at Mukden between Russia and the Manchurian authorities. Under the terms of this latter, a new board of directors was created consisting of five Chinese and five Soviet Russians, and a new Russian general manager was put in charge of the railway. The new management found the line very much run down, but it has made strong efforts to get it back into condition. Political disturbances in Manchuria and misunderstandings between the Soviet and Chinese participants in the management have made this difficult.

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The question of control has not yet been settled between the Chinese and Russians. The Chinese are inclined to take the position that they should have the predominant share of control; the Russians stand on the terms of the original agreement supplemented by practices which grew up in previous years when virtually the entire control was in the hands of the Russian general manager and his staff, while the board of directors and the Chinese president were little more than figure-heads.

C. Construction and Operation.

The Chinese Eastern Railway now has a direct length of 1721 kilometres. The "eastern line" distance between Harbin and Suifenhao is 542 kilometres; the "western line" distance between Harbin and Manchuli is 944 kilometres, and the "southern line" from Harbin to Changchun is 235 kilometres long. Branches, sidings, etc. bring the total length of the railway up to 2267 kilometres. The original construction, including the 700 kilometres from Changchun to Dairen, was approximately 2425 kilometres.

By the terms of the original agreement, construction on the Chinese Eastern Railway was to start within 12 months of the confirmation of the agreement, and be completed within six years from the start of construction. These provisions were duly carried out, and the line was formally opened for operation on July 1, 1903. The gauge of the railway was made the same as that of the Russian lines -- 1.524 metres (5 feet).

The original capital of the company was only Gold Roubles 5,000,000. The money actually used - very much more than this - came in the form of bonds issued with the guarantee of the Russian Government as to interest and amortization. The Chinese Government assumed no financial responsibility for the railway. Most of the bonds were floated in France, so that indirectly the French came to have a substantial interest in the railway. Technically, however, they could have no voice for one of the provisions of the agreement was that only Russian and Chinese subjects could share in the financing and managing of the line.

Because of the various changes of administration through which the railway has passed, as well as because of the reckless way in which the finances were handled during the earlier years of construction and operation, it is extremely difficult to get accurate data as to the construction costs or present obligations of the Railway. A statement by the railway under date of January 1, 1925, gives a total construction cost of Roubles 446,742,883, from which is to be deducted the valuation of the southern part which was transferred to Japan in 1905 - Roubles 81,093,341. This leaves a construction cost balance for the present Chinese Eastern Railway of Roubles 365,649,542. The China Year Book for 1931 gives a construction cost figure of Roubles 410,300,264. Whatever the construction cost may have been, it still stands as a debt of the line. In addition, there have been heavy operating losses, and substantial expenses for the purchase of equipment. Various estimates put the total for these items at from approximately Roubles 180,000,000 to Roubles 300,000,000. The 1930-31 China Year Book gives a figure for "capital" of Roubles 1,221,617,444 which, presumably, is the accumulated total of all the money that has been put into the line in excess of operating revenue receipts. No details are given as to how this figure is calculated.

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The matter is of more than academic interest, since the question is coming up soon of whether China will buy back the line under the terms of the original agreement. This agreement provides that China shall pay the original capital and the accumulated debts. The Russians, for obvious reasons, want to make the figure as high as possible; the Chinese want to make it low. There is no doubt that the total payment which China legitimately could be called on to make would be very much short of Roubles 1,000,000,000 even if that is approximately the total of indebtedness and initial capital, since the construction and operating costs under the Tzarist regime were considerably higher than they properly should have been. The figure of the probable value of the line ordinarily mentioned in discussions of the possible purchase by China is between Roubles 400,000,000 and Roubles 500,000,000.

Operations: For most of its existence, the Chinese Eastern Railway has had a deficit each year. In the last few years, however, conditions have begun to improve -- since something approaching a real effort has been made to operate the line as a commercial rather than a political undertaking. Even in 1929, when the service of the railway was interrupted for a time because of the clash with the Manchurian authorities, the line showed a good gross profit. Operations figures for recent years are as follows:

Chinese Eastern Railway Operations (11)				
Year	Freight		Passengers	
	Tons	Revenue (Roubles)	Number Carried	Revenue (Roubles)
1920	1,881,231	45,944,436	2,370,003	11,898,333
1924	3,383,516	27,228,037	2,319,948	7,607,159
1925	3,759,772	33,866,859	2,558,949	7,887,222
1926	4,270,693	39,370,482	3,383,964	9,994,969
1927	4,920,343	45,466,027	4,532,064	11,944,407
1929	5,603,918	56,412,620	4,993,365	13,057,247

(11) Figures for 1920, 1924 and 1925 based on official reports of the Chinese Eastern Railway. Figures for 1926, 1927 and 1929 from the China Year book, except for the figures of 1926 total revenue and profits, which are approximate and not exact. Data for 1928 not available at time of going to press, presumably because of the interruption of the work of the railway in the spring and summer of 1929 when this data ordinarily would be compiled. In connection with these figures it should be noted that the 1920 revenue and expense figures are disproportionately high because of the exchange situation at the time. The "total revenue" and "total expense" figures both include various items in addition to those directly connected with the freight and passenger services.

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Chinese Eastern Railway Operations, Cont'd.

Year	Total Revenue (Roubles)	Total Ex- penses (Roubles)	Gross Profits (Roubles)
1920	59,498,765	50,972,742	8,526,022
1924	37,559,459	21,874,600	15,684,859
1925	46,370,117	24,118,267	22,251,850
1926	52,600,000	27,600,000	25,000,000
1927	60,604,161	35,029,112	25,575,049
1929	70,255,650	32,764,198	37,491,452

The comparatively poor business showing of the Chinese Eastern Railway, in terms of its length and opportunities is due to two principal causes: (1) it was not planned, built or managed primarily as a business undertaking in the beginning, with the result that the construction and earlier operation expenses were very much heavier than they properly should have been; (2) political disturbances in Russia and China have interfered with the efficient operation of the line, partly directly and partly indirectly by creating continuing uncertainty as to the status of those in charge so that they have not been inclined to adopt a long-time constructive policy. If the line could be kept strictly out of politics and run efficiently, it should be extremely profitable, besides playing a very important part in promoting the development of Manchuria.

Relations between the Chinese Eastern and the South Manchuria Railways: Potentially, the Chinese Eastern Railway, with its greater length and its penetration into the vast agricultural and timber-producing regions in North Manchuria, might be as important in Manchuria as is the South Manchuria Railway. This still is in the future, however. It is interesting, as throwing a light on the effects of the political and other disturbances which have interfered with the operations of the Chinese Eastern Railway, to compare the operations and related figures with those for the same years for the South Manchuria Railway. The table below gives some comparisons. For convenience, the rouble and the yen are assumed to have the same value; an assumption reasonably close to the facts.

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Comparisons of Chinese Eastern Railway and South Manchuria Railway Operations ⁽¹²⁾							
Part 1. South Manchuria Railway figures taken as 100							
Item	1920	1925	1929	Item	1920	1925	1929
Length	155	155	155	Freight carried	20.4	27.5	30.2
Total revenue	69.7	47.6	57.5	Freight revenue	71.8	42.0	55.7
Total expenses	138.6	62.2	69.3	Passengers carried	29.2	28.1	47.9
Gross profits	17.5	38.0	50.1	Passenger revenue	81.4	54.2	74.8
Profits per kilometre	11.4	24.6	32.4				

Part 2. Operating Figures						
Item	1920		1925		1929	
	S.M.R.	C.E.R.	S.M.R.	C.E.R.	S.M.R.	C.E.R.
Expenses to revenue	43.0%	85.7%	39.8%	52.0%	38.6%	46.6%
Profits per kilometre	Y. 43,400	R. 4,950	Y. 52,500	R. 12,950	Y. 67,300	R. 21,800
Freight revenue per metric ton	Y. 6.93	R. 24.40	Y. 5.91	R. 9.02	Y. 5.45	R. 10.05
Passenger revenue per person	Y. 1.81	R. 5.01	Y. 1.60	R. 3.09	Y. 1.68	R. 2.81

In connection with these comparisons it should be noted that a number of non-revenue producing expenditures and overhead items which are included in the expenses of the Chinese Eastern Railway are, in the South Manchuria Railway case, charged against the Company rather than against the railway itself.

⁽¹²⁾ The comparisons are between figures for the calendar year for the Chinese Eastern Railway and the fiscal year beginning April for the South Manchuria Railway.

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The position of the two railways in relation to seaports is significant. From Harbin to Vladivostok is 782 kilometres, while the distance by rail to Dairen is 940 kilometres -- a difference of 158 kilometres in favor of the Harbin-Vladivostok route. The Harbin-Vladivostok line, however, passes through the Changpai Range, which involves considerable hill climbing, while the line to Dairen runs on level ground practically all the way. The "resistance distance" southbound to Dairen is 1,262 kilometres and 1,305 kilometres northbound from Dairen to Harbin, or an average of 1,283 kilometres. The "resistance distance" from Harbin to Vladivostok is 1,477 kilometres and from Vladivostok to Harbin 1,489 kilometres, with an average of 1,483 kilometres. In terms of the actual difficulty of transportation, therefore, Harbin is nearer Dairen than Vladivostok by 200 kilometres.

Partly in recognition of this fact, and partly as a means of developing Russian interests in South Manchuria, the freight rates from Harbin to Dairen were made about half those from Harbin to Vladivostok prior to the Russo-Japanese war. When Russia lost the southern part of the line, however, the freight schedules were altered so as to throw a big advantage to shipments to and from Vladivostok as against Dairen. This policy led to a series of conferences between representatives of the South Manchuria and Chinese Eastern Railways, the first of which was held in 1907. At a conference in 1922, held in Changchun, an agreement was reached which in effect made the cost of shipment from Harbin the same to Dairen as to Vladivostok. The question of freight rates has been under discussion several times since then. In the main the Chinese Eastern Railway authorities in recent years have worked from the point of view of commercial development rather than of favoritism for the Russian port of Vladivostok--one of the reasons for the change in attitude being that the Chinese Eastern Railway no longer has behind it virtually unlimited funds from the Russian Government. The official attitude of the South Manchuria Railway Company is that undue competition between the two lines hinders the development of the whole of Manchuria and therefore is detrimental to both lines.

5. Private and Provincial Railways.

Besides the standard and broad gauge lines with Chinese, Japanese and Russian governmental interest, there are several small railways in Manchuria which are owned privately or under provincial control. These as feeder lines to the more important railways or to connect mines with through railway. These are:

The Tsitsihar-Anganchi (Tsi-An) Railways: In 1909 construction was completed on a light railway, with one-metre gauge, connecting Tsitsihar, the capital of Liaoning Province, with the city of Anganchi (Tsitsihar Station) on the Chinese Eastern Railway, 27 kilometres away. The line was built entirely with Chinese capital, the cost being Taels 241,283. For 20 years, this remained the only railway connection into Tsitsihar. Then, in 1929, the Provincial authorities built a bridge crossing over the Chinese Eastern Railway tracks at Anganchi, and a standard gauge line was laid which connected Tsitsihar with the northern terminus of the Taonan-Anganchi Railway (which see). The old light railway still is used, but officially the Tsitsihar-Anganchi Railway, ordinarily called the Tsi-An line, now is the standard-gauge line. It is operated in effect as an extension of the Taonan-Anganchi line.

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The Chinchou-Pitzuwo (Chin-Fu) Railway: A group of private Chinese and Japanese individuals have built a standard gauge line 101 kilometres long, starting from the Chinchou station (34 kilometres north of Dairen) on the South Manchuria Railway and running northeastward through the Leased Territory to Pitzuwo (Chengtsutzu). This is the only private railway in the Leased Territory. Its official name is the Chinchou-Pitzuwo Railway but it ordinarily is called the Chin-Fu line. Construction was started in April, 1926 and the line was opened for traffic in October 1927. The initial capital investment was Yen 4,000,000. The South Manchuria Railway Company agreed to provide an annual subsidy for the first five years. The initiative in the building of this line came from the Japanese side. The primary reason for the undertaking was to provide rail communications into the eastern part of the Leased Territory, and more particularly to the salt-producing area around Pitzuwo. The plan is eventually, to make the line part of a through railway along the coast from Dairen to Antung.

The Tumen-Tienpaoshan (Tu-Tien) Railway: The Tumen-Tienpaoshan Railway, ordinarily called the Tu-Tien line, was built by a joint Sino-Japanese corporation with a gauge of 76.2 centimetres (two feet, six inches) to provide an outlet from the Tienpaoshan silver mining district to the Tumen River in the eastern part of Kirin Province. The line was opened for traffic in 1924. The understanding is that the light railway will be purchased by the Chinese Government when the standard gauge line eastward from Changchun through Kirin City and Tunhua is built. The line has a total length of 110 kilometres.

The Kaiyuan-Hsifeng (Kai-Hsi) Railway: Starting from Kaiyuan, a station on the Chinese Eastern Railway about 75 kilometres south of Seupingkai, the Kaiyuan-Hsifeng Railway goes northeastward for some 64 kilometres. The line was constructed by an entirely Chinese company, with the backing of the Liaoning provincial government to the extent of Yuan 1,000,000. It has a gauge of one metre, and was completed in 1926. The area tapped by the line has several large towns, and is a prosperous region. The prospects for the line therefore are good, though shortage of rolling stock has kept its operations down of late. The Japanese are watching the development of the line on the ground that it may involve infringements of Sino-Japanese agreements relative to railway building in Manchuria. As yet, however, they have made no official protest over its construction or operation.

The Hsiao Chengtzu-Muling Colliery Railway: The Muling coal fields lie a short distance off the lines of the Chinese Eastern Railway, a little west of the eastern end of the line at Suifenho. From the Hsiao Chengtzu station on the Chinese Eastern Railway, a railway with the same gauge as that line (1.524 metres) was built northeastward to the town of Lishukou, with the purpose of facilitating the transport of coal to the Chinese Eastern Railway. The original capital of Yuan 6,000,000 was provided partly by the Russian firm of Skidelski and partly by the Heilungkiang provincial government under the terms of a contract signed in January, 1924. Construction was completed in March, 1925, over the distance of 59 kilometres, and the line was thrown open for general freight and passenger traffic in the spring of 1926 -- previously it had been used only for coal transport.

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The line is a private one, but it works in close co-operation with the Chinese Eastern Railway. Its construction was due primarily to the decision of this railway to burn coal instead of wood in its locomotives. The Skidelski firm had been one of the principal suppliers of locomotive firewood to the Chinese Eastern Railway.

The Holi Colliery Railway: Roughly half way between Harbin and Changchun, and to the east of the southern part of the Chinese Eastern Railway, lies the Holikwan coal field. In order to provide transportation between the Holi colliery and the Sungari River and the Chinese Eastern Railway, the Holi Colliery Railway was built in 1926. It has the broad gauge of the Chinese Eastern Railway, covers 55 kilometres and was completed in 1926. It runs between Lienhuakou on the Sungari River and Shihtoucheng where the colliery headquarters are located. The Holi Colliery Company, which built and owns the railway, is a purely Chinese concern with a capital of Yuan 3,000,000. The semi-official Kuang Hsin Kung Ssu of Heilungkiang Province owns half the shares; three-tenths of the shares were held personally by Governor Wu of Heilungkiang up until the time of his death in June, 1929.

The Penhsihu-Neuhsintai (Pen-Tai) Railway: In order to provide railway facilities between the Neuhsintai coal fields and the iron works at Penhsihu, a light railway with a gauge of 76.2 centimetres was built by the Penhsihu Colliery Coal and Iron Works. The plan is to extend the line from Penhsihu (roughly 50 kilometres from Shenyang, on the Shenyang-Antung branch of the South Manchuria Railway) eastward to Chicheng, a total distance of 124 kilometres. Up to the present, however, only the 15 kilometres between Penhsihu and Neuhsintai have been built, with branches totalling 9 kilometres. The Penhsihu Colliery and Iron Works, which owns the railway, is a Sino-Japanese organization.

The Miaokou Light Railway: From the Nanfen station on the Shenyang-Antung branch of the South Manchuria Railway to the Miaokou iron mines, the Penhsihu Colliery and Iron Works have built a light railway mainly for transporting iron ore. The distance is 9 kilometres and the gauge 76.2 centimetres. The Sino-Japanese Penhsihu Colliery and Iron Works owns and operates the line.

6. Railway Prospects.

Besides the railways already completed in Manchuria, work is going forward on certain other lines, and elaborate plans have been made by the Chinese for still more construction. Agreements already made between the Chinese and Japanese also provide for certain new building, which should be carried out before very long. No new building is being considered by others than Chinese and Japanese.

Work is well along on the line which is to connect Solun, north-west of Taonan, with Taonan and the Chinese Government Railway system in western Manchuria. The new line branches off from the Taonan-Anganchi Railway at the city of Taonan, which is some 20 kilometres north of Taonan. Eventually, according to Chinese plans -- this line is entirely Chinese -- the railway will go on beyond Solun to join the Chinese Eastern Railway at Manchuli.

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Many comprehensive schemes for railway construction in Manchuria have been put forward. These have been based on substantially similar conceptions of how the railways in Manchuria should run -- three main trunk systems north and south, two main trunk systems east and west, and then extensions branching out into the inter-lying areas and into the north and northwest. The South Manchuria Railway and the southern part of the Chinese Eastern Railway form one of the north-south lines. The principal parts of another, further west, already have been built in the system of Chinese Government Railways which runs from Koshan in the north, through Tsitsihar and Taonan to join the Peiping-Liaoning line at Tahushan. The third north-south trunk line eventually will run up the eastern side of Manchuria, starting at Shenyang, passing through Kirin City and continuing north and east. The line from Shenyang to Kirin City (Shenyang-Hailungcheng and Kirin-Hailungcheng Railways) which will be part of this trunk line, already is completed.

The Chinese-Eastern Railway provides one of the east-west arteries. The lines running eastward from Tungliao to Ssupingkai (on the South Manchuria Railway) and from Changchun through Kirin City to Tunhua form parts of what eventually will be the other.

The main outlines of the eventual lay-out of Manchuria railways thus already have been filled in. New lines in serious contemplation are designed to complete the picture or to make extensions.

The two most important sections to fill in the outlines are the line eastward from Tunhua to the sea at the border of Kirin Province, Chosen and Russia, and the line from Taonan south to Tungliao to eliminate the present eastward detour in the Chinese Government Railway system south from Tsitsihar to Tahushan. Contracts between the Chinese and Japanese already signed cover the construction of the first of these lines (the Kirin-Tunhua Railway extension to Huining and beyond), and the Japanese have made it plain that they are prepared to go ahead with construction at any time. The Chinese, however, are showing an increasing inclination to keep all new railway construction in Manchuria in their own hands, and hence are not overly enthusiastic about having this Kirin-Huining line completed with Japanese capital since that would mean partial Japanese control of the railway. The construction of the Taonan-Tungliao line is waiting chiefly on the quieting down of general political conditions since the confusion incidental to events in China and Manchuria in 1928 and 1929.

A third line which is likely to be built before many years is one from Changchun to Chenchiatung. This would be a link in the more southern of the two main east-west routes, giving more direct connections than the route from Changchun to Ssupingkai and thence to Chenchiatun. The question of whether the line is to be entirely Chinese, or to be built with Japanese capital, is likely to arise in connection with this railway.

The various railway building plans which have been drafted in recent years usually also include a line running southwestward from Tungliao into Jehol province with the thought that eventually this would be carried through to Peiping. This area now has no railway service of any kind, but it is quite mountainous and railway construction would be

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costly. The area, too, is much less productive agriculturally than North Manchuria, and there are no large mineral resources (as yet discovered) to give promise of profitable business for the line.

Work is more likely to start soon on a continuation of the Tsitsihar-Koshan line northward to Taheiho, opposite Blagoveshchensk on the Amur River, and on the continuation of the Taonan-Solun line (mentioned above) on to Manchuli. Both these lines will go through potentially richly productive agriculture and timber areas.

The actual construction of these and other new railways in Manchuria will depend largely on the particular interest which those in authority develop, and on developments growing out of the Sino-Japanese tension in Manchuria. When General Wu was governor of Heilungkiang Province, for example, he took a very active interest in railway building, and the Tsitsihar-Koshan and Hulan-Hailun Railways are largely the result of his personal effort. Since his death in 1928, interest in this particular work has lessened. It will not always be the most needed, or the potentially most profitable, lines which will get built first. Lack of large financial resources also will handicap railway construction. But the experience of the last two or three years has shown that this difficulty is not as insurmountable as at first might appear. The Japanese are ready to build more railways if they can be assured of repayment of the money advanced.

That many more kilometres of railways will be built in Manchuria in the next few years is practically certain. The Chinese authorities and commercial and industrial leaders of the area are keenly interested in such developments, and the Chinese Government at Nanking also favors new railway construction. The progressive filling up of the country with settlers will bring increasing agricultural and industrial production with the consequent demand for more and better railway facilities -- and will give promise of profitable operation for the railways. This new construction, however, the Chinese will finance and control for themselves to as complete an extent as possible. There will be no more granting of railway concessions similar to that given to Russia in 1896, nor even similar to the loan agreements under which foreign financial interests in the past have built Chinese Government Railways.

Relations with the Chinese Government Railways: Prior to the establishment of the Republic in China, the Chinese Government gave permission for the construction of a number of important railways which were to be privately owned and not parts of the Government railway system. Early in 1911, however, a new policy was adopted, with the signing of the four-Power railway loan agreement, whereby all the railways in China were to be under direct Government control. Friction arising out of this change of policy, between certain interests in Szechuan and the central Government, was one of the causes contributing to the overthrow of the Manchu Dynasty. Nevertheless, the Republican Government continued the policy. The building of railways (with the exception of short, light lines) independently of the Government Railways system was prohibited. The prohibition has been effectively carried out in China Proper.

Manchuria, however, for most of the time between 1922 and 1929 was practically or avowedly independent of the rest of China as far as domestic affairs were concerned. The Manchurian authorities even insisted

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at times on operating, separately from the rest of the line, that part of the Peiping-Liaoning Railway which lay in Manchuria. They also went ahead with railway construction as they deemed best, without authorization from the central Government. But they built their lines the same gauge as the Chinese Government Railways, and provided equipment that could be used interchangeably. They also kept the lines under Manchurian Government control.

After the Manchurian authorities again formally placed themselves under the aegis of the national Government of China, at the end of 1928, one of the first questions taken up for discussion was the incorporation of the Manchurian railways into the Chinese Government Railways system. Negotiations between representatives of the administrations at Nanking and Shenyang continued for some time before the various questions of authority and revenue division could be settled. An agreement was reached eventually, and now all the railways in Manchuria are operated as part of the Chinese Government Railways, except the South Manchuria Railway, the Chinese Eastern Railway and the various light railways. The control of the Ministry of Railways at Nanking over the management and operation of the railways in Manchuria still is more nominal than real, but there is growing co-operation rather than open antagonism.

Foreign Loan Possibilities: One of the matters with which the Consortium (the foreign financial group organized in 1920 which included banking groups of the United States of America, Great Britain, France and Japan) concerned itself was the financing of foreign loans for railway construction in Manchuria. Such loans were understood to come under the general provisions of the Consortium agreement, though the Japanese argued that their special position in Manchuria should qualify this understanding somewhat. The Chinese in Manchuria, as in China generally, have refused to cooperate in any way with the Consortium.

The specific question of whether the Consortium would be able to prevent the floating of a new foreign loan for railway construction in Manchuria through other than Consortium channels has not come up because the Chinese have made no attempt to float such a loan and because the Japanese have taken the position that the money which they have advanced since 1920 has been either under older contracts (as in the case of the Kirin-Tumhua Railway) or simply as contractor for the Chinese (as in the case of the Ssuningkai-Taonan Railway). Nor is the question likely to come up in the future, in view of the Chinese dislike of the Consortium and of their desire to keep complete control of their railways.

The Chinese did not turn to the Consortium for aid in making their plans for the building of harbor works at Hulutao. Instead they entered into an agreement with a Dutch syndicate, and pledged themselves to pay for the work in monthly installments. Some such arrangement as this is likely to be followed in case the Chinese call in foreign financial and technical aid in railway building in Manchuria in the future, rather than such an arrangement as that for the building of the Peiping-Liaoning or the Changchun-Kirin Railways. They are more likely, however, not to call in foreign aid at all.

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7. Ports. (13)

Manchuria actually touches the sea only along the southern border from Antung to Shanhaikwan where it meets the Gulf of Peichili. The coast-line is much indented for most of this distance, particularly along the sides of the Liaotung Peninsula, so that there are many small harbors which are used by fishermen and junks. There are only three important ports, however -- Dairen, Antung and Yinkou. A fourth, at Hulutao, is in process of construction by the Chinese.

A. The Port of Dairen.

Situated on the eastern side but close to the extreme end of the Liaotung Peninsula, Dairen now is easily the most important port in Manchuria. It is built on the site of what formerly was a small Chinese fishing village called Talienwan. The Russians chose it as the terminus of the Chinese Eastern Railway because of the magnificent natural harbor facilities and because of its convenient location as a meeting place between steamships and the railway. In these two respects, it is much superior to the port of Port Arthur, 55 kilometres westward, though it is not as well situated for defence. The Russians therefore planned Dalny (as they called the port) as a commercial harbor, and Port Arthur as a naval base. The Japanese have made the same distinction.

Since 1917, Dairen has been second only to Shanghai in the amount of trade. Dairen handles well over two-thirds of all the external trade of South Manchuria, and considerably more than half of the entire external trade of all Manchuria. Its importance in relation to the other ports has been steadily increasing, though in 1930 there was a slight falling off from 1929. In 1907, the first full year of Japanese domination, 24.8% of the external trade of all Manchuria was through Dairen; in 1916, 45.2%; in 1926, 56.0%; in 1929, 67.3%; in 1930, 60.2%. Dairen's foreign trade in 1926 was 12.8% of the total foreign trade of China; it was 16.9% in 1929 and 14.4% in 1930.

Before control of Dairen passed to Japan as a result of the Russo-Japanese war (1904-5), the Russians had made a start in developing the port. Immediately after the formation of the South Manchuria Railway Company, it was assigned the responsibility of carrying this improvement forward. A comprehensive plan was formulated, which has been steadily carried into effect.

This involved dredging, building breakwaters, constructing new piers, etc. Two new piers have been built, and a third is expected to be completed in 1931. These four (including the old one built by the Russians) will give a total quay frontage of 5,458 metres and will provide simultaneous docking facilities for 337,000 tons of shipping. In addition, there is a junk wharf where 300,000 tons of junk cargo can be handled in a year, and outside the breakwater is a pier 340 metres long for handling oil and other combustibles. Coal shipping facilities include car dumpers and belt-conveyors having a working capacity of 2,450 tons an hour. Warehouse storage

(13) See Chapter IX on the External Trade of Manchuria (Page 216ff.) for further details of the trade of the South Manchurian ports.

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facilities provide a floor space of 371,200 square metres and storage capacity of 50,000 tons. Open storage space within the wharf compound gives another 230,000 square metres of space. The total storage capacity of the wharf compound is approximately 800,000 tons. Within the compound are 108 kilometres of railway lines specially for handling cargoes. The company's investment in Dairen harbor aggregated Yen 60,000,000 on March 31, 1930, (besides another Yen 18,000,000 invested in port facilities at Port Arthur, Yingkou and Shanghai).

Specially for handling the increasing output of Fushun coal, the South Manchuria Railway company has constructed harbor facilities across the bay from Dairen at Kanseishi (Kanchingtzu is the Chinese pronunciation). This has involved dredging, building a 980-metre breakwater, a steel loading pier 550 metres long equipped with motor loaders, providing storage yards totalling 130,000 square metres, etc. The work started in 1926 and was completed in 1930. The cost was Yen 12,042,732. The Kanseishi plant has a loading capacity of 11,325 tons per day or 3,500,000 annually. There is room for extensions which will bring the capacity to 5,000,000 tons annually. Four steamers of from 5,000 to 10,000 tons can berth at the same time. Coal shipments from Fushun go directly to the Kanseishi plant by a branch line of the railway to Dairen. In 1929 the total exports of coal and coke from the port of Dairen were 3,807,871 tons, of which practically all was handled at Kanseishi. These formed over 42%, by weight of the total freight tonnage handled at the port for the year. The development of the traffic at Dairen is indicated in the following table:

Port of Dairen Wharfage Traffic							
Fiscal year	Number of Steamers Arriving	Tonnage of Goods (Metric tons)			Finances (Yen)		
		Imported	Exported	Total	Receipts	Expenses	Profits
1907-8	1,143	542,864	290,612	833,476	572,493	560,151	12,342
1912-3	1,968	424,341	1,367,624	1,791,965	1,688,720	1,489,384	199,336
1917-8	2,072	808,189	2,200,805	3,008,994	3,499,934	3,106,862	393,072
1922-3	3,171	656,084	4,731,361	5,387,445	8,674,535	7,392,162	1,282,373
1927-8	4,224	974,984	6,613,720	7,588,704	10,275,943	9,305,782	970,161
1929-30	4,925	1,445,444	7,560,363	9,005,807	12,276,104	8,708,247	3,567,857

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At first, the handling of cargoes at Dairen was left to general forwarders, but since October, 1907, the South Manchuria Railway Company has taken it over. Generally speaking the cargo-working is done by Chinese coolies, and only necessary machinery and other equipment have been installed, because it is found more advantageous to use the abundant supply of cheap coolies from Shantung. During busy seasons, about 13,000 coolies are employed daily, and even in dull seasons about 5,000 are used. They are paid by the piece rather than on a daily wage basis. In handling coal, kerosene, and other special goods, machinery has gradually come to be used. All cargoes except those carried by Chinese junks are handled by the Wharf Office of the South Manchuria Railway Company.

More of Dairen's trade is with Japan Proper than with any other one country.⁽¹⁴⁾ China Proper comes next. The two together take well over half of the total trade. The 1929 and 1930 figures were: total trade, in 1929 Taels 508,527,913, in 1930 Taels 422,885,456; with Japan, in 1929 Taels 199,246,905 or 39.2%, in 1930 Taels 176,400,636 or 41.7%; with China Proper, in 1929 Taels 117,872,844 or 23.2%, in 1930 Taels 100,533,455 or 23.8% with Japan and China, in 1929 Taels 317,119,749 or 62.4%, in 1930 Taels 276,934,091 or 65.5%. Of the trade with the various Chinese ports, that with Shanghai is the largest, followed by Tientsin, Chefoo and Tsingtao.

During the calendar year 1929, a total of 8,211 vessels with a net tonnage of 14,056,392 tons entered the port of Dairen. The 1930 figures were: 7,150 ships with a total tonnage of 12,352,068.

B. The Port of Antung.

Antung is situated at a point 40 kilometres above the mouth of the Yalu River, on the border of China and Chosen. It is connected with Shingishu, Chosen, by a bridge. Antung has no special value as a port, as ships capable of entering the port are limited to 700 or 800 tons. Ships of about 1,200 tons can come to Santaolangtou, but larger ships must anchor in the bay at Menpai or Toshihtao. Furthermore, the fact that the river freezes in winter from December to the following March, forming ice about a metre thick, greatly reduces the value of Antung, as a port. Until the Antung wharfs were placed under the management of the South Manchuria Railway, there was very little business at Antung. The present equipment, constructed by the South Manchuria Railway Company, consists of warehouses with 4,174 square metres of floor space, quays 2,778 metres long, a water storage pond with an area of 90,795 square metres and two floating piers.

(14) Trade and shipping figures for the Manchurian ports are from the Chinese Maritime Customs reports.

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Formerly the entire export and import trade of Antung was handled by ships (chiefly junks), but since the construction of the bridge over the Yalu River and the completion of the reconstruction of the Antung-Shenyang Railway line, freight carried by rail has greatly increased. Moreover, because of the one-third reduction of customs tariff on the Chinese-Japanese border trade, agreed upon in 1913, and the reduced rates for three-line through traffic, put into effect in October, 1914, by the South Manchuria Railway, the Chosen Railway, and the Government Railways of Japan, goods destined for Antung have come to be sent mostly by rail. During the European war, Antung was quiet, due to the shortage of cargo bottoms, but since 1919, the lumber trade has developed, and when the European war ended, the number of ships entering the port began to increase. The exports of beans, peas, and bean cakes have likewise greatly increased. In this way, Antung has become an important trade port. In 1929, Antung's total trade amounted to Tael 92,360,810; the 1930 figure was Tael 97,075,504. Shipping figures are: vessels entered and cleared, 1929, 906, in 1930, 888; tonnage in 1929, 499,554, in 1930, 519,094.

C. The Port of Yinkou (Newchwang).

Yinkou is situated at a point 22 kilometres above the mouth of the Liao River. The port compounds extend along both sides of the river, for a distance of some three kilometres. The banks of the river can be used as natural wharves for smaller vessels. More elaborate wharves have been built by facing the banks with stones and boards and by building pontoons. The South Manchuria Railway Company's structure is the best equipped. The port has a longer commercial history than either of the two other principal ports of South Manchuria. Prior to 1907 it was the premier port of South Manchuria; since then its relative importance has declined, with the improvement of harbor and railway facilities at Dairen and Antung, until today it is third. In 1911 the trade reached Tael 58,210,040, the highest figure up to that time. By 1917 Yinkou's trade had fallen to Tael 29,040,000. Then a revival began, due in part to the fact that the rail distance from Changchun to Yinkou is 219 kilometres less than the distance from Changchung to Dairen, and in part to the South Manchuria Railway Company's revision of its freight rates in 1919 to provide special rates for freight to and from sea ports. In 1925 the trade was up to Tael 92,719,627, but it fell off in ~~1928 and~~ 1929, the following years until 1930 when it totalled Tael 103,914,509 the figure in the latter year as compared with the 1929 figure of Tael 86,564,949. In 1929, 1,711 vessels with a net tonnage of 1,803,527 entered and cleared customs at Yinkou. The 1930 figures were: 1,373 vessels and 1,340,611 tons. Yinkou is served on the west side of the river by a branch railway connecting with the Peiping-Liaoning line, and on the east side by a branch of the South Manchuria Railway.

D. The Port of Hulutao.

Almost as soon as Russia had secured her foothold in the Liaotung Peninsula (1898), proposals began to be put forward for the construction of a Chinese-controlled port on the Gulf of Peichihli which would be capable of large-scale development. Yinkou was limited by its location on the Liao River which carries large amounts of silt so

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that any harbor built there would need to be constantly dredged. Several sites were discussed, but after careful study by a British engineer, it was agreed that Hulutao, located well up toward the end of the Gulf but on the western side, offered the most natural and other advantages. The port would be ice free, like Dairen. It would be considerably nearer than Dairen to the central plains of South Manchuria, making rail haulage definitely less. And adequate harbor facilities could be built and maintained there without excessive difficulty.

No actual work started, however, until October, 1910, when a British firm began construction under a contract with China. Then came the preliminary rumblings of the revolution which was to overthrow the Manchu Dynasty, and the authorities at Peking failed to make the payments called for under the contract. Work therefore was suspended in the autumn of 1911, after part of the breakwater had been built and Yuan 500,000 had been spent.

Again there was a long delay. One of the early acts of the Nationalist Government after it became established in Nanking in 1928, and after it secured the adherence of Manchuria at the end of that year, was to open negotiations for the construction of the Port of Hulutao. An agreement was signed January 4, 1930, between the Peiping-Liaoning Railway (acting under authorization of the national Ministry of Railways) and the Netherlands Harbor Works Company of Holland. This provides that construction is to be completed and the port turned over to the railway by October 15, 1935. In the interval, the railway may if it desires open and use completed portions of the port. The cost is to be Gold \$6,400,000, and payment of Gold \$95,000 is to be made monthly. Work started under this agreement on July 2, 1930.

The harbor area is to be about two-thirds that of Dairen harbor. The maximum berthing space will be 13,400 metres, so that 97 vessels of approximately 120 metres each can be accommodated at the same time. The annual maximum cargo capacity on this basis will be approximately 7,000,000 tons. The present plans do not call for construction up to this maximum, however. Instead, 2,680 metres of berthing line are to be built first, providing accommodation for 16 vessels at once. Breakwaters are being laid out to provide ample harbor space. The material taken up during the dredging of the harbor is to be used in reclaiming certain mudflat areas along the shore.

Hulutao is 12 kilometres from the Peiping-Liaoning Railway, 301 kilometres by rail from Shenyang (99 kilometres less than Dairen) and 397 kilometres by sea from Dairen. When the port is completed, it will provide a sea outlet for the system of Chinese Government Railways running northward through western Manchuria to Tsitsihar and beyond. There has been some question as to whether the Japanese would protest against the building of the harbor on the ground that it emphasized the possible parallelism between the South Manchuria Railway and the new north-south Chinese lines. In line with their policy of desiring to see the greatest possible development of railway and other means of opening up Manchuria, however, the Japanese have remained silent.

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E. Other Manchurian Ports.

Besides the three principal ports in South Manchuria, there are several smaller ports which should be mentioned. Among these are Pitzuwo (east of Dairen) which is an important salt producing center, Port Arthur (west of Dairen) which is primarily a naval base but also does a fair amount of commercial business particularly in exporting coal, and Shanhaikwan on the border between Manchuria and China Proper. Practically all of the traffic at these ports is carried in junks, though a few small coasting steamers sometimes stop at Port Arthur and Shanhaikwan.

F. The Port of Vladivostok.

Vladivostok, on the Pacific Ocean coast of Russia, is not, strictly speaking, a Manchuria port. Nevertheless it plays an important part in Manchuria trade, as the outlet for shipments of agricultural and other products from North Manchuria and as the port of entry for goods imported for this region. It is reached by the Ussuri Railway which in turn connects with the eastern end of the Chinese Eastern Railway at Suifenhö (Pogranichnaya).

Vladivostok was first developed by Russia, after it came under her control in 1860, as a naval base. Following the construction of the Trans-Siberian, Ussuri and Chinese Eastern Railways, however, its importance as a trade center grew rapidly, though, after the penetration in Manchuria was accomplished, Russian attention turned southward to the ice free ports at Dalny (now Dairen) and Port Arthur. When the results of the Russo-Japanese war cut Russia off from South Manchuria, however, renewed attention was given to Vladivostok.

The Soviet Government in Russia has been particularly active in developing Vladivostok. It has set aside a substantial part of the water frontage as what is virtually a free port -- the so-called Egelsheld Wharf area -- and has given further attention to the ice-breaker service which keeps the port open in spite of winter freezing. In the free port section there are warehouses with floor space of 42,765 square metres and a storing capacity of 132,000 tons. The port can handle 1,580,000 tons of cargo annually.

Practically all of the exports direct to foreign countries from the Harbin customs district (which includes Suifenhö and Manchuli) go out through Vladivostok. These shipments constitute somewhat less than half of the total shipments of exports from North Manchuria, the larger portion going southward into South Manchuria and abroad through Dairen and Yinkou (chiefly Dairen). The figures for recent years are as follows:

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Movement of North Manchurian Freight					
(Metric Tons)					
Year	Eastbound		Southbound		Total
	Tons	%	Tons	%	
1923	658,662	40.8	954,018	59.2	1,612,680
1925	738,390	34.9	1,377,120	65.1	2,115,510
1927	1,338,162	48.8	1,401,582	51.2	2,739,744
1928	1,377,120	49.0	1,437,822	51.0	2,814,942
1929	812,682	27.4	2,146,314	72.6	2,958,996

8. Road and River Transportation.

Prior to the construction of railways, goods were transported in Manchuria in carts, on the backs of animals and, where river facilities offered, on boats. Such methods were slow; a day's travel of 50 kilometres by cart, was considered comparatively good. Nevertheless, well-established road systems existed between the principal centers, and the boat traffic on the Liao and Sungari Rivers was reasonably heavy. The coming of the railways has altered the situation somewhat, but it has not completely destroyed the cart and animal traffic -- as one might expect it would -- even along the railway routes, and carts still remain the chief means of transport beyond the railway lines.

A. Roads.

Until quite recently, no attention was paid to building good roads. In the winters, when the ground and the streams were frozen, the carts and animals moved freely. In the spring, when the frost was coming out of the ground, and in the summer during the rainy season, the roads were long stretches of mud, into which the few carts that tried to travel frequently sank to their axles or even completely bogged down. Within the past year or two a start has been made toward improving the roads, but except in the larger cities and their immediate environments little has been done.

Most of the roads in Manchuria, as in the rest of China, simply follow tracks which have been in existence for many centuries. When an old road becomes completely impassable, however, the carters will drive their carts through the fields along the side -- thus pre-empting part of those fields for road usage. Consequently there sometimes is considerable friction between the owners of the fields and the carts, though less in Manchuria than in China Proper since in the newly-opened and less thickly-settled regions each small bit of ground is less valuable for growing crops.

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In the winter -- roughly from November to March, inclusive -- the ground is frozen solid. Streams, lakes, rivers, paddy fields and other water areas also are frozen. Not only is the ground hard, so that the cart wheels move easily, but there are few obstacles to taking the most direct line from one place to another. The hardness of the ground, moreover, is the chief reason that most of the cart transportation is done during the winter months; that, and the fact that during this season neither the men nor the animals are busy with agricultural work. The worst time of year for cart traffic is in the rainy season of June, July and August. The soil in the main is loam or sandy clay, and when it becomes saturated with the rain the heavy carts with their narrow-tired wheels cut up and sink into the roads very badly. During this season, too, the men and animals are busy with their farm work. During the summer, therefore, only the most urgently necessary cartage work gets done.

A handicap on cart traffic throughout the year but especially in the winter is the activity of bands of mounted bandits. Some of these bands are fairly large and well organized; others are simply temporary gatherings of men who during the cropping season are working farmers. The organized bands usually have their headquarters in recognized areas, and levy tribute only within the boundaries of their zones. Freedom from molestation by the organized bandit gangs not infrequently also is arranged by professional carters through the payment of tribute to the bandits in the regions through which they pass. Efforts to stamp out the bandits are made periodically by the authorities, but are none too successful, partly because the bandits know their way into the mountain fastnesses much better than the soldiers, partly because the local people for fear of bandit reprisals give only the most grudging assistance to the soldiers, and partly because the soldiers themselves frequently are not especially eager to push their search for the bandits either because contact might mean fighting or because many of the soldiers themselves had been bandits.

Road Traffic: The principal means of road transportation in Manchuria is the horse or mule drawn cart. Pack animals (horses, donkeys and mules) also are used, however, even where cart traffic is possible. For the longer trips into Mongolia, camels usually are gathered together into caravans.

The large carts used for hauling freight generally are pulled by six or seven horses. They will carry, during the winter when the ground is frozen, from 350 to 360 kilograms per horse, making the average load between two and two and one-half tons. The capacity in summer, when the ground is liable to be soft from rains, is much less than this; a load of one ton is considered good at this season of the year. The carts travel, on the average, 50 kilometres a day, and at these distances there usually are villages with inns for stopping over night. Each cart will have with it two or three men, to drive and care for the animals. Generally several carts go together in a party, for the sake of company and for mutual assistance in case anything happens.

Pack animals are used chiefly in the mountainous regions where the carts cannot go. All of the traffic down into Jehol Province, for example, is by pack animal, since cart roads are virtually non-existent

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through the mountains. The trains of pack animals move somewhat faster than the carts, but generally they stop at the same overnight stations; the difference in speed during the day thus being used up in longer rests at night. Camels form a comparatively small part of the means of transportation in Manchuria itself. They are of primary importance, however, in the trade between North Manchuria and Mongolia. They travel chiefly during the night, covering from 35 to 40 kilometres. Each camel carries a load of approximately 225 kilograms. The camel caravans may contain any number of beasts between 10 and several hundred.

All kinds of freight is carried by these various means of transportation. They serve, also for passenger traffic. Since practically every Manchurian farmer has a cart and animals that can be used during the winter in the cartage business, and since there is nothing else to do during this season, the cost of moving freight by this means at this time is comparatively low. Because of this, most of the transportation of the agricultural products to the railways is done during the winter.

Road Traffic and the Railways: During the World War, and in the years of confusion in Russia which followed, the Chinese Eastern Railway was not operated in a way to provide adequate rail outlet for the growing agricultural production of North Manchuria. Goods stood for months simply piled on the station platforms. Would-be shippers therefore turned to other means of transportation, and there was a boom in the cartage business. As a result, an organization of carters known as the Cart Transportation Union was organized.

Further impetus was given to transportation by carts by the high freight rates which the Chinese Eastern Railway put into effect in 1919. It became cheaper to move goods by cart than by rail. During this period, considerable carting was done even along roads directly paralleling the railway, from Harbin down to Changchun, for example.

With the return of a measure of stability in the operation of the Chinese Eastern Railway, and the reduction of freight rates in the last few years, the railway has won back something of its normal position as the principal means of getting freight and passengers moved over longer distances. The development of railway facilities in North Manchuria, however, has not kept pace with the increase in demand for freight service which has come with the increase in the agricultural production. Carts therefore still play a vital part in the transportation system in this region, though the tendency now is for them to serve chiefly as feeders for the railways, bringing their goods to central railway points. The Chinese Eastern Railway has developed a special system of what amounts to bills of lading, covering shipments by both rail and cart, to meet the needs of the situation.

In South Manchuria, both because there are relatively more railway lines than in the north and because the railways have functioned more regularly and satisfactorily, transportation by carts is comparatively less important. Carts still remain, however, the most important, and carts and pack animals together practically the only, means of getting goods to and from the railways. Motor Trucks are used to a certain extent in the larger cities but they have not as yet begun to be used for transportation beyond these limits except for a small amount of

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bus traffic. One reason for this is the condition of the roads. As time goes on motor trucks probably will play an increasingly important part in Manchurian transportation, gradually replacing the slower carts as they are doing in China Proper.

Principal Roads in Manchuria: The principal roads in Manchuria now radiate fan-wise from the chief railway centers.

Roads connect Tsitsihar and Anganchi with the Nonni River valley to the north and with points east and west. The produce coming in over these roads amounts to between 70,000 and 80,000 tons a year. Formerly the road south to Taonan was of considerable importance; since the completion of the railway over this route, however, the cart travel on this road has considerably declined.

Anta, between Anganchi and Harbin on the Chinese Eastern Railway, gets approximately 350,000 tons of produce annually over roads stretching northward and southward, one going northeast over the 210 kilometres to Hailun.

One of the principal roads out of Harbin formerly was that which went northward to Hailun, some 300,000 tons of produce passing over it annually. Since the completion of the Hulan-Hailun Railway, however, the importance of the road is much less. The most important road starting from Harbin is that going southward near the Chinese Eastern Railway line to Changchun. This was the principal highway from Harbin to the south before the railway was built, and even yet it carries considerable traffic, the amount varying with the efficiency of the railway operations and the freight rates charged. Roads out of Harbin also parallel both sides of the Sungari River, going both east and southwest. These are used chiefly in the winter, however, when the river is frozen so that boat traffic is impossible.

Running north from Antung, roughly paralleling the Yalu River but continuing on to Yenchi, 1,167 kilometres away, is the most important road in southeastern Manchuria. The Yalu River is used for floating timber down to Antung, but except for a comparatively short distance up from the mouth it is too shallow and has too many rapids to be used by boats. Another road connects Antung and Dairen, running along the coast.

Roads go from Yinkou to Shenyang, Chinchou, Haicheng and Hsinmintun. Shenyang is connected with Changchun by two roads, and has roads to Kirin City, Kungchuling and Hsinmin. Out of Changchun, besides the roads paralleling the railway tracks north and south, roads go east to Kirin City and west to Chenchiatun. From Chenchiatun a road goes north to Taonan and thence up to Tsitsihar, and another goes on west through Tungliac and into Mongolia. From Tungliac a road goes off southward which eventually reaches Jehol City and thence goes on down to Peiping.

These main old roads in North and South Manchuria have been the lines along which people and freight have moved for centuries. In many cases, the railways which have been built have followed the routes of the old roads. This was partly because the roads went along routes where railway construction would be comparatively easy, but primarily because

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the principal cities and agricultural production centers lay along the roads. The Chinese Eastern Railway, for example, followed the old highway from Harbin down to Yinkou, except for the short bit at the southern end into what, prior to the railway, was the comparatively unimportant city of Tallienwan -- Dalny to the Russians and now Dairen. As the railways have been extended, and more settlers have come in, new roads have developed reaching back into areas previously almost untouched. These new roads suggest the directions in which future railway construction will move.

Roads in the Kwantung Leased Territory: The Kwantung Leased Territory possesses the best constructed and regulated roads in Manchuria today. In fact, it is the only region in which much attention has been given to road building. Most of this work has been done since the Japanese took control in 1905.

The most important and best built of these roads is that which runs along the seacoast, connecting Dairen and Port Arthur. The road is 55 kilometres long, and was completed in October, 1924, at a total cost of Yen 1,350,000. Another similar road is being built to Chinkhou, which eventually will be extended to Yinkou. Many smaller roads also have been and are being constructed. The labor on the roads is supplied by the inhabitants of the area traversed, but the bridges, etc. and the other construction costs are paid by the Leased Territory Government. A comprehensive road building program has been laid out, and is being carried into effect year by year. In order to prevent undue destruction of the road surfaces, all carts using the roads are required to have wide tires rather than the narrow tires of the ordinary Chinese carts. The total length of roads in the Leased Territory now is approximately 2,500 kilometres.

B. River Traffic.⁽¹⁵⁾

The Liao and Sungari Rivers are the only two in Manchuria which are of any special importance for boat traffic. The rest of the streams are either too shallow, or too filled with rapids, or both, to serve this purpose.

(15) For further details about the Manchurian Rivers, see the section on this subject in Chapter I, Page 3 ff.

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The Liao River, entering the Gulf of Peichihli at Yinkou, formerly was the principal line of transportation in South Manchuria. Agricultural and other products were brought down it by boat from as far north as the Ssupingkai region. At best, however, the river was not a satisfactory means of transportation because in the winter it was frozen in whole or in part and in the summer it was liable to be flooded. Running through a flat plain and carrying considerable quantities of silt, too, the bed of the stream tended to fill up, making boat traffic hazardous and uncertain. Since the railways were built which give rail transportation in this region, the importance of the Liao River has very materially declined. There still is some boat traffic on it, however.

The Sungari River, rising in the Changpai Mountains, meeting the Nonni River near Petuna, and then flowing northeastward past Harbin and on to join the Amur, is much more important than the Liao River. It is deep enough to permit navigation by small steamers, and still forms one of the main highways in North Manchuria. Formerly it was the principal means of outlet for the agricultural products of this region, but since the Chinese Eastern Railway was built, its importance in this field of transportation has considerably declined. It still is very largely used, however, for moving North Manchurian timber. The river is frozen for five or six months every winter. During that time, especially in its upper regions where it freezes more solidly, it and the roads along its banks carry considerable cart traffic. Formerly, Russian and Chinese steamers plied the river up as far as Harbin. Since 1923, the Chinese have permitted only Chinese steamers to use the river.

The Nonni River, running northward into the inverted U of the Khingan Range, is not used by boats. During the flood season in the summer it carries timber in fairly large quantities down to its junction with the Sungari and thence to Harbin and beyond. In the winter, when the river is frozen, it is used to a considerable extent for cart traffic.

The Yalu and Tumen Rivers, like the Nonni, are not used by boats, but they both serve as means of transporting lumber.

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9. Post Offices, Telegraphs, Telephones and Aviation.

The post, telegraphs (wire and wireless), telephones and airplanes all play a part in communications in Manchuria and between Manchuria and the rest of the world.

A. Post Offices.

For centuries there were two agencies for transmitting communications from one place to another in China -- the official i chan and the unofficial but well organized posting agencies called min chu. The latter were particularly efficient. The i chan has been merged into the Chinese postal system since the beginning of the Republic. The min chu still function but on a very much smaller scale than formerly.

The Chinese post offices in Manchuria are a part of the national postal system under the direction of the Directorate General of Posts which, in turn, comes under the Ministry of Communications. The post office organization as it now exists is an outgrowth of the customs administration which was created under semi-foreign direction in the latter half of the nineteenth century. The postal administration also has had foreign advice and direction, though in recent years it is being made increasingly entirely Chinese. It functions with noteworthy efficiency.

In spite of the politico-military breaks between Manchuria and China Proper in 1922 and the subsequent years, the post offices in Manchuria continued to function as an integral part of the national system, as the postal administration was entirely outside of politics.

Although there are airplanes in Manchuria, and though the Chinese postal administration operates regular air mail services in certain parts of China Proper, this service has not yet been extended into Manchuria. Plans for such an extension are being discussed, however, and probably will be put into effect when the air mail and passenger service between Nanking and Tientsin is well established.

Manchuria is divided by the Directorate General of Posts into two principal districts: Liaoning Province, and Kirin and Heilungkiang Provinces together. The following table indicates the present status of the Chinese postal system in Manchuria:

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Chinese Postal System in Manchuria ¹⁵			
Service Item	Liaoning Province District	Kirin and Heilungkiang Provinces District	Total
Head, First, Second and Third class and sub-offices (End of 1929)	150	141	291
Postal agencies (End of 1929)	333	293	626
Town and rural box office and sale agencies (End of 1929)	1,284	463	1,747
Length of Postal service routes (kilometres; end of 1929)	16,299	16,836	33,135
Domestic money orders issued (Yuan) (1929)	11,049,400	9,367,700	20,417,100
Money orders cashed (Yuan) (1929)	5,884,700	4,069,600	9,954,300
Postal Savings Bank deposits, Balances December 31, 1929. (Yuan)	154,555.00	14,884.94	169,439.94

Besides the Chinese post offices, there formerly were post offices in a number of the principal cities in Manchuria (and elsewhere in China) operated by various foreign governments as parts of their own postal administrations. By agreement at the Washington Conference (1921-22), all these foreign post offices were closed, except those maintained by the Japanese in the Kwantung Leased Territory and the South Manchuria Railway Zone. These continue as part of the Japanese postal system.

Russian participation in postal matters in China was ended when, in 1920, the Chinese Government formally withdrew recognition of the diplomatic and consular representatives of the Tsarist Russian Government. The Russian Government previously had had post offices in the principal Manchurian cities, and had controlled the handling of mail matter on the

¹⁵ Statistics from official Postal Administration reports.

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Chinese Eastern Railway. The post offices were closed in 1920, and the mail business of the railway was put under the Chinese postal administration.

B. Telegraphs and Telephones.

Both wire and wireless telegraphs now are in operation in Manchuria, giving telegraphic communication by both means with China Proper and with the rest of the world. Telephone services have been established in the principal cities, and long distance lines have been put into operation.

Prior to 1908, the telegraphs in China had been developed and operated by various private companies but under Chinese Government control (except for those connected with the South Manchuria Railway, the Chinese Eastern Railway and those in the Leased Territory and the South Manchuria Railway Zone) and by various provincial authorities. In that year all the telegraph lines were taken over by the Chinese Government (except those mentioned) and put under a Chinese Government Telegraph Administration which was subordinate to the Ministry of Communications. The wire telegraph system in Manchuria operates as an integral part of the national telegraph administration, except for the special lines connected with the railways, etc. At the end of 1929 there were 166 national telegraph administration offices in Manchuria for handling telegrams by wire.¹⁷ The routes covered by the lines of this Administration included a total distance of 4,263 kilometres in Liaoning Province, 3,939 kilometres in Kirin Province and 4,176 kilometres in Heilungkiang Province, making a total of 12,378 kilometres. The length of overhead wires in service was: Liaoning Province, 5,967 kilometres; Kirin Province, 5,514 kilometres; Heilungkiang Province, 5,847 kilometres; total, 17,328 kilometres.

The South Manchuria Railway and the Chinese Eastern Railway each has its own system of telegraphs which are operated independently of the Chinese telegraph system. The latter of these two systems does a certain amount of general business between points along the line, though most of its business is directly connected with the railways themselves. The Japanese Government telegraphs, like the Japanese post office, operate in the Leased Territory and the South Manchuria Railway Zone, independently of Chinese control.

The development of wireless telegraphic communications in China has been the subject of a good deal of diplomatic negotiation, since the signing of a contract in 1918 which gave to the Japanese what could be interpreted from the terms of the agreement as a 30-year monopoly on all construction of wireless stations in China. The American Government refused to recognize the validity of this monopoly, on the ground that it violated the Open Door principle which Japan as well as China had accepted. The Chinese authorities in the last few years have

17. Statistics from official Chinese reports.

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gone ahead with the construction of wireless stations, by themselves or by contract with various foreign agencies. Several of the foreign powers also had their own wireless plants in China, built primarily to insure the possibility of communication between their representatives in China and the home governments but used to a small extent for commercial purposes. The Chinese Government protested against the existence of these foreign-controlled stations on Chinese territory, and the subject received considerable attention at the Washington Conference (1921-22). Particular attention was given to the stations in the Kwantung Leased Territory and the South Manchuria and Chinese Eastern Railway Zones. No definite ruling on the subject was made, however.

Following the break between the Manchurian and Peking administrations (1922), the Manchurian authorities proceeded to build radio stations for themselves. Between 1922 and 1927 stations were built under the control of the Manchurian administration at Shenyang, Changchun, Harbin, Kirin City and Tsitsihar. A second large station was opened at Shenyang in February 1927 which is capable of communicating regularly with the Nauern station in Germany. In addition to these stations built by the central Manchurian administration, several smaller plants were installed by the provincial authorities.

Although most of the wireless stations in China Proper are now under the jurisdiction of the national telegraph administration, those in Manchuria are not. They are supervised by the Manchurian authorities, though since the unification of China and Manchuria at the end of 1928 the Manchurian stations have worked in co-operation with the national telegraph administration stations in China Proper.

Chinese-controlled wireless stations now are located as follows: in Liaoning Province, at Shenyang (two) and Yinkou; in Kirin Province, at Harbin, Changchun (two), Fuchin, Kirin City, Suifen, Yenchi and Mishan; in Heilungkiang Province, at Tsitsihar, Manchuli, Heiho, Solun and Hailar. The largest station is at Shenyang; at Changchun, Tsitsihar, Harbin and Kirin City are the next most important. Additional stations are being built.

Japan has several wireless stations in the Leased Territory and the South Manchuria Railway Zone. The principal one is at Dairen; this is capable of communicating with the American and European stations. Smaller stations are located at Dairen, Port Arthur, Kungohuling, Liaoyang and Hunchun. During the inter-allied occupation of Siberia in 1918, the Japanese army took over the wireless stations at Manchuli and Harbin. These subsequently were turned over to the control of the Chinese Eastern Railway, which now operates them.

Telephone service has been installed in Shenyang, Dairen, Port Arthur, Harbin, Changchun and some of the other principal cities in Manchuria. The South Manchuria and Chinese Eastern Railways also have their own private telephone systems. The telephones in the Chinese-controlled areas nominally come under the national telephone administration which is part of the ministry of communications. The Japanese authorities control those in the Japanese areas.

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Besides the local telephones, long-distance services between Chenyang and Tientsin and between Kirin City, Changchun and Harbin have been opened for public use. The first of these covers a distance of over 650 kilometres, and has two circuits. Connections can be made at Tientsin with the lines to Peiping and on down to Nanking and Shanghai. The Kirin-Changchun-Harbin line has six circuits and covers 350 kilometres. Special lines for the use of the officials connect Kirin with Shenyang and Harbin with Tsitsihar.

C. Aviation.

Airplanes have been introduced in the last few years as part of the equipment of the Manchuria armies, and they are used by the authorities to a considerable extent for rapid movement from place to place. Chang Hsueh-liang, head of the Manchurian administration, for example, does a good deal of his travelling to Peiping by airplane. There is as yet, however, no regular Chinese civilian passenger or mail air service in Manchuria.

The Japanese operate a regular passenger freight and mail air service between Dairen and Japan, going via Chosen. The freight and mail service was started on April 1, 1929, with three flights a week, and the passenger service on September 1 of the same year. On April 1, 1930, the freight and mail service was increased to six flights a week, and the passenger service was given a similar increase on September 1, 1930.

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CHAPTER V. AGRICULTURE.

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Since the days of its earliest settlement, Manchuria has been primarily an agricultural country, and agriculture remains today by far the most important industry in this region. It is, too, potentially one of the principal food-producing sections of the world, inspite of the fact that it also, in these recent years, has developed as a mining and industrial region.

1. Population and Cultivated Area.

The total cultivated area is only about 131,000 square kilometers, but the products from this area are more than sufficient to feed a population of 30,000,000. The quantity of beans and cereals produced aggregates approximately 18,000,000 tons. There are still nearly 91,000 square kilometers of waste land which are cultivable. When more railway lines are built, more farmers settle, and capital and science are put to work, Manchuria will be able to produce much more than it does now. The cultivated area in Manchuria is approximately as follows, according to Japanese estimates, which check reasonably closely with Chinese figures.

Cultivated Land (Square kilometres)					
Province	Total area	Cultivable area	% Cultivable	Cultivated area	% of Cultivable area which is cultivated
Liaoning					
1919	233,680	77,278	33.1	25,815	33.4
1929	233,680	77,278	33.1	44,690	57.8
Kirin					
1919	209,837	62,076	29.6	30,566	49.1
1929	209,837	62,076	29.6	48,290	77.7
Heilungkiang					
1919	547,487	82,748	15.1	15,661	18.9
1929	547,487	82,748	15.1	38,015	46.0
Total					
1919	991,004	222,102	22.4	72,041	32.4
1929	991,004	222,102	22.4	130,995	58.9

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That there still is plenty of room in Manchuria for population increases is indicated by the fact that only a little over half of the total cultivable area is under cultivation. Manchuria not only feeds its 30,000,000 population (except for imports of certain "luxury" items such as sugar and wheat flour) but it exports large amounts of food stuffs. Even without any increase in the cultivable area through the development of irrigation systems, the region thus easily could support some 60,000,000 people - or nearly as many as the total population of Japan.

The relative density of the population in Manchuria also is significant. The following table gives the figures:

Population Density (1929)				
Province	Number per square kilo- metre entire area	Number per square kilo- metre culti- vated area	Number per square kilo- metre culti- vated area	Total Popu- lation
Liaoning	64.	194.	335.	14,988,560
Kirin	43.	146.	188.	9,075,630
Heilungkiang	9.	62.	135.	5,133,730
All Man- churia	29.	131.	224.	29,197,920

It is interesting to compare these figures of population per kilometre of cultivated land with corresponding figures for other countries. In Japan Proper there are 1,070 inhabitants for each arable square kilometre. The figures for some other countries are: Belgium, 665; Germany, 304; India, 227; United States of America, 77; Australia, 71; Argentina, 51; Canada, 44. Certain other comparisons between Japan Proper and Manchuria are interesting. Japan's population (64,450,000) is 215% of Manchuria's, but her total area (385,278 square kilometres) is only 28.9%. Japan's population density for the entire area is 167 per square kilometres, or 575% of Manchuria's. 15.6% of Japan's area is cultivated (60,240 square kilometres) as compared with 13.2% of Manchuria's (130,995 square kilometres), but the area cultivated in Japan is only 46.0% of that cultivated in Manchuria. The number of persons per square kilometre of cultivated area in Japan (1,070) is 477% of the number in Manchuria (224). ✓

1. Figures, except for Manchuria, based on statistics in the World Almanac. Note that the population density figures are per square kilometre of cultivated land, not of arable land.

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The population density in Manchuria, varies greatly with the locality. Generally speaking, the population is denser in the southern parts than in the north. Manchuria also has 91,000 square kilometers of undeveloped land capable of cultivation, and this undeveloped land is found more in the northern than in the southern section.

A. Liaoning Province.

Liaoning is the most thickly settled of the three Manchurian provinces, though the population density is much less than in Japan Proper. The area of land available for cultivation in Liaoning is comparatively large in proportion to the total area. There is, therefore, room for agricultural development.

It is estimated that Liaoning Province still has 32,588 square kilometers of undeveloped but arable land. Part of this is situated along the Liao River which passes through a great unforested plain. After heavy rainfalls, the river always overflows, flooding the farms along its banks. The Liao River bed, too, is constantly changing. Furthermore, in the spring, the water decreases so much that an irrigation system on a gigantic scale must be constructed to insure adequate water at planting time. Large expenditures for improving the present meager irrigation and draining systems would be needed to bring the land into profitable use. Present conditions in Manchuria, particularly the depression, make it unlikely that funds will be available for such large undertakings in the near future.

B. Kirin Province.

The Province of Kirin has excellent prospects as a rice-producing district. Particularly is this true of the Sungari and Hurka River regions. The surrounding mountains are heavily forested, and the river flow is regular. Because of this, Kirin Province is very favorable for rice growing. In the valley and river districts in the southeastern parts of this province, many Chosenese already have settled and are cultivating paddy fields by means of natural irrigation. Rice is now one of the main products of Kirin Province. Kirin has 13,786 square kilometres of undeveloped tillable land.

C. Heilungkiang Province.

The Amur, Nonni, Sungari and Hurka Rivers traverse the great plain of Heilungkiang Province. In the regions touched by these rivers are vast undeveloped areas. In South Manchuria the soil is comparatively poor and lacking in organic matter, but in Heilungkiang it is rich and contains much organic matter. Much fertile virgin land lies waiting to be developed. The tillable area is estimated at 82,748 square kilometers, of which only 38,015 square kilometers have been cultivated. This territory is situated well to the north, however, and as the growing period in summer is short, the varieties of plants which can be cultivated are necessarily limited. Because of this, the agricultural value of the land has to be discounted to a certain extent. Heilungkiang has excellent prospects for the future, particularly in wheat and bean production.

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2. The Nature of the Soil.

The nature and condition of the soil of Manchuria vary with its formation and locality. The greater portion of the vast plain of Liaoning and Kirin Provinces belongs to the Quarternary period, and is made up of comparatively new diluvial and alluvial layers. The upper regions of the Yalu and Sungari Rivers and the Khingan Mountain district, extending southward from the Russian-Manchurian border, are composed mostly of the Archean and Paleozoic strata, which form the basic rocks of the plain. The plains which are suitable for agriculture are generally flat or slightly rolling, with few rocks.

Physically, the soil of Manchuria is mostly loam and clay, although in the southeastern parts of the Liaotung Peninsula and the mountain zones to the east, there are gravel and sandy soils.

Chinese farmers have classified the soil by its color into: yellow soil, black soil, indigo soil, and white soil. It has been found that in South Manchuria, the soil is mostly reddish or yellow, and in North Manchuria, black or indigo. The soil is generally composed of minute particles, has strong, coagulative power, and loosens readily in water. But it is cohesive, and although the passage of air and rainfall is bad, it has a large capacity for absorbing water and nourishment.

The soil of Manchuria, considered chemically, is deficient in nitrogen and organic matter, especially in the south. It also lacks lime, magnesia and sulphuric acid, and contains excessive amounts of phosphoric acid and potassium. The soil here is comparable in quality to that of Japan or the central western part of the United States. The clay in the Manchurian soil has a heavy specific gravity, absorbs only a little water, and is generally inferior. But the loam and sandy loam are fairly good. The most notable defects are the small quantity of organic matter and nitrogen, the large amount of potassium salts, and the cohesiveness.

The lack of nitrogen does not necessarily make the soil inferior in quality. For many centuries, Chinese farmers have cultivated millet and kaoliang, using very little fertilizer. Even the stubble and weed roots are gathered for fuel, thus leaving no organic matter in the soil. But this defect may be remedied by proper fertilization. In Manchuria, beans, which absorb atmospheric nitrogen, are being extensively planted. This helps to supply what is lacking in the soil. It must not be forgotten, too, that the cold climate during winter aids the absorption of atmospheric nitrogen by the soil.

3. Climatic Conditions. 2

Agriculture in Manchuria has developed in certain peculiar ways because of the climate. In latitude Manchuria is on a parallel with the

2. For further details of climatic conditions see the section on climate in Chapter I, Page 14 ff.

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district from the central part of the United States to the southern part of Canada, and the climate and agricultural conditions are nearly the same. But in winter the temperature of Manchuria drops extremely, being affected by the cold regions of Siberia. The winters are long, while the springs and autumns are short. Thus the period in which agricultural products can be grown is brief. Planting is at the end of April when the ice has not yet entirely melted, and harvesting must be completed by the middle of October. Such short seasons and the climatic conditions have naturally limited the varieties of products that can be grown in Manchuria.

The special feature of the Manchurian climate is its dryness, as in all continental countries. The distribution of rainfall during the year varies, much more so, for instance, than in Japan, which is an island group. This has caused the development of a peculiar method of cultivation.

The continental climate -- long summers and winters with short springs and autumns, and with sharp differences in temperature -- has both its good and bad effects. During the four months of June, July, August and September, Manchuria has a much higher temperature than the Hokkaido and the northeastern part of Japan, and also longer sunlight hours, leading to an extremely rapid growth of rice, wheat, beans, kaoliang and other agricultural products.

But there are wide differences of temperature between the south and the north, and it is natural that agricultural products should differ with locality. For instance, in the Kwantung Leased Territory, at the southern end of South Manchuria, the climate is much more temperate, and the period of plant growth in summer is longer than that of the Hokkaido. Fruit-trees, cotton and vegetables are successfully grown, besides beans and kaoliang. On the other hand, in North Manchuria, north of Changchun, not only is the winter extremely cold, but the difference of temperature between winter and summer is great. In summer the temperature reaches 39° C. while in winter it falls to 30° below zero. Hence, in these northern parts, the period of plant growth is very short. The variety of agricultural products naturally is limited, only beans, wheat, kaoliang, millet, hemp and beets being cultivated.

Compared with other districts of parallel latitude, the temperature of Manchuria drops much lower in winter, and consequently the average mean temperature is low. It suddenly rises in May, and in June, July and August it is higher than in other regions of the same latitude. This is a peculiar feature of the continental climate, and is a great blessing to Manchuria, as farm plants can grow and ripen in a very short period.

Soil Freezing: In Manchuria the underground temperature drops considerably because of the small amount of snowfall. Northward from Shenyang (Mukden), the soil freezes five to seven feet below the ground surface, and even at Dairen to three feet below. According to observations made at Changchun, the average temperature for the year at 90 millimetres below the ground surface is 6.5° C, at Mukden 7.8°, and at Dairen 11.3°. Taking monthly averages at Dairen, it is 3.5° for January and

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February, 2.6° for March, 9° for April, 16° for May, 21° for June, 26° for July, 26.3° for August, and 19.6° for September. Then it falls rapidly, and in December it is below zero.

In the United States, maize (corn) is said to deprive the soil of nourishment, and when it is planted on the same ground two or three years consecutively, the land becomes impoverished. In Manchuria, kaoliang and maize are grown in large amounts. Without any fertilizer, farmers plant these crops year after year on the same ground. Yet strangely the crops do not deteriorate, and the plants grow to the same height. While the Manchurian soil is not considered to be particularly good, it nevertheless possesses a wonderful productive power. The fact that the ground freezes several feet below the ground surface in winter is believed to be the main reason for this continuing productiveness.

When the soil freezes to such a depth, the expansion raises the surface several inches. Then, when the ice-melting season of spring comes, pores form throughout the soil, so that the air penetrates far below the surface. By the efflorescent process, the fertilizing elements in the air thus are absorbed in a large quantity. The cold weather imparts to the soil such benefits as may be secured by ploughing it to a depth of four or five feet every year. In civilized countries various kinds of plows have been developed, but no plow that can penetrate three to five feet has yet been invented. This is a great asset of the Manchurian soil. Because of this freezing process, the soil is utilized to a depth three to five times that in other parts of the world. It will not be far from the truth to say that the chief reason why the Manchurian soil is much more productive than its quality accounts for lies in this peculiar condition.

Humidity and Evaporation: In a territory such as Manchuria where rainfall is not abundant, the relation of humidity and evaporation to agricultural products cannot be overlooked. In Japan, which is so much influenced by the oceanic atmosphere, the annual average humidity is 70% in a district which is known to have comparatively low humidity. In Manchuria, the average humidity is 66% at Dairen, 65% at Mukden, and 60% at Kungchuling. In the spring months of March, April, and May, the air is drier than in other seasons and the humidity falls. In this season the humidity is 58% at Dairen, 53% at Mukden, and 45% at Kungchuling. Compared with the dry zones of the United States, whose average humidity is less than 50%, Manchuria is comparatively humid. In July and August, during the growing season, the humidity rises to 73% to 80%. In October when the crops are gathered, it falls again to about 60%. This rise and fall of humidity are very favorable to the operation of farms in Manchuria.

Manchuria has long daylight hours, and also much wind. These special features result in a rapid evaporation. The average quantity of evaporation in Japan is 600 to 1,000 millimetres, but in Manchuria it is 1,479 at Dairen, 1,510 at Mukden, 1,469 at Kungchuling and 1,575 at Chengchiatun. It can thus be seen that the evaporation quantity in Manchuria is nearly double the amount in Japan. This point must be kept in mind in operating farms in Manchuria, especially in managing rice paddy fields, since the high evaporation rate must be taken into account in

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determining the amount of water which will be needed.

Rainfall: The rainfall of Manchuria varies from year to year, but generally it is small. The average annual rainfall is from 500 to 700 millimetres, about one-third of that in Japan where it ranges from 1,500 to 2,000 millimetres. This dryness undoubtedly has caused Manchurian agriculture to develop its own methods. It should further be noticed that in Manchuria the rainfall varies greatly according to locality. Generally speaking, the northeastern part has a greater rainfall than the southern. Toward the northwest and Mongolia, the rainfall becomes less, but in the northeastern mountain regions it greatly increases. Even in North Manchuria, the regions along the eastern part of the Chinese Eastern Railway have such abundant water supplies that rice paddy fields can be cultivated without any difficulty.

The rainfall also varies according to the season, December, January, and February being the dry months. After March there often are slight rains, but usually rain is scarce until May. From the end of May through June, the rainfall gradually increases. July and August have the largest amount of rainfall. After September rains are quite rare and clear weather continues, creating very favorable conditions for harvesting. The rains in May and September have an important bearing upon the crops. The amount of rainfall in May controls the germination of seeds, while that in September affects the quality and the degree of dryness of the crops.

Scientists classify climate by the amount of rainfall into arid climate (annual rainfall below 300 millimetres), semi-arid climate (annual rainfall between 300 and 600 millimetres), semi-humid climate (annual rainfall between 600 and 900 millimetres), and humid climate (annual rainfall above 900 millimetres). According to this classification, Manchuria lies between the zones of semi-arid and semi-humid climates. In the semi-arid zone of the United States, dry farming is most widely practiced. Manchuria has a larger annual rainfall than these dry farming zones, but because it lacks rain during the seed germination period in spring, Manchuria since ancient times has been forced to adopt dry-farming methods. As these were developed by non-scientific and economically poor farmers, however, the implements and methods are exceedingly primitive.

Frostless Period: The length of the frostless period plays an important part in determining the kinds of crops which can be grown. Compared with Japan or North America, Manchuria has a much lower temperature in winter, but its frostless period is not particularly short. In the Kwantung Leased Territory, for instance, the frostless period is about 200 days, and to the south of Shenyang about 150 to 160 days. In these parts, therefore, besides the ordinary crops of beans and kaoliang, plants which are easily affected by frost, such as cotton, mulberry, and fruit-trees, can be cultivated safely. Manchuria, too, has no out-of-season frosts such as often come in the midst of the plant-growing season of spring and summer even in California. In North Manchuria the frostless period is comparatively short, and excepting wheat, barley and other cereals which can stand frost, only such crops as are capable of growing and ripening in a very short time are cultivated.

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Effects of Wind: Wind also has a very close relation to farming. The whole territory, from Siberia to the Kwantung Leased Territory, is generally windy, the winds having high velocity. The annual average wind velocity is more than 6 meters per second in most districts, though, of course, the velocity and direction of the wind differ according to the season.

In Manchuria the wind blows more in the so-called dry season, between March and May. The direction is generally from the north in winter and from the south in summer. The direction changes according to districts. In the Kwantung Leased Territory, for example, from October to March, the wind is mostly from the north-west, and from April to August, it is ordinarily from the south. But at Changchun, the south-west wind blows almost the year round. Generally speaking, in July and August, the most important season for crop ripening, the wind is gentle, although during the two months of July and August gales sweep the land occasionally. Farmers engaged in fruit raising take various precautions to protect their trees against such gales.

The fact that in Manchuria the wind influences the temperature and stimulates evaporation is one of the main causes of the development of the peculiar type of life and the characteristic farming. The planting of wind protection forests in Manchuria not only will protect agricultural crops, but will also be the best method of mitigating the climate.

4. Principal Agricultural Crops.

In Manchuria there are from fifty to sixty kinds of agricultural crops, of which the principal ones are beans, kaoliang and various grains. Hemp, jute, flax, tobacco, cotton and beets also are grown. With the increase of Chosenese settlers recently, rice cultivation is becoming extensive, and its future is promising. The comparative importance of the various crops, and the production, is indicated in the following table:

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Principal Agricultural Crops (Metric Tons)		
Article	1929 South Manchuria Railway Company Estimate	1930 Chinese Govern- ment estimate ³
Beans	5,230,579	5,300,000
(Soya beans 4,853,475 (Other beans 377,104)		
Kaoliang	4,677,345	4,680,000
Millet	3,348,898	3,280,000
Wheat	1,301,482	1,390,000
Maize	1,611,276	580,000
Rice	292,925	300,000
Other cereals	1,822,190	2,470,000
Total	18,284,695	18,000,000

The annual output of the five main agricultural crops -- beans, kaoliang, millet, maize and wheat -- is approximately 16,000,000 tons, or roughly 88.8% by weight of the total agricultural production. At values given on these goods when exported, the gross value of the 16,000,000 tons in recent years has been around Taels 968,000,000 or Yen 1,450,000,000 (taking the tael at the "normal" exchange rate of Tael 1.00 equal to Yen 1.50). Of this total, around 80% is consumed in Manchuria as food stuffs or manufacturing materials, and the surplus is exported. Exports in 1929 were 2,569,000 tons, valued at Taels 158,217,000 (Yen 218,339,000 at the Chinese Customs rate of exchange for the year), and in 1930 they were 3,405,000 tons worth Taels 204,900,000 (Yen 188,508,000 at the Customs exchange rate)⁴.

3. See Chinese Economic Bulletin, September 27, 1930 and March 21, 1931.

4. For further details of exports of agricultural products, see Chapter IX, on External Trade, Page 216 ff. Export figures in this chapter on Agriculture are from the Chinese Maritime Customs reports. These reports do not give details for 1930 of exports by commodities from the three small North Manchurian ports of Aigun, Lungchingsun and Hunchun. The export figures for 1929 as well as 1930 therefore include exports only from the ports of Dairen, Antung, Yinkou and the Harbin Customs District. The exports from the three small ports are negligible, in any case; in 1929, the total exports of Aigun, Lungchingsun and Hunchun amounted to only Taels 4,471,592 or 1.06% of the total exports of Manchuria. The 1930 total for the small ports was Taels 3,839,810 or .097% of the total exports.

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Japan, by contrast, imports large amounts of food stuffs. The 1929 imports of beans, wheat and rice were Yen 172,422,000 and those for 1930 were Yen 110,864,000. Thus Manchuria was better off than Japan, on these principal agricultural crops, in 1929 by Yen 390,761,000 and in 1930 by Yen 299,372.

In Manchuria, moreover, the land is not fully utilized and agricultural methods are not much beyond the primitive state. When irrigation and drainage systems are improved, scientific methods applied and implements and fertilizers brought up to date, it will not be difficult to increase the total yield to five or more times the present output. Manchuria, in fact, easily may come to supply the needs for extra food of the entire Orient.

A. Beans.

Manchurian soya beans are now occupying a high position in the world market as an internationally important agricultural product. It is believed that they were originally known in Cochinchina, the southern part of Japan and Java. But beans were first planted as an agricultural crop in China Proper about four thousand years ago. At present they are mainly found in Manchuria, China Proper, Japan and Chosen, though the production in the United States of America has increased greatly in recent years. The total world production for 1928-29 is estimated at 7,938,800 metric tons, of which the production in Manchuria was 61.1%. The estimated production in the principal producing countries is as follows:

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World Soya Bean Production ⁵		
Area	Production (1928-29; metric tons)	Percent of World Pro- duction
Manchuria	4,853,500	61.1
China Proper	1,956,500	24.6
Total for China	6,810,000	85.7
Japan Proper	388,300	4.9
Chosen	497,000	6.3
Total for Japanese Empire	885,300	11.2
Total for China and Japan	7,695,300	96.9
United States	243,500	3.1
Total	7,938,800	100.0

Most of the beans produced in Manchuria find their way into non-Manchurian markets, including China Proper, in the form of beans, bean cake and bean oil. With a total Manchurian production of 4,853,500 metric tons of soya beans in 1929, for example, exports of soya beans, bean cake and bean oil totalled 4,160,000 tons, or 85.5% of the production.⁵ (Exports in 1930 were 3,626,700 tons; production also fell off somewhat in that year) Europe takes the principal part of the exports of beans themselves -- 1,240,706 tons (28.8%) in 1929 and 526,856 tons (14.5%) in 1930. Japan comes second, taking 550,493 tons in 1929 and 365,146 tons in 1930. China Proper comes third, with 284,240 tons in 1929 and 288,408 tons in 1930. Japan, however, is the largest buyer of bean cake, though taking comparatively little bean oil. Of the total exports of soya beans, bean cake and bean oil, Europe took 1,344,744 tons (32.3%) in 1929 and 623,437 tons (17.3%) in 1930; Japan took 1,260,384 tons (30.3%) in 1929 and 998,084 tons (27.5%) in 1930; China Proper took 583,897 tons (12.8%) in 1929 and 614,430 tons (16.9%) in 1930.

The production of beans in Manchuria is of particular importance to the food supply of neighboring countries, especially Japan. Japan's imports of beans have been falling off steadily in recent years, but the

5. Production figures, for all except the United States, based on South Manchuria Railway Company reports; the United States' figure based on reports of the Department of Agriculture.

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imports of bean cake, used for fodder and even more for fertilizer, have increased. In 1929 she imported Yen 78,746,000 worth of beans and peas and Yen 75,919,000 of bean cake; the 1930 figures were Yen 49,779,000 and Yen 66,355,000. Put into tael values, at the Chinese Customs exchange rates for the year, this gave Japan bean imports of Taels 57,061,000 in 1929 and Taels 54,107,000 in 1930. The exports of beans of all kinds to Japan from Manchuria were Taels 40,224,000 and Taels 28,891,000 in the two years -- being 70.5% and 53.4% of Japan's imports for 1929 and 1930. Bean cake imports by Japan, were the equivalent of Taels 55,021,000 in 1929 and Taels 72,125,000 in 1930. Bean cake exports to Japan from Manchuria were Taels 33,151,000 and Taels 29,592,000, or 60.1 and 40.1%, of Japan's imports for 1929 and 1930 respectively. If Japan were cut off from the supply of beans from Manchuria, her food problem would become very serious; if she were deprived of Manchurian bean cake for fertilizer, her home production of foodstuffs also would be seriously affected.

The extent of the fertile regions in North and South Manchuria, the favorable climatic conditions and the nature of the soil which is particularly suitable for bean cultivation, are the principal reasons why Manchurian soya beans have come to occupy so important a position in the world market today. Moreover, production costs in Manchuria are low, in part because of the comparatively low standard of living of the Manchurian farmers.

It is not known exactly when the soya bean first was planted in Manchuria, but it is not difficult to infer from various records that several hundred years ago, when the Chinese began to migrate to Manchuria, they brought soya beans with them. At that time, however, they were planted only to provide the farmers with food. It was only about 70 years ago that beans were first used in extracting oil. With this new use the production of beans suddenly increased. At first the bean oil was extracted only to supply local needs. After the Sino-Japanese war (1894-1895) beans and bean cakes began to be exported to Japan. The new demand thus created stimulated wider cultivation. The subsequent development of railways in Manchuria and the growth of a market for beans and bean products in Europe and America, led to the further rapid development of bean production.

Bean Production: Within the last few years, the bean production of Manchuria has increased enormously. The increase has been proportionately greater in North than in South Manchuria, both in area planted to this crop and in yield. Five years ago, the production was divided about half and half between North and South Manchuria. Now North Manchuria produces fully three-fifths of the total. Figures for the area devoted to the cultivation of beans of all kinds in 1929 and the production figures for 1929 and 1930, as estimated by the Chinese Government, are given in the following table. Detailed estimates of the bean-producing area in 1930 are not available at the time of going to press; the total, however, was approximately the same as in 1929. The 1929 total production figure is larger than the South Manchuria Railway Company's estimates for all beans (see Page 106) by 126,328 tons -- a comparatively small discrepancy, considering the difficulty of obtaining accurate statistics. A rough figure of 5,300,000 tons production of all beans for both 1929 and 1930 is approximately correct. Of this total, soya beans formed about 90%.

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Bean Cultivation and Production ⁶ .				
Region	Area Cultivated (hectare)	Production (Metric Tons)		
		1929		1930
		Amount	Per Hectare	Amount
South Manchuria				
South of Shenyang	215,828	469,980	2.18	438,440
Peiping-Liaoning Railway area	39,842	74,850	1.88	68,940
Kaiyuan district	182,881	409,950	2.24	392,100
Shenyang-Hailung Railway area	71,607	164,980	2.30	175,870
South of Chang- chun	190,863	427,830	2.24	480,990
Ssipingkai-Tao- nan Railway area	99,335	165,380	1.66	142,920
Kirin-Changchun Railway area	166,096	354,580	2.14	331,650
Yenki district	41,457	101,770	2.46	112,890
Total for South Manchuria	1,007,909	2,169,320	2.17	2,143,800

6. See Chinese Economic Bulletin for February 8, 1930 and March 21, 1931.

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Bean Cultivation and Production (Cont'd.)				
Region		Area Cultivated (Hectare)	Production (Metric Tons)	
			1929	1930
			Amount	Per hectare Amount
North Manchuria				
Chinese Eastern Railway, south- ern section	263,883	535,120	2.03	535,430
Harbin area	6,864	13,220	1.93	13,550
Chinese Eastern Railway, east- ern section	224,109	454,490	2.03	468,950
Lower Sungari River	297,914	606,420	2.04	562,120
Hulan-Hailun Rail- way area	226,274	451,270	1.99	435,770
Chinese Eastern Railway, west- ern section	569,172	1,110,710	1.95	1,107,910
Elsewhere, North Manchuria	6,192	10,590	1.71	1,740
Total for North Manchuria	1,594,408	3,181,820	1.99	3,125,470
Total for Manchuria	2,602,317	5,351,140	2.06	5,269,270

As the preceding table indicates, the principal bean-producing region in South Manchuria is the Liao River basin -- the area subdivided into "south of Shenyang", "Peiping Liaoning Railway area", "Kaiyuan district" and "Ssuning-kai-Taonan Railway area" in the table -- while the western parts of Heilungkiang Province -- "Chinese Eastern Railway, western section" -- is the main bean region in North Manchuria. The production in Kirin Province and eastern Heilungkiang has grown rapidly in recent years, with the improvement of railway communications (the railway eastward from Changchun and the Hulan-Hailun Railway) and the consequent moving in of settlers. The present production of beans in Manchuria is about 71.4% of the total production in all of China. As communications improve and the region gets more settlers, bean production in Manchuria

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probably will continue generally to increase, though perhaps not at as rapid a rate as it has in the last few years. In any case, Manchuria is likely to remain for some time the principal bean-producing area of the world, and the soya bean probably will continue to outstrip by far all the other kinds of beans grown in Manchuria.

Bean production mounted rapidly year by year until 1929. The increase that year over 1928 was only a little over 40,000 tons, as compared with an increase from 1927 to 1928 of 150,000 tons. The 1930 crop showed a falling off from the 1929 peak. The 1931 crop showed a further drop. A large part of the reason for this condition was that the bumper 1928 and 1929 crops glutted the bean market, coming as they did on top of the world-wide depression. Substantial portions of the 1928 and 1929 crops could not be sold for months after harvesting, and then only at poor prices. The farmers therefore did not plant as much in 1930 -- but in spite of this reduction, the 1930 crop met an even worse market than the 1929. As a result, the 1931 crop was below that of 1930. The world-wide depression hit the soya bean business in Manchuria harder than the business in any other agricultural product because a larger proportion of the bean production than of any other agricultural product is exported.

In connection with the production of beans in Manchuria, the work of improving the quality and the distribution of improved seeds by experiment stations maintained by the Chinese and by the South Manchuria Railway Company should be noted. Experiments have been carried on for years to improve the beans produced in Manchuria. Superior varieties have been developed which yield more oil and which will give a definitely larger crop in a given area. The Japanese have been especially active in this experimental work.

B. Kaoliang (Sorghum).

Kaoliang is almost as important an agricultural product in Manchuria as beans, though it figures much less in the export market. The total production has been around 4,600,000 tons annually in recent years. Not only is it the staple food of the peasants but it also is used as fodder for animals and for making kaoliang spirits and alcohol. The greater portion of the crop is locally consumed. Recently, however, the amount exported to Japan and China Proper has been increasing. From 20% to 25% of the exports go to Japan where it is used as a substitute for rice and also for brewing purposes. Most of the rest goes to China Proper. 1929 exports of kaoliang were 194,322 tons, valued at Taels 7,716,000. Those for 1930 were 142,721, worth Taels 6,393,881. Kaoliang not only serves as the main food of the people of Manchuria, but its stalks are used as fuel, for making mats, and in many other ways. It is indispensable to the life of the people. The area planted with kaoliang and its yield are increasing annually, although not proportionately as rapidly as the planting and production of beans. Kaoliang is grown on about 25% of the farmed land in Liaoning Province, 15% in Kirin Province, and 13% in Heilungkiang Province.

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C. Millet (Hsiao-mi).

Millet is another important cereal of Manchuria, next to kaoliang, with an annual output of around 3,300,000 tons. Like kaoliang, it is used as food by the Chinese peasants, and for brewing wine. Millet also serves as fodder for domestic animals. It is cultivated extensively throughout Manchuria. The plant does not require much moisture and grows well in a dry climate. It is, therefore, well suited to the newly opened fields of Manchuria where there are no irrigation facilities. As millet is the main food of the Koreans, this crop in Manchuria has an important effect upon the question of food supply in Chosen. Millet formerly was one of the principal crops of Chosen. With the opening up of new fields and improvements in tilling methods, this crop at one time greatly increased, but recently, with the encouragement of rice cultivation, largely for export to Japan, and the popularity of other more profitable products, the area planted with millet has been reduced. Moreover, the rising price of rice, the increasing demand for rice in Japan, and the frequent droughts in the northern and western parts of Chosen, have caused rapid expansion of the exportation of millet from Manchuria to Chosen. Up to 1918, approximately, the export of Manchurian millet into Chosen was small in amount, but in the following years it rose rapidly. In 1929 the total millet exports for Manchuria were 221,487 tons; the 1930 figure was 247,581 tons. Total millet exports to Chosen were 201,588 tons (91.0% of all the exports of millet) in 1929 and 228,726 tons (92.5%) in 1930. Millet exports to all countries were worth Taels 16,439,584 in 1929; those to Chosen were 14,688,058. The 1930 figures were: total, Taels 24,365,094; to Chosen, 23,189,241. The amount of Manchurian millet sent to Chosen is likely to continue to increase, as more and more land in that country is given over to the production of rice for the Japanese market. In addition to the direct exports of cereals and beans from Manchuria to Japan, these exports of millet to Chosen play a very important if indirect part in feeding the Japanese people.

D. Wheat, Barley and Rye.

Wheat also is an important farm product of Manchuria. Rye and barley, too, are produced, although in comparatively small amounts. The annual production of wheat is around 1,350,000 tons. Wheat, barley and rye form very important foodstuffs, next to rice in importance in the Orient, and while their annual consumption is rapidly growing, their production throughout the Orient as a whole is decreasing. As a result of this situation, the imports to the Orient from the United States, Canada, and other countries yearly become larger. Japan is particularly affected because of her increasing urbanization. She must, therefore, look for some suitable source of grain supplies, and hence she is interested in the grain-producing possibilities of Manchuria. Exports of wheat from Manchuria as yet are relatively unimportant -- 49,431 tons in 1929 and 6,820 tons in 1930. Japan took 60.4% of the wheat exports in 1929 and 13.3% in 1930. China took 44.6% and 84.1% in the two years.

In South Manchuria comparatively little wheat is produced. The best wheat producing districts in North Manchuria are the Hailun

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and Ningkuta districts on the Sungari River, and the Nonni River Valley in northwestern Heilungkiang Province. Recently the Nonni River area has come to attract much attention. While neither Chinese nor Japanese previously paid much attention to this area, the so-called "White Russians" crossed the border, settled in the district, and established farming villages of their own. They planted seeds of a superior quality of wheat produced in Zabaikal. As a result, this area is becoming one of the important wheat producing regions of Manchuria. The quality of wheat produced there is better than that produced at Ningan, and the cultivated area is increasing yearly.

The fact that wheat is produced in North Manchuria deserves special attention. Wheat grows better in northern districts than in southern, as has been proved in North America and Europe. With this fact in mind, the future of wheat raising in Siberia should be given even more attention than that in Manchuria.

E. Maize (Corn)

Maize is produced in the southern part of South Manchuria and is not much cultivated in the northern part of South Manchuria or North Manchuria. It ranks next to wheat in importance, the production being around 1,000,000 (1,600,000 in 1929 and 580,000 in 1930) annually. In South Manchuria it is made into flour and used as food, but in North Manchuria it is used chiefly in brewing wine. Maize leaves and stalks are fed to domestic animals or used as fuel. Most of the maize produced is locally consumed. In 1929 the exports were 90,100 tons, or 5.6% of the production. In 1930 exports totalled 65,600 tons -- 11.3% of production. In 1929 Japan took 48.4% of the exports and China Proper 43.3%. The 1930 percentages were: Japan, 27.0%; China Proper, 59.4%.

In the United States, the chief maize-producing country, the grain is also made into corn sugar, starch and other products. It is consumed not only by men and animals, but is also used in industry. Since maize can be grown in comparatively poor lands, when it comes to be more widely cultivated in Manchuria, corn flour and starch manufacturing industries may develop.

F. Rice.

Rice growing in Manchuria is new as yet, but in the past ten years it has had a remarkable development. According to investigations made in 1917, the total rice field area in Manchuria was only 10,900 hectares, and the crop was 27,750 tons. But by 1920, the area had increased to 47,500 hectares, and the crop to 126,000 tons.. That is, in four years both planted area increased 435% and the crop 455%. Thereafter rice cultivation increased rapidly. In 1925, according to Japanese estimates, 53,500 hectares of rice fields in Manchuria yielded a crop of some 200,000 tons. Since that year both hectareage and the production have grown. The 1930 production figure was some 300,000 tons. Not only has the amount produced increased, but there also has been improvement in the production per hectare: from 2.55 tons per hectare in 1917, to 3.74 in 1925. At the latter rate, the hectareage in 1930 was

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80,000 hectares, which corresponds approximately with the independent estimates. In spite of this increase, however, Manchuria continues to import substantial quantities of rice -- 21,770 tons in 1929 and 21,897 tons in 1930.

With the Chosenese entering Manchuria in increasing numbers, and many of them engaging in rice cultivation, it seems probable that rice cultivation will continue to advance. During the season when the rice fields require much water, however, the rainfall often is not sufficient, while when there is a heavy rainfall, the fields may become flooded. Therefore, proper irrigation and drainage systems are needed.

According to recent investigation 178,000 hectares in the Liao River plain, 131,800 hectares in the Sungari region, 55,500 hectares in the Yalu region, 35,700 hectares in the Taitzu River region, 28,700 hectares in the Han River region, and 148,600 hectares in other districts, or a total of 578,300 hectares can be turned into good rice fields in the future. But this development is possible only if proper irrigation and drainage facilities are developed in all parts of Manchuria. The fact that the Chosenese settlers, with practically no capital and only the most primitive equipment, have been able to develop rice production to so great an extent shows how cheaply and easily rice fields can be developed and operated in Manchuria, compared with the trouble and expenditure necessary in Japan and Chosen. Especially in the mountain regions of Kirin Province are there large stretches of valley lands favored with abundant water supply which can be easily turned into profitable rice fields.

These lands have not yet been opened up as rice fields largely because transportation facilities have been poor. The recent completion of the Kirin-Tunhua Railway probably will speed rice production in this promising district. Investigation has shown that, in the upper regions of the Taitzu River, tens of thousands of hectares of good rice fields can be easily made by merely opening irrigation canals and building dams. The irrigation and drainage work for the Liao River region will be very difficult, but it can be accomplished at considerably less cost than preparing new rice fields in Japan or Chosen.

The possibility of obtaining cheap labor makes the prospect of opening over half a million hectares of new rice fields in Manchuria good. Rice cultivation in Manchuria can be undertaken at one-third of the cost in Japan, or one-half that in Chosen. When 500,000 hectares of new rice fields come into production, the annual crop should be nearly 2,000,000 tons instead of the present 300,000 tons. After deducting the amount required to supply the local demand, there should be left a surplus of around 1,400,000 tons for export. As a result of the development of these new fields, not only will vast areas of low and moist lands which now lie waste be utilized, but also the income from the rice crop will give an additional revenue of Yuan 250,000,000 to Yuan 300,000,000 to Manchuria.

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In Japan, the domestic supply of rice is not sufficient to meet the ever-increasing demand. Consequently large amounts are imported, from foreign countries and from Chosen. (The imports from foreign countries were Yen 33,673,000 in 1929 and Yen 22,782,000 in 1930.) Rice also is a staple food in other Oriental countries. It would be a great benefit to the entire Orient, therefore, if the dream of developing large-scale rice production in Manchuria could be realized.

G. Other Crops.

Besides the principal crops already mentioned, hemp, jute, flax, peanuts, sesame, indigo, beets, cotton, tobacco and various fruits also are raised in Manchuria. Of these, beets, tobacco, peanuts, cotton and fruits deserve special attention, as they are new farm products, as far as Manchuria is concerned.

Sugar Beets: Beet cultivation was started in North Manchuria by the Russians who opened factories at Hulan and Ashiho to obtain sugar. In South Manchuria, the South Manchurian Sugar Refining Company and others have planted beets at Liaoyang, Shenyang, Tieling and Ssuninghai. The total area of beet cultivation has varied from 2,700 hectares to over 5,000 hectares. Generally, the sugar companies have encouraged Chinese farmers to plant beets under contract to purchase the products. But recently, due to the fall of the price of sugar in the world market, the spread of a disease on the plants, and the fact that the native ploughs are unable to plough deep enough, returns have not been very satisfactory. Compared with the nature of the soil and climatic conditions in European beet-producing countries, however, Manchurian soil is not at all inferior for beet sugar production.

Tobacco: Tobacco is grown chiefly in the southern and eastern parts of Kirin Province, but it is also found in the northern and eastern parts of Liaoning Province. The tobacco production in Kirin is around 18,750 tons a year, and in Liaoning 5,650 tons. The total production for Manchuria is estimated at 30,000 tons. The quality of the native tobacco is inferior. Quite recently, however, certain American species of superior quality have been introduced. It is expected that tobacco growing will become an important industry in Manchuria before long.

Peanuts: Peanuts are found in the southern parts of South Manchuria. The area planted with peanuts is about 39,600 hectares, and the annual crop averages about 44,000 tons. The product is consumed almost entirely in Manchuria, only a very small quantity being exported.

Cotton: Cotton flourishes generally in the tropical zones and the southern parts of the temperate zones, but in Manchuria, it has been produced since ancient times in the comparatively northern region of central Liaoning Province. The varieties of cotton originally planted in Manchuria had very short fibres and the yield was poor. It was used mostly for padding bedding and clothing, and was cultivated by the farmers chiefly for domestic use. Furthermore, as the cotton produced in Manchuria was not used for spinning purposes, its cultivation

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was restricted. Recently, however, it has been found that American varieties of cotton could be grown satisfactorily in the Kwantung Leased Territory and the southern part of Liaoning Province. These new varieties yield larger crops and the cotton commands a higher price. The production now is approximately 14,400 tons annually.

Hoping to make cotton one of the main products of Manchuria, the Kwantung Government and the South Manchuria Railway Company have given much encouragement to cotton production. In 1922, among other steps, they formed the Manchurian Cotton Cultivation Society, an organization for the encouragement of cotton production. Soon afterwards, the Manchurian Cotton Company, Ltd., was established to refine cotton, and also to encourage this new industry.

Most of the small amount of cotton which is exported goes to Japan and China Proper. At present the total cotton production in Japan Proper and her colonies is only one-thirtieth of the total import, which comes chiefly from British India, the United States, China, Egypt, the Straits Settlements, French Indo-China and the Dutch Indies.

Recently, too, Japanese spinners have established their plants in Manchuria. The Manchurian Cotton Spinning Company's plant at Liaoyang is equipped with 31,360 spindles; the Naigai Cotton Company's plant at Chinchou has 24,000 spindles, and the Fukushima Spinning Company's works in a suburb of Dairen have 17,664 spindles. There is a Chinese cotton mill at Shenyang, with 25,000 spindles, besides many small Chinese plants.⁷ The demand for cotton is steadily increasing, and it is very significant that just now the possibility of cultivating an excellent long-fibre cotton, such as is produced on the American continent, in the Kwantung Leased Territory and the southern part of the Liaoning Province should have been demonstrated, and that with excellent results.

Fruits: Fruit growing may become one of the most flourishing enterprises in the southern part of South Manchuria in the future. Soil and climatic conditions limit the varieties which can be cultivated to advantage, but this is the best region in the Orient for growing certain varieties of apples which require long sunlight hours and dry air. Fruits raised in Manchuria include apples, pears, grapes, cherries, peaches and apricots. The land is suitable for growing western apples, which can be preserved fresh for a long period.

The native Manchurian apple is small and of poor quality. The Russians, however, brought Western apples to Manchuria, though up to the time of the Russo-Japanese war there were no important apple orchards in Manchuria. As the Japanese settlers in Manchuria increased after the close of that war, they planted Western apples as well as grapes, peaches,

7. For further details on cotton spinning in Manchuria see Chapter VII on Manufacturing, Page 165 ff.

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pears and cherries in the Kwantung Leased Territory and the Railway Zone. As a result, fruit orchards have gradually increased in number.

The Kwantung Government and the South Manchuria Railway Company have considerably encouraged the development of pomiculture in Manchuria. The planting and pruning methods have been improved, and the proper distance between the trees, as well as the kinds of fertilizer to be used have been scientifically studied. Furthermore, improved varieties have been produced and saplings have been widely distributed. The Kwantung Government has also issued laws regarding the prevention and extermination of plant diseases. Fruit growers of Kwantung and the Railway Zone have formed an association in order to facilitate a sound development of pomiculture. Fruit growing also is developing rapidly outside of the Japanese-controlled area. So far, apples and grapes have been the chief products. 1927 figures (Japanese) give 1,690,000 hectares planted to apples in the South Manchuria, with a crop of 1,120,000 kilograms from 643,609 trees.

5. Effects of Railways on Agricultural Development.

Manchuria is primarily an agricultural region. Before the construction of railways in Manchuria, communications with the outside world were poor.

Once the door of this great agricultural land was opened by railways, agricultural products from the interior districts began to move to the seaports - Dairen, Yinkou and Antung on the south and Vladivostok on the northeast. From these ports, they are shipped by steamers and junks. The area of Manchuria is enormous, and vast stretches of undeveloped, tillable land still remain. With the further development of railways, new land is ploughed every year.

Besides transportation facilities, Manchuria also lacked labor. Immigrants from Hopei and Shantung had come, but before the opening of the railway, they were compelled to go up the Liao River by boat or to move on foot. It took them from one to two months to reach Changchun. The development of the South Manchuria, Peiping-Liaoning and other railways has contributed very largely to meeting this need for labor by supplying quick and cheap transportation.

As a result of railway development, especially in the past two decades, many new farms have been opened in Manchuria. It is difficult to know the exact extent of the newly-opened cultivated areas since accurate statistics for either before or since this development are not available. Estimates based partly on the rate of increase in the amounts of agriculture products shipped, however, give an increase in cultivated land of 5,895,000 hectare in the ten years 1919 to 1929, or 81.7% of the 1919 cultivated area. The rate of increase was not as rapid in preceding years, but it is entirely safe to assume that the cultivated area in Manchuria has more than doubled in the twenty years since the development of Manchuria took on new life after the establishment of the Republic in China.

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According to Japanese estimates, the proportion of this newly-opened land which is tapped directly by the South Manchuria Railway and has been influenced by the development of that line is indicated by the proportion of the total shipments of agricultural produce which this railway carries. The cultivated area in the general area tapped by the South Manchuria Railway, these Japanese estimates have it, is approximately 5,000,000 hectare, and the district which is served by both the South Manchuria and the Chinese Eastern Railways is another 5,000,000 hectare. On this basis, and taking into account the division of shipments of agricultural goods from the Chinese Eastern Railway area between the South Manchuria and the Ussuri Railways, the estimates put 7,500,000 hectare as the cultivated area served by the Japanese line. This is 52.4% of the total estimated cultivated area in Manchuria (1929); it includes the regions tapped by the Chinese Government Railways which have been built with Japanese capital.

Effects on Trade Practices: Before the construction of railways, produce has to be shipped by boats or carts. The shipment by boats was cheaper because of low wages, and large shipments had to be sent on boats when they were dispatched to distant destinations. In winter, however, when produce was shipped after harvesting, the rivers froze. The frozen ground was convenient for cart transportation as it was possible to travel freely over rivers as well as fields. But when the ground melted, the roads became muddy, and cart transportation was difficult. Therefore the farmers, harvesting their crops in the autumn, utilized the frozen ground and sent the farm products in winter to cereal wholesale dealers in large towns. The wholesalers sent the crops then to the river banks and stored them in warehouses there until spring, when the ice melted and permitted the movement of boats which took the crops to the sea ports. Cereals harvested in the autumn at Kaiyuan or Tiehling did not reach the market of Yingkou until the following May or June. When the products were taken on boats, difficulties were often encountered because of adverse wind or shallow water. Again, fully loaded ships were often attacked and robbed by bandits. Tiehling was then an important shipping center on the Liao river. From Tiehling to Yingkou the boats required from 14 to 20 days, and again to go up the river back to Tiehling about 24 or 25 days were necessary. Therefore only about four or five round trips could be made in one year. But today goods may be shipped from Tiehling to Yingkou in less than one day by rail.

Since, in the former days, all products had to be stored nearly six months before shipment, their quality and weight deteriorated during the storage. But a greater difficulty was that capital was tied up so long causing great inconvenience to dealers. Moreover, as transportation facilities were so imperfect, bean oil mills could not get their supply of beans during winter, and kaoliang spirit makers could not get their kaoliang. They were thus obliged either to keep immense stocks on hand and store them up, or purchase extremely expensive products in winter or suspend their operations during the winter months. Today they can buy their materials freely at any time.

Formerly Manchurian dealers in cereals bought cereals from farmers and sold them to merchants. Occasionally markets of a sort were opened, but these were gatherings of dealers, with none of the

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facilities or equipment of present-day exchanges. Even in those days, time deals and spot deals were known, but time deals were made without any guarantee and under no control, and were based solely upon mutual credit. Often complaints and difficulties of one sort or another arose.

With the opening of railway traffic, however, the demand grew for more systematic and regularized methods of handling the agricultural produce. Realizing the necessity of produce exchanges, the Kwantung Leased Territory Government, in the years 1913-1920, established produce exchanges at a number of the principal produce centers. In connection with these exchanges, guarantee companies also were organized. The transactions on these produce exchanges now amount to well over Yen 16,000,000,000 a year. Following the example of the Japanese exchanges, Chinese exchanges have been established at Antung and Harbin.⁸

New storage and warehousing facilities established by the various railways for handling agricultural produce also have encouraged the development of trade. Formerly the storage facilities were very inadequate; in the absence of warehouses it frequently being necessary to store cereals and beans in the open. Rain and fire did much damage and handling and shipping were troublesome and inconvenient. The amount stored in the warehouses now reaches large totals.

Partly because of the variations in the standards of weights and measures used in the local areas, and partly because of questionable practices in handling agricultural produce, there formerly was a good deal of confusion and irregularity in the buying and selling of these products. With the coming of railways, however, greater regularity became necessary, and there has been a marked development of standardizing in qualities of the grades of the various agricultural products as well as in weights used in sales and shipments.

8. For further details of the produce exchanges, see the section on exchanges in Chapter VIII on Commerce, Page 186 ff.

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CHAPTER VI. MINING AND MINERALS.

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The amount of valuable minerals stored in the vast territory of Manchuria is fairly large. Among the metallic minerals are gold, alluvial gold, silver, manganese, zinc, lead, iron, iron sulphide, and others; non-metallic minerals include coal, oil shale, magnesite, zechstein, lime stone, silex, clay, asbestos, fluor spar, pyrolusite, feldspar, soda, and others. Their deposit formation is continental, and the varieties are not numerous, though found in abundant quantities whenever discovered.

At the present time, coal and iron are the only minerals mined extensively. Alluvial gold mining has been carried on since ancient time, but only on a very small scale. Only in a very primitive way is it mined by farmers when they are not engaged in their farm work. Coal occupies the first position among minerals mined in this territory, most of it being produced at the Fushun coal field. The output is steadily increasing. Iron ores are mined at Penhsihu. The amount of iron ore mined and the production of pig iron so far have not been very large. It is expected, however, that with the improvement of the Anshan Iron Works, the output will become larger. The following approximate figures, taken from Japanese sources, give an idea of the production of the principal minerals:

Production of Principal Minerals (Metric tons)						
Mineral	1919	1925	1926	1927	1928	1929
Coal	3,901,200	6,786,500	6,976,700	9,002,200	9,523,500	9,000,000 ⁽¹⁾
Iron ore	250,700	202,000	1,135,100	974,300	721,700	763,000
Limestone	186,500	238,500	433,800	434,800	406,400	457,200
Coke	220,800	196,600	287,100	322,700	348,200	394,500
Pig iron	128,200	141,900	200,500	258,000	288,200	298,900
Fire-brick clay	18,600	26,200	35,600	43,200	53,800	59,900
Magnesite	---	14,000	7,100	21,700	25,400	31,200
Iron Sul- phide	1,800	3,100	3,400	2,900	4,400	5,200
Lead and galena	---	2,300	2,800	500	400	1,500

(1) Approximate estimate; complete data not available.

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Besides the above, some copper, siliceous, steatite and other minerals are produced. Approximate figures for 1927 were: copper, 800 tons; siliceous, 2,800 tons; steatite, 23,400 tons.

1. Coal and other non-Metallic Minerals.

In Manchuria and the nearby regions there are about 50 coal fields, with total deposits of upwards of 2,300,000,000 tons. Of this approximately 1,700,000,000 tons are in Manchuria and the rest, though in Jehol Province, eastern Mongolia and the bordering Russian areas, are within the Manchurian range of interest. The Manchuria coal fields are divided into six principal districts: Fushun, Penhsihu, Yentai, Changchun-Kaiyuan, Chinese Eastern Railway Zone and Wafangtien (in the Kwantung Leased Territory). The Fushun, Yentai and Changchun-Kaiyuan fields are fairly close together in South Manchuria; the fields in the Chinese Eastern Railway Zone stretch from Dalainor near Manchuli at the west end to Mulin and Nishan near the eastern end. The fields now in production, or likely to produce in substantial quantities in the near future, are in the Fushun, Penhsihu and Changchun-Kaiyuan areas; the production of the North Manchurian fields as yet is little more than enough to meet the requirements of the Chinese Eastern Railway, though the possibilities are important.

The following table gives the approximate deposits of coal in the principal fields, and the varieties:

Principal Coal Fields			
Coal Field	Coking Characteristics	Coal Varieties	Coal Deposits (Tons)
South Manchuria			
Fushun	Slightly cohesive	Bituminous	950,000,000
Penhsihu	Cohesive	Super-bituminous	104,800,000
Yentai	Non-cohesive	Super-anthracite	
		Semi-anthracite	40,600,000
Takota	Slightly cohesive	Bituminous	32,600,000
Tienshifu-kou	Cohesive	Super-anthracite	19,900,000
	Non-cohesive	Anthracite	
		Semi-anthracite	
Neuhsintai	Non-cohesive	Super-anthracite	11,200,000
		Anthracite	
Kangcha	Non-cohesive	Lignite	10,100,000

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Principal Coal Fields (cont'd)			
Coal Field	Coking Characteristics	Coal Varieties	Coal Deposits (Tons)
South Manchuria			
Wuhutsui	Non-cohesive	Super-anthracite Anthracite Semi-anthracite	7,300,000
Shihmenchai	Slightly cohesive	Bituminous	6,500,000
Saimachi	Cohesive Slightly cohesive	Anthracite Super-bituminous	6,100,000
Others			26,100,000
Total for South Manchuria			1,215,200,000
North Manchuria			
Dalainor	Non-cohesive	Lignite	304,800,000
Sucheng	Cohesive Non-cohesive	Super-anthracite Anthracite Super-bituminous	94,500,000
Holikwan	Cohesive	Bituminous	16,200,000
Mongugai	Non-cohesive	Semi-anthracite Super-bituminous	14,700,000
Mulin-Mi-shan	Cohesive Non-cohesive	Super-bituminous Bituminous	14,200,000
Others			10,000,000
Total for North Manchuria			454,400,000
Total for Manchuria			1,669,600,000

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A. Coal Mines in South Manchuria:

The Fushun Coal Mine⁽²⁾ The Fushun coal mine, now operated by the South Manchuria Railway Company, is situated at the central part of Liaoning Province, about 40 kilometres east of Shenyang. The coal field is on the bank of the Hun River, extending about 16 kilometres east to west, and 4 kilometres south to north, covering an area of 6,000 hectares.

The coal seams of Fushun belong to the Tertiary Period. Coal deposits in North China, and North and South Manchuria are mostly of the Jurassic Period, the deposits of the Tertiary Period being rare. The coal seam dips 10 to 35 degrees towards the north. The main seam is separated by basalt and tufa layers from the lower seam. It lies at a depth of 915 metres in the eastern part, and 425 metres at the western. The total deposit is over 950,000,000 tons. The thickness of the seam has no equal in the world, and it may seem surprising that this vast deposit is within so small an area as 6,000 hectares. The thickness of the seam is exceptional, being 126 metres at some places, and averaging 40 metres. The intermixture in the coal seam is not more than 6.1 metres. The Fushun coal is lacquer black in color and has a brilliant lustre. The ash percentage is very small, being only 3%. The sulphur content is also small, and does not injure boilers. The coal contains 40% of volatile matter, and is therefore suitable for locomotives and as bunker coal. The large content of volatile matter makes it also suitable for gas manufacture. Generally speaking, it lacks cohesiveness, and so is not satisfactory for making coke.

After the Russo-Japanese War, the Fushun mine was transferred to the South Manchuria Railway Company by the Japanese Government. At that time, the daily output was only 300 tons and only three pits were operated. Then as a first expansion project, the Oyama and Togo pits were opened at the cost of Yen 9,200,000. This, together with other improvements, increased the daily output to 5,000 tons. During the second expansion stage, the opening of the Wantapu pit, the open-cut mining at Kuchengtzu, the adoption of the sand-flushing method, the construction of the Mond gas plant, the electrification of the coal conveying and sand carrying systems, the opening of the Lungfeng and Shintun pits, and the open-cut mining at Chenchintsai were carried out, thereby boosting the total yield to 3,800,000 tons a year. Because of the rise of various industries and the increased demand for coal export purposes, it became necessary to augment the output further. In September, 1919, the Lungfeng pit was started and it was finished in October, 1922. Also, beginning in 1920, the open-cut mining system was radically improved and enlarged, and in 1925, the improvements were completed. In 1925, the coal output by the open-cut-mining method was 2,000,000 and that pit mining over 3,700,000 tons, or a total of over 5,700,000 tons. In 1928, the total output had risen to 7,312,900 tons. A comparison of this figure is compared with that of the yield of 211,600 tons for the first year of the railway company's operation, indicates the expansion under the South Manchuria Railway Company management.

(2) Production figures for this and subsequently listed coal mines are given in the table on Page 128.

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At first, the real nature of the Fushun coal field was not appreciated, and the company engineers had no experience in mining in such a thick seam. As a result, the ordinary gallery system of mining was adopted, leaving pillars of coal untouched. It would have been impossible to extract the entire coal deposit, and a large portion would have been wasted under this system. There also was the danger of the pillars decomposing, causing spontaneous combustion. Therefore, in 1911, the sand-flushing method was first experimented with, at the Yangpaipo pit. As the new system gave very satisfactory results, it has been extended to the Oyama, Togo and other pits. Sand is carried by electric tram cars, mixed with water, and sent into the pit under air pressure. This system has made it possible also to mine sloping seams. In this way, the operating efficiency has been greatly increased, and the operating cost reduced. Compared with the former level mining, the new system has enormously increased the rate of output. A new hydraulic washer and conveyer system has been introduced recently which has greatly increased the efficiency and lowered the cost, besides preventing the spread of the coal dust. This system is now used at Lauhutai and Lungfeng pits.

At the southern end of the Fushun coal field, the seam is only 12 metres below the surface of the ground. It has thus been found advantageous to scrape off this surface soil and mine by open-cutting. The open-cut mining method was first adopted at Kuchengtzu, and then gradually extended. Now the open-cut output is over 3,000,000 tons a year. Excavators strip off the surface soil, and electric and steam shovels are employed in digging out the coal. A new coal sifting machine was installed in September, 1926, by means of which 10,000 tons can be sifted in a day. This is the largest of its kind in the Far East.

Adjacent to the Fushun field, there are Achinkou, Nankou, Piacerhtun and other pits. They are all portions of the Fushun fields, and their coal is of similar quality and nature. Piacerhtun and Achinkou pits are actively operated. The Achinkou coal is for use on the locomotives of the new Manchurian railways.

The Yentai and Weiming Coal Mines. The Yentai coal mine is operated as a branch of the Fushun mine by the South Manchuria Railway Company. It is situated a little more than 16 kilometres from the Yentai railway station. The coal field covers approximately 650 hectares and has a deposit of 40,600,000 tons. The coal is anthracite, but being brittle, it easily turns to dust coal. It contains much sulphur, and because of this defect, it is not so commonly used as the Fushun product. The deposit was, for that reason, not touched until 1910 when it was first operated as a commercial mine. At present the annual output is about 157,000 tons. The coal is used for cooking purposes by Chinese, and is also made into briquets. Mixed with the Fushun coal, it is used on railway locomotives to a limited extent.

The Weiming mine is situated south of the Yentai coal mine, and the quality of the coal is similar to that of the Yentai product.

The Penhsihu Coal Mine: The Penhsihu coal mine is run by the Penhsihu Colliery and Iron Works, a joint Sino-Japanese corporation. The area of the coal field is about 3,800 hectares, with a deposit of

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104,800,000 tons. There are eight seams, but these are not so thick as the ones in Fushun, the thickest being about 3 metres, and the thinnest about 1 metre. The Penhsihu coal does not possess as high a percentage of volatile matter as the Fushun coal, but its carbon content is much greater, and consequently it burns longer. It is suitable for household use as well as for boilers and blacksmith shops. Being cohesive in nature, it is a good coking coal.

Since its opening in 1910, this field has been gradually developed, and in 1918, the output reached 454,000,000 tons. But because of the financial depression that followed, it was forced to restrict its operations and reduce the output by one-third. In June, 1923, this restriction was removed, and the annual output has revived. In 1928, it was 497,800 tons.

The former method of making coke at Penhsihu was called "open-firing". A hole was dug in the earth, and coal put into it and fired. This led to considerable waste of coal and valuable by-products. In 1924, the construction of new coking ovens was started with an outlay of Yen 2,000,000. These were completed in July, 1926. With the new coke ovens, coal waste is prevented, and various by-products, including sulphate of ammonia, are secured.

The Neuhsintai Coal Mine: The Neuhsintai coal area is located about 16 kilometres above Penhsihu along the Taitzu River. It is divided into Upper Neuhsintai and Lower Neuhsintai. The Upper Neuhsintai is mined by the Tsaiho Company, a joint Sino-Japanese firm, while the Lower Neuhsintai is owned by Chinese but operated by the Yuhsin Company, a Japanese corporation. The operation has not been very successful. The coal is anthracite, but, as it easily turns into dust coal, it is not in much demand. A light railway line has been constructed from the Penhsihu station of the South Manchuria Railway to Neuhsintai. Recently, the total output of Neuhsintai has exceeded 56,000 tons.

Smaller Mines: There are more than 10 coal mines in Liaoning Province. In Kirin there are seven or eight, but as these are all far from transportation lines, they are operated only on a very small scale.

The Takota mine is situated about 2 kilometres north of Hsianhsiencheng, Liaoning Province. The coal is bituminous and slightly cohesive, and its quality is good. The production has reached over 110,000 tons (1928). The deposit found within 300 metres below the ground surface is estimated at 19,000,000 tons, and about 70% of this amount is capable of being mined. Its future prospect is very bright.

The Wuhutsui mine lies about 45 kilometres south of Fuhsien-cheng, Liaoning Province, and on the American Bay. The coal is shipped out by junks. It is grey-black anthracite, and contains much dust coal.

The Shangsungkang mine is situated at about 50 kilometres south-east of Hailungcheng. The coal is semi-anthracite, and is generally soft.

The Tienshihfuku mine lies 10 kilometres west of Penhsihu, and produced anthracite and semi-anthracite, both of which contain much dust coal.

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Besides the above, the coal mines at Chiapikou, Wulumtun, Kangeha, Yuchiakou, Shinchin, Tachakou, and other places, are still regarded as being very promising.

B. Coal Mines in North Manchuria.

North Manchuria now produces less than 500,000 tons of coal a year, as compared with a gross production for South Manchuria of nearly 9,000,000 tons. The principal mines in this region are in the Muling and Dalainor fields, from both of which the production goes chiefly to the Chinese Eastern Railway. The Muling mine, on the eastern section of the Chinese Eastern Railway, produces some 200,000 tons a year. The Dalainor mine, in the western section of the railway, formerly produced close to 500,000 tons annually, but in the last few years the production has fallen off to about 200,000 tons. Besides these, North Manchuria also has the Holikwan coal field, 500 kilometres north of Harbin, which produced from 12,000 to 15,000 tons a year. The coal from this mine is practically the only coal produced in North Manchuria which is suitable for coking. Most of the other coal deposits are inferior bituminous.

C. Coal Production and Export.

It is impossible to get absolutely accurate figures of the coal production in Manchuria, in part because there are many small mines from which no data can be obtained, and in part because detailed figures cannot be secured even from some of the larger mines. The following table gives the production for most of the mines in South Manchuria. Besides those listed, there are a number of small mines, and the three principal mines in North Manchuria, at Muling, Dalainor and Holikwan. The totals given at the end of the table are approximations which include the production of the mines not listed; the actual production is more rather than less than the totals given. The figures are those compiled by the South Manchuria Railway Company, put into metric tons.

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Coal Output of South Manchuria (Metric Tons)					
Area and Mine	1924	1925	1926	1927	1928
Liaoning Province					
Fushun area					
Fushun	5,592,400	5,762,000	6,191,200	6,990,000	7,312,900
Talien	89,200	81,900	79,700	96,900	82,200
Achinko	60,400	41,800	15,800	50,800	* ³
Piaoerhtun	49,600	8,100	39,500	11,400	* ³
Huasheng	---	---	---	40,600	* ³
Shewo-Nankou	14,800	1,700	16,400	20,300	* ³
Elsewhere in Liaoning Province					
Penhsihu	455,800	430,700	421,600	404,400	497,800
Yentai	105,900	119,600	141,700	145,300	157,000
Takota	61,000	61,000	61,000	80,300	111,800
Patakou	66,000	61,000	61,000	61,000	67,100
Weiming	15,200	76,500	37,000	61,000	64,000
Neuhsintai	45,100	54,700	55,600	55,900	* ³
Tienshihfuku	5,100	5,100	9,800	18,900	* ³
Wuhutsui	50,800	50,800	115,400	164,500	18,300
Shansungkang	9,100	9,100	9,100	10,200	10,200
Kirin Province					
Hoshihling	8,100	8,100	86,400	110,900	121,900
Kangyao	15,200	15,200	15,200	13,600	17,300
Naitzushan	---	---	600	9,100	10,200
Total for all Manchuria, including small mines and North Manchuria	6,733,000	6,786,500	6,976,700	9,002,200	9,523,500

* Data not available.

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In connection with the development of coal mining in Manchuria, it is significant to note that practically 50% of the total production is exported. The following tables gives the exports for recent years, and the distribution for 1929.

Coal and Coke Exports of South Manchuria (Quantity and value)			
Year	Quantity (Metric tons)	% of Production	Value (Taels)
1925	3,620,817	53.4	23,809,174
1926	3,817,495	54.7	35,201,694
1927	4,467,222	49.7	35,263,414
1928	4,478,063	47.0	34,887,668
1929	4,782,833	53.2	37,619,966
1930	4,459,928		37,585,095

Coal and Coke Exports of South Manchuria (By destinations; values in Haikwan Taels)					
Destination		1929		1930	
		Taels	% of total	Taels	% of total
Asiatic countries					
	Japan	18,610,381	49.5	16,159,516	43.0
	China Proper	12,607,258	33.5	15,203,550	40.5
	Chosen	3,016,959	8.0	3,219,103	8.6
	South Seas (including Philippines)	1,945,344	5.2	1,817,096	4.8
	Hongkong	712,584	1.9	771,625	2.0
	Others	84,000	.2	48,913	.1
	Total for Asia	30,976,526	98.3	37,219,803	99.0
Other countries					
	Europe	322,512	.9	256,404	.7
	United States and Canada	277,168	.7	108,408	.3
	Others	43,760	.1	480	.0
	Total for non-Asiatic countries	643,440	1.7	365,292	1.0
Total		37,619,966	100.0	37,585,095	100.0

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D. Non-Metallic Minerals other than Coal.

Non-metallic minerals in Manchuria, besides coal, are mostly magnesite, zechstein, limestone, silix, barytes, clay, asbestos, fluor-spar, steatite talc, feldspar, potter's clay, soda and others. Of these, magnesite and clay are the most important, and the most in demand. Limestone is found almost everywhere, and is used for manufacturing lime and cement. Silix is found mostly in the Liaotung Peninsula, especially around Port Arthur and Dairen. Some of the silix is made into silicate bricks and glass.

Manchurian magnesite⁽⁴⁾ is, on the whole, almost pure, and although it contains iron, manganese, silicic acid, lime and steatite talc, these impurities are very small in quantity. It is very valuable for fire-proofing material. In Manchuria, magnesite is produced in Haicheng and Kaiping districts, Liaoning Province.

Several varieties of zechstein, limestone and silix are found in abundance in Manchuria, and, for that reason, the proper kind for any particular need may be easily obtained. Zechstein is found in the Haicheng district Liaoning Province, and limestone in the Penhsihu, Dairen, Wafangtien, Tashihchiai, Changtaitzu, Yentai and Changchun regions. The annual yield of zechstein at Chiaoshufang, Kwantung Leased Territory, in recent years has been approximately 75,000 tons. Limestone is produced chiefly at Huoliensai and Penhsihu, Liaoning Province, and Chousui, Kwantung Leased Territory, for cement making and smelting. The silix output in the Leased Territory amounts to something around 2,000 tons for glass manufacture besides varying amounts for brick making.

Mongolia is a great natural soda producing territory, and the source of most of the soda available in Manchuria. Depressed, damp, grassy fields and lakes, as well as their vicinities, frequently are covered with white deposits of natural soda in the dry season of spring and autumn, to the thickness of 1.25 centimetres. When this layer is gathered, another layer soon appears. Natural soda is gathered several times at one spot during one season. There are many natural soda producing districts in Mongolia, but under the present transportation conditions only those in the eastern part of "Inner Mongolia" are regarded as commercially valuable. These are principally located at the upper regions of the Liao River, Tafusa Lake in Goarusuguo, in the vicinities of Buowan, around Tumoliao and near Kairo and Harawusu. The soda thus gathered is sent to the markets at Chengchiatun and Changchun in Manchuria. Natural soda is so abundant almost everywhere that well water often is unfit for drinking purposes because of its soda content. A vast amount of soda is stored in the soil of Mongolia.

The gathered soda is treated by the Chinese in a primitive fashion. The natives gather it mostly in spring and autumn. That gathered in spring and summer is made into chuanyu, or crudely made bricks. Soda gathered in autumn and winter is turned into a comparatively pure and crystalized material named penyu. The principal ingredients of chuanyu and penyu are as follows:

(4) Production figures for this and subsequently listed minerals are given on Page 121.

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	Chuanyu	Penyu
Carbonate of soda	49.8 %	29.2 %
Sulphate of sodium	19.6 %	2.4 %
Salt	11.8 %	2.7 %

Soda produced in Mongolia is generally used for dyeing and bleaching purposes, cooking, washing and soap making. In Liaoning Province, yearly, 7,250 tons of this is consumed. When the price advanced during the European War, the output of Mongolian soda greatly increased. Since the conclusion of the war, however, it has had to compete with European supplies, and the industry today is very inactive. As transportation facilities are improved and the general level of culture rises, the soda industry is expected to make rapid progress in this region.

Many districts in Manchuria produce clay of different kinds, but the quantity of those belonging to the species known as kaolin (porcelain clay) in quality and crystalization is not known, although researches are now being made. The amount of clay production in Manchuria, too, is difficult to estimate. Fire-proof clay has been discovered at Wuhutsui and Yentai in Liaoning Province, and also in the Kwantung Leased Territory. It is generally found lying parallel to the coal seams.

The demand for stone in Manchuria has recently been about Yuan 1,000,000 a year. Most of the stone is used in railway, road, and harbor construction. While Manchuria does not produce building stone in large quantities the demand for it is rapidly growing as the building industry is very active. The principal stones produced in Manchuria are granite, gneiss, limestone, selix, and sedimentary rock. Their quality, on the whole, is not good because of the peculiar geological conditions. It is difficult to obtain stone suitable for artistic buildings, and this has to be supplied from China Proper, Japan and other countries.

E. The Oil Shale at Fushun.

The discovery of oil shale at Fushun was made in 1909 when the shale mined out of the Oyama pit was found to burn. The total deposit of oil shale at Fushun is estimated at around 4,900,000,000 tons.

Deposits of Oil Shale at Fushun (Tons)			
Area	Quantity	Area	Quantity
Kuehengtzu	547,466,000	Hsintun	1,126,165,000
Oyama	723,948,000	Lungfeng	1,040,045,000
Togo	394,105,000	Talien	383,645,000
Laohutai	612,432,000	Total	4,901,638,000
Wantawa	73,832,000		

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In the open-cut districts, the oil shale lies above the coal seam, and the shale must be removed before the coal can be dug up. The shale thus is very readily obtained. The shale is brown in color and flat, and is easily broken by weathering. In the upper part of the old shale seam, there is a greenish layer which is also flat and breaks by weathering, but it contains no oil. The oil shale seam in the open-cut districts appears on the ground surface, and this seam runs at an angle of about 30° to the ground surface. Gradually entering the soil, it runs along the coal seam. It covers the entire coal seam. The deposit is some 122 metres thick.

Various tests and analyses have demonstrated that, when distilled in the Scotch type oven, 5.5% of oil can be obtained. At this rate, and with 530,000,000 tons of oil shale in the open-cut district, 29,150,000 tons of crude oil can be obtained. If the open-cut mining is to be completed in 25 years, it will mean that annually over 1,100,000 tons of oil will be obtained. That will be double the present oil supply of Japan. The percentage of oil obtained from the Fushun oil shale by the Scotch distillation system, and the amounts of various by-products to be obtained from one ton of crude oil thus obtained are as follows:

Oils from Fushun Oil Shale			
(One ton of shale to yield 8% of oil (80 kilograms) by weight by Scotch distillation method.)			
Kind of Oil		% of Total Oil	Weight (Kilograms)
Naptha	(Specific Gravity 0.700-750)	7.5	6.00
Lamp oil	(" " 0.790-830)	21.1	16.88
Gas and fuel oil	(" " 0.840-870)	27.9	22.32
Lubricating Oil	(" " 0.865-910)	7.7	6.16
Paraffin	(Soluble point 98 -132 F.)	10.8	8.64
Stilluke		2.0	1.60
Loss in refining		23.0	18.40
Total		100.0	80.00

For industrial utilization, the value of oil shale will depend on the amount of oil obtained. At the same time, the amount of sulphate of ammonia and other by-products will also greatly influence the value of the shale. In distilling oil shale in Scotland, the production of sulphate of ammonia was considered an important factor as early as 1880.

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The Fushun Distillation Method. Since the discovery of the Fushun oil shale deposits, the South Manchuria Railway Company has conducted various tests in distillation. At first it was planned to use the Scotch distillation system, but later it was found that, while the Scotch method produced high-grade products, it was not suitable for producing large quantities at low cost. Finally, the company succeeded in developing its own method of distillation.

By the Fushun distillation method, comparatively crude products are secured, but at Fushun the production of fuel oil is the principal aim desired. The system is, therefore, considered satisfactory. The Scotch oven has a capacity of four tons and special equipment is needed to heat it from outside. But with the use of the Fushun system, one oven with a 40-ton capacity may be used, and no special heating apparatus is required. For distilling equipment to produce 35,000 tons of crude oil a year, the Scotch system would require an expenditure of Yen 5,300,000.00, while the Fushun system would cost only about Yen 4,000,000.00. The operating expenses of the Fushun system also are considerably less.

The South Manchuria Railway Company conducted a full-size trial with the Fushun system in 1926, and obtained very favorable results. The Company then commenced its initial undertaking in the new industry with an expenditure of Yen 4,500,000.00. Later, the appropriation was doubled. Construction work on the shale oil plant started in April, 1928. The plant was completed in November, 1929, and oil production started the following month. The present plant provides for an annual production of 70,000 tons of fuel oil, with by-products of 18,000 tons of ammonium sulphate, 15,000 tons of crude paraffin and 5,000 tons of coke. The oil production is to be increased. The paraffin is sent to Japan where it is refined by the Japan Paraffin Refining Company, which is expected to get 6,300 tons of refined paraffin and 7,500 tons of fuel oil from the material annually.

2. Iron Ore and other Metallic Minerals.

Iron has been mined and worked in Manchuria for centuries, though on a small scale. Modern iron production on a large scale is comparatively speaking very new, though Manchuria has quite large iron deposits. Much of the ore is of comparatively poor quality, but in some places rich secondary ore zones exist which often have an iron percentage of more than 60%. The iron ore deposits are estimated at about 400,000,000 tons, of which far the larger part is in South Manchuria. The principal iron regions are the Anshan, Kungchangling and Penhsiuh districts. The ores are both hematite and magnetite, with silica appearing in alternate seams in some cases.

The Anshan ores are used at the Anshan Iron Works of the South Manchuria Railway Company, while the Kungchangling ores are mined by the Kungchangling Company, Ltd. a joint Sino-Japanese corporation. The ores for the Penhsiuh Colliery and Iron Works are mined at the Miaerhkou iron mine, situated 40 kilometres south-east of Penhsiuh. The Anshan and Penhsiuh iron works have modern equipment. Other iron ore districts are in the Yalu River region, in the north-eastern part of Manchuria, and along the upper Taitzu River basin, east of Penhsiuh. Some ores are also found in the Kwantung Leased Territory. But since these either are located in remote and inconvenient districts, or the deposits are poor in quality

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or small in quantity, they have not yet been utilized to any great extent. These are mined by a primitive process and made into pig iron by the Chinese. The competition offered by better products from elsewhere has placed the native iron industry in a difficult situation.

A. Anshan Iron Ores and Iron Works.

The Anshan iron mine is the general term used to designate the mines of Yingtaoyuan, Wangchiapaoztzu, Kuammenshan, Takushan, West Anshan, East Anshan, Hsiaolingtzu, Teishihshan, Paiohiapaoztzu, Itanshan, and Hsinkuammenshan, which are located within a radius of 15 kilometres from the Anshan Iron Works. The An and Tuimen Mountains (An Shan and Tuimen Shan, in Chinese) are very rich in iron ore, with an ore seam of from 60 to 150 metres thickness, forming the ridges of these mountains. The total deposit of iron ores in this district is estimated at over 250,000,000 tons. On the whole these deposits consist of the hematite group with an intermixture of magnetite. The deposit which contains comparatively large amounts of magnetite is located at Takushan and at the end of Wangchiapaoztzu. The ores are generally exposed on the mountain top.

Analyses showed that the iron percentage was relatively small. The ore of East Anshan has an average percentage of 27%, the West Anshan ore 30%, the Takushan ore 37%, and the Yingtaoyuan ore 28%. All the deposits have some rich ores, and when these better ores are selected, an average of 40% to 60% of iron content is obtained.

During the European War, the demand for iron suddenly increased. At one time, scrap iron was shipped even from the interior of Siberia and North Manchuria. Then the South Manchuria Railway Company realized the necessity of establishing iron works, and organized the Chenyu Company, a Sino-Japanese joint corporation, obtaining the right of mining in the Anshan district in the name of the company. The South Manchuria Railway Company contracted with this company to purchase the iron ore.

Coal necessary for the iron works is obtained from Fushun and Penhsihu by rail, while lime is brought from Huoliensai, near Penhsihu.

The Anshan Iron Works were established with the object of manufacturing 1,000,000 tons of pig iron or 800,000 tons of steel a year. For erecting a large iron works plant, a water reservoir, and a large town, 1,300 hectares of land was purchased. At the outset, two furnaces were to be erected to produce 150,000 tons of pig iron a year, and the plant was scheduled to be completed in four years. In May, 1917, the work on the plant was started, and on April 29, 1919, the first furnace was fired. The second furnace was completed at the beginning of 1920, but on account of the financial depression, its firing was postponed. (Pig iron dropped from a war-time peak of Yen 440 a ton to Yen 50 a ton.) Later, the first furnace went out of commission, and it became necessary to fire the second furnace. When the repairs on the first one were completed in October, 1924, both were operated. Again, in February, 1925, repairs were commenced on the second furnace, and with one furnace the daily output reached 230 tons.

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The Anshan ore is of very poor quality, yet large amounts are available. Thus, it early became clear that if poor ore could be satisfactorily concentrated, the industry would have a promising future. Consequently, the South Manchurian Railway Company established a research laboratory at the Iron Works to find a method of concentrating the poor ore. As a result, a method of concentrating the ore by means of reduction furnaces was developed, which held the promise that the works could be run at a profit. Therefore, it was decided to invest an additional Yen 11,000,000 to carry out a revised plan of producing 200,000 tons per year. The erection of the concentration furnace was started in April, 1923, and in July 1926, it was completed. The efficiency of the concentration works in concentrating poor ores has been demonstrated successfully, the concentrate coming from the reduction plant having an iron content of around 55%.

Reorganization of the administration of the works, involving the lowering of costs and increased production was carried out in 1927-29. It was decided, too, to increase the production by erecting an up-to-date blast furnace which could produce 500 tons per day. This was completed in March, 1930, at a cost of Yen 4,300,000. The results of the new policy quickly showed themselves. Losses for the fiscal year 1927-28 were cut to Yen 157,500, as compared with Yen 3,800,000 for 1926-27, and the production rose to 206,709 tons compared with 165,054 tons. The next year the works showed a profit of Yen 1,200,000, and the production also further increased. Continued fall of the price of pig iron, reduced the 1929 profits to Yen 540,000, but the works now are on a sound financial basis.

The fiscal year 1928-29 was the first in which the works showed a profit on operations. In spite of the heavy losses prior to that time, production had been continued because of the vital necessity to Japan of being able to secure supplies of pig iron for her growing industries. The accumulated losses for the fiscal years 1919-20 to 1927-28 inclusive were Yen 26,860,000. The profits for the two following years totalled Yen 1,758,000, making a net loss of over Yen 25,100,000.

The production of pig iron at the Anshan works, since production started in 1919, has been as follows:

Anshan Iron Works Pig Iron Production (Tons)			
Fiscal Year Beginning April 1	Production	Fiscal Year Beginning April 1	Production
1919	32,128	1925	89,675
1920	76,477	1926	165,054
1921	58,099	1927	206,709
1922	67,608	1928	228,052
1923	73,468	1929	215,810
1924	96,013	Total	1,307,091

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B. Other Iron Mines.

The Penhsihu Iron Works: Penhsihu has long been known as an iron producing district. In May, 1909, Baron Kihachiro Okura and Hsi Liang, Governor of Fengtien Province, (now Liaoning Province) agreed to form the Penhsihu Colliery Company. It was found that the Penhsihu coal was well suited for iron manufacturing, and the Miaocerhoku iron mine is less than 50 kilometres from Penhsihu. Therefore, it was decided to manufacture iron as well, and in October, 1910, the company was changed to the Penhsihu Colliery and Iron Works, following negotiations with the Chinese authorities.

As a start, two furnaces of 130 capacity tons each, with the necessary equipment, were planned. The first furnace was completed at the end of 1914, and the second in 1917. It was at first planned to install two more furnaces of the same size, but during the European War it was difficult to secure the necessary machinery and materials for their construction, and only two small furnaces of 20 tons capacity each were built. The financial depression after the war made the operation of these furnaces very difficult, in consequence of which the iron works were suspended in September, 1921. Subsequently, business conditions improved and the works were revived with the operation of one furnace (130 ton capacity), producing annually 50,800 tons of pig iron.

In recent years, as more funds became available, subsidiary industries such as the manufacture of bricks, dye stuffs and fertilizers have been undertaken or planned. Improved methods of coke production also have been introduced.

The pig iron production at Penhsihu has been as follows:

Penhsihu Iron Works Pig Iron Production (Tons)			
Year	Production	Year	Production
1920	49,627	1925	50,800
1921	31,513	1926	51,816
1922	Closed	1927	51,308
1923	24,778	1928	64,038
1924	52,781	1929	77,521

The Miaocerhoku Iron Mine. The Miaocerhoku iron mine is owned by the Penhsihu Colliery and Iron Works, and supplies iron ore to the Iron Works. It is located about 8 kilometres north of Nanfen on the Shenyang railway line. This district belongs to the Pre-Cambrian Period, and covers irregularly the gneiss. Iron ores are found in a seam form in granite, gneiss, and micaschist. The deposit is quite large, forming a ridge from

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the mountain top to the foot. Its thickness ranges from 60 to 180 metres, averaging about 90 metres. The mine has a large deposit, but the ore ordinarily contains only about 30% to 40% of iron. Only here and there are found rich ores of 60% to 70%. The ore mined at the Miaocerhoku mines by the Penhsihu Iron Works and used in making iron is generally rich.

Smaller Iron Mines: The Kungchangling iron mine is situated in the Liaoning district, Liaoning Province, between Liaoyang and Penhsihu. It is operated by the Kungchangling Iron Mining Company, a joint Sino-Japanese corporation. The deposit is quite similar to that at Anshan, consisting of hematite and magnetite, and the quantity is quite large.

The Chitaokou iron mine is situated 10 kilometres south-east of Tunghuacheng, Liaoning Province, and produces hematite. The quality is fairly good, but the quantity is not large. It is not known when this mine was first opened, but recently the Chitaokou ore and other ores have been used in making agricultural implements, kettles, pans, and other implements for local use.

The Antzuho Iron Mine is 56 kilometres south-east of Hailungoheng, Liaoning Province, and the ore consists chiefly of magnetite, suitable for making articles for local needs.

The Tihsiungshan Iron Mine and the Penhsihu region were the great iron producing districts during the Hsin Feng and Tung Chih periods of the Ching Dynasty (1850-1875). But at present the total pig iron and steel production at Tihsiungshan is only 200 tons annually.

C. Imports and Exports of Iron.

South Manchuria both imports and exports iron and iron products, and the trade in these articles is growing from year to year. The exports under this general heading consist largely of the comparatively cheap pig iron, while the imports include considerable quantities of steel, which accounts for the fact that the value of the imports is distinctly greater than of the exports, though the weights are less discrepant. The following tables give recent figures:

South Manchurian Imports and Exports of Iron and Iron Products (Annual Totals)				
Year	Imports		Exports	
	Quantity (Metric tons)	Value (Taels)	Quantity (Metric tons)	Value (Taels)
1925	129,542	7,944,464	130,341	3,382,709
1926	125,517	9,615,321	178,631	4,620,655
1927	125,481	10,189,200	224,464	6,133,643
1928	162,109	12,314,764	249,591	7,515,097
1929	178,903	14,199,818	234,128	7,368,432
1930	120,360	12,774,564	229,462	8,508,870

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South Manchurian Imports and Exports of Iron and Iron Products (Principal countries of origin and destination; Haikwan taels)				
Imports -- countries of origin		1929	1930	
	Taels	% of total	Taels	% of total
Japan	7,003,685	49.4	7,097,017	55.5
Belgium	4,326,916	30.5	2,064,476	16.2
China -- foreign goods	928,390	6.6	922,076	7.2
China -- Chinese goods	20,433	.1	22,334	.2
United States	842,844	5.9	765,710	6.0
Great Britain	316,056	2.2	582,920	4.6
Germany	343,813	2.4	527,901	4.1
Netherlands	173,791	1.2	381,389	3.0
Chosen	27,919	.2	66,679	.5
Italy	14,642	.1	200,658	1.6
Others	201,329	1.4	143,404	1.1
Total	14,199,818	100.0	12,774,564	100.0
Exports -- countries of destination				
Japan	6,223,585	84.5	6,732,988	79.1
China	754,685	10.2	1,470,338	17.3
Chosen	372,162	5.1	278,044	3.3
Philippines	18,000	.2	17,600	.2
Others	---	---	9,900	.1
Total	7,368,432	100.0	8,508,870	100.0

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D. Gold, Copper, Silver, Iron Sulphide, Lead and Galena.

Gold. Manchuria is fairly rich in gold, both alluvial and ore. One authority estimates the total deposits at 3,300,000 kilograms, though no careful survey has been made. Almost all the gold now produced is alluvial -- and formerly gold was the most important in value of all the mineral products of the region, though now it has lost this place with the development of the coal and iron mines. There are many gold veins and alluvial gold deposits which have been operated on a small scale, and can be so again. No large deposits which have been operated for long periods have yet been discovered, however.

Gold deposits are found mostly in Heilungkiang Province. In 1913 when a record production was witnessed, the total output was 19,795 kilogrammes. This was from 113 gold mining districts. The majority of these gold districts in Heilungkiang belong to the Chinese Government. In Liaoning there are 54 mines, in Kirin 39, in Kwantung Leased Territory 10, and in Mongolia 6. Heilungkiang Province so abounds in gold mines that the Chinese have called the province the "Golden District" or "Gold Producing Country". No other province or district in China equals Heilungkiang in the amount of gold production, except perhaps Szechuan.

The Russians entered Heilungkiang from Siberia about 1750 and engaged in gold mining, but since the Russo-Japanese war, the industry has almost entirely been monopolized by the Chinese Government. In 1931 a Sino-British syndicate secured the right to undertake gold mining in Manchuria. The principal gold mining areas in Heilungkiang Province are in the upper regions of the Mo River, along the banks of the Amur in the northwestern corner of the Province particularly, in the Huma region and on the Wutung River.

The better-known alluvial gold areas in Liaoning Province are those of Tunhua and Huaijen on the Ualu River, Wufenglou and Wantientzu in the upper reaches of the Hun River, and near Tiehling on the Chien River. In Kirin Province, the Chientao district, the Huatien and Huifah districts, the eastern upper sections of the Sungari, and the northern part of the Province are known for their gold. The Sanhsing district in the northern part of Kirin has been especially famous for its gold.

The methods adopted by the inhabitants of Manchuria are pit mining and washing. Pit mining is generally practiced by the Chinese miners in North Manchuria, and the washing method by Koreans in the Moaerh Mountain district. In the pit mining method, a perpendicular pit is bored until it reaches the gold bearing seam. The ores are dug up and carried to streams to be washed for obtaining gold. This method is often very convenient, but it requires much labor and is suitable for use only in a very limited area. In the washing method, river water is drawn to the gold bearing seam, and is allowed to wash out the gold. Thus by mining and washing at the same time, considerable labor is saved. This method somewhat resembles the placer mining method used in California, U.S.A.

It is difficult to obtain data on the gold mining of Manchuria because the mines are scattered and operation is suspended frequently. But the following will throw some light upon the gold output:

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Gold Production of Heilungkiang Province (1927; figures by M. Torgasiev)		
District	Quantity (Kilograms)	Value (Taels)
Aigun	3,000	About 135,000
Huma	1,080	" 48,000
Han River	198	" 9,000
Paohua	420	" 19,000
Nonni	60	" 3,000
Total	4,758	" 214,000

Copper. Manchuria possesses several copper mines, but the copper refining industry has not been well developed. Only at the Tienpaoshan silver and copper mines, 50 kilometres west of Chutzukai (Kirin), the Panshih copper mine 17 kilometres north-east of Panshihcheng (Kirin) and the Pichou-Shaotzu copper mine, 140 kilometres above Kirin on the Sungari, is copper refining done at all, and even there on a very limited scale. At other places, however, copper ores sometimes are dug up and smelted by the local inhabitants.

Silver. The Tienpaoshan Silver and Copper Mine operated by the Tahsing Partnership Company, a joint Sino-Japanese company, is the only silver mine that has had promising results. But this mine is now mainly producing copper. There are several other silver deposits that have been worked, but both the deposits and the production are negligible.

Iron Sulphide. Iron sulphide is found at Penhsihu, Fengcheng, and Kaiping, all in Liaoning, but the ores are either of very poor quality, or so small in quantity that they scarcely are worth mining. Iron sulphide is mined together with coal, or by natives in a primitive way, and is used for making sulphur or copperas, or sold as material for making sulphuric acid. The output is small and has little value industrially.

Lead and Galena. Lead is found in Manchuria as silver-bearing galena. It has been mined in a primitive way by the natives from ancient times, but the deposits generally are small and irregular, and cannot be operated extensively.

3. Effects of the Railways on the Mining Industry.

The history of coal mining in Manchuria prior to the establishment of the South Manchuria Railway Company, may be divided into two periods: the period of mining by Chinese; and the period during which the southern branch of the Chinese Eastern Railway Company was built by Russia. During the period when coal mines were operated by the Chinese, it could not very

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well be called an industry because of the lack of transportation facilities. Only such deposits as were visible on the surface of the ground or those struck in digging wells were mined. The coal was supplied to the neighboring farmers for domestic consumption. The mining of the Fushun coal was prohibited by the Ching Dynasty, since it was located near the birthplace of the dynasty and the Imperial mausoleum. Such being the situation, Manchurian coal mining did not advance beyond the primitive stage.

When the Russians advanced southward into Manchuria and constructed railways, however, they needed coal for their locomotives. Particularly during the Russo-Japanese War, they required large quantities, and they obtained control of and operated coal mines at various points.

Effects on Coal Output and Utilization: The fundamental factor required in developing coal mining is adequate transportation. Before the opening of the railways, mined coal had to be carried by carts over rough roads. Accordingly it was quite difficult to supply this fuel to points even as far as 30 to 50 kilometres from the mine. The construction of the railways by Russia caused a revolutionary change in transportation. Russians also operated the Fushun, Yentai, and Shihpeiling coal mines. But these mines were worked to supply the railways with the necessary coal, for military purposes, and not for the economic development of Manchuria.

Thus under the Russians these mines, which had enormous deposits and were capable of being developed, were not properly improved. The coal output, therefore, did not materially increase under the management of the Russians. While it is difficult to obtain definite figures for the coal production before the coming of the railways, it is estimated that the total annual production was from 100,000 to 150,000 tons. Even Russia came to operate the railways, and opened other mines besides the one in Fushun, the total output in Manchuria did not exceed 400,000 tons. After Japan succeeded Russia in South Manchuria, she pushed the development of coal mining. Over Yen 112,000,000 have been invested in the Fushun and Yentai coal mines, and modern methods have been introduced in these places. At the same time, transportation facilities have been greatly improved, enabling these and other mines to dispose of a large output. These two mines produced close to 7,500,000 tons of coal in 1929, or nearly 20 times the maximum production in Russian days.

As the climate of Manchuria is extremely cold in Winter, every household requires heating. But the fields and mountains near the settled areas are generally bare of trees, and the fuel supply is inadequate. Before the construction of railways, coal was used only for cooking and heating purposes, and by blacksmiths in the immediate vicinity of the mines. Rarely was it used in ceramic and distilling industries. In parts distant from the mines, kaoliang stalks were the only fuel obtainable. With better means of transportation and the growth of the coal industry, however, coal has come to be used as fuel not only along the railways but also in cities along the lines.

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Coal also has aided materially in the development of industry in Manchuria. In fact, unless the coal resources had been opened up on a substantial scale, and transportation kept pace, any large amount of industrial development in Manchuria would have been and would be impossible.

The following table indicates something of the wide variety of uses to which the coal is put. The figures are for the coal produced by the South Manchuria Railway Company is put:

Uses of South Manchuria Railway Company Coal (1927; metric tons)					
Used by the South Manchuria Railway Company		Used by Others than the South Manchuria Railway Company			
Purpose	Amount	Purpose	Amount	Purpose	Amount
Railway	579,503	Distillatory	101,326	Household	582,144
Steamships	11,318	Bean oil mill	153,007	Railways	174,241
Factories	25,568	Brick kilns	136,477	Japanese Gov. offices	48,893
Iron works	475,761	Blacksmiths	50,759	Chinese Gov. offices	138,729
Coal mines	183,911	Factories	438,274	Miscellaneous	16,755
Miscellaneous	68,464	Electricity and gas	190,033	Total	2,034,429
Total	1,344,626	Bunker coal	3,791		

The grand total of coal distributed by the South Manchuria Railway Company in 1927 thus was 3,379,055 tons, of which 39.9% was used by the company itself and 60.1% by outsiders. The figures do not include coal handled for export.

The improvement in harbor and shipping facilities particularly at Dairen has stimulated the export of coal.⁽⁵⁾ From this export, Japan and China have been the chief gainers, since between them they take over 80% of all the coal exported. Asia in general benefits far more than other parts of the world between 98% and 99% going to the Asiatic countries. The opening up of these export facilities has contributed largely to the development of the coal mining in Manchuria.

(5) Table giving coal export figures appear on Page 129.

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Effects on the Iron Industry: Iron and coal are the predominant minerals of Manchuria, in particular of the central part of South Manchuria. Limestone, which is required for the iron industry, likewise is found abundantly. Manchuria thus is well favored for iron manufacturing, but the development of this industry on a large scale requires a great investment of capital, besides means of transportation and markets. Consequently, the industry is one of the most difficult to operate. The early inhabitants of Manchuria lacked all these modern aids to iron manufacturing and iron was produced only on a very small scale. Foreign iron, therefore, was largely imported in the early years of the modern period.⁽⁶⁾

The iron consumption in Japan is greater than the domestic production, and Japan's resources of iron ore are small, particularly in the light of the rapid development of her industries. Japanese capital and technical knowledge therefore was turned promptly to developing the iron industry in Manchuria after 1907, and the South Manchuria Railway Company has given this industry much attention. This Japanese effort has contributed substantially to the development of a great iron industry in this region. At present the Anshan Iron Works, operated by the South Manchuria Railway Company, and the Penhsihu Iron Works, a joint Sino-Japanese corporation, produce about 290,000 tons of pig iron a year (1929), though the amount varies from year to year.

The financial depression following the World War caused a setback in the iron industry in Manchuria. Conditions have improved gradually, however, and now this industry is well on the road to sound progress. The development of industry generally in Manchuria also will aid the iron industry by increasing the local demand for iron and iron products. Further indication of the soundness of the growth of this industry is given by the figures for the exports from South Manchuria of iron and iron products. It is interesting to note that, by weight, the exports of these articles exceed the imports, though the import values are higher. This is due to the fact that the bulk of the exports consist of pig iron and similar comparatively cheap materials, while the imports include substantial amounts of the more expensive steel.

4. Mining Concessions Held by Foreigners

A. Japanese Mining Concessions.

Mining concessions held by Japan in South Manchuria fall into two principal groups: (1) those acquired by transfer from Russia; (2) those secured by direct negotiations with China.

The mining concessions in South Manchuria originally granted to Russia in agreements of 1896 and 1898 were transferred to Japan as a result of the Russo-Japanese war of 1904-5. This transfer was made by Russia in Article V of the Portsmouth Treaty, and China's consent was secured to the transfer in Article I of the Sino-Japanese Agreement of December 22, 1905.

6. Import and export figures for iron and iron products are given on Page 137 and 138.

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By this transfer, Japan obtained the mining rights in the Kwantung Leased Territory and along the railway zone. The Japanese interpret the right to a voice in the mining concessions in the neutral zone (not definitely defined region just north of the Leased Territory) as included in the privileges granted under the transferred lease of the Kwantung Leased Territory.

Article VI of the Portsmouth Treaty gave to Japan without compensation all coal mines belonging to that part of the Chinese Eastern Railway which was transferred to Japanese control or those operated for the railway's benefit. This transfer was agreed to by China, but there arose later a dispute over the Fushun, Yentai and other coal mines on the ground that these belonged directly to the Chinese Eastern Railway rather than to the Russian Government and hence could not be transferred by the latter. Japan's right to these mines was confirmed, however, by subsequent agreements with China, particularly the Sino-Japanese Agreement signed September 4, 1909. In Article III of this agreement, the Chinese Government acceded to the Japanese claim to the right to work the Fushun and Yentai coal fields and assented to "most favored" tax rate treatment for the operation of these mines and the most favored export tax treatment for exports of coal. Furthermore, Article IV of the agreement declares that other mines along the South Manchuria Railway and the Mukden-Antung line can be opened under joint Chinese-Japanese management. But the Japanese have found great difficulty in getting Chinese co-operation in joint mining undertakings. The Penhsihu Colliery and Iron Works is the only joint Chinese-Japanese mining organization which has come into existence.

As a result of negotiations with China in 1915, Japan secured the right to operate the following mines: Neuhsintai, Shansungkang, Tienshihfuku, Tiehchang, Nuantitang and Anshan in Liaoning Province, and Kangyao and Tsaipinkou in the southern part of Kirin Province. It also was agreed that pending the completion of mining regulations, precedents would be followed. This meant the operation of the mines under joint Sino-Japanese management. As a result of these and other agreements, all the mines in Manchuria except the Japanese-controlled Fushun and Yentai coal mines, are under joint Sino-foreign control.

B. Russian Mining Concessions.

Russia became interested in mining in Manchuria and projected operations before diplomatic relations were opened between the two countries, in the seventeenth century. Russia acquired her formal mining concessions under the Russo-Chinese treaty signed in 1896, generally known as the Cassini Treaty.

In Article VII of this treaty, it is provided that, although there formerly were regulations prohibiting mining in Heilungkiang, Kirin, and the Changpai Mountains, the Russians and the Chinese would be permitted to mine in these districts upon the ratification of the treaty, but that it would be necessary to apply to the Chinese authorities before actually starting the operations. It further is stipulated that the Chinese authorities would issue necessary permits in accordance with the mining regulations in effect in China Proper. Thus, by this treaty, Russia's

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right to operate mines in Manchuria was recognized. Article XI of the treaty had a provision that, upon the ratification of the treaty, Russians might at once begin the construction of railways and start mining operations in Manchuria.

In the treaty concluded between Russia and China regarding the construction and management of the Chinese Eastern Railway, based upon the above mentioned Cassini Treaty, mines are excepted. These were to be governed by special agreements, as specified in its sixth article. Article I of the Chinese Eastern Railway regulation (1896) has a clause to the effect that with the sanction of the Chinese Government, the company might operate coal mines in conjunction with the railway operation or independently, and also conduct other mining and business enterprises in China. In the supplementary treaty signed in 1898, regarding the southern branch of the Chinese Eastern Railway line, it was stipulated, in the last half of Article IV, that in the district traversed by the railway line, mining of coal necessary for railway construction and operation would be permitted, and payments were to be made based on the amount of output.

The mining concession in the Leased Territory was, of course, given to Russia. Regarding the neutral zone, the supplementary agreement for the creation of such a zone in the Liaotung Peninsula, concluded on May 7, 1898, says that, unless approved of by Russia, road construction, mining, industrial and commercial concessions in the neutral zone shall not be granted.

The Cassini Treaty and the Chinese Eastern Railway agreements were followed by a series of agreements covering rights to prospect for and mine coal, iron, gold, silver and other minerals in Manchuria signed in 1901-1903, by the provincial authorities usually. These gave the Russians, in some cases acting alone but in others in co-operation with the Chinese, wide and in a measure exclusive mining opportunities. The Russians did a good deal of prospecting under these agreements, and started opening up some of the principal coal mines. The Chinese Eastern Railway and the Russo-Chinese Bank were the leaders in these efforts. In 1905, however, as a result of the Russo-Japanese war and by agreement with China, the mining rights associated with the railway and the Leased Territory in South Manchuria passed to Japan. Then the Russian Revolution came in 1917, and considerable confusion developed as to the status of Russia's interests in Manchuria. Diplomatic relations between China and Soviet Russia were restored by treaty in 1924, but they were broken off again in 1928. As a result of these developments, the various Russian mining agreements have in effect lapsed, except those directly pertaining to the Chinese Eastern Railway. ✓

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CHAPTER VII. MANUFACTURING.

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Modern manufacturing in Manchuria is carried on in approximately 1,390 plants, and industrially Manchuria now occupies an important place in manufacturing in China, next only to Kiangsu, Shantung and Kwangtung Provinces. Twenty-five years ago there were very few modern plants, though many small old-fashioned bean mills, distilling plants, ceramic kilns and other similar semi-domestic "factories" existed. In the recent development of Manchuria, manufacturing expansion has been especially important. In this, the Japanese and Chinese have played the leading parts, though nationals of other countries have had a share. Japanese investments in manufacturing development have been large.

1. Manufacturing Development.

Statistics of the Kwantung Leased Territory Government give the following data indicating the growth of manufacturing in South Manchuria in the twenty years ending 1929. The statistics cover the Leased Territory, the South Manchuria Railway Zone and the Japanese consular districts. Statistics for North Manchuria in similar detail are not available. South Manchuria Railway Company estimates, however, are that there are some 600 factories employing over five workmen each in that region, of which 147 are bean mills, 62 are liquor distilleries and 52 are flour mills.

Factories in South Manchuria (Factories employing over 5 workmen)				
Year	No. of Factories	No. of Labor Days ¹	Capital Investment (Yen)	Value of Production (Yen)
1909	152	-----	16,132,101	6,138,792
1914	244	-----	24,536,830	20,799,196
1919	450	-----	123,571,509	242,882,798
1925	673	10,805,857	283,546,878	158,765,427
1926	685	13,000,903	301,679,138	174,068,554
1927	750	12,937,316	292,002,302	140,378,528
1928	748	11,969,081	304,250,719	144,994,790
1929	789	13,571,319	302,080,061	126,915,076

1. The figures for labor days in this table and subsequent references in this chapter, unless otherwise noted, mean the number of days of work multiplied by the number of employees. For example: 10 day laborers who worked for 300 days in a year would count as 3,000 labor days.

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Thus the manufacturing industry in Manchuria has made striking progress. Notable advancement has been witnessed at many points along the railway lines. Many of the modern plants are operated with Japanese capital and are under Japanese management, but in the last few years manufacturing by Chinese has developed greatly. Just at the time when manufacturing began to develop in Manchuria, the European war broke out, changing market conditions and leading to financial depression.

Various other hindrances to development also existed. In Manchuria, for one thing, factories operated with large capital are very few in number, and the majority are run on a very small scale. These small establishments flourish during prosperous years when speedy turn-over of capital is possible, but in depressed periods they find themselves in difficulties. The fact that many of the raw materials must be imported also is a disadvantage. Imported materials are costly because of freight and other charges, while manufacturers who have to turn out their products speedily often meet with difficulties in obtaining the desired materials when they want them. Then too, while some of the native raw materials are produced in large quantities, they are not produced in the proper form. It is difficult to change the primitive methods of production, because of the ignorance obtaining among the Chinese farmers.

The confusion in currencies² is another handicap. Currencies in circulation vary according to locality, and the mutual exchange quotations are constantly fluctuating. This makes it difficult to estimate costs and to know what prices to charge for finished products.

A. Factory Labor.

Chinese coolies, however, are excellent workers, and Manchurian industries have a great advantage in being able to secure good labor at low wages. The following table indicates the growth of factory employment, and the increasing share of the factory work which is being done by Chinese workers.

2. Chapter II (Page 20 ff) on Currencies, Weights and Measures, gives details of the currency situation.

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Factories and Workers in South Manchuria (1929)				
Industry	No. of Factories	No. of Japanese Labor Days	No. of Chinese Labor Days	Total
Spinning and weaving	65	135,004	2,530,986	2,665,990
Metal Works	79	367,505	1,964,374	2,331,879
Machinery and furniture	72	418,155	1,626,727	2,044,882
Bean Oil and other chemical works	206	201,880	2,868,745	3,070,625
Provisions	177	87,555	1,317,572	1,405,127
Miscellaneous	164	231,451	1,286,310	1,517,761
Special industries	26	109,967	425,088	535,055
Total 1929	789	1,551,517	12,019,802	13,571,319
1928	748	1,455,751	10,513,330	11,969,081

The labor days of the Chinese workers, have increased steadily while those of the Japanese have remained practically stationary. Most of the Japanese workers are skilled craftsmen or foremen. The Chinese laborers generally are untrained, but they are diligent and quick to learn. The higher cost of living for the Japanese workers has made it necessary to pay them somewhat more than the Chinese receive, even for unskilled labor. The following table gives average wage figures for December, 1929, for some of the principal occupations:

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Wages of Craftsmen (December, 1929; daily wage, in Yen)			
Trade	Wage at Dairen	Wage at Shenyang	Wage at Changchun
Carpenter			
Japanese	4.00	3.35	3.75
Chinese	1.40	1.20	1.05
Mason			
Japanese	4.50		5.00
Chinese	1.80		1.35
Joiner			
Japanese	3.75	3.35	3.50
Chinese	1.40	1.30	1.05
Printer			
Japanese	3.00	2.50	2.50
Chinese	1.40	1.05	1.08
Iron worker			
Japanese	3.50	3.55	3.50
Chinese	1.90	1.40	1.25
Coolie			
Chinese	.55	.50	.55

Chinese workers in Japanese factories, on the whole, fare better as to both hours of work and wages than do Chinese workers in Chinese factories. The following table gives average hours of work and daily wages for 1929 in the two kinds of factories; according to Japanese reports.

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Factory Hours and Wages (1929; average daily wages, in Yen).				
Industry	Chinese Workers in Japanese Factories		Chinese Workers in Chinese Factories	
	Wages	Hours	Wages	Hours
Dyeing and weaving	0.41	10.53	0.29	13.40
Metal works	0.88	9.35	0.31	10.45
Bean Oil Mills	0.74	10.27	0.31	10.48
Food and drink factories	0.55	9.48	0.40	11.40
Miscellaneous	0.59	10.10	0.34	13.00

The currency confusion, and particularly the very great fall in the exchange value of feng piao (Fengtien bank notes), in which many of the factories are paid, has contributed to the increase of labor disturbances in the factories. The general awakening of what the Chinese call "national self consciousness" also has played a part. During the ten years ending 1924, there were altogether only about 150 strikes in Manchurian factories, and they all were small affairs, the strikers making only minor demands and the factories not being affected in any serious way. But in the two years of 1925 and 1926 there were some 150 large strikes, seriously threatening the management of the factories. The record in the subsequent years was:

Strikes in Leased Territory and South Manchuria Railway Zone Factories ³			
Strike Data	1927	1928	1929
Number of strikes	43	51	37
Number of workers involved	12,829	9,136	6,535
Working days lost	217	207	213

B. Industrial Financing.

After the reckless expansion during the boom period of the European war, banking institutions, which had aided the development of

3. From the Marmo Nenkan.

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industries in Manchuria, found that their funds were tied up so that they had no surplus to aid new enterprises. This situation was one of the most important causes of the depression in the manufacturing industry of Manchuria which has continued since 1929. Because a large number of Manchurian factories are financed by Japanese investments, the Japanese Government and capitalists in 1923 granted special loans amounting to Yen 20,000,000 for financing and supporting the Japanese factories in that region. But 70% of the loans went to the relief of banking institutions in Manchuria which had made reckless investments, and only 30% was given actually to aid industry. Since that time considerable further sums have been advanced, chiefly by the South Manchuria Railway Company. The outstanding total of Japanese investments (direct and as loans) in manufacturing enterprises now is approximately Yen 110,000,000, not including the Yen 38,000,000 invested in electricity and gas plants nor the much larger sums put into railways. The outstanding loans of the Japanese banks in Manchuria at the end of 1929 amounted to Yen 221,560,000.⁴

Because of past experience and the general world-wide depression conditions now obtaining, however, it is difficult to secure additional funds from Japanese sources for further development of new industries in Manchuria. The Chinese also are finding it hard to get money together for industrial expansion at present.

C. Trade Difficulties.

Except for certain specialized products such as bean oil and bean cakes, which are not produced in large amounts elsewhere, the products of Manchurian factories face serious difficulties in securing markets outside of their own territory. Import duties check their movement into Japan and other countries, and Chinese export duties must be added to freight charges and initial costs in competing in non-Chinese markets. Until recently, too, foreign manufactured goods were serious competitors of Manchurian manufactured goods even in Manchuria itself because of the low Chinese tariff rates. The selective increases in these rates since 1929, however, have aided Manchurian industry somewhat in this respect. The products of the Manchurian factories also have had to compete even in their own territories with the products manufactured in the homes. There is considerable domestic manufacturing of cotton cloth, felt goods and similar articles.

In spite of these difficulties, however, the future for manufacturing in Manchuria is bright. The population is large and growing, the basic raw materials (coal and iron particularly) are at hand in abundance and the steadily rising standard of living creates a constantly increasing demand for manufactured products.

4. See also the section on Japanese investments in Chapter VIII on Commerce (Page 199 ff.) and the table of Japanese bank loans in Chapter III on Financial Institutions (Page 43.)

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2. Bean Cake and Bean Oil.

The vegetable oil industry was first started in China more than two hundred years ago. In Manchuria, however, oil was formerly obtained only from flax seeds, and it was only about sixty years ago that the method of pressing flax seeds for oil extraction began to be applied to soya beans in the Tiehling and Changchun districts, which were the central markets for beans at that time. Because of the favorable results obtained with these first trials, the industry soon developed.

Soya bean cultivation is well suited to the newly opened fields of Manchuria, and the oil is an indispensable article for the Chinese, as food stuff, for lighting and in many other ways. Therefore when the possibility of extracting oil from soya beans was demonstrated, bean oil production suddenly came to be carried on as a domestic enterprise. In the beginning, however, the methods used were crude and primitive, and the yield was only sufficient to supply local needs. At first no use was known for the bean cakes left after the oil had been extracted, except for feeding small amounts to domestic animals. Then the value of the cakes as fertilizer was discovered. Farmers migrating to Manchuria from Shantung were the first to use bean cakes for fertilizer. By utilizing bean cakes in this way, they helped to give value to the cakes, and the bean oil industry was greatly encouraged. Consequently flax seed oil gradually lost its popularity, and the bean oil mills became so much more numerous that they pre-empted the name yu fang, or oil mill.

After the Sino-Japanese war (1894) bean oil began to be exported to Japan as a food stuff and bean cakes as fertilizers. Thereafter, the industry underwent rapid development. But at that time the exports were limited to Japan, and the value of the exports was insignificant. In 1908, the Mitsui Bussan Kaisha made its first trial shipment of bean oil to England. As its value came to be recognized in Europe, bean oil instead of being simply a substitute for flax seed oil became an important article of international commerce. During the period from the Russo-Japanese war (1904-5) to the European war, the export of bean products made gradual progress, but the European war stopped the export to Europe. It was found, however, that bean oil products could be used in making glycerine, which is required for making explosives. When the production of cotton seed oil was reduced on account of the poor cotton crop in the United States, the demand for bean oil suddenly increased, and its export to America became larger.

With the steady and swelling migration of farm workers to Manchuria, bean production in Manchuria greatly increased, but as a result, there was over-production of beans. Unless the industry utilizing beans could be expanded, it was feared that the entire supply could not be utilized. But at about that time it was discovered that bean cakes would make good fertilizer, where the soil lacked nitrogen as in Japan, and also fodder for domestic animals. These discoveries suddenly swelled the demand from South China, Europe, and America as

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well as from Japan, which led to a rapid development of the bean-products industry.

Meanwhile the Manchurian bean oil industry has been improved, and it is no longer chiefly a household enterprise using primitive methods. Machinery and other scientific aids have been utilized, and at present large modern plants are found at all the important parts of Manchuria. For the development of this industry, the cheap and abundant supplies of labor and fuel available and the expansion of bean supplying districts through the extension of railway lines have been very important factors. The Central Laboratory of the South Manchuria Railway Company also has made important contributions to the development of this industry.

A. Production and Export.

Before the construction of railways in Manchuria, Yingkou was the centre of the bean oil industry. In 1866 two bean oil mills were opened at Yingkou. Subsequently the number of mills gradually increased, and after the Russo-Japanese war, the Mitsui Bussan Kaisha of Japan, and the Butterfield and Swire Company of England also opened bean mills at Yingkou, which thus came to have 30 bean mills.

Russia planned to make Dalny (now Dairen) a great trade port after the construction of the railway line, but before this plan was completed, the Russo-Japanese war opened, and later Japan came to operate the railway as well as the harbor at Dairen. Since then Dairen gradually has replaced Yingkou as the centre of the bean oil industry. With the development of bean production in North Manchuria, however, bean oil mills also were erected in that region. In 1929 there were 108 mills in the Leased Territory and the Railway Zone, and 364 elsewhere in Manchuria, making a total of 472 mills. Dairen had the largest number of mills, with Harbin second. Modern mills with scientific equipment are today found chiefly at Dairen and Harbin, while at other places the old fashioned mills still are in use. Bean oil mills and their production capacity have been as follows:

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Bean Oil Mills						
Location	1928			1929		
	Number of mills	Daily Production Capacity		Number of mills	Daily Production Capacity	
		Bean cakes ⁵ (Pieces)	Bean Oil ⁶ (Kilograms)		Bean cakes (Pieces)	Bean Oil ⁶ (Kilograms)
Dairen	59	213,600	576,720	59	218,100	654,300
Yinkou	22	32,592	87,998	22	38,634	115,902
Harbin	46	76,810	207,387	40	83,125	239,348
Antung	21	37,944	102,449	26	53,726	161,178
Elsewhere in North Manchuria	28	44,320	119,664	28	46,165	126,325
Elsewhere in South Manchuria	252	85,408	170,602	297	130,171	394,713
Total	428	490,674	1,264,820	472	569,921	1,691,766

This gives a full-time production capacity, on a 300 day basis for 1929, of 170,967,300 pieces of bean cakes, or 4,718,946 tons, since each bean cake weighs approximately 27.6 kilograms (46 Chinese chin), and 507,529 tons of oil. The plants, however, did not work up to this full-time capacity. The aggregate production for 1929 is estimated at approximately 2,200,000 tons of bean cakes and 200,000 tons of bean oil. The total bean production in Manchuria in 1929 was about 5,230,000 tons. Of this amount, some 2,783,000 tons (53.3%) were exported as beans. The bulk of the balance of 2,447,000, ~~000~~ tons went to make the bean cakes and bean oil, of which products 1,243,000 tons were exported. Soya bean and bean products exports thus amounted to 4,026,000 tons in 1929, or over 75% by weight of the production of soya beans in that year. The total of soya beans exported, bean cakes and bean oil produced was roughly 4,983,000 tons or over 95% of the total soya bean production. ✓

5. From Kwantung Leased Territory Government Report.

6. From Manchuria Industrial Statistics.

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Bean oil and bean cakes exported through Yinkou averaged 310,000 metric tons a year in the years 1901-1903. But in 1925 the figure dropped to 215,000 tons; in 1929 it was 191,700 tons and in 1930 only 128,200 tons. The total exports of bean cakes and bean oil for 1925, 1929 and 1930 for South Manchuria were 1,549,300 tons, 1,242,531 tons and 1,168,556 tons respectively. The values of these exports for South Manchuria during the same three years were Taels 77,077,984, Taels 75,620,559 and Taels 74,522,787, while the estimated production of the 108 bean oil mills in the Leased Territory and the Railway Zone in 1929 was Yen 223,296,000 (approximately Taels 153,997,000).

3. Bean Products Refining.

A. Foodstuff Value of Beans and Bean Products.

The ingredients contained in soya beans vary slightly according to locality and the season grown. An average analysis of representative beans of Manchuria is as follows:

Water	8.5%
Crude fatty oil	18.
Crude Albumen	40.
Soluable nitrogen & fibre	28.
Ash	5.5

It will thus be seen that soya beans contain compounds suitable for human food. Not only do they contain a large amount of fatty oil, but they have much more albumen than generally is found in cereals and pulse or even meats. The value of any food stuff cannot be determined merely by the amount of oil or albumen, however; it depends upon the nature of the oil or albumen contained. Especially in case of albumen, the value must be decided by the variety and amount of amino acid, or in other words, the food value can only be determined from the vitamin content and by actual experiments.

Scientific examination has shown that soya beans lack nothing in the nature and amount of amino acid. By actual experiments it has been proved that the bean albumen is superior to vegetable albumen, and is next only to beef and fish meats. Not only do beans soya contain much oil, but recently it has been discovered that the bean oil contains much vitamin A, which is not found in other vegetable oils. Bean oil also contain much vitamin B. Science has thus proved the superior food value of beans.

It is generally believed that Oriental peoples who have been using rice and wheat as their main food stuffs lack proper nourishment.

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In Japan, meat eating has not been popular because of the Buddhistic teachings. But this shortage in nourishment may be supplied by soya beans and bean products. Hence, because of their nutritive value, the use of beans is expected to be greatly expanded in the future. In European countries scientists have made studies of the nutritive value of soya beans. Already cakes and bread are made of bean flour, and bean milk, too, has been made in some of the European countries. The Central Laboratory of the South Manchuria Railway Company is studying the further utilization of beans. The Japanese and Chinese people for centuries have been using "bean cheese" (tofu) and other soya bean products as important articles of diet.

B. Industrial Value of Bean Oil Products.

For only a little more than ten years has soya bean oil occupied an important place in the world oil market. But in this short period its uses have multiplied rapidly. Not only can bean oil be produced cheaply and abundantly, but it can be used both as food and in many ways as an industrial oil. Refined, it is suitable for making salad oil, artificial pork fat, artificial butter, and other food products. It can become a substitute for olive oil, or cotton seed oil, besides serving as a soap-making material. Its largest uses are as food and for making paints and soaps. At present, of these three main uses, food stuffs come first, in making salad oil, artificial lard, and artificial butter; the second is paint making, the oil being used as a solvent in making paint, varnish, and linoleum; and the third is for soap making.

Although bean oil may be substituted for various other materials and the field for its use is wide, it still cannot surpass other materials as the best for any particular purpose. To cite a few examples: linseed oil is not suitable as a food stuff, but it has no rival as a solvent of paints. Therefore, when linseed oil can be obtained cheaply and abundantly, bean oil will not be substituted for it, but when linseed oil is expensive or cannot be obtained, there will be a demand for bean oil. Then again, olive oil and cotton seed oil are not suited for paint making, but stand foremost as food stuffs, surpassing even bean oil. Bean oil is also inferior to peanut oil, palm oil, olive oil, copra oil, and cotton seed oil in making soap but bean oil is a good substitute for these. For this reason, market price of bean oil is always controlled by the market condition of other oils. The principal advantage of bean oil is that it can be produced easily and cheaply, and as it contains a very small percentage of free fatty acid, it can be preserved for a long period. Furthermore, since in Manchuria bean oil now is produced chiefly as a by-product of bean cakes, the demand for which is steady and stabilized, it can be supplied at a price acceptable to the world market. It is possible, therefore, that this oil will be able to maintain its present position in the world market.

Some of the many uses to which bean oil can be put are as follows:

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Refined Bean Oil as Food Stuff: Crude bean oil is now being refined in various ways, and its unpleasant odor removed. When refined, it has a delightful taste, and is a good substitute for olive oil as a salad oil, or it may be mixed with olive oil. The Nisshin Oil Refining Company at Dairen is refining the oil and producing various oils of excellent quality; the company's product is used for salad oil, besides being used in Japan in frying various foods instead of rape seed or sesame seed oil.

Substitute for Lard: Formerly substitute lard was made from a base of pork fat or pork fat stealine, with a mixture of beef fat stealine, cotton seed stealine, cotton seed oil, corn oil, copra oil, and palm oil. But recently the price of cotton seed oil has advanced greatly because of the shortage of animal fat, and bean oil has come to take its place. Not only is bean oil used instead of other liquid vegetable oils in making artificial lard, but solidified bean oil also takes the place of solidified animal fat.

Butter Substitute: Butter is made from milk, but the demand for milk is always increasing, raising the price. Bean oil is being used increasingly in the manufacture of butter substitutes. Since the discovery of the method of solidifying liquid oil by adding hydrogen, solidified bean oil has also become an important item in making margarine. Liquid bean oil is used in making margarine as a substitute for cotton seed oil.

Paint Solvent: The iodine value of bean oil is 130-140, and it is classed as a semi-drying oil. As a solvent for paints, varnish, and linoleum, linseed oil, which belongs to the group of drying-oils, formerly was most widely used, with perilla oil and paulownia oil ranking next. But lately it was found that, when such drying materials as boric manganese, resinous manganese, or resinous cobalt were added to bean oil and the mixture boiled, the resulting material had drying qualities, and might therefore, be used as a solvent of paints. Thus bean oil is being employed in mixing with linseed and other drying oils for preparing such a solvent.

Soaps: Bean oil is also used largely in making soaps, but it is more suitable for making soft soaps than hard soaps. For making hard soaps, bean oil is inferior to peanut oil, palm oil, copra oil, olive oil or cotton seed oil. Washing soaps and industrial soaps rather than high grade toilet articles are made from this new oil. Solidified bean oil is likewise used in making soaps.

Glycerine and Fatty Acid: During the European War, bean oil was resolved by various methods to obtain glycerine and fatty acid. Glycerine is useful in making explosives, surgical and toilet goods, and fatty acid for soaps.

Candles: When solidified bean oil is resolved, stealine or solid fatty acid is obtained which can be used in making candles.

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Water-proofing Material: Fatty acid albumen was found to possess a water-proofing quality. This can be produced economically from bean oil. It is believed that the future of this industry of making water-proofing material out of bean oil is very promising.

Kerosene Substitute: The South Manchurian Railway Central Laboratory has been studying means of obtaining a kerosene substitute by distilling fatty acid lime, obtained from bean oil. The prospect of making it an industrial success has already been seen, although it is not yet known whether this could be produced commercially. But as the process yields glycerine as a by-product, this method may be adopted in case of emergency to obtain fuel.

C. Industrial Value of Bean Cake.

As Fertilizer: Manchurian bean cake for fertilizer is exported chiefly to Japan, but a small quantity goes to China Proper. It is generally used in rice paddy fields and on mulberry farms. It contains nitrogen, phosphoric acid, and potassium, three essentials of fertilizers. The bean cake contains about 7% of nitrogen, and is good for plants that do not require especially large amounts of nitrogen. The nitrogen contained in bean cake is high in absorbing and fertilizing power, and the cake, on that account, is recommended as a superior nitrogen fertilizer. While it contains only about 7% of nitrogen, it has only 1% of phosphoric acid, and is generally regarded as more effective when used together with some pure phosphoric acid or potassium fertilizer. Bean cake is the most important fertilizer sold in Japan. Not only does it furnish nitrogen to the soil, but also it supplements organic matter. The price of bean cake is somewhat higher than that of sulphuric ammonia, but it is the cheapest among oil residues. As it is cheap considering the nitrogen percentage contained, it is expected to occupy an important position among fertilizers for some time yet.

As Fodder: Bean cake compares well with cotton seed and peanut oil lees as fodder for animals, and is better than many other oil lees in the amount of albumen contained and also in digestibility. Used as fodder for domestic animals it does not cause any evil effects such as are often brought about by other oil lees. Bean cake has served for a long time as fodder for domestic animals in Manchuria and China Proper. Europe, too, has recently come to use it as fodder for beasts. Circular bean cakes which were made by the old fashioned oil mills of Manchuria contain much foreign matter, are not properly dried, and were, therefore, not fit to be exported to foreign countries. The demand for them accordingly was limited. Improvement in production methods, however, have resulted in cleaner and more satisfactory cakes. Sometimes the cakes are powdered before being sent abroad.

Bean Flour: It is rather difficult to make bean flour from whole beans, because of the amount of fat contained. It is more convenient to make the flour from bean cakes. Bean flour is superior to wheat flour as a food material and is much cheaper. Refined bean flour now is made in large quantities and the demand for it probably will grow in the future. It is suitable for making cakes and bread when mixed with

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wheat flour and sugar, in which form it is used in many European countries. In Manchuria, Japan, and China proper, too, its value has been gradually recognized and its utility is being enhanced. The future of this new use of bean cakes is believed to be very hopeful.

Shoyu (Soy Sauce): The Brewing Laboratory of the Department of Agriculture and Forestry, of Japan, has demonstrated that, when bean cakes are used instead of beans in brewing shoyu (soy sauce), the result is excellent and the cost lower. In Japan there are two or three such brewing plants where bean cakes take the place of beans.

Other Uses: In the amino acid which forms the bean albumen, there is much glutamine acid, which is the base of "Ajinomoto" (food seasoning powder). Experiments have shown that by resolving bean cakes, "Ajinomoto" (glutamine acid soda) may be obtained. The process, however, still is under study, and has not yet developed as an industry although one plant at Dairen is yielding successful results.

The production of various albumen articles such as sizes for paper manufacturing, celluloid substitutes, and others, is now being seriously studied. While much hope is entertained, the methods for obtaining these products have not yet been perfected for practical purposes.

Solidified Bean Oil: The solidified bean oil industry in Manchuria has been developed through the efforts of the South Manchuria Railway Company's Central Laboratory which started the necessary research into this field for two reasons: first, since it was inconvenient to export bean oil to foreign countries, it was thought advisable to have it solidified; second, after the European war, the supply of glycerine became insufficient, and it was proved profitable to produce glycerine by refining bean oil.

Exports of solidified oil are around Yen 200,000 a year, and sales in Manchuria and China are approximately Yen 125,000. The company also sells substantial amounts of bean cakes and unsolidified bean oil.

4. Flour and Sugar.

A. Flour Milling.

Flour manufacture is another important industry of Manchuria. Flour is an essential food material for the Chinese people, and for centuries it has been made by primitive methods at native mills, with only human or animal power. After the Sino-Japanese War, the Russians entered Manchuria, and as Russian troops came to be stationed there, three flour mills were opened at Harbin in 1902. The products from these mills were sent to South Manchuria as well as sold locally. With the ending of Russian influence in Manchuria after the Russo-Japanese War, Russian flour mills were closed down. In 1906, the Manchuria Flour Manufacturing Company was established with Japanese capital at Tiehling. With the European war, the supply of foreign flour was stopped, and the flour milling industry of Manchuria prospered greatly. As a

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consequence, the Manchuria Flour Manufacturing Company opened two factories in South Manchuria, three in North Manchuria, and one in Shantung, swelling the total production capacity to 5,100 barrels. Many other new flour mills also were started by other interests. At present there are 60 operating plants (13 in South Manchuria and the rest in North Manchuria), with the total production capacity of 15,000,000 bags a year. The 1929 production in North Manchuria was 5,133 tons and in South Manchuria 1,840 tons, making a total of 6,973 tons.

Sources of Wheat Supply: More wheat is grown in North Manchuria than in South Manchuria.⁷ Therefore, most of the flour mills are located along the Chinese Eastern Railway line. Those in South Manchuria obtain wheat from the northern districts. Since the Russian revolution, the export of wheat flour to Siberia has been practically stopped. This led to keen competition among various mills to control the market in South Manchuria. For three years from 1922, the wheat crop of Manchuria was very poor, while in the North American continent there was an oversupply of wheat and wheat flour, causing a fall in price. Because of these conditions, Manchurian mills could not operate profitably, and in 1925, many of the plants had to suspend operations.

South Manchurian mills formerly suffered because of the difficulty in obtaining wheat as well as by the competition offered by foreign flour imported through Dairen and Yinkou. In 1924, the Manchuria Flour Manufacturing Company imported wheat from Canada. Other mills of Manchuria then began to import wheat jointly from Canada. With this new source of wheat supply, they have been able to obtain a sufficient supply of raw material to keep their plants going.

Flour Mills: Of the 60 mills in Manchuria, those in South Manchuria possessing a capital of Yen 1,000,000 or more are the Tiehling and Changchun Mills of the Manchurian Flour Manufacturing Company, the Yuchangyuan Flour Mill, the Shuanghochang Flour Mill of Changchun, the Ifaho Flour Mill, and the Asiatic Flour Mill of Kaiyuan, their aggregate capital reaching Yen 14,200,000. Of these mills, two are operated by electric power while the others are run by steam power. The number of workmen employed is 900 Japanese and 47,361 Chinese. The flour production is approximately 1,575,000 bags, valued at Yen 7,261,000. In addition to these large mills, there are many old fashioned mills operated by Chinese. But most of these are equipped with only one or two stone mills, and have a daily output of 45 to 150 kilograms each.

In North Manchuria there are 23 machine-equipped flour mills at Harbin and nine at other points of the Chinese Eastern Railway, or a total of 32. Besides the North Manchuria Flour Manufacturing Company operated by Japanese, there are eight mills owned by Russians, with a total capital of Yen 5,500,000 and a daily production capacity of 19,000 kilograms. There is one mill operated with British capital of Yen 1,100,000, with a daily production capacity of 2,700 kilograms. The others are operated by Chinese, and the capital of such mills ranges from Yen 30,000 to Yen 700,000, the total number of these mills being 22 and their aggregate capital Yen 3,500,000 with a daily production capacity of 27,200 kilograms.

7. See Chapter V, on Agriculture, Page 113 ff.

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Trade Conditions: The mills in North Manchuria were prosperous from 1912 to 1919, consuming yearly about 3,625 tons of wheat and producing 2,720 tons of flour. Particularly in 1919, when the flour quotation advanced greatly, they operated to full capacity. In that one year alone 7,250 tons of wheat were consumed, and the flour was exported even to foreign countries. But since 1920, there has been an overproduction of flour in North Manchuria. Because of the reduced freight rates, American flour was brought to Manchuria, competing sharply with the Manchurian mills. The majority of these North Manchurian mills operate now only on part time.

While the flour milling industry of Manchuria thus has been depressed lately the standard of living of the Chinese inhabitants is yearly advancing and in recent years it has been noticed that even the lowest class of the people are using increasing amounts of flour for their daily food. The low price of wheat and wheat flour in North America is only a temporary phenomenon caused by over-production, and it is believed that when the American market returns to normal, Manchurian mills now closed will be able to resume their operations. With the opening of new wheat fields in the north-eastern parts of the Kirin-Tunhua Railway district, and in the north-western parts of the Khingan Range, it is expected that Manchurian mills will have a sufficient supply of wheat, and the future prospect of this industry is not necessarily gloomy.

B. Sugar.

Sugar in Manchuria is made from sugar beets. Although this industry was started twenty years ago, it has undergone very slow progress chiefly because of the competition of imported sugar. Today there are only three sugar plants in all Manchuria. Formerly the demand in Manchuria was supplied by the domestic sugar from China Proper, but later this met competition from Hongkong sugar. Then, after the Russo-Japanese war, Japanese sugar entered Manchuria and competed with the Hongkong product. During the European war, Japanese sugar almost monopolized this market. But after the war ended, Hongkong sugar again appeared and regained its field. Formerly, too, Siberian and Russian sugar was imported into North Manchuria in quite large amounts, but since the Russian revolution, it has entirely ceased to come in.

The first beet sugar manufacturing plant in Manchuria was opened by Poles in 1909 on the Ashi River near Harbin. At about the same time, another plant was built by Chinese at Hulan, across the Sungari River from Harbin.

The first Japanese company to undertake sugar production in Manchuria was the South Manchuria Sugar Refining Company, established in 1916 with a capital of Yen 10,000,000. The company erected its main plant at Mukden (now Shenyang) and arranged with Chinese farmers to cultivate beets under contract. It started operations in December, 1916. As the Company at the start was able to show very satisfactory results, a branch plant was opened at Tiehling in 1922. The sugar production of the Com-

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pany in 1917 was 408 tons, but it increased to 12,367 tons in 1924. The company suspended operations in 1927 on account of financial difficulties. The total area of farms planted with sugar beets under the company's contracts was 4,660 hectares in 1924, the total crop of beets was 28,088 tons, ~~and the sugar production 11,731 tons.~~ ✓

Sugar mills in North Manchuria include the Ashiho and Hulan Mills. The Ashiho mill was established by Polish business men in 1909 with a capital of Roubles 1,000,000, but at present it is operated by Frenchmen. In 1925, the total production was 2,944 tons. The mill produces mostly cube and granulated sugar, chiefly for Russian consumption. The Hulan Mill is a partnership Chinese establishment organized in 1910. Modern machinery was purchased from Germany, and the mill is very well equipped. But as funds were limited, the owners barely managed to operate the mill with loans obtained from the Chinese Government or Germany. In 1911 the Three Eastern Provinces administration paid off the German debt and made the plant a government factory. In 1925, the mill had an income of Yuan 250,000, but its financial condition subsequently was very poor. The mill is capable of producing 10,875 kilograms a day.

Production and Consumption: Agricultural experiment station experiments with sugar beets, carried on since 1914 by the South Manchuria Railway Company, have shown sugar content of 15.4% and an average yield of 297 kilograms per hectare. These results compare favorably with those of beet cultivation in Germany. Beet cultivation, experience also has shown, will give Manchurian farmers definitely more income than they can secure by cultivating other products at present prices. Furthermore, sugar beets can be grown in almost any part of Manchuria.

The total sugar production in recent years has amounted to between 15,000 and 17,500 tons annually. The beet sugar production considerably increased in 1929. Sugar also is refined from imported crude sugar, but the local production still is very much less than the demand, so that substantial quantities are imported. The 1929 figures were: local production, 18,150 tons; imports 86,081 tons; total consumption, 104,231 tons. The imports were valued at Tael, 1,994,622, or Tael 116 per ton. On this basis, the sugar produced in Manchuria was worth approximately Tael 2,105,000 (approximately Yen 3,052,000). Assuming a population of 30,000,000 the sugar consumed in 1929 would work out at 3.47 kilograms per capita -- a figure so low as to indicate clearly that substantial amounts of sugar are produced in small plants or in the homes. The production and import figures indicate the amounts of refined sugar rather than of total sugar.

5. Rice Cleaning and Distilling.

Rice Cleaning: The rice cleaning industry in Manchuria was started by the establishment of a small plant at Dairen by Japanese in 1900. Its real development took place in 1919, when the Korean immigration into Manchuria increased and the rice cultivation became extensive. The rice output of Manchuria in 1929 was about 300,000 tons a year, having increased more than tenfold in the ten preceding years. Rice is

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grown mostly by Korean farmers, and there are small rice cleaning plants run by Koreans in the Antung and Chientao districts. The consumers of rice are mostly Japanese in Manchuria, and the operators of large rice-cleaning plants are Japanese. In 1929 there were 10 rice-cleaning mills in South Manchuria with a capital of over Yen 100,000 each and 20 smaller plants. The total production was valued at Yen 5,806,000.

Distilled Products: Two kinds of vegetable products are used in distilling in Manchuria: cereals (chiefly kaoliang and rice) and soya beans. From kaoliang is made a spirit used for beverage purposes and having a high alcohol content, as well as alcohol for commercial and other uses. From rice is made a wine with comparatively low alcohol content, like the sake of Japan and the samshu of China Proper. From beans are made shoyu ("soy sauce") and a tart bean paste much favored by the Japanese who give it the name miso.

Liquor distilling has been carried on by the Chinese since ancient times, and the industry was started in Manchuria soon after they began to settle there. The manufacture of sake -- a process slightly different from that used in the production of the Chinese rice wine (samshu) -- was started as soon as the Japanese came into Manchuria in important numbers. Kaoliang spirit is manufactured almost everywhere in Manchuria, chiefly in small distilling plants of a primitive type called shaokuo by the Chinese. Estimates of the total production thus can be only in the most general terms -- the total probably being somewhere in the neighborhood of 30,000 hectolitres, with a value of around Yen 1,000,000. Samshu also is made in many small plants. Some of the kaoliang spirit and samshu is consumed locally, though the exports from the Manchurian ports in 1930 amounted to 54,717 hectolitres, valued at Taels 1,201,360, (approximately Yen 1,105,250). Liaoyang is especially famous for the flavor and quality of its kaoliang spirit. Sake breweries in Manchuria are entirely managed and run by Japanese. There are three sake breweries with more than Yen 500,000 capital each, but because their products have to compete with the shipment from Japan Proper, this industry is not very active. Production in 1929 was valued at Yen 104,800.

In South Manchuria, alcohol is only manufactured by the alcohol plant of the South Manchuria Sugar Manufacturing Company, located at Shenyang. In North Manchuria, alcohol is manufactured at more than ten plants at Harbin and other Chinese Eastern Railway points, chiefly as raw material for vodka, a favorite Russian drink. The largest of such plants is the Takata and Polojin Company at Harbin, which has a production capacity of some 35,800 hectolitres a year. The other Russian plants together have a production capacity of about 153,300 hectolitres a year.

Plants for making alcohol, spirits and sake with more than Yen 100,000 capital each include one at Dairen, one at Anshan, four at Mukden, one at Fushun, one at Kaiyuan, one at Changchun, one at Kungohuling, four at Harbin, and four at other North Manchurian points, making a total of eighteen. Their total capital is approximately Yen 5,800,000 and their annual actual production in recent years has been approximately as follows:

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South Manchuria, 27,000 hectolitres of kaoliang spirit and sake valued at Yen 600,000 and 4,800 hectolitres of alcohol and vodka valued at Yen 107,000; North Manchuria, 71,600 hectolitres of alcohol and vodka valued at Yen 1,500,000; total, 103,400 hectolitres valued at Yen 2,207,000. When to these totals are added the kaoliang spirit and samshu produced by the small shakue operated by Chinese, and the vodka produced in small Chinese and Russian plants, the total of liquor and alcohol production in Manchuria probably would amount to around 200,000 hectolitres, with a value of approximately Yen 5,000,000.

The miso (salty bean paste) and shoyu (soy bean sauce) manufacturing in Manchuria now is carried on chiefly by the Japanese, especially for the forms of these products which are particularly suited to the Japanese taste. Chinese for many centuries have used the soy bean sauce in flavoring their food, although salt is used more commonly. But in Manchuria the Japanese variety of this sauce (shoyu is the Japanese name; the Chinese name for the bean sauce of a similar type is chiangyu), has come to be used extensively by Chinese, and the demand for it has greatly increased. Because of the abundant supply of beans and other needed materials, many plants have been established at Dairen and other points. Japanese-made Manchurian miso and shoyu are inferior in quality to those imported from Japan Proper, but they are better than the similar Chinese products made in the more primitive small plants. The demand for these products yearly is increasing. Plants with Yen 100,000 capital or more include six at Dairen, two at Mukden, one at Kungshuling, or a total of nine. Their total capital is Yen 4,870,000. Their production of shoyu in 1929 was worth Yen 818,000.

6. Tobacco Manufacturing, Spinning and Weaving.

A. Tobacco.

The tobacco manufacturing industry of Manchuria is believed to be very promising as the plant is extensively cultivated and the smoking habit is common among Chinese. The production of tobacco is approximately as follows: Liaoning Province, 6,000 tons; Kirin Province, 14,400 tons; Heilungkiang Province, 4,800 tons; total, 25,200 tons. Most of the tobacco locally produced is of poor quality, but recently American tobacco has been cultivated in the Fenghuangcheng district on the Antung-Shenyang Railway and the Wafangtien and Telissu districts of the South Manchuria Railway line. The results have been promising.

A substantial amount of the locally-grown tobacco is consumed in the "water pipes" of the Chinese farmers and workers in Manchuria. Some of it is manufactured into cigarettes in small local plants. Cigarette manufacturing on a larger scale is carried on by some eight plants, located chiefly in South Manchuria, among which are the Far Eastern Tobacco Company's (Japanese) plant at Yinkou and Shenyang, plants of the British-American Tobacco Company at Shenyang and Harbin, and the Chinese Huahuayen Company's plant at Shenyang. While the local production of cigarettes is increasing, this still supplies only a comparatively small percent of the demand for manufactured tobacco products. The 1929 production in the eight plants using modern machinery, for example, was Yen 5,575,140, while the imports in that same year were Taels 17,067,462 or Yen

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23,553,098. Local production and imports thus totalled Yen 29,128,238. Exports amounted to Yen 2,999,589 (Taels 2,173,615), leaving a balance of Yen 26,128,649 locally consumed, of which the local production was only 21.3%.

B. Spinning and Weaving.

The spinning and weaving industry in Manchuria began to develop quite recently. About twenty years ago, there were small primitive household spinning and weaving plants, but factory-made cotton piece goods consumed in the Three Eastern Provinces were supplied from Chihli or Shantung Provinces in China Proper. Later, the coarse fabrics from Japan and America and printed goods from Russia entered Manchuria through Dairen, Harbin and Yinkou. Japanese coarse piece goods, however, gradually secured a dominant place in the market, competing successfully even with such goods from China Proper. The market for Japanese piece goods in Manchuria now is firmly established, in spite of the fact that anti-Japanese boycotts in China, starting in 1915 and reviving once or twice since, have affected the market for these goods, partly by encouraging the import of piece goods manufactured in China and partly by stimulating the production of piece goods in Manchuria. Several modern spinning and weaving plants have been erected in Shenyang and elsewhere, and there has been a revival of household production of cotton piece goods.

Modern Spinning Mills: The imported cotton and cotton yarns are mostly consumed by the small household weaving and spinning plants. Recently modern spinning mills have been opened by Chinese and Japanese. A Japanese cotton mill was established at Tiehling in 1918 by the Manchuria Piece Goods Manufacturing Company. This plant produces piece goods valued at approximately Yen 1,500,000 annually. Three other Japanese mills are in operation: that of the Manchuria Spinning Company at Liacyang, with 31,360 spindles, established in 1923; that of the Naigai Cotton Company of Osaka, with 24,000 spindles, established at Chinchou in 1924; and that of the Fukushima Cotton Spinning Company of Osaka, with 17,664 spindles, established in a suburb of Dairen in 1925.

In 1921 a Chinese organization, the Mukden Spinning and Weaving Company, put up a cotton mill at Shenyang with 10,480 spindles. This later was enlarged to 25,000 spindles. This plant at first used raw cotton grown in Central China, mixed with Indian cotton. Since 1926 it has encouraged cotton cultivation in Liaoning Province, with governmental aid, and has been using increasing amounts of locally raised cotton.

The production of the Japanese mills totals in the neighborhood of Yen 8,500,000 annually; that of the large Chinese mill at Shenyang, Yuan 3,500,000. The production in 1929 of the four large mills (three Japanese and one Chinese) was approximately 6,750 tons of cotton yarns and 1,500,000 pieces of woven cotton goods, the total value being Yen 14,269,000.

Besides these larger mills, there are many smaller plants, some modern and some primitive, owned and operated chiefly by Chinese.

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Spinning and weaving of the coarser grades of cotton goods also is a fairly common household industry. Shenyang has about 35 small plants, the largest of which is the Tientsengli which has several electrically-driven machines. The total production of these small plants is 722,500 pieces a year, most of which are consumed in Shenyang, Antung, and North Manchurian districts. Because Yingkou was the only trade port of Manchuria in former years, it has about 230 weaving plants. They are very small in scale, those with a capital of more than Yuan 10,000 being very rare. Operators of these plants have formed the Weavers' Association and have conducted researches in the weaving industry. The products of these plants are generally sent to South Manchurian points, and also to Harbin and Siberia. Because these weavers are cooperating very closely, it is believed that a great weaving company will rise at Yingkou in the future.

Tieling is also an important cotton yarn and piece goods market. Besides the plant of the South Manchuria Weaving Company, a Japanese firm, there are some 253 Chinese weaving plants, with a total of 1,097 hand looms, and a production capacity of 1,747 pieces a day. Their products are consumed in the northern parts of South Manchuria.

Changchun was formerly a very prosperous weaving center, and in 1918 or thereabouts, there were 700 weaving plants with 2,800 looms. Recently, however, with the coming of Japanese goods, the number of weaving plants greatly decreased. At the end of 1925 there were only 253 weaving plants, with 1,293 looms, with an annual production capacity of 840,000 pieces. The actual output in 1925, however, was 266,000 pieces, with a value of approximately Yuan 1,200,000.

(1) Cotton Goods Imports.

The production of textiles in Manchuria, as reflected in the imports of raw cotton, cotton yarn and threads, has not kept pace with the increase in the demand for cloth, though some allowance should be made, of course, for the increasing production of raw cotton in Manchuria itself. In 1930, as compared with 1929, there was a sharp drop of imports of all kinds of piece goods and cotton materials, but this drop was approximately in the same proportions for the two groups of articles. The following table gives the figures for 1925, 1929 and 1930.

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Imports of Piece Goods and Piece Goods Materials ⁸								
Region of entry	Piece Goods			Raw Cotton, Yarn Thread, etc.			Total	
	Value (Taels)	% of total		Value (Taels)	% of total		Value (Taels)	% of total
South Manchuria								
1925	63,053,496	98.7	75.5	20,476,844	99.8	24.5	83,530,340	99.0
1929	81,594,575	97.8	80.5	19,823,758	99.7	19.5	101,418,333	98.1
1930	63,058,525	97.1	73.0	23,376,110	99.7	27.0	86,434,635	97.6
Harbin								
1925	808,273	1.3	95.9	34,696	.2	4.1	842,969	1.0
1929	1,861,000	2.2	96.5	67,720	.3	3.5	1,928,720	1.9
1930	1,856,647	2.9	96.7	63,662	.3	3.3	1,920,309	2.4
Totals								
1925	63,861,769	100.0	75.7	20,511,540	100.0	24.3	84,373,309	100.0
1929	83,455,575	100.0	80.8	19,891,478	100.0	19.2	103,347,053	100.0
1930	64,915,172	100.0	73.5	23,439,772	100.0	26.3	88,354,944	100.0

8. Compiled from Chinese Maritime Customs Reports. These reports do not give, for 1930, details of the different kinds of goods imported into the North Manchuria ports of Aigun, Hunchun and Lungchingsun. Only the Harbin imports are included for each of the three years, therefore, in the above table. The piece goods imports of the other three North Manchuria ports are in the neighborhood of Taels 1,250,000, and imports of cotton yarns, threads, etc., are approximately Taels 225,000.

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The South Manchuria imports of cotton goods come chiefly from Japan and China Proper, as the table below indicates. The North Manchuria imports of these goods come from the Russian Pacific Ports and Chosen in about equal proportions. The imports through the Russian Pacific ports are chiefly goods entering through Vladivostok from other countries, probably Japan in large part. In 1930, the import figures show, there was a falling off in imports of these goods from both China Proper and Japan, as well as a falling off in the total from all countries. The drop in imports from Japan, in value and percentage, however, was considerably larger than that in imports from China Proper; the imports from China, in fact, showed an actual increase in percentage of the total imports except in the items of raw cotton and piece goods other than those made of cotton.

More than half of the total raw cotton imported came from Japan, in 1930. Since Japan produces no raw cotton for export, this was, obviously, cotton imported into Japan, probably from India and the United States, and re-exported to Manchuria. If these raw cotton imports from Japan be eliminated, the drop in cotton and cotton goods imports from that country in 1930 as compared with 1929 would be considerably greater than the actual figures indicate -- a drop from Tael 50,096,199 (49.3% of the total) to Tael 36,007,465 (43.8% of the total less the raw cotton imports from Japan).

In 1929, the imports of piece goods, cotton, etc. formed 32.9% of the total imports; those from Japan formed 39.6% of the total imports from Japan; those from China Proper, 46.7% of the total imports from that area. In 1930, the piece and cotton goods imports were 30.3% of the total imports; those from Japan 37.8% of the total from that country; those from China Proper, 43.4% of the total from that region.

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South Manchuria Imports of Piece Goods and Piece Goods Materials from Japan and China Proper						
Articles	1929		1930		Change	
	Value (Taels)	% of total	Value (Taels)	% of total	Value (Taels)	%
Japanese Goods from Japan						
Cotton Piece Goods	41,102,511	63.2	30,332,212	57.6	-10,770,299	-26.2
Other Piece Goods	5,048,435	30.6	2,856,865	27.3	-2,191,570	-43.4
Total Piece Goods	46,150,946	56.6	33,189,077	52.6	-12,961,869	-28.1
Yarns and Thread	3,945,253	23.8	2,818,388	18.6	-1,126,865	-28.5
Raw cotton	nil	--	4,417,554	53.4	+4,417,554	
Total Japanese	50,096,199	49.3	40,425,019	46.8	-9,671,180	-19.3
Chinese Goods from China						
Cotton Piece Goods	20,644,043	31.7	20,277,355	38.5	-366,688	-1.8
Other Piece Goods	5,044,033	30.6	2,875,894	27.5	-2,168,139	-43.0
Total Piece Goods	25,688,076	31.4	23,153,249	36.7	-2,534,827	-9.9
Yarns and Thread	9,557,859	57.3	10,161,789	67.2	+ 603,930	+6.3
Raw Cotton	2,575,360	82.2	1,516,684	18.3	-1,058,676	-41.1
Total Chinese	37,821,295	37.1	34,831,722	40.3	-2,989,573	-7.9

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A. Tussah Silk

The tussah (wild) silk industry was introduced into Manchuria by immigrants from Shantung. The climate and the presence of large numbers of Mongolian oaks in southeastern Manchuria made favorable conditions for rearing tussah silk worms. Today the tussah silk output of Manchuria exceeds that of Shantung.

Formerly, the tussah silk filatures in Manchuria were of the most primitive sort. Following the completion of the Antung-Shenyang Railway reconstruction (1911), and the sharp increase in demand for silk which came at the end of the European war, however, modern filatures and spinning methods and machines were introduced. The industry centers around Antung and the railway between that city and Shenyang, and from Shenyang southward.

It is estimated that in Manchuria, 325,000 hectares of oak forests could be used in rearing tussah silk worms. At present, the rearing methods are primitive, and only about 10% of the worms set free are successfully reared while the percentage of silk obtained is 4.2%. Tests of the sericultural experiment station of the Kwantung Government, and of the agricultural experiment station of the South Manchuria Railway Company, show that when a superior variety of silk work is selected the rate of silk worms raised may be advanced to 15% and the silk secured to 5%. If this improvement could be introduced generally, the tussah silk cocoon production of Manchuria should be increased by 90,000 tons. With such an increase, the total silk yield would be increased 4,500,000 kilograms.

The industry now is carried on chiefly by Chinese. At Antung, however, are the plants of the Kwantung Company and the Fujii Gas Spinning Company, both of which are Japanese organizations. The Fujii mill at Antung is a modern factory. It produced, in 1925, 175,200 kilograms of silk, valued at Yen 555,149. The 1929 production was valued at Yen 1,361,941. Besides these plants, Antung today has some 37 fair-sized filatures, and there are, in addition, about 60 more filatures operated by Chinese in the tussah silk area.

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The average annual production of tussah silk cocoons in Manchuria in recent years has been as follows, according to Japanese sources:

Tussah Silk Cocoon Production (Average annual, in recent years)		
District	Annual Output (Kilograms)	Value (Yen)
Antung	7,620,000	6,330,000
Hsiuyen	8,280,000	6,900,000
Kuanhsun	6,180,000	5,230,000
Huangfengcheng	4,390,000	3,755,000
Penhsihu	4,080,000	3,400,000
Kaiping	9,300,000	7,750,000
Haicheng	5,830,000	4,855,000
Liaoyang	5,250,000	4,375,000
Fuehou	4,490,000	3,740,000
Kwantung Leased Territory	246,000	205,000
Total	55,666,000	46,540,000

The production of tussah silk itself is estimated at approximately 2,500,000 kilograms. Considerable quantities of silk waste also are produced. Some silk is made up into silk products of various kinds in Manchuria.

Most of the tussah silk is exported in the raw state, the bulk of it going to Japan where, in turn, it is made up into fabrics which are exported, chiefly to the United States of America. Exports of tussah silk, silk cocoons, silk waste and silk products from the South Manchurian ports in 1929 and 1930 were as follows:

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Silk Exports of South Manchuria						
Article and Destination	1929		1930		Change	
	Value (Taels)	% of total	Value (Taels)	% of total	Value (Taels)	%
Cocoons						
Japan	11,598	3.1	14,657	2.7	+3,059	+26.3
China Proper	356,492	96.9	522,707	97.2	+166,215	+46.7
All countries	368,121	3.2	537,687	4.7	+169,566	+46.0
Raw silk						
Japan	5,984,260	65.8	5,789,902	61.5	-194,358	-3.2
China Proper	3,105,668	34.1	3,614,836	38.4	+509,168	+16.4
All countries	9,096,600	78.6	9,415,799	81.5	+319,199	+3.5
Silk waste						
Japan	410,185	37.8	278,980	30.1	-131,205	-32.0
China Proper	675,134	62.2	646,746	69.8	-28,388	-4.2
All countries	1,085,319	9.4	925,743	8.0	-159,576	-14.7
Silk products						
Japan	262,017	25.8	59,353	8.8	-202,664	-77.3
China Proper	750,626	73.9	595,350	88.7	-155,276	-20.7
All countries	1,016,180	8.8	671,552	5.8	-344,628	-33.9
Totals						
Japan	6,668,060	57.6	6,142,892	53.1	-525,168	-7.9
China Proper	4,887,920	42.3	5,379,639	46.6	+491,719	+10.1
All countries	11,566,220	100.0	11,550,781	100.0	-15,439	-.1

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The silk exports to all countries formed 3.0% of the total in 1929 and 3.4% in 1930. Yinkou formerly was the leading tussah silk export market but since the European war the exports have gone chiefly through Antung which is closer to the producing area. In 1929, silk exports through Antung were 75.5% of the total for south Manchuria; in 1930 they were 75.4%.

.B. Woolen Manufacturing.

Manchuria and Mongolia produce large quantities of wool. Nevertheless, the woolen manufacturing industry in Manchuria has not yet been much developed. Only coarse carpets and felt for winter boots and other purposes are manufactured from the locally produced wool. Substantial amounts of the wool are exported, chiefly through Tientsin, to the United States and other foreign countries to be mixed with better wool in making woolen fabrics which are then re-shipped to the Far East.

Such coarse wool, however, can yield good woolen fabrics when mixed with merino wool. Japan imports yearly foreign wool to the amount of about Yen 130,000,000, and produces woolen fabrics valued at Yen 200,000,000. Yet her production of woolen fabrics is not sufficient to meet the demand at home and in the neighboring countries. In the belief that the establishment of a large woolen manufacturing plant in Manchuria would be very profitable, the Manchuria-Mongolia Woolen Manufacturing Company was organized at Mukden (now Shenyang) in 1918 with capital invested by the South Manchuria Railway Company and other Japanese capitalists and with the encouragement of the provincial Government. The company started with a capital of Yen 10,000,000. A wool cleaning plant was put up at Tientsin. The company planned to manufacture blankets and coarse woolen fabrics from the wool of Manchuria and Mongolia, mixed with wool imported from Australia and South Africa. The products of the company were supplied to the Chinese army and other government offices, and helped to meet the public demand in Manchuria and Chosen. The production was 56,360 metres in 1920, 148,350 metres in 1921, 303,380 metres in 1922 and 325,470 metres in 1923. In June, 1924, the plant was destroyed by fire and for about a year production ceased. The 1927 production was 123,380 metres of woolen cloth, 16,784 blankets, 51,680 tons of carpets and 7,700 kilograms of woolen yarns. In 1928 the production was much reduced, as it was still further in 1929. The 1929 production was valued at Yen 685,411.

There is also a woolen manufacturing company called the Yuhua Company which is owned by Chinese. This was established at Mukden (now Shenyang) in 1920 with a capital of Yuan 600,000. The business has not been successful.

Prospects for the woolen manufacturing industry in Manchuria will be better when the quality of wool locally available is improved, as then it will not be necessary to import superior quality wools. At present the local woolen goods products cannot compete with foreign products of better quality, even in the local market. Imports of woolen goods and wool and cotton unions for South Manchuria and Harbin increased from Taels 4,128,609 in 1925 to Taels 8,039,798 in 1929, but dropped to Taels 6,192,609 in 1930.

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8. Hemp Products, Paper and Matches.

A. Hemp Products.

The demand for gunny bags to be used in shipping beans, grain, cement and other products greatly increased in Manchuria the recent years preceding 1930. Three-fifths of the supply is imported from India directly or through Hongkong. South Manchuria and Harbin imports were 33,915,720 bags (Tael 9,499,808) in 1925; 49,702,347 bags (Tael 14,307,443) in 1929 and 31,268,340 bags (Tael 9,967,450) in 1930.

Manchuria, however, grows hemp, jute and other fibres which are locally consumed in making various articles. These local products can be made into gunny bags when mixed with the material imported from India. In 1917, the Manchurian Hemp Manufacturing Company was established at Dairen with Japanese capital, followed by the Mukden Hemp Manufacturing Company. These two firms produce about 4,000,000 bags annually, worth approximately Yen 2,000,000.

The Manchurian Hemp Manufacturing Company is capitalized at Yen 1,000,000. In 1927 its production was 1,668,828 gunny bags valued at Yen 715,683, and 705,000 kilograms of hemp yarn valued at Yen 313,086, and 1,106,000 metres of hemp cloth valued at Yen 223,293, or a total value of Yen 1,252,062. The Hemp Manufacturing Company of Mukden is formed with a capital of Yen 1,500,000. Its annual production is approximately 2,200,000 gunny bags, 55,000 kilograms of hemp yarns and 9,000 metres of hemp cloth, with a value of approximately Yen 1,000,000. The factory employs some 625 workmen. The products of both these factories are shipped to all parts of Manchuria. The production of the two companies in 1929 totalled approximately Yen 2,561,000.

B. Paper.

It is generally believed that a very prosperous business in manufacturing paper can be developed in Manchuria, utilizing the abundant supply of kaoliang stalks. The method for producing good qualities of paper from kaoliang pulp has not yet been developed to the point of commercial success though small local plants produce substantial amounts of coarse paper from this material. Good paper, however, already is being made from wood pulp in Manchuria, particularly by the Yalu Paper Manufacturing Company, established in 1919 with a capital of Yen 5,000,000.

Lumber Resources: Korean fir, Korean cryptomeria, Korean pine, Korean larch, silver fir and Chinese cypress are considered good material for wood pulp for making paper. The supply of these trees is large. Japanese estimates of the stocks are:

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Stands of Wood Pulp Lumber (Estimates; 1929)	
Location	Cubic Metres
Yalu River region	4,132,000
Sungari River region	1,465,000
Chinese Eastern Railway region (eastern)	2,172,000
Sanhsing region	17,921,000
Total	25,690,000

Some wood-pulp lumber suitable for paper making also is found in other parts, especially along the western section of the Chinese Eastern Railway. Most of the timber there, however, is a variety of larch which is not suitable for this purpose. The total amount of pulp lumber in Manchuria is estimated at 28,000,000 cubic metres. That in the Yalu, Kirin and North Manchuria districts along the Chinese Eastern Railway may be conveniently shipped out, but that in the Sanhsing district is less accessible. Therefore the total available lumber for making paper must be regarded as approximately 21,500,000 cubic metres. The Yalu lumber will last 50 years with an annual cutting of 80,000 cubic metres, and the North Manchurian lumber along the Chinese Eastern Railway will last the same time with an annual cutting of about 42,500 cubic metres. A Kirin cutting of about 42,500 cubic metres annually is practicable. With the improvement of railway transportation, it will be possible to exceed considerably these cuttings of 165,000 cubic metres. With these supplies of lumber, it is possible to produce some 57,000 tons of paper pulp, which is about 31% of the total sulphurous acid pulps produced in Japan.

Trade: Manchuria thus possesses an abundant supply of pulp wood. Because of the low prices of material imported from Western countries, however, even Japanese pulp making plants have been forced to suspend operation since the great war. Paper manufacturing plants using both kaoliang stalks and wood pulp also exist in Dairen and Yinkou, these produce only rough, coarse paper, and are not equipped with modern machinery. The paper at present used in Manchuria, except this coarse locally-made paper, is imported chiefly from Japan and China Proper, with small amounts from various European countries. The 1929 South Manchuria and Harbin imports were Tael 7,250,144, of which Tael 3,381,806 (46.7%) came from Japan and Tael 3,078,678 (42.4%) from China. The 1930 imports were Tael 7,304,061; from Japan, Tael 3,431,824 (46.9%); from China, Tael 2,848,622 (39.0%). In addition to these imports, three fairly large paper mills in the South Manchuria area produced, in 1929, Yen 2,561,000 worth of paper.

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C. Matches.

The match manufacturing industry in Manchuria was initiated by Japanese in 1906 when the Nisshin Match Manufacturing Company was formed. Later, plants were erected at Kirin, Changchun, and Shenyang, and at one time the total production of this company reached 100,000 cases (2,400 boxes each). This was enough to supply nearly one-half of the demand in Manchuria.

After the European War, capitalists in Shenyang and Kirin saw the possible profits in operating match plants. With the hope of driving out foreign matches, the Tseng Chang Match Company, and the Chinhua Match Company were formed in 1919. The Manchurian government gave these establishments assistance by reducing freight rates and exempting their products from taxation so as to enable them to compete with foreign products. Soon, seven Chinese companies came to operate 10 plants from Dairen to Tsitsihar, producing annually some 200,000 cases. Then the Japanese match companies found it necessary to lower their prices in order to compete with the Chinese. The result of this competition was overproduction, and both the Chinese and the Japanese firms suffered. Both had to suspend operations temporarily.

At that time the total consumption of matches in the Manchurian market (includes Eastern Mongolia) was about 250,000 cases. There were seven Chinese companies operating 10 factories, and three Japanese firms running five plants, with the total annual production of 280,000 to 300,000 cases. Then, in addition, the imports from Japan and Sweden reached about 30,000 cases. This resulted in an excess supply of from 60,000 to 80,000 cases. The Chinese and Japanese manufacturers consequently met in 1923 and discussed ways of protecting their common interests. As a result of this conference, joint sale offices were opened at Kirin, Changchun and Harbin, and the production of each plant was restricted so that there would be no excess supply. The industry was again stabilized. But later the International Corporation of Sweden tried to unify the match manufacturing concerns in the Far East, with the support of leading American manufacturers and also some Japanese makers.

With the increase of population in Manchuria, the match consumption has increased since 1923. It now is in the neighborhood of 275,000 cases a year (4,583,333 gross boxes). The South Manchuria and Harbin imports in recent years have been:

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Imports of Matches		
Year	Quantity (Gross boxes)	Value (Taels)
1925	406,077	103,555
1929	323,423	131,375
1930	401,443	154,090

Thus in the last few years the imports have remained substantially stationary while the consumption has been increasing with the growth of population, which means that the local production has been increasing. In 1929 there were 17 fairly large match manufacturing plants in Manchuria, with a production for the year of approximately Yen 2,400,000. On the basis of the import values for that year, this would mean a production of approximately 4,000,000 gross of boxes (Yen 0.60 per gross).

9. Electricity and Gas.

Electric power in Manchuria as yet is generated almost entirely by plants using coal rather than by water power. The South Manchuria Railway Company operates the Fushun coal mine, and all the principal electric light plants of South Manchuria are either managed or given aid by the company as a means of increasing the use of Fushun coal. In North Manchuria, and scattered throughout the whole of Manchuria, however, are many small electric plants, chiefly Chinese owned, which furnish light and power for local use in the smaller cities. Statistics on these plants cannot be secured; but some 29 larger plants in the Leased Territory and the S.M.R. Railway zone in 1929 furnished a total of 275,483,000 kilowatt-hours of electric power.

A. Development of Electricity Production.

The operation of electric enterprises in Manchuria for industrial purposes was started by the South Manchuria Railway Company when electrical equipment at Dairen was turned over to it by the Japanese government for public service operation. This equipment originally had been installed by the Chinese Eastern Railway Company during the period of the Russian control of the city. But, under the Russian control, the plant supplied power only to the railway's docks and a few industrial plants. When the Japanese army occupied the city, electric power was used not only for military purposes but also for lighting the streets. In 1908, the South Manchuria Railway Company established its electric works to supervise and operate the electric plant, furnish power for industrial purposes, run electric tramways and supply electric lights to the public. In 1909, tramways were constructed in Dairen, for a distance of 4.8 kilometres. Gradually the tracks were extended, and at present the lines have a total length, including sidings, of 66 kilometres. At first electric lights were supplied only for the company's own use, but

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in 1907, the company started supplying light to the public. Now the electric light supply is extended to Chouhsui and Chinchou.

The South Manchuria Railway Company also took over for operation the Japanese electric plant at Mukden in 1908, that in Changchun in 1909, and that in Antung in 1911. Gradually improving the equipment and service, the company has done much in developing these districts as well as various industries located there. Because of the development, it became possible to operate the electric plants as an independent concern, and in 1926 the South Manchuria Electric Company was organized to take over the South Manchuria Railway Company's electric enterprises at Dairen, Mukden, Antung, and Changchun.

The capital of the South Manchuria Electric Company is Yen 25,000,000. (Yen 22,000,000 paid up). The company supplies electric power and light to Dairen, Shenyang, Changchun and Antung, and operates the Dairen electric tram line. The increase in the use of electric power is indicated by the following table:

Electric Power Consumption (Supplied by the South Manchuria Railway Company prior to 1926; thereafter by the South Manchuria Electric Company)					
(Kilowatt Hours)					
Year ⁽⁹⁾	Dairen	Shenyang	Changchun	Antung	Total
1910	6,019,875	509,328	729,107	97,287	7,355,597
1917	14,702,590	1,418,175	3,838,650	1,763,142	21,722,434
1927	60,340,185	17,156,175	8,164,537	22,436,704	108,097,601
1928	68,748,874	18,382,161	12,299,764	22,356,324	121,787,123
1929	84,098,492	20,934,502	11,438,507	25,747,412	142,218,913

- (9) The years referred to in the above table are the fiscal years of the South Manchuria Railway Company, which begin April 1. 1929 thus is the year from April 1, 1929 to March 31, 1930.

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The South Manchuria Electric Company has acquired the Anshan branch of the Yingkou Electric Company as well as the Kaijo Electric Light Company. The company has also purchased the stocks held by the South Manchuria Railway Company in electric companies at Wafangtien, Tashihchiao, Liaoyang, Ssupinghai, Kungchuling, Wangchiatun, and Tiehling which had been organized with the assistance of the South Manchuria Railway Company. These local companies are expected to be placed under the management of the South Manchuria Electric Company, which also intends to purchase other electric companies in South Manchuria, so as to unify and control all the electric enterprises along the South Manchuria Railway lines.

At Fushun and Anshan: When the South Manchuria Railway Company separated the electric enterprises at Dairen and other cities and organized them into an independent company, it placed the electric enterprises at Fushun and Anshan under the direct management of the colliery and iron works.

With the aim of becoming the motive power center of Manchurian industries by utilizing the cheap supply of coal, the Fushun colliery has built three generating plants, two of which are in operation. One of these uses inferior coal produced from the mines in making gas under the Mond system, and with the gas thus obtained, electricity is generated to supply power for electric locomotives, for coal cars within the mine compounds, and for passenger trains. The other plant utilizes dust coal obtained from stored coal, slimes left after washing and weathered inferior coal from the open-cut mining. It supplies power to the coal mines as well as to the cities of Fushun, Shenyang and Liaoyang. With the development of various industries along the South Manchuria Railway line and the electrification of the Fushun branch railway, the electric enterprise at Fushun is certain to grow.

Because cheap and inferior coal is utilized in generating power, the Fushun coal mine is able to furnish power at an extremely low price. This fact led to the establishment of the Electric Chemical Industry Company there in 1916, for making ammonium sulphate. This company uses a large amount of electric power. The establishment of many plants for the manufacture of potassium chloride, and brick making and ceramic kilns has similarly increased the demand for power. The Fushun mine has installed in its third generating plant a large high-pressure super-heat turbine, a generator of 12,500 kilowatts, and six steam boilers.

In 1923, the coal mine also extended its light and power service to Mukden (now Shenyang) and in 1924 to Liaoyang, supplying cheap motive power to spinning, flour, rice-cleaning, lumber and other plants in these areas.

At Anshan there is one generating plant with a capacity of 16,000 kilowatts, to furnish power and light to the iron works, as well as for mining operations, and to supply lights to the town. In

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1925, this plant at Anshan produced 19,604,820 kilowatts and supplied 17,956,081 kilowatts.

Electric Enterprises in North Manchuria: In Harbin is the North Manchuria Electric Company, a Japanese firm (capital Yen 1,200,000: generating capacity 3,320 kilowatts), the Yaopin Electric Company operated by Chinese (generating capacity 987 kilowatts), and a small plant operated by the Chulin Company, a Russian corporation. In the Chinese Eastern Railway region, at Hailin, there is the Funing Company (Sino-Japanese organization, with a capital of Yen 3,500,000). There also are small plants run by Chinese at Suifenho (Pogranichnaya) and Ningkuta. At Huangtaohotzu is a small German plant; at Imienpo, a small British plant; and at Ashiho, a small Russian plant.

At Tsitsihar, Hailar, Manchuli and other towns on the western branch of the Chinese Eastern Railway line, the supply of electric power and light is obtained from generating plants owned by Chinese. In the Chinese Eastern Railway southern branch region, there is a generating plant operated by Chinese at Shuangchengpao. At Petuna, Suihua, Heiho, and other places far from the railway lines, electric generating plants are controlled by Chinese. All these plants in North Manchuria are small enterprises. They furnish light to their respective towns and power to small industries. The machinery has been imported from Japan, the United States, Germany, and England.

B. Effects on Industry of Electric Power Supply.

Electric power, like coal, has been an important factor in developing Manchurian industries, and it will play a large part in the future developments. The largest electric generating and supplying equipments in Manchuria are those of the South Manchuria Electric Company, the Fushun Coal Mines, and the Anshan Iron Works. Thus it can be seen that at the localities where these generating plants exist, electric power can be most cheaply obtained. Dairen, Shenyang, Changchun, Antung and Fushun will be the most convenient localities to operate manufacturing industries, because electric power is cheaply and easily obtainable at these centers.

The charges for the South Manchuria Electric Company's power vary according to the size of motors used and the amount of power consumed, decreasing per unit for large motors and consumption. At present, however, the motors installed in the manufacturing plants of Manchuria generally are small, as is the amount of power consumed. Except for a few large industries, the rates therefore are comparatively high. Even the Manchuria Spinning Company at Liaoyang which uses very cheap power under a special contract for power from Fushun, pays 2.5 sen per kilowatt-hour. Similar factories in Osaka, Japan, get electric power at 2 sen per kilowatt-hour. This difference in the rate is due to the fact that, in Japan, electricity is generated by hydraulic power, while in Manchuria it is produced almost entirely with coal. The extent to which hydraulic power can be utilized in Manchuria, therefore, will greatly influence the development of Manchurian industries.

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C. Hydro-electric Power.

The upper reaches of the Yalu River, the upper course of the Taitzu River, as well as the Chingpai Lake region in the eastern part of Kirin, possess large potential hydro-electric power resources. Both Chinese and Japanese have already conducted investigations to ascertain the possibility of developing hydro-electric power in these areas.

For harnessing the water power of the Chingpai Lake, the Funing Company, a joint Sino-Japanese organization, was formed in 1918 to utilize a great waterfall situated south of Ningkuta. Under the direction of Japanese engineers, the foundations were started, and it was expected that upon the completion of the plant, a huge amount of electric power would be obtained. Delays arose, however because of a dispute regarding the construction of a light railway from Lailintien, on the eastern branch of the Chinese Eastern Railway, via Ningkuta, to the northern end of the lake, to carry construction materials and machinery. Because of this controversy, which was utilized for local politics, and also as a result of the general financial depression, it became impossible to continue the construction. When this project can be resumed, however, it will be of much benefit to the development of Manchurian industries, as will the completion of hydro-electric enterprises planned for the upper regions of the Yalu.

D. Gas.

No gas manufacturing industry existed in Manchuria before the South Manchuria Railway Company established a gas producing plant at Dairen in 1910. This industry has not prospered as much as the electric enterprises, because it requires much cheaper coal than is used for generating electricity and also because it is impossible to maintain a gas producing plant in a town with less than two thousand households, unless there exist a special industry using gas in large quantities, or some other favorable condition. Thus while electric plants have been installed at almost all the larger towns and cities, gas plants are only found at Dairen, Fushun (owned and operated by the coal mining company), Ashan (built in 1920), Shenyang (built in 1923), Antung (built in 1924) and Changchun (built in 1924). Harbin is the central city of North Manchuria, but it has no gas plant. The South Manchuria Railway Company conducted the gas industry until 1925 when the gas enterprises were put under an independent concern called the South Manchuria Gas Company, with a capital of Yen 10,000,000 (Yen 9,300,000 paid-up). The company has its headquarters in Dairen, and the gas works at Anshan, Shenyang, Antung and Changchun were placed under its control. The Fushun plant remained connected with the colliery. In the first year of the operation of the gas plant by the South Manchuria Railway Company (1909) the total gas production was only 11,140 cubic metres. By 1917 the total had increased to 3,650,000 cubic metres, with by-products of 7,694 tons and 642,000 litres of tar. The 1929 production was 13,532,000 cubic metres of gas, 15,840 tons of coke and 5,700,000 litres of tar in addition to 145 tons of ammonium sulphate. At first it was found difficult to dispose of the gas-making by-products, but

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recently the demand has so increased that the supply is insufficient.

At Anshan, the surplus gas from the coke ovens was supplied to the public. This supply is now handled by the South Manchuria Gas Company, which purchases the gas from the iron works at a very low price and supplies it to the public. Some 1,299 households in Anshan receive this gas. The plant at Shenyang was established in 1923, with a furnace production capacity of 8,500 cubic metres daily and a tank with a capacity of 5,600 cubic metres. The actual supplying of gas began in November, 1923. The plants at Antung and Changohun can each produce 3,400 cubic metres a day, and have gas tanks of 3,400 cubic metres capacity. In Antung gas supply was started in December, 1924 and in Changohun in November, 1925.

10. Machine and Tool Manufacturing.

Among the machine and tool manufacturing plants in South Manchuria, the Shakako and Liaoyang workshops belonging to the South Manchuria Railway Company, the Dairen Machine Manufacturing Company, and the Dairen and Port Arthur works of the South Manchuria Dock Company are the largest. There are altogether 18 machine factories with a capital of Yen 100,000 or more each. The aggregate capital of these plants, excepting the two operated by the South Manchuria Railway Company, is Yen 8,600,000. In 1925, the production of the S.M.R. Shakako works amounted to Yen 8,723,000, and that of the S.M.R. Liaoyang works Yen 1,514,500. The other 16 plants turned out goods valued at Yen 4,610,000, making the total for the 18 plants Yen 14,817,500. The corresponding total production in 1929 was Yen 17,815,000, of which Yen 13,918,000 was the production of the Shakako works.

A. Railway Equipment Shops.

The South Manchuria Railway Company maintains two plants for railway locomotive and car repairs and construction. The larger of these is located at Shakako, near Dairen. The other is at Liaoyang. Besides these two, the Peiping-Liaoning Railway maintains a locomotive and car repair plant at Shenyang, and the Chinese Eastern Railway has its shops at Harbin.

The Shakako plant has a total land area of 18,316 ares, with an additional reserve area of 2,893 ares. The plant includes 50 buildings, with a total floor space of 73,413 square metres. The plant is capable of housing 27 locomotives, 36 passenger cars and 130 freight cars at the same time. It is equipped not only to do locomotive and car repair work but also to manufacture both cars and locomotives. During the fiscal year ending March 31, 1930, the plant repaired and reconstructed 297 locomotives, 546 passenger cars and 4,750 freight cars, and constructed or assembled, in addition, eight locomotives, 16 third-class passenger cars, 20 heavy oil tank cars, 370 freight cars and 15 caboose cars. The Shakako works employ 1,280 Japanese and 1,500 Chinese in day labor. The investment in the plant is more than Yen 6,500,000. The Liaoyang railway repair works of the South Manchuria Railway Company is somewhat

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smaller and is less completely equipped. These two plants, in addition to all the locomotive and car repair work for the South Manchuria Railway Company, do a substantial amount of repair work for various of the Chinese railway lines in Manchuria.

The Shenyang locomotive and repair plant of the Peiping-Liaoning Railway undertakes chiefly general overhauling and simpler repairs, the more important repair work of the line being done at shops in China Proper.

B. Machine and Tool Shops.

Along the South Manchuria Railway line, there are in all more than 100 shops making general machinery and tools, including the Shakako and Liacyang plants of the South Manchuria Railway. The products of these shops amount to about Yen 18,000,000 a year. At Dairen are 73 shops, employing some 6,000 workmen. The value of the products of these Dairen shops is around Yen 12,000,000. Other machine and tool shops are located in Harbin, Kirin City and various of the lesser places. Most of the tools which the farmers -- the bulk of the population -- use in their work, however, are made in simple blacksmith shops of which every village has at least one.

The development of modern industry is increasing the demand for more accurately made tools and machines than these primitively-equipped blacksmith shops can turn out. The building of new railways also adds to this demand. That this demand is increasing faster than the supply of such goods from local shops is indicated by the increase in the imports of machines and machinery. The total imports of machine and machinery for South Manchuria and Harbin have been: in 1925, Tael 6,238,936; in 1929, Tael 11,805,842; in 1930, Tael 15,810,670.

11. Ceramics, Cement and Other Industries.

A. Ceramics.

The ceramic industry has been carried on in Manchuria since ancient times in a primitive way. The construction of railways, the increase of population, and the development of industries, particularly the sudden rise of the building industry in 1919, due to the financial prosperity, combined to increase the number of ceramic plants. But soon a depression set in, and all these plants suffered, especially the tile, slate, and brick manufacturing plants, many of which had to suspend. Recently conditions have improved somewhat.

Glass: Before the world war, most of the glass used in Manchuria came from Western countries, particularly Belgium and the United States of America. Shortage of bottoms for shipping and high freight rates during and after the war, however, gave the Japanese glass makers their opportunity, and now a large part of the imports of glassware come from Japan. In 1929, for example, of the South Manchurian imports of glassware (Tael 835,420), Japan supplied 52%, Belgium 12.4%, Germany 9.5% and China Proper 6.3%. The 1930 figures were: imports

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Taels 786,805; Japan, 54.8%; Belgium, 18.1%; Germany, 4.6%; China Proper 10.5%.

There are a number of glass making plants at Dairen, Yinkou, Shengyang, Antung and Harbin, but they all are operated on a small scale. The imports of glassware have remained substantially steady in recent years, indicating an increase in local production to meet the growing needs of the increasing population. The prospects for the glass industry in Manchuria appearing good, the ceramics plant of the Central Laboratory at Dairen was turned over to the Dairen Ceramic Manufacturing Company and the Shoko Glass Manufacturing Company was established (Capital Yen 3,000,000) jointly by the South Manchuria Railway Company and the Asahi Glass Company of Japan.

The Shoko Glass Manufacturing Company, organized in 1925, has an annual production capacity of 300,000 cases of window glass. It has been exporting substantial amounts to Shanghai and Hongkong. The Dairen Ceramic Manufacturing Company succeeded to the entire plant of the Ceramic Laboratory of the South Manchuria Railway Company, in July, 1926, to conduct it as an independent enterprise. It manufactures soda glass, crystal, plate glass and fire-proof bricks chiefly. Its products are supplied to North Manchuria, Siberia, Japan Proper, China Proper, and the South Seas. The plant is capable of producing 500,000 dozen pieces of glassware and 12,000 tons of fire-proof bricks. The production of glass products by these two companies in 1929 was Yen 2,273,337.

Besides these, there are a number of Chinese and Japanese glass making plants: two at Yinkou, four at Mukden, two at Antung, five at Harbin, and one at Imienpo, a total of 14. But these are all small.

Bricks and Tile: Comparatively large brick, tile, tile-pipe, porcelain, pottery and other ceramic manufacturing plants, excepting glass plants, number 46 in South Manchuria alone. These include 11 at Dairen, four at Pitzuwo, two at Yinkou, two at Liaoyang, and plants at Pulantien, Shenyang, Antung, Tiehling, Ssupinghai and elsewhere. In addition there are hundreds of smaller plants throughout Manchuria; almost every village, in fact, has its brick kiln for making brick and tile for local use. The 1929 gross production of the 46 larger plants was approximately Yen 2,410,000.

B. Cement.

Manchuria, particularly the Kwantung Leased Territory, is well suited for the production of cement and lime, because of the abundant deposits of limestone and clay, and the cheap supplies of coal and labor obtainable.

In 1911, the Onoda Cement Company of Japan established a cement plant in a suburb of Dairen. This now is the largest cement plant in Manchuria. Its 1929 production was over 1,500,000 barrels of cement, valued at Yen 4,887,560. There are several other cement producing plants. The Anshan Iron Works can produce 5,000,000 bricks and 100,000 barrels of cement from ore residue; the value of the product is roughly Yen 350,000 a year. The Dairen Dolomite Cement Company at Dairen manufactures a bet-

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ter quality of cement. Other cement plants are at Penhsihu, Dairen and Chinchou. The annual production amounts to over 100,000 tons. The Penhsihu Lime Company and the Manchuria Lime Trading Company, both at Penhsihu, as well as the companies making cement, manufacture lime. These two, however, are comparatively small concerns. Their output is about 19,000 tons of quick lime and 4,000 tons of weathered lime a year.

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The afore-mentioned are the principal manufacturing industries of Manchuria. There are, however, also dye stuff, paint, fertilizer and soap manufacturing industries, as well as leather manufacturing, wood working, printing, candy manufacturing and ice manufacturing. Of various chemical manufacturing plants, seven are of special importance, with an annual production of Yen 2,800,000. There are 12 printing plants with an annual production of Yen 3,200,000.

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CHAPTER VIII. COMMERCE.

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The great bulk of the internal buying and selling in Manchuria, of course, is in the hands of the Chinese. So is a fair share of the commerce in goods which come in from outside of this area or are sent to outside regions. In this latter field, however, various foreign business agencies also have come to play an important part. Their activities in the main are those of middlemen, and they operate almost entirely in the Leased Territory and the principal railway centers. The foreigners do, comparatively speaking, very little retail selling or buying, and such of this sort of commerce as they do carry on is almost entirely with other foreigners.

1. Commercial Activities of the Chinese.

Chinese commercial activities in Manchuria may be divided into two categories: that of dealing in goods which are imported and exported, and that of buying and selling goods within Manchuria itself. A number of large organizations have been developed for both purposes, and not infrequently the same organization operates in both fields.

A. External Buying and Selling.

In Japan: That part of the import and export trade with Japan which is carried on directly by Chinese merchants in Manchuria is handled through agents stationed in Osaka, Kobe, Yokohama and Nagasaki, chiefly. Approximately 1,000 Chinese merchants reside regularly at Osaka. Of these, those coming from North Manchuria, including Liaoning, Kirin, Heilungkiang, Hopei and Shantung Provinces, number about 750. The rest are from South China. These Chinese merchants have their shops and offices more or less in the same part of Osaka. At Kobe, Yokohama and Nagasaki such Chinese merchants are to be found, engaged in buying directly for and selling directly from the Chinese markets. The total number of such Chinese merchants in Japan is between 1,200 and 1,500. The Chinese consulates in Japan exercise general supervision over the Chinese merchants there. In Osaka a Chinese Chamber of Commerce was organized in 1909, and in the same city an association of northern Chinese was formed in 1916. The Chinese merchants in other Japanese cities also, as a rule, have their special organizations. The purchases by Chinese merchants at Osaka alone amount to well over Yen 125,000,000 annually. A substantial part of this is for Manchuria, though the business with Shanghai also is very important.

In China: Shanghai is the most important center in China Proper for the buying and selling of goods on Manchurian account. A large number of Manchurian merchants reside there, engaged in this business. These merchants stay mostly at hotels or brokers' houses, though some have taken

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up permanent residence and have their own shops, offices and houses. They keep closely in touch with their principals in Manchuria and with Shanghai market conditions. Similar conditions with regard to representatives of Manchurian merchants exist at Tientsin, Canton and the other principal centers, though the number of such direct representatives in these latter cities is considerably less than in Shanghai. The Manchurian merchants at Shanghai and the other cities have formed various organizations, such as chambers of commerce and guilds, to protect their common interests.

Hangchia (brokers) play a most important part in aiding the deals of these purchasing-merchants from Manchuria, not only in Shanghai but in the other important centers. They conduct the business of both brokers and wholesalers, and also arrange for forwarding, arranging for shipments, customs clearances, etc. They operate on a commission basis, usually. Many of them advance money to their clients on the security of goods bought or make loans with which the clients can make purchases. The hangchia also frequently have large warehouses where their clients' goods can be stored. Thus they perform many necessary services for their clients, whether these latter be buyers or sellers. The hangchia are indispensable institutions in business deals carried on by the Manchurian merchants in China Proper.

In Mongolia: Business with Mongolia formerly was done primarily by Chinese merchants who went into that area. In recent years, however, the activities of Chinese merchants in Mongolia have been very materially curtailed as a result of the attempts of the Mongol authorities in Outer Mongolia, with Soviet Russian backing, to assert their independence of China. Much of the Outer Mongolian trade, especially from the Urga region, now goes to Russia rather than, as it formerly did, to China and Manchuria. Such business with Mongolia as still is done by Chinese in Manchuria is carried on through agents who operate from headquarters at Changchun and other centers in western Manchuria, though some goes by way of the upper reaches of the Liao River or through Jehol Province. Mongolian merchants, and Chinese merchants still operating in Mongolia, also sometimes have their agents, rather than direct representatives, at Yinkou, Dairen, Shenyang and other centers in order to keep more closely in touch with the markets. The more important merchants engaged in Mongolia trade maintain agents at the principal centers throughout the year; smaller merchants may come in person or send agents only in the winter or the summer. Not a little of this business is in the hands of merchants who are little above the class of itinerant peddlers. These usually buy their goods from other merchants, either in Mongolia itself or at railway centers near the Mongolia borders. Goods to and from Mongolia usually are shipped in the winter, when the ground is frozen so that the carts and camels can move easily and when animals are not needed for farm work.

In Chosen: Chinese representatives of Manchurian merchants reside at Seoul to carry on the trade with Chosen, though there are not many of these. The trade at Lungchingsun and Hunchun, on the Chosen border, is chiefly in the hands of Chinese.

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In Russia: For a number of years the Chinese have been taking an increasing share in the trade with Russia. There is a substantial colony of Chinese at Vladivostok, and quite a number of Chinese shops at Chita and in other Siberian towns. The Chinese, in fact, are proving themselves more efficient retail dealers in this region than the Russians. The bulk of the imports to and exports from Manchuria which pass through Russian territory, however, is goods shipped via Vladivostok from and to western countries and Japan. This business is chiefly in foreign hands, though the Chinese do considerable of the transshipping, etc. at Vladivostok.

Goods Traded In, and Trading Centers in Manchuria: In general, the goods imported and exported by the Chinese merchants in Manchuria fall into all the classifications of goods in the trade with the regions where the Chinese representatives of the Manchurian merchants chiefly operate. The only important qualification to this statement would be that, especially in the import trade with China Proper, the Chinese merchants deal chiefly in Chinese goods, while the imports into Manchuria of foreign goods through Chinese ports is largely in the hands of foreign firms.

Chinese goods bought by Chinese merchants at Shanghai, Tientsin, etc. come in mostly by steamer via Yinkou, though a fair proportion of the trade is carried on the Peiping-Liaoning Railway and enters Manchuria through Shanhaikwan. These goods consist chiefly of silk and cotton fabrics, cotton yarns, copper and iron wares, the cruder sorts of porcelain and various food stuffs. Such foreign products as high-grade textiles, woolen fabrics, condensed milk, foreign nails, gummy bags, etc. as well as many Japanese goods, also are dealt in in considerable quantities by Chinese wholesalers at Yinkou, who import direct from the foreign countries.

Yinkou: Yinkou is the most important purchasing center of Manchuria for Chinese merchants dealing in imported goods, as well as an important collecting center for goods to be exported by Chinese merchants. This importance is due to several facts. Yinkou, at the mouth of the Liao River, has had a long history as a trade center and many old Chinese wholesaling houses have their headquarters there. Before the development of railways in Manchuria, Yinkou was, in fact, the only important trade port in South Manchuria. Dairen now does much more business than Yinkou, but the business at Dairen is largely that developed and carried on by foreign firms in comparatively recent times. The development of the "transfer tael"¹ system at Yinkou also gives that port an advantage in the eyes of Chinese merchants. No other center in Manchuria has this convenient system of settling accounts, and in no other city is the wholesaler system so well developed.

Dairen: Purchases at Dairen by Chinese merchants for the interior of Manchuria consist chiefly of miscellaneous high-grade articles, food stuffs and fruits, with the Japanese goods so purchased being chiefly high-grade textiles, cotton yarns and fabrics, marine products, oranges,

¹ See the discussion of the "transfer tael" in Chapter II on Currencies (Page 24.).

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window glass, and building material. Comparatively little purchasing of this sort is done at Dairen, however; the bulk of the imports of that port destined for the interior of Manchuria being shipped direct to distributing centers further up the railways.

Shenyang: Purchases at Shenyang consist of high-grade Japanese goods, largely printed or dyed cotton fabrics, besides hats, shoes, stockings and gloves; and towels, and furs, carpets, felt hats and shoes and similar goods of local manufacture. Most of such goods, however, are bought at Changchun or Yinkou, the business at Shenyang being chiefly for the local market. Shenyang, however, is an important collecting center for grain and other agricultural products of South Manchuria. Since the opening up of railway connections with Kirin, it also is becoming an increasingly important distributing center for goods destined for north-eastern Liaoning Province and Kirin Province.

Changchun: Changchun, at the northern end of the South Manchuria Railway and the junction point with the railway to Kirin City and beyond into Kirin Province as well as with the Chinese Eastern Railway, is an exceedingly important center both for the distribution of goods destined for the hinterland and as a concentration point for goods for export. Consequently there are gathered here many direct representatives and agents of merchants doing business in the back country. Chinese merchants come here from the whole surrounding district, exchange visits and, by becoming personally well acquainted, finding it comparatively easy to arrange satisfactory business relations. The fact that substantially the same currency is used through this whole region also helps to make Changchun a convenient center. Changchun thus is the second most important center for the distribution of goods imported from outside of Manchuria and the collection of goods destined for export, in so far as this business is in the hands of Chinese.

Harbin: Harbin is the principal center for North Manchuria. Located on the Sungari River, it is in contact both with the back country reached by the upper stretches of the river and with northeastern Heilungkiang Province and the littoral provinces of Russia by the lower part of the Sungari. It also is the point at which the southern branch of the Chinese Eastern Railway starts. The Chinese merchants predominate in this city, especially in the retail trade and in the distribution and collection of goods for outlying districts. Foreign firms do a considerable business there, but primarily as wholesalers in distribution and collection. In recent years, however, due to the reduction of all business with European Russia and the interruptions of traffic through Vladivostok, not only has the business in goods entering and leaving Manchuria via Harbin declined but increasingly such goods have been shipped over the railway running south, to pass through Dairen.

In West Manchuria: Ssuningkai, Kaiyuan, Taonan and other centers of the Chinese railways in western Manchuria are becoming increasingly important distributing and collection stations for Manchurian imports and exports. The business in these centers is almost entirely in the hands of

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Chinese, either the representatives of large firms who import and export direct or smaller merchants who deal through Chinese or foreign wholesalers.

Antung: Antung, on the Chosen border and at the meeting place of the South Manchuria Railway and the Chosen Railway, is easily the most important center for trade with Chosen. It also is the principal collecting and distribution point for goods from and to the Yalu River region. Most of this business is in the hands of Chinese, though some Japanese and other foreign firms do business there, chiefly as wholesalers. Most of the tussah silk exports go through Antung, and a very large proportion of the exports of millet to Chosen. Timber also is an important export item. Cotton piece goods and yarns, the lower grades chiefly from China Proper and the higher grades from Japan, are the principal purchases made by Chinese merchants at Antung.

B. Types of Chinese Business Organizations.²

Chinese business in Manchuria is carried on by concerns which fall into four principal classes, divided on the basis of the conditions of investment and management. These are described below.

The nature of the individually owned and managed stores is sufficiently obvious. Businesses in this class run all the way from those of itinerant peddlers doing a gross turnover of a yuan or two a day to large stores with substantial turnovers. In the aggregate, the business done by such stores in Manchuria amounts to a considerable sum, though probably not a very large percentage of the total business. The tendency is either for a rich man to open a store and hire a manager, or for several persons to combine their individually small capital in a common enterprise.

Businesses in a second class are organized by an individual or a single juridical person, who makes the primary investment but takes a manager or managers who share in the profits. An agreement is made in advance as to how the profits are to be divided. The businesses in this class are numerous. Fruit stores, vegetable shops, small fancy goods stores, etc. generally are run under this system, as well as some import and export wholesale business, produce dealings and manufacturing. In the larger establishments, wealthy families, high officials and military officers are investors. Larger organizations generally have unlimited liability.

The organization and management of joint investment and joint management businesses do not differ much from that described in the preceding paragraph, except that there are several investors instead of one. Organizations in this class may be divided into three groups: (a) the investments are made by several persons, and management is entrusted to other persons; (b) the investors, one or several, undertake the manage-

² For translations of the various terms used in connection with Chinese business organizations see Appendix II, (Page 297 ff.)

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ment; (c) one or some of the investors manage the business jointly with other managers. Businesses in the (a) group generally are large organizations and have unlimited liability; those in the (b) group do not generally enjoy large capital or credit and usually are middle-class stores; those in the (c) group are not much different from the (a) group, and are under joint unlimited liability. Recently the stores in this last class have greatly increased in number.

Organizations involving joint investment and management generally are partnerships, some with unlimited liability and some with limited (ho-tzu kung ssu and ho-tzu yu hsien kung ssu). Sometimes the businesses which are individually owned but with the management shared (Class (b), above) also are ho-tzu or partnerships, but in most such organizations the manager or managers are not properly speaking partners in the business though they may share in the profits.

Joint Stock Companies: The joint stock company, or corporation, familiar in the West, is a comparatively new institution in China. Among the Chinese carrying on commerce in Manchuria there are only a few organizations of this type, but those that do exist generally are comparatively large and modern in their business methods. Organizations of this type usually are called kung ssu. Some have unlimited liability (ku fen kung ssu) and some limited (ku fen yu hsien kung ssu). The number of shares of stock in both kinds of ku fen kung ssu varies considerably. The tendency is to keep the number small, with comparatively large value for each share. In some cases, for example, there are only six shares (ku fen) altogether, while a total of 10, 16 or 40 shares is quite common.

C. Chinese Chain Stores (Shang Pu Lien Hao)

Of special interest in connection with the development of Chinese business in Manchuria is the growth in recent years of the chain store organizations -- the shang pu lien hao, or lien hao as they are generally called. There has been a striking growth of organizations of this kind in the last few years, and they are taking an increasingly large share in the business of the region. Some of the larger and older ones not only have retail stores but also do general importing and exporting, engage in banking, carry on large deals in staple produce, have manufacturing interests and generally are active in practically every line of commerce and industry. A recent investigation showed that there were 597 lien hao stores in Manchuria, distributed as follows:

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Lien Hao Stores in Manchuria (1928)			
Place	Number	Place	Number
Dairen	67	Ssuningkai	40
Liaoyang	4	Harbin	128
Yinkou	45	Kungchuling	41
Mukden	121	Antung	86
Kaiyuan	11	Total	597
Changchun	54		

Since that time, the number of lien hao stores has increased, though there has been a tendency for the lien hao organizations themselves to decrease rather than increase in numbers, through amalgamation or through absorption of the weaker ones by the stronger.

The lien hao system offers many advantages, not the least of which is that, through this form of doing business, concerns which individually have comparatively small capital can get the advantages of buying and selling on a large scale. The development of this type of co-operative organization is entirely in line with the characteristic Chinese business genius. The lien hao in their field illustrate this characteristic in much the same way as the joint savings societies³ do in theirs.

The lien hao type of organization is comparatively old -- the first of those still operating in Manchuria was started over 60 years ago-- but the great extension of the system has been quite recent. Some were started by military leaders and other high officials who wished to control the economic power in their districts and thereby obtain funds. Most, however, have been and are non-official organizations. Cases of single stores or organizations developing and expanding to form a lien hao by splitting into several stores, or amalgamating with others, are more numerous than those originally started as lien hao under this system.

Deals among the stores in one lien hao are concluded very smoothly, there being little occasion for disputes. Since credit and financial conditions are mutually clearly known, transactions in merchandise, as well as in loans or credits of various kinds, are effected simply.

³ See Chapter III on Financial Institutions, Pages 36 ff.

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Furthermore, the investors in a lien hao are generally of the same district; they possess the mutual-aid spirit, and whenever any financial crisis arises, they help one another willingly. The system of complete or partial autonomy for each store or department also works well. The combination of co-operation and flexibility which the lien hao system provides seems to be almost ideally adapted to the needs of present-day conditions in Manchuria as well as to the age-old Chinese ways of doing business.

(1) Types of Lien Hao.

A particular lien hao chain of stores may be all within one district, or in several districts. They may all deal in the same single class of merchandise (such as drugs or textiles, for example), or some may deal in one kind of merchandise and others in other kinds, or they all may deal in several kinds. The investment may be by one man or several. Each store may be run as a separate entity in so far as capital, accounts and sharing of profits are concerned, or all the stores may have their capital in common and pool their profits. In spite of these variations, however, all the lien hao stores in the same organization use the same name, though occasionally to the common name will be added something to indicate the particular store or other department.

These Chinese lien hao differ from the chain store organizations familiar in the West chiefly in the fact that in many cases the individual stores are virtually independent participators in a co-operative buying and selling organization rather than simply individual units in a large concern. Lien hao of this co-operative type usually have developed out of the individual co-operation of several concerns already in business prior to the formal organization of the lien hao. Lien hao of the joint-capital and pooled profits type (more like those in western countries) usually have been started by a single large investor or a small group of investors as new business concerns.

Some of the lien hao operating in Manchuria are branches of lien hao organizations whose headquarters are in China Proper. Among these is the Cheng Chi Kung Ssu which has headquarters at Chefoo but maintains branches at Dairen, Antung and other centers in Manchuria. Some of the lien hao with headquarters in Manchuria have branches in China Proper, such as Tung Yung Mao, Tien Ho Cheng and I Fa Ho. These organizations belong to the joint capital and pooled profits class.

The stores of the co-operative type of lien hao usually have the same characters (Chinese written characters) for the first part of their name, but different characters for the last part. Thus the Yung Heng Tung Ta at Changchun, the Yung Heng Ta at Kungchunling, the Yung Heng Sheng of Changchun and the Yung Heng Yin Hang (the Kirin provincial Bank) all belong to the same lien hao system. In these cases each store has its own accounting and profit-distribution system, and the business success or failure of one store does not affect the others. Lien hao of this type have their headquarters in Manchuria itself, in the main, some of the lien hao which now are important started as small concerns, and developed

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gradually through the acquisition of new stores and the bringing in of additional capital. The Tien Ho Cheng, with branches at Shenyang, Kungchuling, Ssupinghai and Changchun, is an example of this type. Lien hao of this kind usually belong to the joint capital and pooled profits class.

(2) Principal Lien Hao in Manchuria.

Some of the lien hao operating in Manchuria are very large organizations, with capital investments running into many millions of yuan. The most powerful of these are the Tung Yung Mao, the Tien Ho Cheng, the Yung Heng Hao, the Kuang Hsin Kung Ssu and the Te Chin Hao. The activities of some of these lien hao may be outlined as follows:

Tung Yung Mao: This lien hao occupies the foremost position among Chinese concerns engaged in the export and import trade of North and South Manchuria. It has been in existence for more than 60 years and has a high reputation for sound management and integrity. In the import trade it deals not only with the Liaotung and Liaohsi districts but also with North Manchuria and Eastern Mongolia, through agencies and wholesalers. It also conducts a yin lu (silver mint) for making up yin ting (sycee) and enjoys a powerful influence in this field. It thus receives considerable benefit in settling accounts. This lien hao regularly puts a substantial part of the profits back into the business. The organization is steadily enlarging its activities, among other ways by establishing new lien hao branches in order to build up the prosperity of the entire concern. It now possesses about 20 lien hao branches, located in Yinkou, Dairen, Kaiyuan, Kungchuling, Tienchuantai, Changchun, Taolu and Changchiawan, as well as one in Canton.

Tien Ho Cheng: About 20 years ago two or three merchants opened a store called Tien Ho at the railway town of Kungchuling, with a capital of Yuan 3,500. Later, getting additional capital, they opened a chien pu (money shop) called Tien Ho Cheng at Kungchuling, with a capital of Yuan 20,000 to engage in money exchange. As the produce deals developed, the business of exchanging currencies and handling drafts improved. Tien Ho Cheng grew steadily, and by 1910 it was firmly established. In the boom period of the European War it opened branches at various important points. It also started the business of issuing drafts on Tientsin and Shanghai. At Kaiyuan, Changchun and Taoman, branches now exist which help extend its activity into North Manchuria. Branches also have been established at Dairen, Shenyang, Harbin, Shanghai and Tientsin. Besides exchanging currencies and handling drafts, the organization engages in produce sales and has acquired bean oil and flour mills. Tien Ho Cheng now has become very powerful among Manchurian money dealers, and it possesses also a strong influence in the produce trade.

Yung Heng Hao: This is a development of the Yung Heng Kuan Tieh office established by the military governor of Kirin with a capital of Yuan 30,000 in 1898. In 1908 the Kirin provincial kuan chien office was also opened, besides the kuan tieh office, for issuing chiao piao to supplement the shortage of kuan tieh, to give relief to the financial circles,

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and also to supply the province with funds. In 1910 the kuan tieh and kuan chien offices were amalgamated into the Yung Heng Kuan Yin Hong (Government Silver Bank)⁴. Branches were created at many other points, and the use of kuan tieh extended to all parts of Kirin Province.

Besides engaging in ordinary banking business, the bank came to engage in money exchanging, wholesaling, merchandising, electric lighting and lumbering.

As this organization has the advantage of official backing, it never loses, and high officials of the organization receive enormous dividends. When profitable businesses run by others are found, high taxes are levied. Promising enterprises are given more or less compulsory loans, and when these cannot be repaid the businesses are taken over and made activities of the lien hao. In these ways, the lien hao in addition to its banking business has become engaged in all sorts of commercial and industrial activities. Enterprises which have been placed under the new name Yung Heng Hao are found in all parts of Manchuria, there being more than 50 branches. This lien hao is under the system of joint-capital and independent-profit-distribution.

Kuang Hsin Kung Ssu: This is a semi-government organization established in 1904 at Tsitsihar, the capital of Heilungkiang Province. Except for a comparatively few shares held by people with special connections, all the capital stock is held by the government of Heilungkiang Province. In 1919 the Heilungkiang Provincial Bank⁵ was amalgamated with the Kuang Hsin Kung Ssu, and became part of the lien hao organization. Paper notes issued by this kung ssu are used in paying taxes or making government payments, being very widely circulated throughout the province. The banking department of the lien hao acts as the central bank of Heilungkiang Province, as well as doing a general banking business. For the benefit of settlers and also for stimulating the development of uncultivated lands, it handles pawn brokerage businesses at Tsitsihar, Harbin, Hulan, Suihua, Chingcheng, Hailun, Payen and other important cities, advancing small loans.

This lien hao operates electric light companies at Tsitsihar and Hailun, as well as bean oil mills which utilize the excess electric power; gold mines along the Han and Chien Rivers; lumbering enterprises in the forests of Tungyuan, Suileng and Tungpei; and boat lines from these places to Tsitsihar and Harbin. The lien hao's flour mills at Harbin, Fulachi and other points are very profitable because of the advantage which the organization possesses of being able to purchase

⁴ For further details see the section on kuan tieh in Chapter II, on Currencies, (Pages 22 ff) and the section on the Kirin Provincial Bank in Chapter III on Financial Institutions (Pages 38 ff).

⁵ See Page 39 in Chapter III on Financial Institutions for further details on this bank.

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wheat through its lien hao stores in various wheat-producing areas. Even in recent years when other flour mills were suffering losses, these showed good profits.

The lien hao also possesses the right of obtaining salt at the Dabus Nor (Dabus Lake) south of Hailar, and supplies the salt to the entire North Manchurian district through its Hailar and Manchuli salt offices. The salt business is one of the main sources of profit of the lien hao. It also has a leather factory at Tsitsihar, and miscellaneous goods stores and kaoliang spirit distilleries at Harbin and Hailun.

In other words, the lien hao is engaged in every business and industry in North Manchuria which is found to be profitable or promising. Its activities extend to more than 15 varieties of trade and industry, and its main offices, branches and selling offices number more than 50.

2. Japanese Commerce.

Japan is peculiarly interested in Manchuria commerce not only because of her heavy investments in that region but also because of the very important part which Manchuria plays as a market for Japanese manufactured goods and a source of food supplies and raw materials (particularly coal, iron and oil) for Japan. Japan's position in and in relation to Manchuria thus is quite different from that of any other foreign Power.⁶ Historically speaking, before the Russo-Japanese war (1904-5) only the Mitsui Bussan Kaisha and two or three other Japanese firms engaged in the export and import trade between Japan and Manchuria, with headquarters at Yingkou. Not until after that war did Japanese merchants become especially active in Manchuria.

In 1905 when Japan received the Kwantung Leased Territory and the South Manchuria Railway from Russia, there existed along the railway line only one Japanese stock company and one copartnership company. In other districts, there were only two such stock companies. In 1915, or ten years later, there were 124 Japanese stock and co-partnership companies in Manchuria; in 1919, there were 324 Japanese firms in the Kwantung Leased Territory and 216 companies in other parts of Manchuria, or a total of 540 companies in Manchuria. The increase of the trade between Japan and Manchuria,⁶ also shows the rapid development of Japanese commerce in Manchuria. But the financial depression which followed the close of the World War seriously affected Japanese commercial and industrial enterprises in Manchuria, which had made phenomenal developments during the war boom period. Because of the depression and inactivity during seven years beginning with the middle of 1920, many commercial organizations and industrial factories went bankrupt. Then came some improvement, which was followed by further difficulties in 1929 and 1930, as a result of the world-wide depression.

A. Present Condition of Japanese Enterprises.

By the Sino-Japanese Manchurian Treaty and its supplementary

⁶ See Chapter IX on External Trade, Pages 241 ff.

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agreement of December 22, 1905, and the Sino-Japanese agreements regarding South Manchuria and Inner Mongolia of 1915, Japanese were given the privilege of residing and engaging in commercial and industrial enterprises in open and mixed residence quarters of the principal cities outside the Kwantung Leased Territory and the South Manchuria Railway Zone. But as the question of land leasing has not yet been settled between Japan and China, practically no Japanese reside and engage in commerce and industry in the mixed residence quarters. The great majority of Japanese live within the Kwantung Leased Territory and the Railway Zone, and consequently Japanese business establishments are also situated chiefly within these areas, though some important activities are carried on at Harbin.

Because of this restriction of residence, as well as of cultural and other differences, Japanese commercial activities in Manchuria are quite different from those of the Chinese in their systems and fields of operations. It is extremely difficult for the Japanese to conduct small retail stores in competition with Chinese, owing to the better understanding by the Chinese of the customs and needs of their own people. Therefore those Japanese who conduct small retail stores cater chiefly to the daily needs of the Japanese residents. But in the initiation and management of modern large enterprises (joint stock or co-partnership organizations) the Japanese have an advantage because they are better able to make large capital investment and because they have had more experience and more technical training in modern large-scale industry and commerce. In banking, trading, forwarding, produce dealing and various kinds of manufacturing which demand large investments and modern equipment and training, therefore, the Japanese are especially active.

Number and Capital: At the end of 1929 there were 120 Japanese commercial organizations with a capital of over Yen 100,000 operating in Manchuria. The South Manchuria Railway Company was the largest of these, with a total of Yen 440,000,000 of authorized capital, or 77.9% of the total of Yen 565,163,000 capital of the 120 commercial bodies. Further details are as follows:

⁷ Outside these areas live only about 7,250 of the 220,000 Japanese in Manchuria.

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Japanese Companies in Manchuria								
(End of 1929; only those with capital over Yen 100,000; capital in thousands of yen)								
Kind of Company	Head Offices in the Leased Territory			Head Offices in S.M.R.Rwy. Zone			Total	
	No.	Capital (Yen)	% of total	No.	Capital (Yen)	% of total	No.	Capital (Yen)
South Manchuria Railway Company	1	440,000	83.7				1	440,000
Other Joint Stock Companies	70	65,248	12.9	47	56,915	98.3	117	122,163
Partnerships	1	2,000	.4	1	1,000	1.7	2	3,000
Total	72	507,248	100.0	48	57,915	100.0	120	565,163

The total number of companies and partnerships with capital under Yen 100,000 is approximately 935, with a total paid up capital of around Yen 35,000,000. All except some 35 of these small concerns are in the Leased territory or the Railway Zone. Three-fourths of the small concerns are partnerships rather than stock companies. The total capital investments by Japanese companies and partnerships in Manchuria is approximately Yen 600,000,000. The South Manchuria Railway Company's capital forms just under three-fourths of the total. If the stock held in other concerns by this company be included -- a total of over Yen 94,000,000 in bonds and shares -- the percentage of this company's capital holdings to the total would be 88.9%.

The majority of these Japanese concerns were organized during the war boom period. Because prices soared enormously then, their equipment cost much more than in ordinary years. This situation has

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caused a few companies to suffer extremely during the recent financial depression. All have suffered from the general decline in trade. Most of the companies have been forced to follow a vigorous retrenchment policy or at least to hold back on expansion.

Sino-Japanese Enterprises: The first business organization of importance formed in Manchuria by the financial co-operation of Chinese and Japanese was the Penhsihu Colliery and Iron Works established in 1905.⁸ Since then, the number of Sino-Japanese joint economic organizations has increased greatly, especially since the boom during the European war stimulated commercial and industrial enterprises in Manchuria. In 1929 there were around 90 Sino-Japanese concerns operating in Manchuria, with a paid-up capital of approximately Yen 70,000,000. A majority of these had their headquarters outside of the Leased Territory. These Sino-Japanese companies are mostly engaged in financial activities, mining, forestry and manufacturing in which they use Manchurian products as raw materials.

B. Japanese Investments.

Japanese commercial investments in Manchuria already have been mentioned, but besides those commercial investments there are investments by loans⁹ and other means that should be considered here. According to statistics compiled by the South Manchuria Railway Company, Japanese investments in Manchuria now stand as shown in the following tables :

⁸ Discussed in Chapter VI, on Mining (Pages 125 and 136 .)

⁹ See also the discussion of loans by Japanese banks in Manchuria in Chapter III on Financial Institutions (Pages 43 .)

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Japanese Investments in Manchuria (March 31, 1930; in yen)			
Investor and kind of investment	Investment		
	Amount	% of S. M.R. Investments	% of total investments
South Manchuria Railway Company			
Direct Undertakings			
Railways	261,882,378	25.3	
Railway workshops	6,503,989	.6	
Harbors and wharves	78,093,974	7.5	
Coal mines	112,276,860	10.9	
Oil shale plant	8,961,174	.9	
Iron works	27,127,139	2.6	
Chemical fertilizer manufacturing plant	47,235	.0	
Sanitation and sanitary works	15,066,471	1.5	
Educational equipment	13,679,817	1.4	
Municipal undertakings	143,767,667	13.9	
Miscellaneous	48,794,813	4.7	
Total direct undertakings	716,201,517	69.3	
Securities of affiliated companies and public bonds	94,226,837	9.1	
Cash advanced for contract construction of Chinese railways, deposits, uncollected credits, etc.	154,899,600	14.9	
Loans to Chinese Railways and for encouraging industries	69,265,704	6.7	
Total non-direct undertakings	318,392,141	30.7	
Total S.M.R. investments	1,034,593,658	100.0	61.3

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Japanese Investments in Manchuria			
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Investor and kind of investment	Investment		
	Amount	% of non-S.M.R. Investments	% of total investments
Japanese government loans to Chinese government	98,730,823	15.1	5.9
Japanese corporation loans to Chinese government and individuals	20,282,080	3.1	
Japanese corporations, capital funds invested	439,003,410	67.3	
Japanese individuals, capital funds invested	94,991,560	14.5	
Total investment by Japanese non-governmental and non-S.M.R. interests	554,277,050	84.9	32.8
Total investment by Japanese non-S.M.R. interests	653,007,873	100.0	38.7
TOTAL Japanese investments	1,687,601,531		100.0

Another South Manchuria Railway Company compilation of Japanese investments in Manchuria, as of the end of 1926, gives a total investment of Yen 1,402,034,685. This classifies the investments somewhat differently from the classification in the preceding table. The amount of investments has increased since 1926, but the proportions of the total invested under the categories given in the following tables probably have not changed materially.

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Japanese Investments in Manchuria, Classified by Sources (End of 1926; yen)		
Investments by	Amount	% of Total
Loans	171,691,196	12.2
Joint Stock Companies		
Corporations coming under Japanese Commercial Code		
Corporations having head offices in Manchuria	911,757,788	65.0
Corporations having head offices outside Manchuria	187,373,665	13.4
Total Commercial Code Corporations	1,099,131,453	78.4
Corporations not under Japanese Commercial Code	36,220,476	2.6
Total for joint stock companies	1,135,351,929	81.0
Individuals	94,991,560	6.8
Total	1,402,034,685	100.0

Japanese Investments in Manchuria, Classified by Distribution (End of 1926; yen)		
Use Made of Investment	Amount	% of Total
Transportation	781,984,173	55.5
Financial institutions	214,663,826	15.3
Commercial undertakings	117,752,987	8.3
Manufacturing	105,620,605	7.4
Mining, forestry and agriculture	95,523,894	6.7
Electricity and gas	37,282,516	2.6
Miscellaneous	59,207,684	4.2
Total	1,402,034,685	100.0

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3. Commercial Activities of other Foreigners.

The principal cities of Manchuria have stores and companies, or their branches, operated by Europeans and Americans, besides those of the Chinese and Japanese. These foreigners are engaged in the sale of foreign goods, the export of Manchurian products and steamship, transportation, insurance and other commercial activities.

The number of principal stores and companies operated by American and Europeans at Dairen, Yinkou, Antung, Shenyang, Changchun, Harbin and other important cities of Manchuria totals nearly 400, of which the Russians have over half, the British about 75 and the Americans about 45, with Germans and others owning the rest. At Harbin and along the Chinese Eastern Railway lines there are many small shops operated by Russians which are not included in these figures.

A. Russian Activities.

Russian merchants and firms in Manchuria are quite numerous since Russians constitute a large portion of foreign residents in the territory. Commercial activities of European nations have centered mostly in Hongkong and Shanghai, and other southern cities. Only Russia has been active in North Manchuria since the days of the Tsarist Government, extending her influence through Siberia to Manchuria, along the Chinese Eastern Railway. Thus even today, in North Manchuria at least, the Russians are more active commercially than any other foreign people. Harbin according to recent statistics, has a total of 61,800 households, but of this total only 37,000 households are Chinese. A majority of the remaining number, or about 22,000 are Russians, followed by 1,000 Japanese households, 53 British households, 40 American households, 54 German households, and 35 French households.

Harbin was selected by the Russians as the headquarters for their Far Eastern expansion, and since their entrance into Heilungkiang in 1635 they have directed their attention to this city and planned for its development. Since the commencement of work on the Chinese Eastern Railway line in the summer of 1897, Harbin has been the center of foreign relations and of Russian economic activities in North Manchuria.

With the outbreak of the world war, conditions in Russia underwent a sudden change, and commercial relations between Manchuria and Russia were interrupted. The Soviet revolution in Russia (1917) and the protracted disorganization of Russian activity in Siberia further delayed recovery. Following the re-establishment of diplomatic relations between China and Russia in 1924, and the assumption by Soviet Russia of the Russian share in the management of the Chinese Eastern Railway, however, Russian activity in the Harbin area revived. In 1929 came the clash with China over control of the Chinese Eastern Railway, which caused a temporary setback. In 1930 and the first part of 1931, the Soviet authorities made special and notably successful efforts to increase the sales of Russian goods in North Manchuria.

Following the Soviet revolution, many thousands of "white" Russian refugees found their way into the Harbin area. Many of these became completely destitute. Others have opened small shops or taken up trades.

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The pre-revolution Russian firms and individuals in North Manchuria found themselves handicapped by having lost their Russian nationality. Of these, some now have affiliated themselves with the Soviet organization, but others have acquired Chinese, German, British, American or other foreign citizenship. The Soviet government, on its part, has been pushing forward the organization of its various trade agencies in North Manchuria.

Principal Russian Commercial Organs: The most powerful Russian commercial organization engaged in general commerce in North Manchuria during the Tsarist period was the Russo-Asiatic Bank (first organized as the Russo-Chinese Bank)⁽¹⁰⁾ which managed the finances of the Chinese Eastern Railway and also served as the banking headquarters for practically all the Russian enterprises in Manchuria. This bank was closed in 1928.

The Soviet Government now maintains in Harbin branches or agencies for practically all of its important foreign trade organizations. These include:

A Trade Representative office which has general charge of Soviet commercial and industrial activities in Manchuria, under the guidance of the Soviet Consul-General in Harbin. The office was opened at the end of 1924, and now has a staff of over twenty.

A Far Eastern Trade Bureau office which operates under the head office at Habarovsk. This office was opened in 1923. It concerns itself chiefly with the export of beans, bean cakes, bean oil and other staples and the import into Manchuria of factory equipment and manufactured goods.

The Soviet Union Steamships and the Amur National Steamships both have branches in Harbin. Since all non-Chinese navigation is prohibited on the Sungari River, these organizations concern themselves at Harbin with arranging for shipment of goods outside of Manchuria.

Other Soviet agencies in Harbin include the Dalbank,⁽¹⁰⁾ the Pan Russian Oil Syndicate, the Soviet Union Spinning Syndicate, the Leningrad Tobacco Trust, the National Insurance, the Ural Metal Manufacturing Trust and the Far Eastern Forestry Trust. Each of these concentrates on developments in its own field.

Commercial Department of the Chinese Eastern Railway.⁽¹¹⁾
The Chinese Eastern Railway Company has a special commercial department which also is active in developing trade. It has offices at 20 important railway points, including Harbin, Manchuli, Suifenhao, Shenyang and Dairen in Manchuria and Shanghai and Tientsin in China Proper. The department takes care of special transportation, special delivery, customs clearance, warehousing, banking and insurance for the benefit of shippers. It also has developed a system of special passage certificates which take the place of bills of lading and cover goods arriving and leaving otherwise than by rail. Through shipments can be made under these certificates by

⁽¹⁰⁾ See Page 46 in Chapter III on Financial Institutions, for details about the Russian banks.

⁽¹¹⁾ For details of this railway see the discussions on transportation Pages 69 ff.

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rail, horse cart, river and steamship. The warehousing work of the department has developed greatly. The banking work of the department was started in connection with the warehousing. It consists chiefly of advancing funds on the security of warehouse certificates.

The Ussuri Railway has a branch of its commercial department in Harbin. Its chief functions are to secure data as to prospective shipments (beyond Suifenho) and to encourage shipments via the Ussuri Railway to Vladivostok rather than southward via the South Manchuria Railway.

B. British Activities.

British commercial activity in Manchuria started with the opening of Yinkou in 1864 under the terms of the Sino-British treaty of 1858. Yinkou then was the only important trade port in South Manchuria. As Dairen, Shenyang and Harbin developed following the building of railways, British firms opened offices in these centers. Yinkou lost much of its earlier prestige. Some of the British firms still make Yinkou their Manchurian headquarters, however -- among them being the Asiatic Petroleum Company, Butterfield, Swire & Co. and Jardine, Matheson & Co.

There are some 70 British firms doing business in Manchuria, among the most important being: the British-American Tobacco Co., the Asiatic Petroleum Co., Butterfield, Swire & Co., Jardine, Matheson & Co., Brunner, Mond & Co. and the Anglo-Chinese Eastern Trading Co.

The British-American Tobacco Co. not only sells cigarettes and other forms of tobacco in Manchuria, but in recent years it has started growing tobacco there and manufacturing cigarettes from the tobacco grown. It is the principal purchaser of the Manchurian tobacco grown from the newly introduced seeds. It has branches in all the important Manchurian cities.

The Asiatic Petroleum Co. is the chief competitor of the Standard Oil Co. (American) for the kerosene, gasoline and motor oil business of Manchuria. It has branches in Yinkou, Dairen, Shenyang, Harbin and other cities. Most of the retail sales are carried on through Chinese agents.

Butterfield, Swire & Co. is the oldest British commercial organization in Manchuria, and is one of the most important. It does a general import and export business, and is interested also in shipping, being the operator of a line of ships trading along the China coast and to Europe. It has branches in Yinkou, Dairen, Harbin and Antung, in Manchuria.

Jardine, Matheson & Co., like Butterfield, Swire & Co., does a general import and export business and is interested in shipping. Its branches in Manchuria are at Yinkou, Dairen, Shenyang, Changchun and Harbin. At other railway centers it has numerous agents selling imported goods and buying wool, hides and bristles.

The Anglo-Chinese Eastern Trading Co. was organized in 1910 and reorganized with additional capital (British and Russian) in 1919 to export Manchurian products to Europe and the United States. It deals chiefly in

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soya beans and their products. It owns an exceptionally well equipped oil mill at Harbin.

Brunner, Mond & Co. deals chiefly in soda, soda ash and other industrial chemicals.

The Hongkong & Shanghai Banking Corporation and the Chartered Bank of India, Australia and China play an important part in British commercial activities in Manchuria.

C. American Activities.

Although Americans have been doing business in Manchuria for less time than Britons, their share in the business conducted by foreign agencies is considerably larger. In the total foreign trade of Manchuria, the share of the United States in recent years regularly has been exceeded only by the shares of Japan and Chosen, though in 1930 the Netherlands took third place. The bulk of this trade with the United States is handled through American firms. Since Secretary of State Hay's enunciation of the Open Door Policy in 1899, the United States has insisted that trade with Manchuria should be open to all nations on an equal basis. In this policy Japan has concurred since she became an active participant in trade in Manchuria.

American trade with Manchuria developed particularly after the World War. Almost since the start of this modern period, and increasingly in recent years, this trade, in contrast with that between Manchuria and Britain, has been predominantly import business (imports from the United States to Manchuria). The relative position of the three principal countries in this respect is indicated by the fact that in 1930 South Manchurian imports from Japan were Tael 109,912,296, exports to Japan Tael 116,809,513, making a total trade of Tael 226,721,809, while the trade of South Manchuria with the United States was Tael 20,618,130 in imports, Tael 6,212,785, in exports and Tael 26,830,915 for a total. British trade was: imports, Tael 10,425,537; exports 10,290,060; total 20,715,597 (these figures do not include Chosen, India, the Straits Settlements or the Philippines.)

The principal American firms operating in Manchuria are the following:

The Standard Oil Co. of New York has its Manchurian headquarters in Shenyang with branches in Dairen, Yinkou, Antung, Harbin and several other cities. More than 250 Chinese agents aid in carrying on its business and its products penetrate to the remotest villages. The company handles kerosene chiefly, but also gasoline, machine oils and other products. More than half of the total kerosene used in Manchuria is supplied by this company. The Standard Oil Co. has oil tanks and warehouses at the principal import ports and in the main cities.

The Texas Oil Co. is a comparatively new arrival in the Manchuria field, and it is forced to fight an uphill battle against the competition of the older Standard Oil Co. and Asiatic Petroleum Co. It is doing considerable business, however; of the 75,600,000 litres of kerosene imported

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from the United States into Manchuria in 1929, about 20% came through the Texas Oil Co.

Anderson, Meyer & Co. has been the principal American machinery and electrical supply house doing business in Manchuria. The Ford and General Motors motor car companies have branches in Dairen, Shenyang and Harbin. The American Harvester Co. sells farming machinery, chiefly through its branch at Harbin.

The National City Bank of New York and the American Oriental Banking Corporation operate in Manchuria.

D. German Activities.

As a result of China's joining the world war on the side of the Allies all German business in Manchuria was closed for a time (1920 onward). Subsequently, after diplomatic relations had been restored, various German firms started activities again. Before the war, Germans, who worked in close co-operation with Russians, had a strong foothold in Manchuria, most of the materials for the Chinese Eastern and Ussuri Railways being supplied from Germany, for example. Beginning in 1922, when the Manchurian authorities embarked on the program of building a huge arsenal at Shenyang, the German firms regained a strong position in the machinery and electrical equipment field, through the fact that they supplied much of the equipment for the arsenal and related undertakings. They also do some general importing and exporting business, their activity in exporting beans being particularly great, though in these other lines their total business is comparatively small.

Most of the German firms center in Shenyang and Harbin rather than further south. They act as steamship and insurance agents, trade brokers, etc. Carlowitz & Co. is the leading firm in the general trade field, and does much of the machinery business. Bohler Bros. supplied much of the equipment for the Shenyang arsenal.

Among the construction projects in which Germans have played a large part, besides the Shenyang arsenal, are the air corps headquarters, the military academy, the Peiping-Liaoning Railway station, the Bank of China, Bank of Communications and Three Eastern Provinces Bank buildings and several other government buildings in Shenyang. The arsenal alone cost over Yuan 35,000,000. About 25% of this work was done by Germans, 40% by Chinese, 5% by Japanese and 10% by Americans and other Europeans.

The Deutsch-Asiatische Bank now operates in Manchuria, though on a comparatively small scale.

E. Activities of Other Foreigners.

Besides the Japanese, Russian, British, American and German firms operating in Manchuria, there are Danish, French, Swedish, Norwegian and Czechoslovakian organizations doing business there.

The Danish East Asiatic Co., and the Sibilsky Co., both with headquarters at Harbin, do business in exporting Manchurian staple pro-

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ducts to Europe. Nelson & Winder, operating from Shenyang, imports machinery. The East Asiatic Co. has branches at Dairen and in other important cities and specializes in the soya bean trade. It operates its own bean oil mills in Denmark, and makes soap from the oil. It handles over 300,000 tons of beans a year, doing more export business than any other firm at Harbin.

Among the French firms Louis Dreyfus et Cie. has Manchurian headquarters at Harbin, doing chiefly an export business. Boix Freres also operates in Manchuria, as the agent of the Citroen Motor Co. and as a dealer in airplanes which it supplies to the provincial authorities.

4. Auxiliary Commercial Organs.

Chambers of commerce and similar organizations have been formed by the firms of various nationalities doing business in Manchuria on a substantial scale. The Japanese, too, have organized several exchanges, to deal in staple products.

A. Chambers of Commerce and Similar Bodies.

Chinese Chambers of Commerce.⁽¹²⁾ The commercial guild is an old institution in China. The guild might include either those engaged in the same business in a given locality (the tailors of Shenyang, for example) or those from outside a given locality who were engaged in business of all kinds in some center (the Manchurian merchants in Shanghai, for example, or the Shanghai merchants in Yinkou). The old commercial guilds carried on many semi-governmental functions, including acting as intermediaries between the merchants and the authorities in the collection of taxes, acting as arbitration boards for settling disputes between members, etc. They also set standards for goods and passed on the credit of members. Their functions were considerably broader than those of western chambers of commerce.

Since the beginning of the Republic in China, there has been a growing tendency among the Chinese merchants to re-organize these guilds, or to form new bodies, under the name of shang hui (commercial societies), modelled as to organization more on western lines. These shang hui, however, still function in many ways like the older guilds, though their activities and the scope of their functions vary considerably from locality to locality.

Shang hui have been organized in Manchuria in most of the cities, including many of the smaller towns. Under Chinese Government regulations they are juridical persons. These bodies usually are called shang kung i hui. Generally there is a tsung shang hui (central chamber of commerce) at the provincial capital, with branch shang hui elsewhere.

In 1913, Japanese regulations concerning commercial bodies were issued, to apply in the Leased Territory and the Railway Zone. Under

⁽¹²⁾ For translations of the names connected with Chinese chambers of commerce, see Appendix II, Page 297 ff.

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these regulations some of the shang kung i hui, with their character of juridical persons, were reorganized into shang wu hui which function much as the shang kung i hui but are not juridical persons. The Chinese chambers of commerce at Dairen, Hsiaokangtzu, Port Arthur, Chinchou and Pitsuwo still call themselves shang kung i hui, however. Those at Changchun, Shenyang (in the Railway Zone) and Kaiyuan are shang wu hui.

It is impossible to get complete data on the total membership of the shang hui in Manchuria. Most of the merchants, however, are associated with such organizations in one way or another. Memberships usually are divided into classes, with dues and voice in the management varying with the class. The membership of the shang hui which are organized as modern chambers of commerce at Dairen, Shenyang, Tiehling, Changchun, Antung, Yinkou and Harbin totalled approximately 23,000 in 1929, the one at Harbin being largest with nearly 7,000 members and that at Antung second with over 4,000.

Japanese Chambers of Commerce and Business Associations: There are seven Japanese chambers of commerce in Manchuria. Those at Dairen, Tiehling and Changchun were established with the sanction of the Kwantung Government-General, while those at Harbin, Shenyang, Antung and Yinkou were formed according to the regulations of the Japanese consulates. But the chambers of commerce at Antung and Yinkou later were placed under the jurisdiction of the Kwantung Government-General. The Shenyang and Harbin chambers of commerce are at present under the supervision of the Japanese consuls at these cities. The membership of these seven chambers of commerce totalled just over 1,000 in 1929.

The Dairen chamber of commerce was created by Japanese businessmen in 1906, at first being called the Dairen Businessmen's Association. In June, 1915, it was sanctioned by the Kwantung Government-General as a chamber of commerce and became a juridical body. It has a membership of about 300. The chamber issues monthly and annual reports as well as occasional pamphlets.

There are, besides, Japanese businessmen's associations or unions at the principal cities along the South Manchuria Railway lines, which function as chambers of commerce. Some of the more important of these are at Wafangtien, Liaoyang, Penhsihu, Changchun, Fushun, Ssuping kai, Kungchuling, Kaiyuan and Tashihchiao.

Commercial Auxiliary Organs of other Foreigners: At Harbin, Shenyang, Yinkou and Dairen, where Europeans and Americans reside in comparatively large numbers, there are chambers of commerce of other foreign nationalities than Japanese, though the organizations are small. The British, American, French, German and Russian businessmen have their own chambers of commerce in Harbin, the Russian chamber of commerce being the largest. This later organization differs from the Japanese or Chinese chambers of commerce in that, besides the ordinary duties of such a chamber, it conducts an exchange.

Among the foreign chambers of commerce, those of the British are the most important, next to the Russians. There are well under 1,000 British residents in Manchuria, but as they are engaged chiefly in commerce, they are well organized for this purpose, with chambers of commerce at Harbin, Dairen, Shenyang and Yinkou.

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In some cases, foreigners of several nationalities unite in a single general foreign chamber of commerce, especially where the total number of foreign business men is small. The British chamber of commerce at Yinkou functions in this way, for example.

B. Exchanges and Related Organizations.

The development of the agricultural produce business in Manchuria in recent years made it very desirable that the transactions in these products should be better organized. Consequently the Japanese authorities, beginning with the establishment of the Dairen Staple Produce Exchange (later called simply the Dairen Exchange) in 1913, have taken the initiative in forming such bodies in various centers. At first the business of the exchanges was comparatively small, but as the Chinese gradually came to appreciate the convenience and safety of dealing through the exchanges, they began to utilize them and the business grew rapidly. Today the bulk of the transactions in staple produce of Manchuria are made at these exchanges, and the exchange quotations on beans, bean cakes and bean oil determine market prices throughout the world.

Japanese Exchanges. All the Japanese exchanges, with two exceptions, are under the control of the Kwantung Leased Territory Government, which appoints the presidents and other officers. In order to provide better security in connection with exchange deals, guarantee companies have been formed which are attached to each of the produce exchanges. It was deemed necessary also to establish currency exchanges, since deals in currencies have a very important relation to deals in produce. Associated with each principal Japanese produce exchange there now is a currency exchange.

The dealing on the produce exchanges is both spot and time. Beans, bean cake, bean oil, kaoliang, wheat and other cereals are the principal products dealt in, besides currencies. Standards of quality, stated in a standardization table, are fixed once each year by the president of each exchange. In the case of beans, the No. 1 grade of the mixed storage bean is adopted as standard. For bean cakes, the mixed storage goods in the South Manchuria Railway warehouse is made standard. Variations from these standards may be made by mutual agreement between the buyer and seller on time deals. Quotations on the produce exchanges at first were in silver yen. Beginning in October 1921, an attempt was made to have all quotations in gold yen. Since November 1, 1923, however, both silver and gold yen quotations are used. Time deals call for delivery of beans, kaoliang and bean cakes at the end of each month, and of bean oil on the 14th and at the end of each month. Currency deliveries on time deals are called for on the 13th and 27th of every month. At Shenyang and Changchun, currency exchange deals are made in yuan and tiao respectively.

The following table indicates the location of the Japanese exchanges, the character of their business and the amount of business done (except the exchange at Antung). All those listed are Japanese government agencies, except the exchange at Dairen dealing in securities, gunny bags, etc. which is a private organization and is called the Dairen Stock and Merchandise Exchange. Another private exchange -- the Antung Stock and Currency Exchange -- exists at Antung. It deals in collateral securities, merchandise and currencies. Data as to 1929 transactions on

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this exchange are not available, but the business in the past has been definitely less than that on the private exchange at Dairen. It is significant to note that the business on the Dairen produce exchange in 1929 was much less than that on all except one of the other produce exchanges. Business in these staple products, that is, is done chiefly in the centers nearer the source rather than at the point of shipment abroad. The establishment of the mixed storage system hastened this development.

Japanese Exchanges and Exchange Transactions ⁽¹³⁾ (1929)				
Location	Kind of Business	Value of Transactions		% of Total
		Kind of currency	Amount	
Kaiyuan Established Feb. 1916	Staple products, future	Yen	12,514,580,767	
	Staple products, spot	Yen	464,217,628	
	Chinese currency, future	Yen	22,015,003,735	
	Total for Kaiyuan	Yen	34,993,802,130	78.1
Shenyang Established Jan. 1920	Chinese currency, future	Yuan	13,461,273,392	
	Total for Shenyang	Yuan	13,461,273,392	100.0
Ssuningkai Established Aug., 1919	Staple products, future	Yen	563,051,869	
	Chinese currency, future	Yen	3,787,146,795	
	Total for Ssuningkai	Yen	4,350,198,664	9.7
Kungchuling Established Aug., 1919 capital yen 500,000	Staple products, future	Yen	2,379,968,453	
	Chinese currency, future	Yen	1,016,965,575	
	Total for Kungchuling	Yen	3,396,934,028	7.6
Changchun Established March, 1916	Staple products, future	Yen	29,199,583	
	Staple products, spot	Yen	9,717,180	
	Chinese currency, future	Tiao	49,904,544,680	
	Total for Changchun	Yen	38,916,763	.1
		Tiao	49,904,544,680	100.0

(Continued on following page)

(13) From Mammo Yoran.

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Japanese Exchanges and Exchange Transactions (Cont'd)				
Location	Kind of Business	Value of Transactions		% of Total
		Kind of currency	Amount	
Dairen Government Exchange Established March, 1913	Staple products, future	Yen	480,383,272	
	Staple products, spot	Yen	97,058,086	
	Chinese currency, future	Yen	1,360,534,619	
	Chinese currency, spot		54,648,472	
	Securities, gunny bags, cotton yarn, flour and sugar ⁽¹⁴⁾	Yen	9,268,359	
	Total for Dairen	Yen	2,001,892,808	4.5
Totals		Yen	44,781,744,393	100.0
		Yuan	13,461,273,392	100.0
		Tiao	49,904,544,680	100.0
	Staple products	Yen	16,547,445,197	37.0
	Chinese currency	Yen	28,234,299,196	63.0
		Yuan ⁽¹⁵⁾	13,461,273,392	100.0
		Tiao ⁽¹⁵⁾	49,904,544,680	100.0

(14) This is a private not a governmental exchange.

(15) Because of the wide fluctuations in the exchange between silver yuan and the yuan chiefly dealt in on the Shenyang exchange (the feng piao), and between the silver yuan and the tiao, no attempt has been made to give an approximate value in yen. Cf., however, the table giving banknote exchange rates, in Chapter II on Currencies (Page 28.)

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The following table of business done on the produce exchanges indicates their growth since their establishment in 1913.

Japanese Produce Exchange Transactions			
(Government-controlled exchanges)			
Year	Future Delivery Transactions (Yen)	Spot Delivery Transactions (Yen)	Total (Yen)
1913	31,367,176	10,212,821	41,579,977
1918	914,171,680	69,248,908	983,420,588
1923	1,052,874,529	31,415,558	1,084,290,087
1928	16,968,655,289	274,367,413	17,243,022,702
1929	15,967,560,027	570,992,881	16,538,552,908 ⁽¹⁶⁾

Members of the exchanges dealing in future deliveries numbered 114 in 1929, of whom 36 were Japanese and 78 Chinese. Each payed a fee of Yen 100 a year. Spot delivery members, paying a fee of Yen 20 were 26 Japanese and 54 Chinese, making a total of 80.

⁽¹⁶⁾ This figure is less than the corresponding figure given in the preceding table by Yen 8,892,289, or slightly less than the total of the deals in securities, gunny bags, etc. on the private exchange in Dairen. The figure in the above table is from South Manchuria Railway Company reports; that in the preceding table is from the Mammo Yoran, a private Japanese yearbook.

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Exchange Trust and Guarantee Companies: Attached to each of the Japanese exchanges is a trust and guarantee company. These are formed by private shareholders and serve as a medium for guaranteeing the actual delivery of goods covered in the transactions on the exchange. They also assist in the settlement of accounts, and, in order to increase the exchange business, they advance funds to brokers. Brokers dealing on the exchanges and utilizing the services of the guarantee companies are required to deposit guarantees with the companies. These guarantee companies also hold the margins deposited by the brokers in accordance with exchange regulations. Connected with the Dairen exchange are two of these guarantee companies, one of which concerns itself specially with transactions in currencies.

5. Warehousing and Insurance.

A. Warehousing.

The rapid development of agriculture in Manchuria has created a demand for warehousing facilities. All the railways and many merchants have taken steps to meet this demand. In this direction, the South Manchuria Railway Company has done more than any other organization. It started this work in 1911. At Dairen there now are 75 warehouses belonging to the company, with floor space aggregating 371,161 square metres. 98 more warehouses exist at the principal stations along the railway line, with an aggregate floor space of 125,789 metres. In addition, the company has at Dairen 228,344 square metres available for open storage, and large spaces at other centers. The goods handled annually by the warehouses now total more than 11,600,000 tons, of which over 60% are beans and bean products.

Mixed Storage: As a means of facilitating the grading, shipping and marketing of beans, the South Manchuria Railway Company, in connection with its warehousing activities and after considerable consultation with bean dealers and brokers, adopted a "mixed storage" system for beans. This was started at the Dairen wharves in 1913, and later extended to the company's properties at Shenyang, Tiehling, Kaiyuan and other centers. In accordance with this system, the beans are sorted and graded at the receiving points, the classifying being done by quality and weight. Receipts, negotiable at the banks, are issued against which deliveries of like quantities of the same grade of beans may be called for at the terminal points. All but about 10% of the beans handled by the South Manchuria Railway now are shipped under this mixed storage system. A similar system was introduced at Dairen in 1913 and at Tiehling in 1915 for dealing with bean cakes produced in these districts. In 1921 the system was extended to include beancakes received at Dairen from other districts. In May, 1921, the Dairen mixed storage system was introduced at Yinkou. Bean oil has been handled at Dairen under a mixed storage system since 1913, and wheat since 1921.

Lumber is stored by the South Manchuria Company at Antung both on land and in the water. The company has a large pond there for lumber storage, with an area of 90,795 square metres.

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The Chinese railways in Manchuria have been providing increasing storage facilities in recent years. The Chinese Eastern Railway has large warehouses and open storage spaces along its lines.

Both Japanese and Chinese merchants have built warehouses for storing goods, though not on any very large scale. At Yinkou particularly, where there are many Chinese wholesale dealers, storage facilities have been developed. The Chinese follow the custom, in appropriate circumstances, of advancing money against warehouse receipts.

B. Insurance.

The business of insurance in Manchuria was first started by the British at Yinkou, soon after the opening of the port to foreign trade (1864). Most of the business at that time and for some years was in marine insurance, but other lines were taken up gradually, especially fire insurance covering loss of goods shipped. The Moscow Fire Insurance Co. (Russian) started business in Harbin in 1902, providing fire and transportation insurance. The Meiji Life Insurance Co. (Japanese) opened a branch at Dairen in 1906, and the Kyodo Fire Insurance Co. (Japanese) began business at Port Arthur in 1907. The latter also undertook accident insurance. A number of Chinese insurance companies, doing life, accident, fire and other insurance business, now have agencies in Manchuria. The larger British insurance companies also are represented. The Asia Life Insurance Company (American, with headquarters in Shanghai) is active in the field.

Insurance was slow getting started in Manchuria, but the total business now amounts to a substantial sum. The Japanese insurance companies, for example, had total outstanding policies at the end of 1927 of Yen 55,729,990 of life insurance on 32,612 policies and Yen 434,661,347 of damage insurance on 71,891 policies, making a total of Yen 490,391,337, as compared with figures for the end of 1914 of Yen 5,125,300 in life insurance and Yen 23,797,685 in damage insurance or a total of Yen 28,922,985. Premium receipts in 1927 were Yen 1,949,925 on life insurance and 3,684,491 on damage insurance. Life insurance payments in 1927 amounted to Yen 551,421 and damage insurance payments to Yen 9,619,670. New life insurance policies written in 1927 amounted to Yen 15,274,353, with cancellations of Yen 10,845,566. New damage insurance written was Yen 1,050,919,304, and damage insurance cancellations were Yen 1,004,519,159. Most of the business of these companies is done in the Leased Territory (51.2%) and the Railway Zone (35.0%) with 13.8% elsewhere in Manchuria.

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CHAPTER IX. EXTERNAL TRADE

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During the past quarter of a century, Manchuria's external trade -- i.e., that with China Proper and with foreign countries -- has undergone fully as striking a development as her population, agriculture, industry and communications. In 1907, the year Dairen was made a free port, the total external trade of Manchuria, as reported by the Customs Administration, was only Tael 59,900,000. Twenty years later, in 1926, it had grown to Tael 647,600,000 -- an increase of 981%. In 1929 it reached a peak of Tael 755,300,000, which was followed by a drop to Tael 703,100,000 in 1930. The increase from 1907 to 1929 was Tael 695,400,000, or 1,161%; that from 1907 to 1930 was Tael 643,200,000, or 1,074%. The fall between 1929 and 1930 was Tael 52,200,000, or 6.9%. Even with this drop, the 1930 trade still was larger than in any year previous to 1929. ✓

Significant Facts: There are a number of highly significant facts, in connection with this drop in trade from 1929 to 1930. The exports of soya beans, for example, decreased by Tael 55,936,070 (39.8% of the 1929 exports of Tael 140,510,442), or Tael 3,749,386 more than the decrease in the total trade. On the other hand, the exports of bean cake, bean oil and beans other than soya beans showed a small increase in 1930 over 1929 -- an increase of Tael 419,705. In other words, if the exports of soya beans be eliminated from the 1929 and 1930 figures, the total trade would show an increase from Tael 614,744,918 to Tael 618,494,304, or .6%. Total exports for 1929 were Tael 425,651,491, and for 1930, Tael 396,714,056 -- a decrease of Tael 28,937,435, or 6.8%. Eliminating the soya bean figures for both years, the exports would have increased from Tael 285,141,049, to Tael 312,139,684, an increase of Tael 26,998,635, or 9.5%. Imports, on the other hand, fell from Tael 329,603,869 in 1929 to Tael 306,354,620 in 1930 -- a decrease of Tael 23,249,249, or 7.1%

The falling off of Manchuria's trade as a whole, and even more clearly the falling off of the exports, therefore, was not due to conditions in Manchuria, but to the depression in other countries which had been heavy buyers of Manchurian soya beans. Soya bean exports to Japan decreased Tael 11,336,134; to Turkey, Persia and Egypt Tael 25,730,154 (from Tael 34,615,382 to Tael 8,885,228); to the Netherlands Tael 2,770,625; to Great Britain, Tael 11,332,344. With this very heavy drop in the principal export commodity, it is small wonder that Manchuria was economically depressed. Since soya bean exports in 1929 formed 37.0% of the total exports, the surprising thing is that the loss of more than a third of the income from exports did not bring about an absolute collapse instead of only the relatively small depression reflected in the 7.1% decrease in imports.

Manchuria, in other words, is economically sound, and is very far from being simply a "one-crop" or "one-industry" area.

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Another fact revealed by the trade figures is perhaps even more significant. While the total trade of Manchuria decreased by Taels 52,186,684 in 1930 from the 1929 figure, the trade of Dairen decreased by Taels 85,642,457. The decrease for Manchuria was 6.9%; that for Dairen was 16.8%. The decrease at Dairen was Taels 33,455,773 more than the decrease for all Manchuria. Eliminating the Dairen figures for both 1929 and 1930, the trade of Manchuria showed an increase, 1929 to 1930, from Taels 246,727,447, to Taels 280,183,220 -- an increase of Taels 33,455,773, or 13.5%.

Moreover, the three trade centers where there has been very little Japanese influence showed good trade increases in 1930 over 1929, while the centers where Japanese influence has been strong all showed either marked falling off, as in the cases of Dairen, Lungchingsun and Hunchun, or only a small increase, as in the case of Antung. The increase at Antung, however, was due to a very large increase in the shipments of millet to Chosen.

Yinkou's trade grew from Taels 86,564,949 in 1929 to Taels 103,914,509 in 1930. The increase was Taels 17,349,560, or 20.0%. Harbin's trade increased from Taels 58,014,030 to Taels 70,762,199, giving an increase of Taels 12,748,169, or 22.0%. Aigun had an increase from Taels 680,037 in 1929 to Taels 964,276 in 1930 -- an increase of Taels 284,239 or 41.8%. These three ports, where Japanese influence has been small or absent, thus had a net increase of trade, 1929 over 1930, of Taels 30,381,968, or 20.9%.
 1929 1930

Dairen's trade record already has been given. Antung had an increase from Taels 92,360,810 to Taels 97,075,504, being Taels 4,714,694, or 5.1%. But one of the principal export items at Antung is millet, going to Chosen. The millet exports through Antung in 1929 were Taels 14,305,705; the 1930 figure was Taels 22,656,044 -- an increase of Taels 8,350,339, or almost twice the increase in total trade. If the millet export figures be deducted from the 1929 and 1930 totals, the balance of Antung's trade showed a drop of Taels 3,635,645 or 4.9%, instead of an increase. Hunchun and Lungchingsun, on the Chinese border, together did a trade in 1929 of Taels 9,107,621, and in 1930 of Taels 7,466,732. Both "ports" showed a decrease; the decrease for the two items together being Taels 1,640,889, or 18.0%.

CHOSENESE

Dairen, Antung, Hunchun and Lungchingsun -- the centers where Japanese influence is strong -- did a total trade in 1929 of Taels 609,996,344, and in 1930 of Taels 527,427,692. The percentages of the total trade of Manchuria were 80.6% in 1929 and 75.0% in 1930. The decrease was Taels 82,568,654. This was 13.5% of the 1929 trade for these ports and 10.9% of the 1929 trade of all Manchuria. Harbin, Yinkou and Aigun, where the Japanese influence is small or none, did a total trade of Taels 145,259,016 in 1929 and of Taels 175,640,984 in 1930. These amounts were, for the respective years, 19.4% and 25.0% of the trade of all Manchuria. The increase was Taels 30,381,968. This was 20.9% of the 1929 trade for the three ports, and 4.0% of the 1929 trade of all Manchuria.

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In this connection, another point is interesting. All of Japan's trade with Manchuria, and all except a very small part of the trade of China Proper with this area, is through the South Manchurian ports of Dairen, Antung and Yinkou. Japan's trade with South Manchuria decreased Taels 35,006,482 or 13.4% in 1930 from 1929. The trade with China Proper, on the other hand, increased, during the same period, Taels 8,827,626, or 5.1%. The entire trade of South Manchuria decreased Taels 54,578,203 or 7.9%. The value of goods carried into and out of the South Manchurian ports in Japanese ships decreased Taels 45,321,331 or 11.7% between 1929 and 1930; the value carried in Chinese ships increased Taels 4,010,512 or 5.7%. The total value carried by ships decreased Taels 61,259,083 or 9.2%.

Just what these facts indicate it would be impossible to say without careful analysis of all the circumstances. One point, however, seems fairly obvious. This is that the deliberate efforts which the Chinese have been making to turn Manchurian business away from Japanese channels began to have very definite results in 1930.

Manchuria and China: Turning to consideration of the trade of Manchuria in comparison with the trade of China Proper, the record shows that Manchuria's trade has grown, in the past quarter of a century, proportionately much faster than China's. China's external trade grew from Taels 680,800,000 in 1907 to Taels 2,029,400,000 in 1926 and to a peak of Taels 2,312,600,000 in 1929. It dropped to 2,241,600,000 in 1930. These were increases of 198% in twenty years (compared with Manchuria's 981%); 240% in twenty-three years (Manchuria's was 1,161%) and 229% for the twenty-fourth year (1,074% for Manchuria). In 1907 the external trade of Manchuria (including the trade with China Proper) was 8.8% of the total external trade of China (including Manchuria). In 1926 Manchuria's trade was 31.9% of China's; in 1929 the proportion was 32.7%, and in 1930 it was 31.3%. Figures for the different years are as follows:

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External Trade of Manchuria and China ⁽¹⁾					
(Values in Haikwan Taels. Manchuria trade includes trade with China Proper. China trade is the entire gross foreign trade including the foreign trade of Manchuria but not including as a separate item the trade between Manchuria and China Proper. 1926 = 100 for Index Number.)					
Year	Trade of Manchuria		Trade of China		% of Manchurian trade to trade of China
	Amount	Index No.	Amount	Index No.	
1907	59,900,000	9	680,800,000	34	8.8
1916	260,400,000	40	918,500,000	45	28.4
1925	557,100,000	86	1,758,700,000	87	31.7
1926	647,600,000	100	2,029,400,000	100	31.9
1927	676,900,000	104	1,973,700,000	97	34.3
1928	737,000,000	114	2,215,400,000	109	33.3
1929	755,300,000	117	2,312,600,000	114	32.7
1930	703,100,000	109	2,241,600,000	111	31.3

- (1) Compiled from Chinese Maritime Customs reports, in part as these are condensed in the annual "Trade Returns of North China" prepared by the South Manchuria Railway Company. All the trade figures used in this chapter and elsewhere in this volume, unless otherwise noted, are based on these same sources.

The figures taken are the gross trade amounts -- i.e. the total imports and exports, not deducting the re-exports. The gross trade figures are used instead of the net trade figures -- i.e. the gross imports less the re-exports and the gross exports less the re-exports -- as indicating more accurately the actual amount of business done. The re-exports, in any case, are a comparatively small part of the total gross trade, being in the neighborhood of two to two and one-half per cent.

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1. Principal Trade Regions.

Manchuria was opened to foreign trade for the first time by the Tientsin Treaty concluded between Great Britain and China in 1858, following which Yinkou was opened as a treaty port in 1864. The foreign trade of Manchuria at that time was negligible in amount. Before the days of railway traffic, however, Yinkou was the only trade port in South Manchuria, situated favorably at the mouth of the Liao River which passes through the central part of South Manchuria and reaches Inner Mongolia. Later, when Russia constructed the Chinese Eastern Railway, Harbin steadily developed, becoming the chief trade center of North Manchuria, rivalling Yinkou in the south. Then, when Russia leased the Kwantung Leased Territory (1898) and constructed a railway line to connect Harbin with Dalny, now Dairen (the line was opened in 1903), the relative importance of Yinkou as a trade center was somewhat diminished. After the Russo-Japanese war, when Japan secured the management of the railway line from Changchun to Dairen (1905), she enlarged and improved the harbor of Dairen, completing its equipment as a modern trade port. With this, Dairen instead of Yinkou became the principal port in South Manchuria, though the trade at Yinkou continued to increase. Subsequently, with the reconstruction of the Mukden-Antung Railway line, and the construction of the bridge over the Yalu River joining Antung with Chosen, Antung also grew as an important commercial port.

With the construction of the Kirin-Changchun, Saipingkai-Taonan Taonan-Anganchi, Kirin-Tumhua and other railway lines, new trade routes have been created, and trade centers have gradually changed. Because of the railway lines and other routes, the main trade centers of South Manchuria today are Dairen, Yinkou, and Antung. Also Shanhaikwan on the border of China Proper, Hunchun and Lungchingtsun on the Korean border cannot be overlooked as border trade centers. In North Manchuria, Harbin, Manchuli, Suifenho, as well as Aigun and Sanhsing are important business centers.

After the Russo-Japanese war, the Chinese Government paid considerable attention to the trade and commerce of Manchuria. Customs districts soon were established, centering at Dairen, Antung, Yinkou, Harbin, Aigun, Hunchun and Lungchingtsun. The Antung center included Tatungkou, while the Harbin district covered Manchuli and Suifenho (Pogranichnaya). Manchuria may be divided into the following three zones in relation to the transportation routes and customs supervision:

South Manchuria -- Dairen, Yinkou and Antung (which includes Tatungkou).

North Manchuria -- Harbin (which includes Manchuli and Suifenho and Aigun).

East Manchuria -- Hunchun and Lungchingtsun.

The trade passing through the South Manchurian ports comprises roughly 85% of the external trade of Manchuria, the percentage holding good for imports, exports and total. Trade for these areas have been as follows:

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Imports and Exports, by Regions ⁽²⁾						
(Taels; in thousands; 1926 = 100 for Index Number)						
Year and region	Imports	Exports	Total	% of total	Index No.	Balance (- indicates imports excess)
1907						
South Manchuria	35,518	24,422	59,939	100.0	11	-11,096
North Manchuria ³	---	---	---	---	---	---
East Manchuria ³	---	---	---	---	---	---
Total	35,518	24,422	59,939	100.0	9	-11,096
1916						
South Manchuria	97,970	84,508	182,477	70.1	33	-13,462
North Manchuria	30,625	45,577	76,203	29.3	84	14,952
East Manchuria	961	722	1,682	.6	18	-239
Total	129,556	130,807	260,363	100.0	40	1,251
1926						
South Manchuria	248,134	299,506	547,641	84.5	100	51,372
North Manchuria	23,644	66,966	90,610	14.0	100	43,323
East Manchuria	5,655	3,677	9,332	1.5	100	-1,979
Total	277,434	370,149	647,583	100.0	100	92,716
1927						
South Manchuria	238,052	327,605	565,657	83.6	103	89,553
North Manchuria	24,446	75,050	99,496	14.7	110	50,604
East Manchuria	6,415	5,382	11,797	1.7	126	-1,033
Total	268,914	408,036	676,950	100.0	104	139,124

(Continued on next page)

- (2) The last figure in the various totals in the above table is not always the total of the last figures which are added. This is because in omitting the hundreds, the next nearest figure for the last figure of the thousands was taken in each case -- i.e. 657,632 and 657,999 both would be taken as 658; while 657,499 would be taken as 657. This system has been followed in all the tables in this chapter in which the amounts are given in thousands.
- (3) Figures for these areas for 1907 are not available, since customs offices were not opened in these areas until after 1907.

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Imports and Exports, by Regions						
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Year and Region	Imports	Exports	Total	% of total	Index No.	Balance (- indicates imports excess)
1928						
South Manchuria	266,382	348,037	614,419	83.4	112	81,655
North Manchuria	30,073	81,287	111,359	15.1	123	51,214
East Manchuria	6,502	4,712	11,214	1.5	120	-1,790
Total	302,956	434,035	736,991	100.0	114	131,079
1929						
South Manchuria	308,142	379,312	687,454	91.0	125	71,170
North Manchuria	16,530	42,163	58,694	7.8	65	25,633
East Manchuria	4,932	4,176	9,107	1.2	98	- 756
Total	329,604	425,651	755,255	100.0	117	96,047
1930						
South Manchuria	284,775	339,101	623,875	88.7	114	54,326
North Manchuria	17,416	54,310	71,726	10.2	79	36,894
East Manchuria	4,164	3,303	7,467	1.1	80	-861
Total	306,355	396,714	703,069	100.0	109	90,359

2. South Manchurian Trade.

A. General Outline.

Trade conditions in South Manchuria reflect conditions in the whole of Manchuria, since the three South Manchurian ports of Dairen, Yinkou and Antung do around 85% of the total external trade of Manchuria. Trade grew rapidly from 1907 to 1913. 1913 and 1914 saw almost exactly the same amount of trade through these ports. Beginning in 1915, the trade increased rapidly through 1919. Then came a moderate drop in 1920, followed by a rise to a new peak in 1923, a drop in 1924 and a sharp rise year by year to 1929. In 1930 the effects of the world wide depression and the overproduction in Manchuria became clearly apparent in the falling off of trade, though the total still was higher than that for any preceding year except 1929. The following table gives the record, up to 1926. The figures for 1926-30 are given in the preceding table.

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Trade of South Manchuria				
(Taels; in thousands)				
Year	Imports	Exports	Total	Index No. (1926 = 100)
1907	35,518	24,422	59,939	11
1913	78,268	82,121	160,389	29
1914	82,188	79,078	161,266	29
1915	86,307	95,772	182,079	33
1916	97,970	84,508	182,477	33
1917	139,003	105,342	244,345	45
1918	152,162	140,296	292,457	53
1919	199,109	177,941	377,050	69
1920	173,836	188,958	362,794	66
1921	182,475	194,075	376,549	69
1922	175,334	219,929	395,263	72
1923	188,043	246,748	434,790	79
1924	182,327	213,441	395,768	72
1925	224,627	259,771	484,359	88

The relative importance of the three South Manchurian ports and the growth of trade at each in recent years is indicated in the following tables:

Trade of Dairen				
(Taels)				
Year	Imports	Exports	Total	% of Total external trade of all Manchuria
1907	11,012,682	3,831,997	14,844,679	24.8
1916	53,892,079	54,767,046	108,659,125	45.6
1926	144,652,655	217,662,691	362,315,346	55.9
1927	146,389,484	230,030,606	376,420,090	55.6
1928	168,946,579	262,464,605	431,411,184	58.5
1929	206,083,814	302,444,099	508,527,913	67.3
1930	182,842,574	240,042,882	422,885,456	60.1

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Trade of Antung (and Tatungkou)				
(Taels)				
Year	Imports	Exports	Total	% of Total external trade of all Manchuria
1907	2,776,548	2,380,665	5,157,213	8.6
1916	21,030,554	11,945,661	32,976,215	12.6
1926	44,662,421	49,512,788	94,175,209	14.5
1927	42,626,291	64,392,477	107,018,768	15.8
1928	48,785,855	49,886,323	98,672,178	13.4
1929	49,788,605	42,572,205	92,360,810	12.2
1930	44,152,805	52,922,699	97,075,504	13.8

Trade of Yinkou				
(Taels)				
Year	Imports	Exports	Total	% of Total external trade of all Manchuria
1907	21,727,572	18,209,955	39,936,527	66.7
1916	23,047,181	17,795,209	40,842,390	15.6
1926	58,819,143	32,330,808	91,149,951	14.1
1927	49,036,410	33,181,740	82,218,150	12.1
1928	48,649,395	35,685,956	84,335,351	11.4
1929	52,269,198	34,295,751	86,564,949	11.5
1930	57,779,287	46,135,222	103,914,509	14.8

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When the trade passing through these three South Manchuria ports is divided into foreign and coastwise, its nature and development may be understood from a different point of view. At the time when Japan received the management of the South Manchuria Railway line from Russia or slightly before, there was no Manchurian product that was definitely established as an export article. But in 1913, the amount of the foreign trade slightly exceeded that of the coastwise trade. To be more exact, the foreign trade in 1913 was Taels 88,043,017, while the coastwise trade was Taels 72,274,446, there being no great difference between the two branches. But the foreign trade increased year after year, and by the time the coastwise trade had reached Taels 100,000,000 in 1919, the other was Taels 275,000,000. In 1929 the coastwise trade was Taels 190,000,000, but the foreign trade was more than Taels 497,000,000. Compared with the figures for 1913, the returns for 1929 showed that while the coastwise trade had increased 164%, the foreign trade had increased by 537%. The figures for recent years are as follows:

Foreign and Coastwise Trade of South Manchuria							
(Taels; in thousands)							
Year	Foreign Trade			Coast Trade			Foreign Trade %
	Imports	Exports	Total	Imports	Exports	Total	
1926	152,629	204,695	357,324	95,506	94,811	190,317	65.2
1927	151,003	217,937	368,940	87,039	109,668	196,707	65.2
1928	179,213	240,382	419,594	87,169	107,655	194,824	68.3
1929	209,724	287,310	497,034	98,418	92,002	190,420	72.3
1930	186,640	237,576	424,216	98,135	101,525	199,659	68.0

Part of the trade of the three South Manchurian ports is carried on junks, which go mostly to fairly nearby Chinese and Chosenese ports, though sometimes they make longer journeys. Much the larger amount of the trade, however, goes by steamer, and the records show that the proportion carried in junks is steadily decreasing. The figures for the steamer and junk trade are as follows:

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Steamer and Junk Trade of South Manchuria			
(Tael)			
Year	Carried by Steamers	Carried by Junks	% carried by steamers
1926	525,169,578	22,470,928	95.9
1927	541,524,722	24,132,286	95.7
1928	590,209,563	24,209,150	96.2
1929	669,059,981	18,393,691	97.3
1930	607,800,898	16,074,571	97.4

B. Principal Exports and Their Destinations.

Soya beans are easily the most important item in South Manchuria exports, and Japan is easily the most important country of destination of exports of all kinds. Beans and bean products make up approximately half of the total exports. The next most important export articles are coal and coke, forming something over a third of the total. Cereals and cereal products of various kinds come third, with silk materials and products fourth and iron and iron manufactures fifth. Japan takes a large part of the beans and bean cake exports, but little of the bean oil. Most of the iron exports go to Japan. Particularly interesting is the very large export of millet to Chosen -- 92.9% of all the millet exports in 1929 and 96.0% in 1930. Considerable rice has come to be grown in Chosen in recent years, but this is exported to Japan, in large part, and the Chosenese people import millet from Manchuria for their own food. Indirectly, therefore, these millet exports contribute to the food supply of the Japanese.

Japan and Chosen together took 43.4% of all the exports in 1929 and 45.3% in 1930. This increase was due, however, in no small part to a very large increase of millet shipments to Chosen -- the percentage of exports to Japan, as well as the total value of the exports, decreased. Netherlands comes second to Japan, of the foreign countries, as a destination for exports. The bulk of these exports is beans and bean products. Britain also is a heavy buyer of beans and bean products. The United States, besides bean cake and bean oil, takes bristles, wool, leather, etc. Japan and Chosen take slightly over half of the coal and coke exports. These two countries and China took 91.0% of the coal and coke exports in 1929 and 92.0% in 1930.

China Proper gets from South Manchuria something of practically everything that is exported, and large amounts of some of the items, such as beans and bean products and coal. While exports to Japan were decreasing, between 1929 and 1930, by Tael 18,474,108, the exports to China increased by Tael 9,512,850. Exports to the Netherlands and Chosen also increased somewhat; those to the other countries decreased.

The total of South Manchuria exports in 1929 was Tael 379,312,055. The 1930 total was Tael 339,100,803. The decrease was Tael 40,211,252 or 10.6%.

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Principal Exports of Manchuria
with Principal Destinations

(Tael)

Year and article	Value	% of total exports	Principal destinations
Soya beans			
1929	140,510,442	37.0	Turkey, Persia and Egypt, Tls. 34,615,382; Japan, Tls. 34,529,072; Netherlands, Tls. 22,508,840; China, Tls. 17,969,073; Great Britain, Tls. 15,140,028.
1930	84,574,372	25.0	Japan, Tls. 23,192,938; China, Tls. 20,055,412; Netherlands, Tls. 19,738,215; Turkey, Persia and Egypt, Tls. 8,885,228; Great Britain, Tls. 3,807,684.
Other beans			
1929	7,798,229	2.1	Japan, Tls. 5,964,919; Chosen, Tls. 763,933; China, Tls. 734,754.
1930	9,315,706	2.8	Japan, Tls. 6,398,886; China, Tls. 1,419,475; Chosen, Tls. 946,444.
Total beans			
1929	148,308,671	39.1	
1930	93,890,078	27.8	
Bean cake			
1929	54,506,918	14.4	Japan, Tls. 33,151,155; China, Tls. 12,388,926; Chosen, Tls. 4,260,518; United States, Tls. 2,190,670; Great Britain, Tls. 1,442,415.
1930	49,564,461	14.6	Japan, Tls. 28,890,924; China, Tls. 15,152,077; Chosen, Tls. 3,812,975; United States, Tls. 1,381,957; Great Britain, Tls. 63,650.

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Principal Exports of South Manchuria
 with Principal Destinations

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Year and article	Value	% of total exports	Principal Destinations
Bean Oil			
1929	21,113,641	5.5	China, Tls. 9,312,274; Netherlands, Tls. 5,592,840; Great Britain, Tls. 3,349,225; United States, Tls. 2,221,725.
1930	24,958,326	7.4	Netherlands, Tls. 12,654,912; Great Britain, Tls. 4,672,296; China, Tls. 4,214,730; United States, Tls. 1,169,064.
Total beans and bean products			
1929	223,929,230	59.0	
1930	168,412,865	49.8	
Millet			
1929	15,796,251	4.1	Chosen, Tls. 14,688,058; Japan, Tls. 895,236.
1930	24,111,322	7.1	Chosen, Tls. 23,189,241; Japan, Tls. 750,518.
Kaoliang			
1929	7,627,470	2.0	China, Tls. 5,184,449; Japan, Tls. 1,923,766; Chosen, Tls. 376,498.
1930	6,157,698	1.8	China, Tls. 3,775,506; Japan, Tls. 1,930,657; Chosen, Tls. 446,538.
Maize			
1929	3,885,262	1.0	Japan, Tls. 1,915,639; China, Tls. 1,670,533.
1930	3,076,398	.9	China, Tls. 1,819,771; Japan, Tls. 1,154,974.

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Principal Exports of South Manchuria
with Principal Destinations

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Year and article	Value	% of total exports	Principal Destinations
Other cereals			
1929	4,284,755	1.1	Japan, Tls. 1,974,995; Netherlands Tls. 796,236; China, Tls. 621,897.
1930	2,603,655	.8	China, Tls. 804,966; Netherlands, 685,535; Japan, Tls. 300,234.
Bran and wheat flour			
1929	2,536,919	.7	Japan, Tls. 1,785,831; China, Tls. 729,459.
1930	1,880,271	.6	Japan, Tls. 1,582,723; China, Tls. 269,619.
Total cereals and cereal products			
1929	34,130,657	8.9	
1930	37,829,544	11.2	
Coal and coke			
1929	37,619,966	9.9	Japan, Tls. 18,610,381; China, Tls. 12,607,258; Chosen, Tls. 3,016,959; Philippines, Tls. 1,809,648.
1930	37,585,095	11.1	Japan, Tls. 16,159,516; China, Tls. 15,203,550; Chosen, Tls. 3,219,103; Philippines, Tls. 1,640,216.
Silk materials and products			
1929	11,566,220	3.0	Japan, Tls. 6,668,060; China, Tls. 4,887,920.
1930	11,550,781	3.4	Japan, Tls. 6,142,892; China, Tls. 5,379,669.

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Principal Exports of South Manchuria
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Year and article	Value	% of to- tal ex- ports	Principal Destinations
Iron and iron manufactures			
1929	7,368,432	1.9	Japan, Tls. 6,223,585; China, Tls. 754,685; Chosen, Tls. 372,162.
1930	8,508,870	2.5	Japan, Tls. 6,732,988; China, Tls. 1,470,338; Chosen, Tls. 278,044.

Principal Destinations of South Manchurian Exports
 with Principal Articles

Year and country	(Tael) Value	% of to- tal ex- ports	Principal Articles
Japan			
1929	135,283,621	35.7	Beans, Tls. 40,223,991; bean cake Tls. 33,151,155; coal and coke, Tls. 18,610,381; metals and hardware, Tls. 7,235,030; cereals and cereal products, Tls. 8,495,467; silk materials and products, Tls. 6,668,060.
1930	116,809,513	34.4	Beans, Tls. 29,591,824; bean cake Tls. 28,890,924; coal and coke, Tls. 16,159,516; metals and hard- ware, Tls. 7,484,391; cereals and cereal products, Tls. 5,719,106; silk materials and products, Tls. 6,142,892.
China Proper			
1929	92,011,784	24.3	Beans, Tls. 18,703,827; Bean cake, Tls. 12,388,926; bean oil, Tls. 9,312,274; cereals and cereal pro- ducts, Tls. 8,368,099; coal and coke, Tls. 12,607,258; silk mater- ials and products, Tls. 4,887,920.

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Year and country	(Tael) Value	% of to- tal ex- ports	Principal Articles
Principal Destinations of South Manchurian Exports with Principal Articles			
China Proper			
1930	101,524,634	29.9	Beans, Tls. 21,474,887; bean cake, Tls. 15,152,077; bean oil, Tls. 4,214,730; cereals and cereal products, Tls. 8,256,852; coal and coke, Tls. 15,203,550; silk materials and products, Tls. 5,379,639.
Netherlands			
1929	29,709,539	7.8	Soya beans, Tls. 22,508,840; bean cake and bean oil, Tls. 6,032,724; cereals, Tls. 803,500; seeds, Tls. 333,871.
1930	34,733,589	10.2	Soya beans, Tls. 19,738,215; bean cake and bean oil, Tls. 12,686,551; cereals, Tls. 689,753; seeds, Tls. 1,367,008.
Chosen			
1929	29,413,427	7.7	Millet, Tls. 14,688,058; bean cake, Tls. 4,260,513; coal and coke, Tls. 3,016,959; timber and bamboo, Tls. 2,039,535.
1930	36,936,750	10.9	Millet, Tls. 23,189,241; bean cake, Tls. 3,812,975; coal and coke, Tls. 3,219,103; timber and bamboo, Tls. 1,490,466.
Great Britain			
1929	21,610,589	5.7	Soya beans, Tls. 15,140,028; bean cake and bean oil, Tls. 4,791,640.
1930	10,290,060	3.0	Soya beans, Tls. 3,807,684; bean cake and bean oil, Tls. 4,735,946.
United States			
1929	10,035,661	2.6	Bean cake and bean oil, Tls. 4,412,395; bristles, wool, hairs and leather, Tls. 2,701,404.
1930	6,212,785	1.8	Bean cake and bean oil, Tls. 2,551,021; bristles, wool, hairs and leather, Tls. 1,743,639.

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C. Principal Imports and Their Sources.

Textiles, the raw materials for textiles and clothing make up about one-third of all of South Manchuria's imports, the bulk of the imports in this group being cotton piece goods, with raw cotton and yarns and threads coming third. Curiously enough, South Manchuria also imports substantial amounts of foods of various kinds, wheat flour being the most important item in this group. The third principal group consists of iron and steel and various machinery and metal items. Tobacco, chiefly in the form of cigarettes, comes fourth. Textiles and textile materials formed 34.9% of the total imports in 1929 and 32.2% in 1930; flour, wheat, cereals and other provisions together made up 18.4% in 1929 and 19.9% in 1930; metals and machinery imports were 14.6% in 1929 and 16.1% in 1930. South Manchuria imports a small amount of coal and coke -- well under Taels 1,000,000.

Just as Japan takes the bulk of South Manchuria's exports, so she furnishes a larger part of the imports than any other country -- 41.0% in 1929 and 38.6% in 1930. Japan and Chosen together supplied 43.5% of the imports in 1929 and 40.8% in 1930. Of the foreign countries, the United States comes second in South Manchuria's imports, with 8.4% in 1929 and 7.2% in 1930. Hongkong is third, Great Britain fourth and Germany fifth. These countries, including Chosen, furnished 62.2% of the imports in 1929 and 60.4% in 1930.

This decrease of 1.8% was slightly more than made up in the trade in Chinese goods with China proper -- 26.2% in 1929 and 28.2% in 1930. Some foreign goods also come into South Manchuria from China Proper, but while these are included in the total of imports, they are not counted, in this study, as part of the trade with China Proper. The figures for imports from China Proper, in the tables which follow, are for Chinese goods only.

The total of South Manchurian imports in 1929 was Taels 308,141,617. The 1930 total was Taels 284,774,666. The decrease was Taels 23,366,951 or 7.6%.

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Principal Imports of South Manchuria

with Principal Sources

(Taels)

Year and article	Value	% of total imports	Principal Sources
Cotton piece goods			
1929	65,150,632	21.1	Japan, Tls. 41,102,511; China, Tls. 20,644,043; United States, Tls. 800,960. Great Britain Tls. 239,763.
1930	52,636,746	18.4	Japan, Tls. 30,332,212; China, Tls. 20,277,355; Great Britain, Tls. 164,968; United States, Tls. 10,495.
Other piece goods			
1929	16,443,943	5.3	Japan, Tls. 5,048,435; China, Tls. 5,044,033; Germany, Tls. 1,849,570; Great Britain, Tls. 1,706,318.
1930	10,421,779	3.7	China, Tls. 2,875,894; Japan, Tls. 2,856,865; Germany, Tls. 1,167,258; Great Britain, Tls. 880,721.
Yarns and threads			
1929	16,690,011	5.4	China, Tls. 9,557,859; Japan, Tls. 3,945,253; Great Britain, Tls. 587,020.
1930	15,106,261	5.3	China; Tls. 10,161,789; Japan, Tls. 2,818,388; Great Britain, Tls. 264,058.
Raw cotton			
1929	3,133,747	1.0	China, Tls. 2,575,360.
1930	8,269,849	2.9	Japan, Tls. 4,417,554; China, Tls. 1,516,684.

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Principal Imports of South Manchuria
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Year and article	Value	% of to- tal im- ports	Principal Sources
Clothing and ac- cessories, and silk and silk products			
1929	6,566,245	2.1	Japan, Tls. 4,734,476; China, Tls. 1,081,215; Germany, Tls. 219,693.
1930	5,366,298	1.9	Japan, Tls. 3,165,877; China, Tls. 1,597,323; Germany, Tls. 166,180.
Total piece goods, yarns, cotton, clothing, etc.			
1929	107,984,578	34.9	
1930	91,800,933	32.2	
Wheat flour			
1929	22,600,277	7.3	Japan, Tls. 10,040,718; United States, Tls. 7,023,924; China, Tls. 2,953,899; Canada, Tls. 2,420,668.
1930	17,954,612	6.3	China, Tls. 7,548,386; United States, Tls. 6,472,520; Japan, Tls. 2,712,699, Canada, Tls. 603,046.
Rice, cereals and seeds			
1929	5,156,319	1.7	China, Tls. 3,815,179; Hongkong, Tls. 779,586; Japan, Tls. 346,112.
1930	7,048,765	2.5	China, Tls. 4,382,264; Hongkong, Tls. 1,067,986; Japan, Tls. 1,055,055.

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Principal Imports of South Manchuria
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Year and article	Value	% of total imports	Principal Sources
Fruits, vegetables, marine products, provisions			
1929	14,429,656	4.7	China, Tls. 5,859,908; Japan, Tls. 5,468,950; Chosen, Tls. 1,179,509.
1930	16,903,758	5.6	China, Tls. 7,446,749; Japan, Tls. 5,612,053; Chosen, Tls. 853,911.
Sugar			
1929	8,443,764	2.7	Japan, Tls. 4,426,788; Chosen, Tls. 2,332,116; Hongkong, Tls. 1,488,041.
1930	9,637,302	3.4	Japan, Tls. 4,082,378; Hongkong, Tls. 3,326,374; Chosen, Tls. 1,954,229.
Tea and beverages			
1929	6,262,243	2.0	China, Tls. 3,702,771; Japan, Tls. 2,066,340.
1930	5,995,024	2.1	China, Tls. 2,658,459; Japan, Tls. 2,830,450.
Total foods and drinks			
1929	56,892,259	18.4	
1930	56,539,461	19.9	
Cigarettes and tobaccos			
1929	16,935,870	5.5	China, Tls. 10,021,831; Great Britain, Tls. 3,371,276; United States, Tls. 588,650.
1930	17,661,402	6.2	China, Tls. 7,722,690; Great Britain, 5,748,054; United States, Tls. 941,397.

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Year and article	Value	% of total imports	Principal Sources
Iron and steel			
1929	14,199,818	4.6	Japan, Tls. 7,003,685; Belgium, Tls. 4,326,916; Germany, Tls. 343,813; United States, Tls. 842,844; Great Britain, Tls. 316,056.
1930	12,774,564	4.5	Japan, Tls. 7,097,017; Belgium, Tls. 2,064,476; United States, Tls. 765,710; Great Britain, Tls. 582,920; Germany, Tls. 527,901.
Machines, Machinery and vehicles			
1929	19,792,644	6.4	Japan, Tls. 9,017,288; United States, Tls. 5,293,520; Germany, Tls. 1,965,299.
1930	20,269,381	7.1	Japan, Tls. 8,012,091; Germany, Tls. 5,852,015; United States, Tls. 2,856,143.
Metals, minerals and hardware			
1929	5,663,947	1.8	Japan, Tls. 3,566,329; Germany, Tls. 707,300; China, Tls. 580,878.
1930	6,679,607	2.3	Japan, Tls. 3,981,120; Germany, Tls. 642,264; China, Tls. 573,485.
Railway and Electrical materials			
1929	5,368,959	1.7	Japan, Tls. 3,497,868; United States, Tls. 1,070,500.
1930	6,336,208	2.2	Japan, Tls. 4,902,734; Germany, Tls. 684,901; United States, Tls. 464,994.

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Year and article	Value	% of to- tal im- ports	Principal Sources
Total metals, machinery, etc.			
1929	45,025,368	14.6	
1930	46,059,760	16.1	
Paper			
1929	7,026,370	2.3	Japan, Tls. 3,381,806; China, Tls. 2,873,013.
1930	7,304,061	2.6	Japan, Tls. 3,431,824; China, Tls. 2,532,061.
Gunny bags			
1929	12,827,491	4.2	Hongkong, Tls. 8,472,537; Japan, Tls. 2,178,372; British India, Tls. 1,408,549.
1930	8,456,146	3.0	Hongkong, Tls. 5,520,007; Japan, Tls. 1,635,036; British India, Tls. 589,196.

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Principal Sources of Imports of South Manchuria
 with Principal Articles

(Taels)

Year and country	Value	% of total imports	Principal Articles
Japan			
1929	126,444,670	41.0	Piece goods, yarns, raw cotton, clothing, etc., Tls. 54,830,675; foods and drinks, Tls. 22,348,908; metals, minerals and machinery, Tls. 23,085,170; paper, Tls. 3,381,806; gunny bags, Tls. 2,178,372.
1930	109,912,296	38.6	Piece goods, yarns, raw cotton, clothing, etc., Tls. 43,590,896; foods and drinks, Tls. 16,292,635; metals, minerals and machinery, Tls. 23,992,962; paper, Tls. 3,431,824; gunny bags, Tls. 1,635,036.
China Proper			
1929	80,956,822	26.2	Piece goods, yarns, raw cotton, clothing, etc. Tls. 38,902,510; foods and drinks, Tls. 16,339,064; tobacco and tobacco products, Tls. 10,021,931; leathers, hides, skins, etc., Tls. 3,102,941; paper, Tls. 2,873,013.
1930	80,271,598	28.2	Piece goods, yarns, raw cotton, clothing, etc., Tls. 36,429,045; foods and drinks, Tls. 22,041,481; tobacco and tobacco products, Tls. 7,722,690; leather, hides and skins, Tls. 1,630,482; paper, Tls. 2,532,061.
United States			
1929	25,771,721	8.4	Foods and drinks, Tls. 7,391,280; metals and machinery, Tls. 7,374,860; oils, Tls. 7,169,379.
1930	20,618,130	7.2	Foods and drinks, Tls. 6,904,654; metals and machinery, Tls. 4,349,765; oils, Tls. 5,447,809.

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Principal Sources of Imports of South Manchuria
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Year and country	Value	% of total imports	Principal Articles
Hongkong			
1929	13,733,764	4.5	Gunny bags, Tls. 8,472,537; sugar, Tls. 1,488,041; yarns and threads, Tls. 1,031,624; chemicals and medicines, Tls. 548,368.
1930	12,831,086	4.5	Gunny bags, Tls. 5,520,007; sugar, Tls. 3,326,374; rice, Tls. 1,067,544; yarns and threads, 828,180; chemicals and medicines, Tls. 442,121.
Great Britain			
1929	9,619,440	3.1	Tobacco and tobacco products, Tls. 3,371,275; piece goods, yarns, etc. Tls. 2,605,824; metals and machinery, Tls. 1,431,305.
1930	10,425,537	3.7	Tobacco and tobacco products, Tls. 5,748,054; piece goods, yarns, etc. Tls. 1,362,600; metals and machinery, Tls. 1,685,634.
Germany			
1929	8,308,429	2.7	Metals and machinery, Tls. 3,260,705; piece goods, yarns, etc. Tls. 2,877,856.
1930	11,832,586	4.2	Metals and machinery, Tls. 7,698,081; piece goods, yarns, etc. 1,733,780.
Chosen			
1929	7,679,089	2.5	Sugar, Tls. 2,332,116; timber and bamboo, Tls. 1,420,933.
1930	6,387,435	2.2	Sugar, Tls. 1,954,229; timber and bamboo, Tls. 826,263.

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D. Trade of Dairen.

The city of Dairen has been built on the site of a small Chinese fishing village located at the southern end of the Liaotung Peninsula and on an excellent natural harbor. The Russians made this the southern terminus of their Chinese Eastern Railway when construction was completed in 1903, and called the place Dalny. After the Japanese took over control of the area, following the Russo-Japanese war of 1904-5, they immediately started large-scale harbor developments, including the construction of piers, breakwaters, wharves and railway connections. The development of railway facilities connecting with the fertile plains of central and North Manchuria, and the special attention which the Japanese have given to increasing the business of the South Manchuria Railway, together with the rapid increase in the agricultural production in Manchuria, have resulted in the growth of Dairen until, since 1917, it has been second only to Shanghai in the total business done by the ports of China. Dairen's total trade in 1907 was Taels 14,844,679. By 1929 it had increased to Taels 508,527,913 -- a growth of 3,325%. In 1929, Dairen did 74.0% of the external trade of South Manchuria and 67.3% of the trade of all Manchuria; the 1930 trade of Dairen was Taels 422,885,456, which was 67.8% of South Manchuria's trade and 60.1% of the trade of all Manchuria.

Among the cities of China open to international trade, Dairen has developed most rapidly. A comparison of the total trade increase at Dairen during recent years with that of the other principal trade centers shows that while Dairen still is behind Shanghai in total trade, its increase between 1923 and 1929 was 70.4%, while that of Shanghai was 14.5% of Tientsin 47.0%, of Hankow 29.9% -- and Canton showed a decrease of 21.7%.

The bulk of Dairen's trade is with Asiatic countries, with Europe second in the foreign trade. The figures for 1929 and 1930 are:

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Trade of Dairen by Regions ²								
(Taels; in thousands)								
Region	1929				1930			
	Imports	Exports	Total	% of total	Imports	Exports	Total	% of total
Foreign trade								
Asia	99,402	134,229	233,631	45.9	89,128	117,524	206,651	48.8
Europe	25,497	59,547	85,043	16.7	27,391	52,248	79,639	18.9
Americas	25,490	10,619	36,110	7.2	19,260	6,594	25,854	6.1
South Africa	30	--	30	.0	262	--	262	.1
Australasia	10	15	25	.0	287	3	289	.1
Turkey, Persia, etc.	897	34,920	35,816	7.1	522	9,135	9,656	2.3
Total foreign trade	151,325	239,330	390,655	76.8	136,849	185,503	322,352	76.3
Coastwise trade	54,759	63,114	117,873	23.2	45,994	54,540	100,533	23.7
Total trade	206,084	302,444	508,528	100.0	182,843	240,043	422,885	100.0

- (2) The grouping of countries in the above table is as follows:
Asia: Japan, Chosen, Hongkong, Macao, British India, the Straits Settlements, Dutch Indies, French Indo-China, Russia Pacific ports, Russian Amur ports, Philippine Islands, Siam;
Europe: Great Britain, France, Germany, Belgium, Netherlands, Luxemburg, Italy, Switzerland, Austria, Hungary, Denmark, Sweden, Norway, Latvia, Poland, Finland, Russian European ports, Spain, Portugal, Greece; Americas: United States, Canada, Mexico, Central America, South America. Concerning the last figures in additions in thousands, see note following table on Page 222.

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3. Trade between South Manchuria and Japan and Chosen.

A. Trade Volume.

In both imports and exports, the trade between Japan and the South Manchurian ports is greater than the trade which South Manchuria has with any other region, including China Proper. In fact, the trade of Japan and Chosen together with South Manchuria forms well over 40% of the total trade of this region. In 1913, after the Mukden-Antung branch of the South Manchuria Railway had got into full running order, the total trade of South Manchuria with Japan was Taels 64,941,776, and the trade with Japan and Chosen together was Taels 71,349,806. These amounts were 39.3% and 42.9% of the total trade for that year. Since 1913, the exports generally have exceeded the imports, though the balance was the other way in 1916, 1917 and 1918. The following table gives details for recent years:

Trade between Japan and Chosen and South Manchuria					
(Taels; in thousands)					
Year	Imports	Exports	Total	Excess of Exports	% of total South Manchuria trade
1926	107,677	147,646	255,323	39,969	46.6
1927	105,090	151,066	256,156	45,976	45.3
1928	116,294	161,645	277,939	45,351	45.3
1929	134,124	164,697	298,821	30,573	43.5
1930	116,299	153,747	270,046	37,448	43.4

B. Principal Exports and Imports.

The principal items of exports and imports in the trade between South Manchuria and Japan and Chosen have been discussed in early parts of this chapter. Further details of this trade are given in the following tables:

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Principal South Manchurian Exports to Japan and Chosen (Taels)					
Article	1929		1930		Decrease (-) Increase (+)
	Value	% of to- tal ex- ports	Value	% of total exports	
Bean cakes	37,411,673	22.7	32,703,899	21.3	-4,707,774
Soya beans	35,393,025	21.5	23,652,240	15.4	-11,740,785
Beans other than soya	6,458,852	3.9	7,345,330	4.8	+ 886,478
Bean oil	64,521	.0	29,980	.0	-34,541
Total beans and products	79,328,071	48.1	63,731,449	41.5	-15,596,622
Coal and coke	21,627,340	13.1	19,378,619	12.5	-2,246,721
Millet	15,583,294	9.4	23,939,759	15.6	+ 8,356,456
Iron and iron products	6,595,747	4.0	7,011,032	4.6	+ 415,285
Raw wild silk	5,990,932	3.6	5,800,933	3.8	-189,999
Timber and bamboo	2,283,348	1.4	1,724,545	1.1	-559,303
Bran	1,804,829	1.1	1,609,947	1.0	-194,882
Salt	1,263,159	.8	1,483,875	1.0	+220,726
Tobacco and cigarettes	1,218,148	.7	1,323,325	.9	+105,177
Total, all exports	164,697,048	100.0	153,746,263	100.0	-10,950,785

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Principal South Manchurian Imports from Japan and Chosen (Taels)					
Article	1929		1930		Decrease (-) Increase (+)
	Value	% of to- tal im- ports	Value	% of total imports	
Cotton piece goods	41,116,584	30.7	30,367,295	26.1	-10,749,289
Other piece goods	5,060,662	3.8	2,883,405	2.5	- 2,177,257
Yarns, threads etc.	4,157,578	3.1	3,075,631	2.6	-1,081,947
Raw cotton	25	.0	4,437,571	3.8	+4,437,546
Total textiles and textile materials	50,334,849	37.6	40,763,902	35.0	-9,570,947
Wheat flour	10,061,964	7.5	2,740,069	2.4	-7,321,895
Iron and steel	7,031,604	5.2	7,163,696	6.2	-132,092
Metals and machinery	16,186,313	12.1	17,005,070	14.6	+ 818,757
Sugar	6,758,904	5.0	6,036,607	5.2	-722,297
Paper	3,444,536	2.6	3,473,094	3.0	-28,558
Timber and bamboo	3,131,505	2.3	1,985,577	1.7	-1,145,928
Chemical products and medicines	2,429,422	1.8	3,313,919	2.8	-884,497
Gunny bags	2,376,190	1.8	1,768,343	1.5	-607,847
Total, all imports	134,123,759	100.0	116,299,731	100.0	-17,824,028

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4. Trade of North and East Manchuria.

A. Trade of North Manchuria.

It is impossible to get complete figures of the exchange of goods between North Manchuria and Russian territory, in part because so long a land border separates the two areas and considerable more or less irregular traffic crosses this border outside of the regular trade centers. Most of the trade is done via the Chinese Eastern Railway or the Amur River. The amount of exports and imports within the customs districts of Harbin (which includes Manchuli at the western end of the Chinese Eastern Railway and Suifeng at the eastern end) and of Aigun gives a general idea of trade conditions.

The trade of this region has undergone wide fluctuations, influenced in large part by the operating conditions of the Chinese Eastern Railway. A very sharp drop in trade in 1918, for example, paralleled the collapse of the railway administration following the Soviet revolution in Russia and preceding the assumption of management by the inter-Allied commission. A similar sharp drop in 1929 paralleled the Sino-Russian controversy of that year for control of the railway.

A number of conferences have been held between representatives of the Chinese Eastern and South Manchuria Railways, with a view to arriving at an agreement as to freight rates so that goods from North Manchuria might move partly southward through Dairen as well as eastward to Vladivostok. The problem of the equitable division of North Manchurian freight traffic has not yet been solved.

Figures for North Manchurian trade (Aigun and Harbin) are given in the following table. The first available Customs Administration figures are for the year 1909.

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North Manchurian Trade					
(Harbin and Aigun customs districts)					
(Tael)					
Year	Imports	Exports	Total	% of total trade of Manchuria	Index No. (1926=100)
1909	17,626,052	23,688,810	41,314,862	24.3	46
1916	30,625,473	45,577,529	76,203,002	29.2	84
1917	18,278,010	54,196,691	72,474,701	22.6	80
1918	22,889,956	24,713,189	47,603,139	13.8	53
1919	29,238,645	32,472,747	61,711,392	13.9	68
1926	23,643,909	66,966,556	90,610,465	14.0	100
1927	24,446,314	75,049,680	99,495,994	14.7	110
1928	30,072,217	81,287,113	111,359,330	15.1	123
1929	16,530,621	42,163,446	58,694,067	7.8	65
1930	17,415,953	54,310,522	71,726,475	10.2	79

Harbin as a trade center is relatively much more important in North Manchuria than Dairen is in South Manchuria. With the further development of new agricultural land in the Sungari and Nen River regions, the importance of Harbin is likely to increase. The opening up of the vast timber resources of North Manchuria also will work to increase the trade at Harbin. The most important contribution to expansion, however, would be the establishment of sound business-like operation of the Chinese Eastern Railway. The relative importance of Harbin and Aigun is indicated in the following table:

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Trade of the Harbin and Aigun Customs Districts				
(Tael)				
Harbin			Aigun	
Year	Value	% of Total of North Manchuria	Value	% of Total of North Manchuria
1926	86,489,100	95.5	4,121,365	4.5
1927	96,880,609	97.4	2,615,385	2.6
1928	108,978,061	97.9	2,318,269	2.1
1929	58,014,030	98.9	680,037	1.1
1930	70,762,199	98.7	964,276	1.3

The principal export and import items of the Harbin Customs district are:

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Principal Exports of Harbin (Taels)					
Article	1929		1930		Decrease (-) Increase (+)
	Value	% of total	Value	% of total	
Soya beans	24,949,063	59.6	29,682,382	55.2	+4,733,319
Bean cake	10,780,771	25.7	16,570,904	30.8	+5,790,133
Bean oil	443,570	1.1	1,551,137	2.9	+1,107,567
Beans other than soya	467,913	1.1	366,003	.7	-101,910
Total beans and products	36,641,317	87.5	48,170,426	89.6	+11,529,109
Wheat	1,067,594	2.6	51,283	.1	-1,016,311
Other cereals	1,083,550	2.6	586,578	1.1	-496,969
Miscell. seeds	628,854	1.5	763,638	1.4	+134,784
Bran and wheat flour	383,762	.9	834,179	1.6	+450,417
Leathers and skins	406,099	1.0	939,867	1.7	+533,768
Total exports	41,867,844	100.0	53,773,443	100.0	+11,905,599

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Principal Imports of Harbin (Tael)					
Article	1929		1930		Decrease (-) Increase (+)
	Value	% of total	Value	% of total	
Iron and steel	2,769,139	17.1	778,963	4.6	-1,990,176
Metals and machinery	2,335,195	14.5	2,232,668	13.2	-102,527
Cotton piece goods	1,718,162	10.6	1,693,910	10.0	-24,252
Other piece goods and materials	218,543	1.4	257,675	1.5	+39,132
Gunny bags	1,479,952	9.2	1,511,294	8.9	+31,342
Sugar	1,411,014	8.8	645,702	3.9	-765,312
Coal and coke	1,204,442	7.5	4,138,902	24.4	+2,934,460
Leathers and skins	412,939	2.6	83,268	.5	-329,671
Kerosene and motor oils	448,864	2.8	1,253,067	7.4	+804,203
Total imports	16,146,186	100.0	16,988,756	100.0	+842,570

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B. Trade between North Manchuria and Russia.

Most of the trade of the North Manchurian customs districts (Harbin and Aigun) is with Russian territory, as is natural from the geographical propinquity. Far the larger part of Harbin's imports and exports come from and go to Russian Pacific ports, chiefly Vladivostok. Most of the imports, therefore, do not originate in Russian territory but come in through the Russian port of Vladivostok from other countries. Similarly, most of the exports go through Vladivostok and hence are not destined for Russian consumption, though listed as exports to Russian territory. No exact data is available as to the countries of origin of goods imported into Harbin through Vladivostok nor as to the destinations of exports going through that port. In general, however, it is safe to assume that the origins and destinations are, proportionately, approximately like those of South Manchuria, except that China Proper naturally gets a smaller proportion. Figures for destination and origin of Harbin exports and imports follow:

Destination of Harbin Exports (Taela)				
Destination	1929		1930	
	Value	% of total	Value	% of total
Russian Pacific ports	40,335,938	96.3	50,256,875	93.5
Russia -- Siberia	194,440	.5	72,342	.1
Total for Russia	40,530,378	96.8	50,329,217	93.6
Other foreign countries	495,409	1.2	947,630	1.8
Total foreign	41,025,787	98.0	51,276,847	95.4
China, Amur ports	842,657	2.0	2,496,596	4.6
Total exports	41,867,844	100.0	53,773,443	100.0

Beans and bean products are very much the most important items in the exports through the Russian Pacific Ports, with cereals a poor second and hemp seed third. In 1929 Taela 1,027,490 worth of wheat was exported by this route; in 1930 there were no wheat exports from Harbin except the small amount of Taela 51,283 which went out through the Chinese Amur ports. Wheat flour is the principal export through the Chinese ports, with cereals and seeds next.

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Sources of Harbin Imports (Tael's)				
Source	1929		1930	
	Value	% of total	Value	% of total
Russian Pacific Ports	12,018,165	74.5	11,547,487	68.0
Russia -- Siberia	3,021,895	18.7	3,734,991	22.0
Total for Russia	15,040,060	93.2	15,282,478	90.0
Other foreign countries	712,543	4.4	861,314	5.0
Total foreign	15,752,603	97.6	16,143,792	95.0
China, Amur ports	393,583	2.4	844,964	5.0
Total imports	16,146,186	100.0	16,988,756	100.0

Flour, tea and timber are the principal items imported through the Chinese Amur ports. Coal and coke is by far the largest item of the Russian Pacific ports imports, with gunny bags second and metals and machinery group third. The piece goods and textile materials come almost entirely from Russia, the larger part coming through Siberia.

The demoralization of the Chinese Eastern Railway in 1929 as a result of the Sino-Russian dispute affected the Harbin trade with the different regions to approximately the same extent in both imports and exports. The total exports fell from Tael's 80,319,400 in 1928 to Tael's 41,867,844 in 1929. This decrease of 47.9% compares with a decrease of 45.6% in the exports through the Russian Pacific ports, 88.7% in the exports to Siberia, 47.3% in the entire foreign exports, and 65.0% in the Chinese Amur ports exports. The total imports fell from Tael's 28,658,661 in 1928 to Tael's 16,146,186 in 1929 -- a decrease of 43.7%. Imports through the Russian Pacific ports fell 43.6%; those from Siberia 39.7%; those from all foreign countries 43.6% and those from the Chinese Amur ports 47.1%.

While the Harbin trade thus was decreasing between 1928 and 1929, the trade at Dairen was increasing. The increase in Dairen's trade was due in substantial part to the routing of goods from and to North Manchuria for railway shipment through Dairen instead of through Vladivostok, since the South Manchuria Railway was functioning normally while the Chinese Eastern Railway was not. Restoration of normal traffic on the Chinese Eastern Railway in 1930 brought a swing of traffic back to that line. Other factors contributing to the increase in Harbin's trade between 1929 and 1930, while Dairen's was decreasing, already have been discussed.

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Another important change in the Harbin trade situation in recent years has been the restriction of steamer traffic on the Sungari river to Chinese steamers. In the nineteenth century Russians started operating shallow-draft steamers on the Sungari, and for many years continued this business. The Chinese, however, made increasingly active efforts to bar the Russian ships from the river on the ground that navigation on strictly inland waterways -- the Sungari does not empty into the sea but into the Amur River, and its entire length is in Chinese territory -- should be limited to Chinese vessels. Finally, in 1923, while diplomatic relations between Russia and China still were in confusion as a result of the Soviet revolution, the Chinese authorities ordered all Russian ships off the Sungari. They succeeded in making the order effective, and it has remained so.

The amount of the external trade of the Harbin customs district which comes under the heading of coast trade is comparatively small. The coast trade consists of that done with the Chinese Amur ports. Figures for recent years have been:

Foreign and Coast trade of Harbin (Taels)					
Year	Foreign trade		Coast Trade		Total
	Value	% of total	Value	% of total	Value
1926	81,374,086	94.0	5,155,014	6.0	86,489,100
1927	92,766,150	95.8	4,114,459	4.2	96,880,609
1928	105,828,599	97.1	3,149,462	2.9	108,978,061
1929	56,778,390	97.9	1,235,640	2.1	58,014,030
1930	67,420,639	95.3	3,341,560	4.7	70,762,199

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C. Trade of East Manchuria.

The East Manchuria trade is almost entirely with Chosen. The total trade is small, and the region is comparatively unaffected by outside conditions because of the lack of transportation. The Chinese Customs administration maintains two district offices in this area, at Hunchun and Lungchingtsun. Besides the trade which passes through these centers, a moderate amount of irregular trade goes on across the long Manchuria-Chosen border. The trade recorded by the Customs Administration has been:

Trade of East Manchuria				
(Tael)				
Year and division	Hunchun	Lungchingtsun	Total	
	Value	Value	Value	% of total trade of Manchuria
1926				
Imports	1,374,101	4,281,297	5,655,398	2.0
Exports	781,194	2,895,454	3,676,648	1.0
Total	2,155,295	7,176,751	9,332,046	1.5
1927				
Imports	1,334,401	5,080,686	6,415,087	2.4
Exports	1,028,830	4,352,846	5,381,676	1.3
Total	2,363,231	9,433,532	11,796,763	1.7
1928				
Imports	1,443,078	5,058,780	6,501,858	2.1
Exports	1,647,698	3,063,729	4,711,427	1.1
Total	3,090,776	8,122,509	11,213,285	1.5
1929				
Imports	1,008,541	3,923,090	4,931,631	1.5
Exports	911,894	3,264,096	4,175,990	1.0
Total	1,920,435	7,187,186	9,107,621	1.2
1930				
Imports	983,435	3,180,566	4,164,001	1.4
Exports	772,732	2,529,999	3,302,731	.8
Total	1,756,167	5,710,565	7,466,732	1.1

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Beginning with the reports for the year 1930, the Chinese Customs Administration gave no details of the kinds of goods traded in through Hunchun and Lungchingsun, presumably because the total amount had become so small. For previous years, however, such details had been given to a certain extent. The divisions by region and commodity for 1929 are as follows:

Trade of Hunchun by Regions (1929; Tael)				
Country	Imports	Exports	Total	% of total trade
Chosen	902,825	907,909	1,810,734	94.3
Russian Pacific ports	1,970	3,985	5,955	.3
China	103,746		103,746	5.4
Total	1,008,541	911,894	1,920,435	100.0

The principal import items (1929) were: wheat flour, Tls. 301,890; cotton piece goods, Tls. 230,930; glass, Tls. 50,208. The chief export items were: timber and bamboo, Tls. 653,792; soya beans, Tls. 167,595; bean cake, Tls. 27,379.

Much the larger part of the trade of Lungchingsun is with Chosen, and this "port" does no business with any other foreign country. Details for 1929 were:

Trade of Lungchingsun by regions (1929; Tael)				
Country	Imports	Exports	Total	% of total trade
Chosen	3,658,378	3,250,756	6,909,134	96.1
China Proper	264,712	13,340	278,052	3.9
Total	3,923,090	3,264,096	7,187,186	100.0

The principal imports of Lungchingsun in 1929 were: cotton piece goods, Tls. 967,535; wheat flour, Tls. 560,358; clothing and accessories, Tls. 246,751; yarns and thread, Tls. 222,011; marine products, Tls. 197,649; iron and steel, Tls. 165,427. The chief export items were: soya beans, Tls. 2,542,158; other beans, Tls. 428,793; timber and bamboo, Tls. 170,774; millet, Tls. 24,690.

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5. Chinese Maritime Customs Administration.

China had trade relations with countries of the Mediterranean basin well before the beginning of the Christian era, the trade being carried on chiefly by caravans across Central Asia. Subsequently (in the ninth and tenth centuries) Arabian and other traders found their way by sea, chiefly to the South China ports. Modern trade began in the latter part of the seventeenth century. China meanwhile had opened customs offices at Ningpo, Foochow, Shanghai and Canton, to collect duties on goods coming by ship. As the trade developed, however, irregularities and other difficulties in connection with the collection of the customs charges led to increasing protests from the Western traders. These difficulties were one of the direct causes of the so-called "opium war" between China, 1839-42.

By the Nanking Treaty of 1842 between Great Britain and China, which ended that war, China agreed to open five ports to foreign trade (the above-mentioned four and Amoy) and to establish a reasonable tariff for import and export duties. A modernized customs house was established at Shanghai in 1843.

The Taiping Rebellion (1851-64) seriously disturbed the Customs Administration. For a time, following the capture of the Chinese city at Shanghai by the rebels in 1853, no duties were collected. Then the British and American consuls at Shanghai undertook temporarily to collect duties in accordance with the Chinese regulations. In 1854, by arrangement with the Shanghai tactai, a special Customs Office at Shanghai, under the joint inspection of officials named by the British, American and French consuls, was opened. Out of this, grew the Imperial Maritime Customs Administration which, since the establishment of the Republic has been called the Chinese Maritime Customs Administration. "Native Customs Offices" continued to exist at the treaty ports, as well as at important stations on the coast and inland. At the treaty ports, these offices have jurisdiction over the trade carried on in Chinese sailing craft -- the junk traffic. In 1901 the Native Customs Houses within fifteen miles of each treaty port were placed under the supervision of the Customs Administration. ✓

The Customs Administration is divided into two main sections: the Revenue Department, which has charge of the collection of import and export dues, etc., and the Marine Department, which is responsible for the lighting of the coast and inland waterways and, at Shanghai, for the river police. The functions of the Revenue Department are: (1) to collect import and export duties in accordance with the appropriate Chinese regulations; (2) to collect duties on the coastwise trade in foreign-built for foreign-style ships (i.e. steamers and ships other than the Chinese junks) whether Chinese or foreign owned; (3) to collect tonnage dues; (4) to collect transit dues which (theoretically) exempt foreign imports from further taxation in the interior; (5) to collect appropriate charges in relation to and otherwise supervise bonded and customs warehouses; (6) to exercise general supervision over ships and cargoes involved in the import and export trade.

Customs Offices in Manchuria: The offices under the Customs Administration in Manchuria now total seven of which Yinkou (Newchwang) was the first to have been opened as a treaty port. Only seven separate Customs Administration principal offices are maintained in Manchuria, however; Tatungkou being under the Antung office and Manchuli and Suifenho being under that of Harbin. The customs stations are as follows:

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Chinese Maritime Customs Offices in Manchuria			
Place	Province	Date of Opening as Treaty Port	Opened by Treaty with
South Manchuria			
Yinkou (Newchwang)	Liaoning	1864	Great Britain(1858)
Dairen	Kwantung Leased Territory	1907	Japan (1907)
Antung	Liaoning	1907	United States of America (1903)
Tatungkou (Antung District)	Liaoning	1907	Japan (1903)
North Manchuria			
Manchuli (Harbin District)	Heilungkiang	1907	Japan (1905)
Suifenhao (Harbin District)	Kirin	1908	Russia (1908)
Harbin	Heilungkiang	1909	Japan (1905)
Aigun	Heilungkiang	1909	Japan (1905)
East Manchuria			
Hunchun	Kirin	1910	Japan (1905)
Lungchingtsun	Kirin	1910	Japan (1905)

B. Special Features of the Dairen Customs Office.

After leasing the Liaotung Peninsula, Russia sought to make Port Arthur primarily a naval base and to develop Dalny (now Dairen) as a trade center by making it a free port with imports and exports exempted from customs dues. This is provided in Article VI of the Liaotung Peninsula Lease Treaty signed on March 27, 1898. In Article V of the agreement regarding the construction and management of the South Manchuria branch of the Chinese Eastern Railway, it is provided that the Chinese Government may proclaim tariff rules in the Leased Territory, and that the Chinese Eastern Railway would act for the Government in opening and managing Customs Offices. Before the Chinese Customs Office was opened at Dairen, however, the Russo-Japanese war broke out.

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At the beginning of 1906 Japan took over control of the Kwantung Leased Territory by transfer from Russia and with China's agreement. Recognizing the necessity of having a definite Customs system established there, Japan opened negotiations with China and on May 30, 1907, an agreement was signed between the Japanese Minister at Peking and the Inspector-General of the Chinese Maritime Customs regarding the opening of the Dairen Customs Office and the navigation of inland waters. By this agreement, the entire Kwantung Leased Territory was made a free district. For the purpose of collecting taxes upon shipments passing through the Leased Territory to points in the interior of Manchuria, however, a Chinese Customs Office was to be opened at Dairen. It also was agreed that the head of the Customs Office at Dairen should be a Japanese subject, and that in his appointment the Japanese Minister to China should be consulted. The appointment or discharge of the head of the Dairen Customs Office was to be reported by the Inspector-General of Customs to the Leased Territory Government-General.

The Dairen Customs Office was formally opened on July 1, 1907, under this agreement.

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CHAPTER X. LIVE STOCK.

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Stock farming is an important activity in the Manchurian districts adjacent to Mongolia, and the mountain districts, but in other parts of Manchuria it is a subsidiary business for farmers, who keep animals chiefly as beasts of burden. Farm cultivation in Manchuria is carried on with the use of animals, and every farmer family keeps domestic animals. Indeed, agriculture in this region would be impossible without the aid of animals.

1. Number and Kinds of Live Stock.

The principal kinds of live stock in Manchuria are horses, donkeys, mules, camels, sheep, goats, and pigs. Domestic fowls, such as chickens, geese and ducks, as well as honey bees, are also kept by farmers. No accurate data are available as to the total number of domestic animals on the Manchurian farms, but the following estimate gives an idea of the approximate totals and distribution by Provinces and kinds. The estimates for cattle, horses, sheep and swine are for 1929; those for mules and donkeys are for 1927. These two estimates are by the South Manchuria Railway. The estimates for fowls are by the Chinese Government, for 1926⁽¹⁾

⁽¹⁾ Chinese Economic Monthly, January, 1926.

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Live Stock Numbers				
Kind	Liaoning Province	Kirin Province	Heilungkiang Province	Total
Hoofed Animals (S.M.R. estimate 1929)				
Cattle	516,590	429,900	658,650	1,605,140
Horses	660,320	732,300	1,020,790	2,413,410
Sheep	479,560	182,130	1,939,930	2,601,620
Hogs	3,288,840	2,273,210	1,789,400	7,351,450
(S.M.R. estimate 1927)				
Mules	283,700	237,840	133,660	655,200
Donkeys	338,090	79,090	45,320	462,500
Total hoofed animals	5,567,100	3,934,470	5,587,750	15,089,320
Fowls (Chinese estimate 1926)(1)				
Chickens	6,140,976	3,764,687	1,815,856	11,721,519
Ducks	220,202	64,427	73,843	358,472
Geese	875,240	827,824	313,359	2,016,423
Total fowls	7,236,418	4,656,938	2,203,058	14,096,414
GRAND TOTAL	12,803,518	8,591,408	7,790,808	29,185,734

Besides the above, there are some 58,000 to 60,000 camels in Heilungkiang, according to the Chinese estimate.

Allowing for increases in the number of animals for which estimates are given for 1927 and 1926 respectively, this works out at something over one animal for every person in Manchuria. Again, allowing

(1) Chinese Economic Monthly, January, 1926.

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for these increases, the total probably now would be approximately 31,000,000, of which roughly 16,000,000 would be hoofed animals and 15,000,000 fowls.

The methods used for the breeding and handling of live stock in Manchuria are still primitive. There is no up-to-date equipment to protect them against frost-bite, starvation, and disease. Therefore, although these domestic animals are sturdy, their quality is coarse, and there is much need for improvement. If the breeds are improved, and scientific methods of feeding and handling introduced, there is no doubt that the district would make wonderful progress as a great live stock land.

It may even be able to supply the shortage of live stock in the world market. In this way, the development of live stock production in Manchuria not only will benefit the people of the district, but also will contribute materially to solving the food problem in the Orient. Details of the various kinds of live stock raised in Manchuria may be given as follows:

Horses: All native horses in Manchuria are of the Mongolian type. Though they differ slightly from the original Mongolian horses, they measure ordinarily about 1.25 to 1.30 metres in height, weighing about 255 kilograms. The body generally is small, rising in the hind part, with a long middle section. It has a slanting hip and straight shoulders, and on that account the general appearance is thin, but otherwise, the animals are fairly well proportioned. Each horse is capable of carrying a load of about 85 kilograms (not including the weight of the harness), and can pull a cartload of 250 kilograms (not including the weight of the cart) over level ground. The walking speed is about 85 metres a minute, trotting speed 200 metres, and galloping speed 290 metres. These horses are very gentle, but they have great endurance. They are physically tough and strong, and are able to stand rough handling.

Mongolia has long been a horse producing territory: Manchuria uses horses produced in Mongolia. Horses supplied to North Manchuria are produced in the Horunbail district and areas adjacent to Outer Mongolia and are brought to the markets at Tsitsihar, Hailar, and Manchuli. Those supplied to South Manchuria generally come from Eastern Inner Mongolia, especially Ujumuchin, which is famous for its good horses. The northern breed raised in Horunbail make fast, good riding horses; the Ujumuchin type is large, fat and heavy, and is good as cart horses. Besides these, there are Manchurian horses produced in the Nongan and Changchun districts. These horses are either grazed or stable-reared. In the grassy areas of Mongolia they are grazed, but in agricultural districts they are partly grazed and partly stable-fed. Manchurian farmers rear their horses in stables, using as fodder chiefly kaoliang, millet stalks, bean cakes and bran.

Donkeys: The native donkeys are small, but they are easy to handle and feed. As they can be used in a number of ways, they are widely reared in Manchuria. Wherever the Chinese live in Manchuria donkeys are found. There are two kinds of donkeys in Manchuria. Large donkeys grow to the height of from 1.30 to 1.50 metres, and weigh 250 to 300 kilograms each. This is not the native Manchurian type, but was introduced from China for the purpose of breeding mules.

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Small donkeys are only 75 to 80 centimetres high, weighing about 130 kilograms each. The head is very large, with a projecting forehead, the hair on the body long, and the hoofs small. This Manchurian donkey can live on extremely frugal fare, and has great endurance, besides being able to withstand cold weather. It is employed in various ways: in ploughing the farms, beating grain, carrying people, transporting freight, and supplying motive power for all sorts of domestic work. As a pack animal, it is especially valuable.

Mules: In Manchuria, Russian mares are the best for breeding mules. They are bred with donkeys from China. 80% to 90% of these horses conceive mules, and between the ages of 4 and 15 or 16, each gives birth to 6 or 7 mules. The bodies of these mules are larger than those of the Mongolian horse, being about 1.30 to 1.50 metres tall, and weighing about 250 to 300 kilograms. Gentle and dull, they obey the command of men without giving much trouble. These animals are physically strong, can survive on scanty feed and are more efficient than horses. They can be used much longer than horses, and, although they are not so active and do not possess so much carrying power, they are ideal beasts of burden. They are not, however, suitable for riding purposes. Because of these characteristics, mules are sold at higher prices than horses. The price of mules at points along the South Manchuria Railway line, ranges from Yen 60 to Yen 300 per head, the average being about Yen 140.

Cattle: The cattle found in Manchuria are mostly of the Mongolian type. In the southern parts there are some Korean and Shantung breeds, and along the Chinese Eastern Railway line, some western varieties. Both the horned and hornless varieties are found. The Mongolian cattle generally are small and their hind parts are not well developed. Their physical condition is very poor, their height is about 1.30 metres, and weight 250 to 300 kilograms for bulls, and 225 to 250 kilograms for cows. The Chinese raise cattle for use in various kinds of work, but not for meat. Cows very seldom are kept for their milk. Able to live on scanty nourishment and possessing great physical strength despite their small size, Mongolian cattle are widely used in Manchuria for various farm duties, and domestic tasks or for carrying burdens. The meat, however, is not good, as fat is found only under the hide. According to tests made by the Kwantung Warehouse at Tiehling in 1920, the slaughtered cattle had only 40.% of good meat. At the Port Arthur abattoir, the meat rate was 48%, and at the Fushin abattoir, 45%. As milch cows, Mongolian cattle are very poor, having a milk producing capacity of only 2.15 to 2.35 litres per day, while the amount of fat contained in the milk is about 2.7%. According to districts, these cattle are either grazed or stable-fed, their feed consisting of black beans, kaoliang or maize stalks, and grain. When left to graze they mate freely, the breeding ages being from 2 to 7. The birth rate is 40% to 70%. Castrating is done in the spring of the second year.

Sheep: Sheep in Manchuria are grazed. They wander about the pasture lands in search of water and grass in summer, but in winter they seek the southern slopes of hills, and there, by feeding upon dry grasses, they barely manage to exist. The method of sheep handling in Mongolia is very primitive and no effort is made to improve the breed. In mating,

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only outward appearance is considered. The consanguineous matings which are permitted have led to degeneration of the breeds. Sheep and goats now found in Manchuria are of the Mongolian species. The sheep are a mixed breed possessing both fine and coarse wool. The sheep grow to a height of about 55 to 60 centimetres and to the length of about one metre. The ewes weigh about 30 kilograms and the rams about 37.5

Goats are smaller than sheep, and have short, bristly and shiny hair on the head and legs. The body is long, and is covered with short woolly hair, mostly however, on the back and breast. The shearing of wool takes place in June and also in autumn, but the sheep shed their wool in June.

In this region, sheep are kept mainly for their meat and milk, and they supply only a small quantity of wool, about 900 to 1,300 grams per head. Furthermore, the quality of wool is very inferior. About three-fourths of the wool is exported. In 1929 exports were 2,993 tons, worth Taels 1,602,238. In 1930 the figures were 1,254 tons, worth Taels 667,821. The exports go chiefly to China Proper (nearly 70%), with the United States second. Goat hair is fairly good, but its production amounts only to about 450 grams per head. Recently, owing to the development of her woollen industries, Japan has begun to buy both sheep and goat wool from Manchuria and Mongolia, to supplement imports from other countries.

The South Manchuria Railway Company and the Chinese authorities have been endeavoring to improve the breed of sheep in Manchuria. For this purpose Merino, Southdown and Shropshire sheep bred in Japan and western countries have been imported and cross-bred with the original Mongolian stock. The results opened up new vistas for the future of sheep farming in Manchuria. When the improved breed is raised throughout Manchuria and Mongolia, the total wool production will greatly increase. In due course, it is hoped, Manchuria and Mongolia will be able to supply most of the wool needed by Japan. To bring about this development, however, closer cooperation between the Japanese and Chinese is essential.

Hogs: Hogs are the most important domestic animal to the Chinese people. Wherever there are Chinese, there are hogs. The Manchurian hogs are generally black in color, and may be divided into three groups: large, medium, and small varieties. The small variety matures early, and in eleven or twelve months, when it may be slaughtered, it weighs about 37.5 kilograms. Meat from the small variety is the best of the three kinds. The large variety matures slowly, and weighs about 110 kilograms after reaching the second year. The medium variety is between the small and large varieties. Most of the hogs found in Manchuria belong to the medium variety. All varieties are very productive, 15 or 16 young being generally born at one time. The pregnant period is about 113 days, and one month after giving birth, they are again able to conceive. Pork, including fat and plucks, are all eaten by Chinese. The proportion of pork on slaughtering is about 60%. The pig bristles are exported as brush-making material; bones are made into various articles, and the blood into an antiseptic, leaving no part wasted.

Camels: Camels in Manchuria and Mongolia come mostly from the northwestern part of the Khingan Range and Outer Mongolia. They are of the Bactrian or two-humped type, standing about 1.65 to 1.75 metres high.

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The total number of camels in Manchuria is said to be in the neighborhood of 60,000. They are important beasts of burden, but are used chiefly on the long trails into Mongolia. They are able to stand the cold weather, and can carry heavy loads. A single camel can travel about 35 kilometres a day with a load of about 225 kilograms. Generally they travel in caravans, attended by one or two drivers. Camel flesh is also eaten by the poorer people. Both the hair and hide are valuable.

Domestic Fowls: Domestic fowls are generally found in large numbers in Manchuria. Chickens are the most important and numerous, followed by geese and ducks. At least a few chickens are kept by most Manchurian farming households. There are numerous varieties of chickens, and their color and shape vary. Ordinarily, a hen weighs about 1.1 kilograms, and lays about 100 eggs a year. Ducks have white, black or spotted feathers, and their eggs weigh about 75 grams each. Annually about 200 eggs are laid by each duck. The meat and eggs of the Manchurian ducks are not of good quality. A Manchurian goose has a long neck, and at first glance resembles a swan. It weighs about 5.6 kilograms, and its eggs are large; but both meat and eggs have a somewhat disagreeable odor. Geese are rather noisy, and as their cackling is quite loud, they serve as a good watch against intruders.

Dogs: Every farmer in Manchuria has one or two watch dogs for his house. Whenever a visitor approaches a house, he has to shout and ask that the dogs be tied, for it is dangerous to enter a house without giving this warning. As watch dogs the Mongolian type is ferocious. Dogs are indispensable for people living in Manchuria. Dog skins, with the hair on, are used to a large extent in making winter coats.

Game Birds and Animals: Various meats are obtained by hunting and consumed by the natives, while the furs are sent to market, to be exported to Japan, China Proper, Europe and America. Game birds and animals form an important item of Manchurian exports. Hunting is done mostly in the mountain regions. In Kirin, especially, it is most extensively and profitably carried on. Game obtained in the Changpai Range is brought to Kirin City; that in the Mukutsheng Mountains to Hunchun; and that in the Wanta Mountains to Ilanfu. Among the game obtained in Kirin Province are fox, marten, deer, reindeer, wild boar, rabbit, bear, raccoon, otter, tiger and leopard. In Mongolia various kinds of deer, including reindeer, musk-deer, antelopes and others, as well as lynxes, squirrels, badgers, raccoons, and several varieties of birds are found. But wild and ferocious animals are being reduced in number.

Honey Bees: Bee keeping is also done in limited districts of Manchuria, but it cannot yet be said to be a general business throughout the country. Bees are kept mostly by farmers of the north-eastern parts of Manchuria. In North Manchuria bee-keeping was introduced by Russians migrating from Siberia. Honey bees in North Manchuria are of the Caucasian and Russian species, but most of the various varieties of wild bees are kept by farmers in a very primitive way. There are no available statistics regarding the honey production, but with the improvement of bee species and the establishment of improved honey-producing plants, the amount of production is bound to increase, forming an important source of subsidiary revenue for the farmers.

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Diseases of Domestic Animals and Fowls: A surprisingly large number of domestic animals and fowls of Manchuria are afflicted with disease of one sort or another, but the Chinese farmers give very little consideration to disease prevention or extermination. They accept disease as something which comes naturally. The diseases so far known include rinder-pest, pig-cholera, foot-and-mouth disease, hydrophobia, fowl-cholera, tetanus and cattle-tuberculosis. Recently sheep diseases have been studied, and it has been found that many sheep in Manchuria and Mongolia are diseased. No satisfactory scientific study has been yet made about pigerysipelas, Canadian horse-disease, fowl-diphtheria, or other contagious diseases.

2. Live Stock Products.

A. Milk and Meats.

The Chinese people do not like milk and milk products, and these products are, therefore, consumed chiefly by Japanese in the Kwantung Leased Territory and along the South Manchuria Railway Line, by Russians along the Chinese Eastern Railway, and by the Mongols. Russians settling along the lines of the Chinese Eastern Railway are engaged in making various milk products. Milk product plants operated or aided by the Chinese Eastern Railway are located at Tsitsihar, Harbin, and Anta. Those operated by associations of Russian farmers are at Hailar, Mientuho, Poho, and Tojarantun, while at Harbin and Tsitsihar there are several private plants.

Meat is ordinarily eaten in Manchuria, but because of the existence of superstitious and religious beliefs, some varieties are not touched. Whereas the Chinese, on the whole consume more pork than beef, Mohammedans do not touch pork but eat only mutton or beef. The meat of horses, camels and donkeys is eaten by the poorer people. A rough estimate of the annual slaughterings of domestic animals is: cattle, 62,000; sheep, 93,000; hogs, 2,645,000, making a total of 2,800,000. Exports of cattle in 1929 totalled 16,903 head (Tael 247,081) The 1930 figure was 31,555 head (Tael 639,097. Roughly 40% of the exports go to Hongkong; the rest go chiefly to Japan and China Proper. Poultry exports totalled 109,900 (Tael 9,463) in 1929 and 101,601 (Tael 12,783) in 1930. Practically all go to Japan. The quantity of hides and skins marketed annually is estimated roughly as: cattle hides, 245,800 pieces; horses and mule hides, 339,700 pieces; donkey hides, 34,600 pieces; sheep skins, 350,000 pieces, goat skins, 470,000 pieces; dog skins, 1,000,000.

In Manchurian beef, fat is found only under the skin; there is but little fat between the muscles, and therefore, the meat does not have a good flavor. But it is good for canning purposes. The prospects for the manufacture of various meat products are believed to be very promising in Manchuria because of the abundant supply and cheap labor, but up to the present the meat product industry has not yet been developed. In Dairen and Shenyang there are several Japanese engaged in this industry, but the work is still in a state of infancy. In North Manchuria several Russians are engaged in making sausages and ham. The sausages manufactured by these Russians compare favorably with the German products, but, as the demand is limited, particularly since the Russian revolution, the business is not profitable.

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B. Wool, Hairs and Furs.

The production of wool in Manchuria is estimated roughly at 113,000 kilograms for Liaoning Province, 343,000 kilograms for Heilungkiang Province and 4,500 kilograms for Kirin Province, or a total of approximately 460.5 tons. Mongolia, it is estimated, produces another 450 tons. Little of the Mongolian wool gets into Manchuria, however; such of it as is not consumed locally is exported chiefly through Tientsin.

Manchurian wool is divided into spring and autumn products. The spring variety has longer fibres and less dead wool, and is used for making carpets and blankets. The autumn wool has short fibres, and is made into felt and woollen mats. According to the methods of obtaining the product, it is divided into the sheared wool, washed wool, plucked wool, and drooping wool.

In Manchuria, the districts of Harbin, Tsitsihar, and Shuancheng-pao produce good pig bristles, which are black. They are used in making brushes and saddles, and also as stuffing and fertilizer. Their total production is estimated at 450,000 kilograms a year.

Of horse and donkey hair, the long, white kind is regarded as best. It is used in making violin bows and also for filtering and straining nets. The total production is about 390,000 kilograms a year.

Camel hair is mostly produced in Inner and Outer Mongolia. Hair that naturally falls in April and May is gathered; one camel giving from 2 to 3 kilograms. The total annual production is about 135,000 kilograms.

Cattle hair is obtained from the hides of dead cattle, and is selected, dyed, and made into mats. Cattle hair is also used in making bedding, saddles, and as stuffing.

In 1918, the Manchuria-Mongolia Woollen Manufacturing Company was established. This is a joint Sino-Japanese undertaking, capitalized at y 10,000,000. The Mitsui Bussan Kaisha also operates the Sansei Wool Refining Plant which makes woollen fabrics for export. At Hailar, North Manchuria, some Russians and Americans are engaged in the woollen industry, but it cannot yet be said that in Manchuria the woollen industry has made any noteworthy progress.

In the forests of Kirin Province and North Manchuria, are found many foxes, martens, wild cats, tigers, leopards, musk-deer, squirrels, bears, wild boars, raccoons, and other wild animals. Furs and hides obtained from the domestic and wild animals are important products of Manchuria.

Cattle hides obtained here are said to total nearly 246,000 pieces annually. Because of the poor care given them, the primitive method of slaughtering, and the spread of various diseases, the hides are not of good quality. Horse, mule and donkey hides number about 375,000 pieces annually. These usually are in a much better condition than the cattle

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hides. Hog skins generally are sold together with the meat, and the amount of hides sold separately is thus very small. Skins from sheep and goats are widely used for garments. Dog hides are also produced in large amounts, and annually about 300,000 dog hides are sent to the market at Shenyang, and about 700,000 to Chinchou.

Despite the abundant supply of these raw hides and furs from all sorts of animals, no industry to refine them or to obtain by-products from them has as yet been developed in Manchuria. Most of the furs and hides are exported in their raw state or in roughly treated forms.

For tanning these hides, Manchurians resort to the smoking, tawing, and scraping methods. Hides tanned by these methods are generally low grade leather which are used for making Ural shoes, Chinese shoes, saddles, leather cords, leather whips, drums, Chinese trunks, and others. But because they are needed for these practical necessities, the local demand is fairly large. The scraping method is also used in tanning furs, but it does not give a favorable result for it moistens the furs. In Mongolia, tanning is also done by applying hirak, the fermented milk curd. All these tanning methods have been followed by these people from an ancient period, but leathers made by these methods have many defects, because the processes are very primitive and rough. The prospects are good for tanneries operated by modern methods and utilizing the abundant supply of cheap raw materials.

The production of cattle, horse, donkey, mule, sheep and pig bones is also very large. They are, however, mostly thrown away because of the very cheap price which at best can be obtained for them in proportion to their heavy weight. Sometimes they are used for fuel. Chinese also use the bones in making various articles, and as fertilizer. Recently a few bone meal manufacturing plants have been established by Japanese in Manchuria, and the meal is exported to Japan. This industry has prospects of growing in the future. The export of bones has become of some importance, also, chiefly to Japan. Exports in 1929 were 13,780 tons, valued at Taels 496,632, of which Japan took 13,690 tons. The 1930 figures were 12,524 tons, worth Taels 693,097, of which all except 181 kilograms went to Japan.

3. Live Stock Markets and Exports.

Of these domestic animals, cattle, horses, donkeys, and mules are traded at live stock markets, but buyers of pigs, sheep, camels and others go directly to their breeders. Live stock markets are held at all the principal towns of Manchuria, while smaller markets are also opened at lesser towns and villages. Markets for handling live stock products are also held at the principal cities.

A great deal of live stock and animal products pass through Yinkou, but only a small quantity is traded there. Shenyang is the central market for Manchurian live stock and live stock products, and about 50% of the stock and products of Manchuria is handled there. About 30% of the live stock and live stock products brought to the Shenyang market is exported to Japan, Europe and America, the remainder being for-

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warded mostly to Changchun, Harbin, Kirin, and other northern markets. Before the Great War, live stock products, especially furs, were sent to Europe through Siberia, but since the Russian revolution, they are being sent to Shenyang, and thence to the three South Manchurian ports to be shipped abroad.

Chengchiatum originally developed as a live stock market, but recently, because of the changes in the transportation facilities and land cultivation, the live stock center of western Manchuria moved to Tacman and Tungliac. Live stock products gathered at these markets are sent by Chinese in Mongolia who act as brokers and inn keepers. Deals are transacted at these markets by brokers and inn keepers who act as go-betweens.

Many foreign merchants also are active at these markets. In North Manchuria, there are many Russian merchants, as well as Japanese, American, British, German and French traders. Especially during the world war, a British food stuff exporting company was very active in North Manchuria.

The following table shows the exports of live stock and live stock products for 1929 and 1930:

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Exports of Live Stock and Live Stock Products (Tael)						
Article	1929			1930		
	To foreign ports	To Chinese ports	Total	To foreign ports	To Chinese ports	Total
Bristles	729,514	1,065,566	1,795,080	840,561	331,411	1,171,972
Wool	561,587	1,040,651	1,602,238	245,056	422,765	667,821
Hairs and feathers	423,626	351,378	775,004	215,658	378,643	594,301
Leather, hides, skins	4,882,420	341,277	5,223,697	4,378,756	387,589	4,766,345
Horns, teeth, bones	497,442	1,053	498,495	465,750	1,888	467,638
Cattle	171,613	75,468	247,081	214,273	478,824	693,097
Poultry	9,463	--	9,463	12,783	--	12,783
Animal tallow	12,659	4,017	16,676	44,184	6,636	50,820
Total	7,288,324	2,879,410	10,167,734	6,417,021	2,007,756	8,424,777

The exports in this group from North Manchuria were, in 1929, Tael 442,999 and, in 1930, Tael 1,497,047. The rest went out from South Manchuria. The percentages therefore were: 1929, North Manchuria 4.4%, South Manchuria 95.6%; in 1930, North Manchuria 17.8%, South Manchuria 82.2%. In 1929, the United States took Tael 3,050,009 (30.0%) of the total exports; China, Tael 2,879,410 (28.2%); Japan, Tael 2,735,362 (26.9%) and Great Britain Tael 993,360 (9.8%). The 1930 distribution was: Japan, Tael 2,730,597 (32.4%); United States, Tael 2,510,632 (29.8%); China, Tael 2,007,756 (23.8%); Great Britain, Tael 497,512 (5.9%).

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CHAPTER XI. FORESTS AND LUMBER.

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Forests constitute one of the most important resources of Manchuria, and their products are of great importance in the economic life of the country. The forests of North Manchuria belong to one of the four large forest areas of China, but are larger in area and contain more timber than the Nan Shan, Central or Western forests. North Manchuria is particularly well covered with forests. Trees in these vast forests of North Manchuria were not cut in former days, as the territory was sparsely peopled. But after immigrants entered the region, and the population increased, timber cutting began and developed rapidly.

1. Distribution, Area and Lumber Quantities.

At present these forests start in the upper regions of the Amur River and, making a curved line, extend southeast to the upper regions of the Sungari and Yalu Rivers. There they meet the forests of Chosen. From the northwestern end of this curved line the great forests of the Khingan Range stretch southward. The forests of North Manchuria form the timber reserves for China's future needs. They also are valuable in regulating and mitigating the climate and water supply in northern China. In China where the rainfall is small and the air dry, rivers are becoming progressively more shallow and difficult to navigate. But these great forests of North Manchuria prevent the early drying up of the Chinese rivers. It is important, therefore, that even in the future, they be protected. During the last thirty years, however, the forests situated along the railway lines or near rivers down which timber could be floated, or those adjacent to districts lacking lumber and firewood, have been recklessly destroyed. Nevertheless, much timber still remains. It is impossible to give exact figures, but according to recent estimates, there are about 1,666,800,000 cubic metres of timber in the eastern Changpai Range region, and about 2,575,500,000 cubic metres in the northern Khingan Range section, making a total of approximately 4,242,300,000 cubic metres.

Details of the forest areas are given in the following table.

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Timber Resources (1929 estimate by the South Manchuria Railway Company)		
Region	Hectares	Cubic Metres of Lumber
Eastern Section		
Yalu and Hun River Valleys	974,000	102,500,000
Upper Sungari River Valley	1,423,000	247,300,000
Tumen River Valley	826,000	119,000,000
Hurka River Valley	630,000	119,000,000
Lalin River Valley	629,000	85,000,000
Eastern Section of Chinese Eastern Railway	2,417,000	254,000,000
Sanhsing Region (Eastern Kirin Province)	5,242,000	740,000,000
Total, Eastern Section	12,144,000	1,666,800,000
Northern Section		
Great Khingan Range	12,895,000	1,585,000,000
Little Khingan Range	9,925,000	990,500,000
Total, Northern Section	23,820,000	2,575,500,000
Grand Total	35,964,000	4,242,300,000

A. The Eastern Section.

Yalu and Hun River Valleys. The Yalu River originates in the Changpai Mountains, runs south, and gathering the Hun and other tributaries, reaches the sea at Antung. It runs mostly through mountainous districts where travel is difficult. The Yalu forests are situated at the south-eastern end of Manchuria, far from the plains of the south, and, especially at a distance from the settlements. Therefore, they have preserved their primeval condition. To the very banks of the river, dense forests still stand in some sections. The trees in the Yalu forests are of the broad and needle-leaved varieties, with the

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broad-leaved slightly predominating. But in the interior, the broad-leaved trees become fewer, and at a distance from the river, the trees are all needle-leaved.

This region formerly contained forests typical of the northern part of the temperate zone or of the frigid zone. But as more people came to settle along the rivers, and began cutting the trees and cultivating the lands, the woods in their neighborhood gradually disappeared, some sections being purposely destroyed by fire to clear the land for cultivation. At present, the temperate zone forests are very few, most of the trees belonging to the frigid zone type. Along the Yalu River, the effects of cutting and damage by fire caused by careless settlers, are almost unnoticeable, but along the Hun River they are very apparent. Therefore, along the Hun River, dense and valuable forests are found only north of Tuhua. Along the Yalu River these lie east of Maerh Mountain.

The varieties of trees found in these forests include Korean pine, Korean fir, Korean cypress, silver fir and Korean larch among the needle-leaved trees; and Manchurian walnut, oak, maple, smooth elm and birch among the deciduous broad-leaved trees. Larch trees, however, are seldom found in abundance in the upper regions of the Hun River. The forests of the Changpai Range are not of the frigid zone type, up to the top of Paitou Mountain. The zone of dwarf larches suddenly merges into the non-vegetation zone.

Generally speaking, in the thinly wooded districts, there are no good trees; in the interior districts, needle-leaved trees are found. In the virgin forests, needle-leaved trees comprise almost 60% of the woods. These virgin forests, therefore, can supply good lumber. The ages of the trees in the virgin forests vary considerably, those only several years old standing side by side with those several hundred years old. In the needle-leaved forests, broad-leaved trees, which are able to grow without sunshine, form an undergrowth. In such places many trees are found about two hundred years old, measuring about 100 feet high, and three feet in diameter at breast height. As these trees stand closely together, they are not affected by wind, and are, therefore, straight. As their trunks are bare of branches, they make good lumber. These include Korean pines, mostly, with the Chinese firs coming next. Where large deciduous leaved trees are mixed and the moist low lands are bare, larches grow in masses.

Upper Sungari River Valley: The Sungari district lies partly in the Changpai region, and partly extends to Hata, Kirin Province. The river regions cover the five counties of Mengchiang, Ermu, and Huatien in Kirin Province, and Antu and Fusung in Liaoning Province. Needle-leaved and broad-leaved trees grow here.

Tumen River Valley: Forests in the Tumen River region cover an extensive area, from the upper tributaries of the Hunchung, Tumen, and Kaya Rivers to the Iacuyehling Mountains. The principal trees here are not much different from those of the Yalu River region: among the needle-leaved trees are Korean pine, fir and silver fir, but larches are the most numerous. The broad-leaved trees are mostly oaks, smooth elms and birches.

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In some parts of these forests there are signs that trees formerly had been cut, but the greater portion apparently is virgin forest. The ages of the trees differ widely, some being only five or six years old, while others are more than 300 years old. The woods of the Manchuria district are mostly primeval, and here the trees are comparatively old, Korean pines being about 210 years. Conditions in these forests are in the main similar to those of the Yalu river forests, but as they have been just opened, the area and the amount of timber contained in them are much larger than those of the Yalu forests.

Eastern Kirin Province: The Hurka and Lalin River Valleys, the eastern section of the Chinese Eastern Railway, and the Sanhsing district lie roughly in the eastern part of Kirin Province. Forests exist on both sides of the railway line from Suifenho (Pogranichinaya), at the border of Russian territory to Harbin, and spread over the five counties of Pin, Tungpin, Ningan, Muleng, and Tungning.

The so-called Hsiaopai Range runs northward from the Ermu district. Upon reaching the Tungpin district, it divides itself into the Hsiaopai and Chita Ranges, which are thickly forested. Before the construction of the Chinese Eastern Railway line, the region was very densely wooded. Especially was this true of the forests of Tungpin and Ningan, where such large numbers of immensely large and old trees were found that the natives called the region "the sea of trees". The trees are about the same as in the South-eastern part of Kirin Province; quite a number of broad-leaved trees are found while Korean pines are the most numerous among the needle-leaved trees. Within a small area, many varieties of both the needle-leaved and broad-leaved trees are found. These forests cannot be penetrated in the summer season because, as the rainfall is very abundant, the depressed lands often turn into lakes. Since there are many rocks in the under soil, the roots do not hold fast, so that trees fall when the ground is flooded. Because various clinging vines grow upon these fallen trees, and the shrub undergrowth is very thick, it is impossible to penetrate the region except by cutting one's way. The varieties of trees are much diversified, there being more than twenty species. But the valuable trees existing in great numbers are needle-leaved. Korean pines, existing in great numbers are needle-leaved. Korean pines, silver firs, Korean firs and larches of the needle-leaved variety, and elms, smooth-elms, maples, walnuts, lime trees and others of the broad-leaved kind also can be seen.

The Sanhsing district occupies the extreme north-eastern part of Kirin Province, including the lower Sungari River and the angle formed by the junction of the Amur and Ussuri Rivers. It includes the Fangcheng, Ilan, Huanhohuang, Fushin, Tungchiang, Hulin and neighboring counties. Along the rivers and at easily accessible places trees have already been cut, and the lumber stock consequently has been reduced. But the mountain ridges as well as those regions distant from the rivers still have luxuriant forests. The kinds of trees vary according to locality, but among the needle-leaved trees are Korean pines, firs, silver firs and red pines, and among the broad-leaved trees are elms and lime trees. In the thinly wooded forests of the flat lands, oaks and birches are the chief species.

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B. The Khingan Region.

Most of the Horan, Chaochou, Anta, and Lungchiang districts traversed by the western branch of the Chinese Eastern Railway line form vast flat plains. In the Lupin district, small quantities of red Korean pines grow. Forests along the western branch of the Chinese Eastern Railway line are represented by those in the Pusi and Horan districts, about 240 miles north of Harbin, but most of them are thinly wooded, and the superior forests are all on the ridges of the Khingan Range, in the Nonni River region. This forest belt is narrow east to west, and long north and south. The forests located comparatively nearer the railway line are in the upper regions, tributaries and divides of the Chiher, Alan, Pilar, Choru, Chatun, Unoru, Hailar and Imin Rivers. The main needle-leaved trees are larches, and principal broad-leaved trees are birches; there are also Siberian larches, willows and alders, but their number is not very large.

2. Lumbering.

Lumbering in Manchuria was started by Chinese settlers about sixty years ago on the right bank of the Yalu River. In 1877, the Chinese Government opened a Lumber Tax Office at Tatungkou at the mouth of the river, and encouraged this industry chiefly for the purpose of collecting taxes. Since then Chinese lumber brokers and dealers have increased in number, and Tatungkou has become an important lumber market.

After the Russo-Japanese war, the Yalu Lumber Company was established with joint Sino-Japanese capital. According to the Sino-Japanese agreement, it obtained the exclusive privilege of handling the lumber produced on the Chinese side of the river. Timber sent down to Antung by all dealers came to be handled through this company. Today there are more than 200 Chinese lumber brokers and dealers in addition to about 100 Japanese dealers. When the world war broke out and Japan was unable to procure American and Hokkaido (Japan) lumber because of the shortage of steamers, the lumber industry at Antung boomed. Many Japanese dealers reaped huge profits, but owing to the reaction and the financial depression which set in after the conclusion of the war, the industry has made no important forward strides of late.

In Kirin Province, forest trees were recklessly felled as Shantung immigrants swarmed into the district. The Government encouraged lumbering as a means of getting taxes. During the boom period of 1918, such joint Sino-Japanese companies as the Fuming, Huasen, and Fengsen, as well as the Japanese Mitsui and Mitsubishi organizations, and a number of other Japanese and Chinese merchants, were extremely active in lumbering in this region. Most of the Chinese dealers, however, had no connections in Japan where their shipments could be sent, and excepting the Sungari Lumber Company, the Chinese did not possess sufficient capital.

Much development has taken place in the lumber industry along the Chinese Eastern Railway since the construction of the line. The demand for lumber for building purposes and for firewood for the Chinese

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Eastern Railway and Trans-Siberian Railway locomotives was the incentive that led to the development of lumbering. The earlier development was almost entirely in the hands of Russians, in this region, the firms of Shefohenoo Brothers and Skidelski Brothers being the chief operators. In 1921 the former of these firms became a joint Russo-Japanese business, with capital increased to Yuan 4,000,000. The next year Chinese interests were admitted, and the capital again increased, to Yuan 6,000,000. The Sungari and Changpai forests, in Kirin Province, have been exploited to some extent by Chinese, Japanese and Sino-Japanese concerns. Political difficulties, market depression, lack of railway transportation and floods, however, have hindered active lumbering development in this region.

3. The Demand for and Supply of Manchurian Lumber.

The forests on the upper region of the Yalu are already recognized internationally, and their products are valued as good material for building, ship building, civil engineering, telegraph poles, bridges, railway ties, stakes, matches and pulp. They are mainly consumed in South Manchuria, Chosen, Tientsin, and other points along the Gulf of Peichihli. Formerly the lumber demand in Dairen, Port Arthur, and other South Manchurian towns was met chiefly by lumber from the Hokkaido, Japan, but at present Manchurian lumber is virtually monopolizing this territory. Furthermore, Manchurian lumber now is sent to the Shanghai markets, and is gradually being introduced at Nanking and Hankow.

Kirin lumber, produced in the Sungari region, is assembled at Kirin City. In former days, 70% to 80% was shipped to Petuma and surrounding Mongolian districts. But since the opening of the Kirin-Changchun Railway the bulk of the Kirin lumber has come to be sawed at the lumber mills at Kirin City and shipped to South Manchurian markets or used by mines and railways. The demand greatly increased at the time of the financial boom during the European war, and the fame of Kirin lumber became very wide spread, which naturally pushed the industry steadily ahead. But today no such prosperity can be observed. Most of the North Manchurian lumber is supplied to the Chinese Eastern Railway, and Harbin is the central market. Some was formerly shipped to Vladivostok by rail, but recently the amount shipped to South Manchuria, and also to Japan via the South Manchuria Railway, has been gradually increasing.

The history of the demand and supply of lumber in Manchuria, may be divided into four parts. In the first stage, foreign lumber almost monopolized the market. In the second stage, Yalu lumber was the most popular, but since 1919, the demand has decreased. In the third stage, Kirin lumber mostly was used, 1921 seeing the height of its popularity. In the fourth or present stage, North Manchurian lumber is controlling the market. What, then, is the cause of this popularity of the North Manchurian lumber? In 1921, the Chinese Eastern Railway decided to use coal on its locomotives instead of wood, in consequence of which, the purchase of wood by the railway suddenly diminished. Accordingly, North Manchurian lumber had to find its market in South Manchuria. Following this, the Chinese Eastern Railway reduced its freight rate on building lumber 35% in 1922, in order to aid the sale of North Manchurian lumber in South

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A. Production, Imports and Exports.

Although Manchuria possesses rich forests, it formerly imported much foreign lumber, before its own lumber industry had developed. Imports still continue, though chiefly of special building lumbers which are not obtainable at present from Manchuria sources. A rapid increase in local consumption in recent years has been met rather by a falling off of exports than by an increase in production. Output, imports, exports and local consumption are indicated in the following table:

Lumber Production and Consumption (Cubic metres; in thousands)					
Year	Output and Import		Total available	Export	Locally consumed
	Output	Import			
1923	1,350	265	1,615	830	785
1924	1,375	146	1,521	716	805
1925	1,414	208	1,622	583	1,039
1926	956	222	1,178	317	861
1927	1,071	133	1,204	329	875
1928	1,446	141	1,687	293	1,394
1929	1,095	235	1,330	218	1,112

Manchuria both imports and exports lumber and various other forest products such as bamboo. The imports consist in the main of special woods for building purposes, furniture making, etc. The exports are chiefly lumber in the rough. The following table gives import and export figures for 1929 and 1930. These do not include the amounts for Hunchun and Lungchingsun, however, since the Customs reports for 1930 do not give details for these districts for 1930. In 1929 these two centers exported to Chosen Tael 824,566 worth of lumber and imported Tael 987 worth.

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Manchurian Imports and Exports of Lumber					
(Tael)					
Country	1929		1930		Decrease (-) Increase (+)
	Value	% of total	Value	% of total	
Chosen					
Imports from	1,420,993	31.6	826,263	22.0	-594,730
Exports to	2,039,535	46.5	1,490,466	49.7	-549,069
Total	3,460,528	39.0	2,316,729	34.2	-1,143,799
China Proper					
Imports from	542,067	12.1	423,680	11.3	-118,387
Exports to	1,162,610	26.7	1,164,424	38.8	+ 1,814
Total	1,704,677	19.2	1,588,104	23.5	-116,673
Japan					
Imports from	1,710,572	38.0	1,159,314	30.8	-551,258
Exports to	243,313	5.5	234,079	7.8	-9,234
Total	1,953,885	22.0	1,393,393	20.6	-560,492
United States					
Imports from	356,174	7.9	597,765	15.9	+ 211,591
Exports to	31,816	.7	11,036	.3	-20,780
Total	387,990	4.4	608,801	9.0	+ 190,811
Russia					
Imports from	70,182	1.5	468,470	12.5	+ 398,288
Exports to	137,074	3.1	56,387	1.9	-80,687
Total	207,256	2.3	524,857	7.8	+ 317,601
Total, all countries					
Imports	4,501,009	100.0	3,756,557	100.0	-744,452
Exports	4,382,585	100.0	3,000,563	100.0	-1,382,022
Total	8,883,594	100.0	6,757,120	100.0	-2,126,474

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Japan imports from various countries approximately 18% of the annual local consumption. The imports from Manchuria make up a very small part of the total lumber imports, chiefly because lumbering costs in Manchuria are about the same as in Japan itself and hence Manchurian forest products are handicapped by freight charges in their competition in the Japanese market. Over 80% of Japan's lumber imports now come from the United States, and Manchurian lumber cannot compete in Japan with either local or American lumber. When prices of American lumber in Japan go up, due to increased production costs or higher freight rates, then Manchurian lumber may have an opportunity in Japan.

The principal prospective market for Manchurian lumber, however, lies in China Proper and Chosen where the balance of freight costs and similar charges is with rather than against the Manchurian product. The more thickly settled regions in both of these countries have virtually local lumber.

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CHAPTER XII. SEA PRODUCTS

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Though much is heard of China's rich natural resources, -- the Chinese calling the country "Ti Ta Wu Po" (Vast Land, Abundant Products), -- she is not favored with aquatic products, as her coast line is short in proportion to her area. Manchuria possesses very few sea products; those it has being obtained only along the southern coast, which is about 1570 kilometres long, and in the inland lakes and rivers. But the water along the coast line is generally too cold to become a permanent habitation for fish, and as the facilities for shipping products overland are imperfect, the fishing industry is not very profitable.

The Kwantung Leased Territory faces the Yellow Sea and the Gulf of Peichihli, and is favorably situated with regard to facilities for transporting products to markets. This region, therefore, has made some progress since early days in sea products industries. Salt is the main sea product of this district.

1. Fishery.

A. Salt Water Fishery.

The fishing industry of the Kwantung Leased Territory began to show real progress after the close of the Russo-Japanese War. The demand for fish to be supplied to Japanese troops served as a stimulus to this industry, and since then the settling of Japanese people there has encouraged its development. The Japanese are great fish eaters, though the Chinese prefer meats to fish, as a result of which fishery in the Kwantung Leased Territory has developed chiefly to supply the Japanese demand.

Fishing is much affected by climatic conditions, far more than agriculture. The climate of the Kwantung Leased Territory and its vicinity is more temperate than that of the interior regions of Manchuria. The air is generally dry, and strong winds blow quite often, the number of gale-blowing days being 158 at Port Arthur, 246 at Dairen, and 140 at Yingkou yearly. Especially in October and November, the north and north-west gales cause considerable damage. Again the speed of ocean currents varies according to localities. The difference of the tide at its ebb and flow is wide, being about three metres. The sea depth likewise varies, but in both the Yellow Sea and the Gulf of Peichihli, it is seldom more than 75 metres. The deepest spots are in the vicinity of the Laotien-shan Peninsula and the eastern offing of the Shantung Peninsula, where it is from 65 to 75 metres, but usually the depth is from 18 to 45 metres. The number of Chinese and Japanese engaged in fishing in the Leased Territory has been between 25,000 and 30,000 in recent years, the large majority being Chinese. (29,910 Chinese; 141 Japanese; total 30,051 in 1929). The catch of fish varies considerably from year to year, though in the main it has grown steadily. The value of the catch, however, varies less widely than the quantity. The figures for recent years, for the Kwantung Leased Territory, are as follows:

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Fishery Production, Kwantung Leased Territory						
Year	By Japanese Fishermen		By Chinese Fishermen		Total	
	Quantity (Tons)	Value (Yen)	Quantity (Tons)	Value (Yen)	Quantity (Tons)	Value (Yen)
1917	5,500	647,582	9,200	540,193	14,700	1,187,775
1922	1,400	567,550	8,800	1,110,527	10,200	1,678,077
1927	14,900	1,758,303	30,100	2,374,188	45,000	4,132,491
1928	7,700	1,418,942	28,400	2,878,238	36,100	4,297,180
1929	4,200	920,920	19,300	2,593,194	23,500	3,514,114

The principal kinds of fish caught, with their values (1928)
 were:

Kinds of Fish Caught, Kwantung Leased Territory (1928; values in Yen)					
Kind	Value	Kind	Value	Kind	Value
Codfish	847,434	Flat fish	391,876	Lobster	113,918
Guchi	796,684	Gurnard	134,544	Shell fish	67,523
Tai	523,433	Ray	110,038	Cuttlefish	41,952
Hair-tail	406,421	Sea cucumber	109,500	Seaweeds	120,384

In Kwantung there are two fishing methods, one developed by Japanese fishermen, and the other originally used by Chinese. Recently, however, many Chinese have begun to adopt the Japanese method. Sea-bream fishing is the most important undertaken by Japanese fishermen. Chinese fishermen are mainly engaged in fishing guchi, codfish and hair-tails.

The coast facing the Yellow Sea extends from the Chuang River, in Liaoning Province, to Antung on the Chosen border, a distance of 275 kilometres. On this coast are approximately 2,500 families (10,000 persons) engaged in fishing, possessing around 400 large junks and 2,000 smaller boats. The coast facing the Gulf of Peichihli runs from Puchou, on the border of the Kwantung Leased Territory, past Yingkou, to Shanhaikwan, a distance of about 600 kilometres. Here are some 1,500 fishing families, with about 8,000 people, 250 large junks and 1,250 smaller boats.

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Guchi fishing is the most important for Chinese fishermen. This fish is mostly consumed by Chinese, and only Chinese fishermen are engaged in this branch of industry. The greatest guchi fishing bank lies off Hsiungyaocheng, and the season is about three weeks from about May 10. The catch is about 610 tons. As this is the greatest fishing bank in Liaoning Province, the Chinese Government protects it. This fishing is important to the Chinese fishers as the size of the haul during this short season determines their annual profit.

Seals and whales are also caught in the Yellow Sea and the Gulf of Pechihli. The Oriental Whaling Company has been undertaking whaling within 55 to 75 kilometres of the Haiyang Islands where the company has had its headquarters since 1915. The season is from October to the end of the following June. Whales caught in this vicinity are the sulphur-bottom whales of about 18 to 22 metres long. Seals are found mostly around the Miaotao islands and also along the coast of western Chosen; they enter the Liaotung waters in the season of calf delivery. The natives catch them by harpooning. In a good year, almost 700 head are caught.

B. Fresh Water Fishery.

There are abundant fish in the rivers that traverse the plains of Manchuria. In the interior parts of the country, far from the coast, it is almost impossible to get sea fish, because of the lack of proper transportation facilities. But because the Chinese people do not like fish, even the river fish are not properly utilized. On that account, no scientific study of river fishing has been made.

In South Manchuria, the Yalu River for about 30 kilometres from its mouth at Antung is regarded as a good fishing ground. Here whitebait, eel, carp, prawn, gray mullet, turtle, gobbie, sheetfish, and others are caught. In the Liao River, carp, prawn, sheetfish, silver-fish are the main varieties. In the Hun River are found sheetfish, carp, turtles, seudorasbora parva, roach, and other varieties.

In North Manchuria, fishing is fairly well developed in the Sungari to supply the North Manchurian markets. The portion of the river from Kirin City to Sanhsing is the fishing ground, where carp, whitebait, eel, and other fish are caught. The Hurka river also has carp and others which are shipped to the Sanhsing and Ningkuta districts. The Nomni and Hulan rivers also abound in fish, including carp, turtles, whitebait, acheilognathus limbata, flat fish, and others. In this district there are many Mongolians who traditionally do not touch fish, and thus do not catch fish. For this reason, fishing in this district is entirely done by Chinese.

C. Imports and Exports of Marine Products.

Most of the fishery products are locally consumed, nor do these supplies meet the local demand. In spite of fair amounts of exports, considerable quantities of marine products are imported. The following table gives the figures:

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Imports and Exports of Marine Products other than Salt (Tael)						
Year	South Manchuria		North Manchuria		Total	
	Imports	Exports	Imports	Exports	Imports	Exports
1926	2,631,691	371,868	567,130	22,124	3,198,821	394,992
1927	2,595,141	528,800	622,948	29,715	3,218,089	558,515
1928	3,416,932	699,940	812,471	20,268	4,229,403	720,208
1929	3,355,479	765,702	368,167	9,561	3,723,646	775,263
1930	3,217,584	650,659	531,488	18,514	3,749,072	659,173

The imports came from the following areas: In 1929: Japan, Tael 1,646,311 (44.2%); China, Tael 757,874 (20.4%); Chosen, Tael 592,249 (15.9%); Russia, Tael 365,550 (9.8%). In 1930: Japan, Tael 1,638,720 (43.7%); China, Tael 915,038 (24.4%); Chosen, Tael 556,225 (14.8%); Russia, Tael 435,784 (11.6%); Some ~~lumber also~~ is imported through Hunchun and Lungchingtsun - Tael 217,296. These East Manchuria imports are not included in the table. *marine products also are* ✓

The exports were destined as follows: In 1929: China, Tael 591,796 (76.4%); Hongkong, Tael 115,261 (14.8%); Japan, Tael 65,859 (8.5%). In 1930: China, Tael 501,858 (76.0%); Hongkong, Tael 92,921 (14.1%); Japan, Tael 52,076 (7.9%).

2. The Salt Industry.

Salt making long has been an important industry along the coasts of the Gulf of Peichih, both on the Manchurian side and in Shantung. Because the only part of Manchuria which touches the sea is on this side, this is the only part of this area in which salt is manufactured. Some salt is taken from salt mines and lakes in Mongolia, however, which finds its way to a small extent into North Manchuria. Climatic conditions in South Manchuria are particularly favorable for making salt, because of the long sunlight hours in summer and the comparative dryness of the air, which aids evaporation. Outside of the Leased Territory, the area devoted to salt drying pans recently has been estimated at approximately 5,700 hectares, with an annual production of from 115,000 to 180,000 tons. The area taken up by salt pans within the Leased Territory is approximately 7,000 hectares, with a production in recent years of nearly 250,000 tons, as compared with a production in 1907 of 27,600 tons. The prospects are excellent for the development of the salt industry in this area.

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A. In the Leased Territory.

Salt Regulations: Russia paid much attention to the salt industry after the acquisition of the lease of this territory, and attempted to supply the salt demand in the Siberian littoral provinces with the products of the Kwantung Leased Territory. But when trial shipments were sent, it was found that the Kwantung salt was inferior in quality and high in price, and it would not be used by the fishermen of the littoral provinces. Again when this salt was taken into Manchuria, heavy taxes were levied by the Chinese authorities. Thus Russia was unable to find a proper market for the Kwantung salt. Consequently the industry did not develop in spite of favorable climatic conditions.

When the Kwantung Leased Territory was handed over to Japan after the conclusion of the Russo-Japanese War, salt tax regulations were issued. These regulations are still effective, and under them a Government permit is required for making salt. When salt is shipped out of the place of manufacture, Yen 0.60 on each 272 kilograms (one koku of salt) is collected, and shipment of the salt may not be made until the tax is paid. Moreover a duty of Yen 1.50 is to be collected on each 272 kilograms of foreign salt (excepting Japanese salt) imported into the Kwantung Leased Territory, but up to the present time, there has been no occasion to put this regulation into practice. The salt tax has amounted to Yen 300,000 to Yen 350,000 in recent years.

In March, 1906, the Kwantung Leased Territory Salt Field Regulations were also issued for the purpose of encouraging this industry. By these regulations, salt makers are permitted to open salt fields upon Government-owned land, free of charge, upon application, and the salt makers are allowed to transfer control of such salt fields to others when official permits are obtained. Also, by these regulations the right of ownership of the Chinese salt makers over their own salt fields was firmly recognized. In April, 1910, the Salt Supervision Laws were issued to provide supervision of the shipment, sale, export, and waste of salt, so that accurate figures might be obtained. A subsidy is given on exports of the Kwantung salt to foreign countries.

The Salt Making Process and Salt Fields: Four kinds of salt are produced in the Kwantung Leased Territory: the sun-evaporated salt, the sun-evaporated tray salt, the refined salt, and the boiled salt. Of these the first is the most common variety. It is made merely by pouring the salt water into the salt pan, and letting it evaporate and crystallize by the effect of sun and wind. Salt fields in the Kwantung Leased territory are peculiarly constructed. The construction varies according to the condition of the tide, the degree of the slope of the shore, the general topography, and the amount of capital invested. Generally, however, the field is made up of the following: (a) the salt water reservoir to hold the sea water, (b) the evaporating pan, (c) the crystallizing pan, and (d) connecting channels between these three. There is also an open space where manufactured salt is temporarily piled up. Whenever necessary, wind mills are erected to pump the sea water into the reservoir, as well as embankments to protect the fields from wind and tide.

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The proper size ratio of these necessary parts of the salt fields is believed to be: the reservoir, 3; the evaporation pan, 3; the crystallizing pan, 2; and other parts, 2. The total area of each salt field is not fixed. A small field is about 2 hectares and the largest about 40 hectares. There are two ways in which the sea water is brought into the field; by natural gravity and by pumping. The reservoir is often placed in the center and the evaporation and crystallizing pans on its two sides. In some fields, the salt water reservoir is placed at one end, the evaporation pan next to it, and the crystallizing pan at the other end.

The salt manufacturing season in the Kwantung Leased Territory is from the beginning of March until November. During these eight months, it is often impossible to operate the field for about one month, from the middle of July to the middle of August, because of rain. In the two months of May and June, more than one half of the total salt is made. Thus the weather condition in these two months largely influences the total salt output of the season. The time required for evaporating the sea water varies according to weather conditions, such as hours of sunlight, wind, rainfall and humidity.

Market Values, Quantity and Grade: The market value of the salt is greatly influenced by the amount of the salt produced, the rise and fall of the silver exchange, and the market demand. The cost of labor, the amount of invested capital, and the cost of the various materials required enter into the production cost. Of these the most important factor is the amount of production. The production cost varies from 20 to 45 sen per 100 kilograms in the Japanese-managed salt fields, and from 15 to 20 sen in the Chinese salt fields, part of the difference being due to the fact that greater care is given in the Japanese-managed fields to securing a good-quality product. The salt fields managed by the Chinese, too, are very simple, while the Japanese fields have a larger fixed capital investment per hectare.

The salt production in the Leased Territory has increased nearly ten-fold since 1907. It varies greatly, however, from year to year, depending on weather conditions. 1907 saw a total production of 27,600 tons. Figures for subsequent years are:

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Salt Production in the Kwantung Leased Territory (Tons)				
Year	Produced by Japanese	Produced by Chinese	Total	% Produced by Japanese
1909	39,624	41,616	81,240	48.8
1914	70,760	40,855	111,615	63.4
1919	90,444	67,307	157,751	57.3
1924	150,060	103,499	253,559	59.2
1925	153,909	95,953	249,862	61.6
1926	190,225	108,913	299,138	63.6
1927	158,589	76,664	235,253	67.4
1928	165,039	83,651	248,690	66.4
1929	165,677	83,228	248,905	66.5

In spite of variations due to weather conditions, it is safe to assume that in all probability the salt output in the Leased Territory will not fall below 200,000 tons a year, even if no additional fields be developed. Generally the Japanese production per hectare averages somewhat less than the Chinese - 30,000 to 40,000 kilograms per hectare compared with 45,000 to 65,000. The general average in recent years has been between 35,000 and 50,000 kilograms per hectare of salt fields.

As the salt of the Kwantung Leased Territory is mostly made by the sun-evaporation process, its grain is very coarse, and it contains impure materials and dust due to the custom of piling it up in the open. Naturally its color is not good. Chemically analyzed, the pure salt contained is 80% to 85%, but when more improvements are made, it will be possible to improve its appearance and also increase the salt percentage. It may be possible also to produce a superior grade of salt containing more than 95% of pure salt, although it is believed by some that such a superior quality cannot be produced in the Far East.

Area, Location and Development of Salt Field: The Japanese authorities realized the possibility of developing the salt industry in the Kwantung Leased Territory upon acquiring the control of the district, and in order to adjust and recognize the ownership of the Chinese salt field operators and also to supervise new operators, they found it necessary to make an actual survey of the salt fields. In May, 1906, the salt field surveying party was organized. This party surveyed not only all salt fields under operation, but also new districts where salt field operation was likely to be possible. According to the report of this surveying party, the salt fields in operation then totalled 1,486 hectares, owned by 301 operators. Up to the end of 1906,

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55 applications for opening new fields were filed with the Japanese authorities, but after investigation only six applications were granted, including four corporations and two individuals. The total salt field area then granted was 7,637 hectares.

Gradually the fields increased in area and number, but the demand for the Kwantung salt did not increase in proportion. Since 1917, as the Shantung salt came to be exported to Japan and Chosen, the demand for the Kwantung salt greatly declined. Thus there was no new salt field opened during 1917, 1918, and 1919. There were only slight increases in area in 1920, 1921, and 1922, but the demand did not grow, and the stock held on hand at the end of each year increased.

In the meantime, salt consumption in Japan proper and Chosen has been gradually increasing, and it was thought possible to develop the Kwantung salt industry. Then in 1923, Shantung was returned to China, which led people to believe that the demand for the Kwantung salt would increase again, resulting, in 1924, in the opening of new fields with an area of 800 hectares. Recently, however, some of the salt fields have gone out of use, so that now a total of only some 7,000 hectares are operated. Of this about one-third are Chinese-owned and two-thirds Japanese.

The coast line of the Kwantung Leased Territory has long stretches of shallow, flat shoals. The tidal and climatic conditions are very favorable for the salt industry. The good salt fields are found at Pitzuwo, Pulangtien, Wutao, and Shuangtao. The fields are divided into five districts of Dairen, Chinchou, Pulangtien, Pitzuwo, and Port Arthur. Those facing the Yellow Sea total about 4,000 hectares, and those on the Gulf of Peichihli about 3,000 hectares. Between the Yellow Sea and the Gulf of Peichihli, there are about 100 hectares of salt fields, in the Port Arthur District. Of these districts, the best equipped and largest salt fields are found at Pitzuwo, and the best in the Kwantung Leased Territory is the one located at Shuangtao Bay. The Pitzuwo salt fields are situated at the eastern end of the Leased Territory. Along the coast, extending about 30 kilometres from the Piliu River, which marks the border of the Territory to Pitzuwo, are stretched one salt field after another.

The fields in the Pulangtien district are not so closely laid out as the ones in the Pitzuwo district. There are four salt fields in this district: one at a point 8 kilometres north of Pitzuwo; one on the Wutao off the coast of Fuchou, more than 40 kilometres west of Pulangtien; one at the Santao Bay, at the end of Pulangtien Bay; and one at a spot 40 kilometres southwest of Pitzuwo on the Yellow Sea. The fields of the Port Arthur District include one at the Shuangtao Bay, 12 kilometres northwest of Port Arthur; one at a spot 8 kilometres west of Port Arthur; one at a place about 4 kilometres from Kuanchengtzu railway station. Those in the Dairen and Chinchou districts are small and not of much importance.

As these fields have shallow shoals that dry in the low ebb, it is impossible to bring steamers directly to the shores when shipments are desired. It is, therefore, necessary to store the product at convenient points and then carry them by junks to steamers. In districts

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where there are no facilities to ship the salt by rail, it is impossible to send out the salt during winter when the water freezes. The charge for loading salt on steamers accordingly reaches as high as 20 sen per 50 kilograms.

Markets and Future Supply: At present the salt of the Kwantung Leased territory is sold mainly to Japan Proper and Chosen, but small quantities also are being sent to the Russian littoral provinces, Kamchatka, Saghalin and Hongkong. While the Kwantung salt is produced in fairly large quantities, it has met difficulties in securing export markets. The Chinese authorities in Manchuria consider Kwantung salt as a foreign product and hence they prohibit its entry into Chinese-controlled territory as infringing the Chinese salt monopoly. Japan Proper restricts its entry by similar monopoly regulations. Kwantung salt also has had to meet the competition of cheap Shantung salt. In spite of these difficulties, the exports have been substantial, and have steadily increased.

Considerable effort has been put forth by the Government authorities, as well as by salt field operators, to open up new markets and export the article to foreign countries. They have studied the possibility of soda manufacturing, and have sent men to study foreign markets. The government also gave financial aid to salt field operators and merchants to make investigations with the view to developing the market. But after all these efforts, it was found that the soda industry was hopeless because of the huge amount of capital required, the high tariff rates, and the competition of foreign products. In developing foreign markets, small shipments were made to Singapore and Hongkong, and a demand for the Kwantung salt in Kamchatka and the Russian littoral province was created among fishery plants there. But exports to Singapore and Hongkong were stopped by high freight rates caused by the shortage of cargo bottoms during the European war, and in the littoral province and Kamchatka, it was impossible to compete with the cheap Shantung salt, only small amounts being exported annually, although at first it was estimated that nearly 180,000 tons would be demanded in these territories annually. After the close of the European war, Egyptian, Spanish, Annamite, German and American salt began to appear in the Far East, and competed with the Kwantung salt. This forced the Kwantung people to take the only course open, i.e., to attempt to increase the amount exported to Japan Proper and Chosen.

The total consumption of salt in Japan Proper is about 680,000 tons, and the domestic production is only about 430,000 tons, creating a shortage of approximately 250,000 tons. With the increase in population and with industrial development, the consumption is expected to become greater, and the shortage naturally will increase.

During the European War, the soda industry in Japan developed and the economic boom came, causing an increased demand for salt. In 1918, however, the salt yield of Japan was exceptionally small, and again in 1919 the Formosan yield was poor, and the volume that could be shipped to Japan Proper greatly decreased. During the three years of 1917, 1918, and 1919, the export of the Kwantung salt to Japan Proper was consequently large. In 1921, bonded warehouses for foreign salt in Japan were permitted, enabling foreign salt to be sold to the market in the Russian littoral province and Kamchatka. The Kwantung salt which temporarily had a prospect of being consumed in new markets, was again placed in a very disadvantageous position.

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The range of prices of salt in the Leased Territory is indicated in the following table:

Average Salt Quotations, Leased Territory (Wholesale Price per 100 <u>kin</u> (60 kilograms) not including salt tax. Quotations in Japanese <u>sen</u>)				
	1914	1919	1924	1928
Shuangtao Bay	10.88	49.14	41.86	17.62
Kuanchengtzu	12.88	43.15	40.62	22.74
Pulangtien	9.99	44.14	27.96	12.86
Wutao	10.18	57.67	37.96	20.04
Chiahsintzu	9.00	67.53	37.96	20.76
Tunglaotun	8.61	64.78	50.27	20.34
Piliuho	9.39	69.78	45.90	14.35
Average	10.13	56.60	43.62	18.39

As the Kwantung salt is sun-evaporated, its appearance and crystallization condition are crude, and it cannot be used as table salt or for salting fish without being first refined. It is mostly exported in the crude form, as, within the Kwantung Leased Territory, there are virtually no salt refining plants. But salt refining and other salt industries should develop there in the future because of the abundant crude supply.

There still are large areas that could be opened as salt fields. The existing fields cover about 7,000 hectares. There are also 15,000 hectares of undeveloped areas that could be turned into good salt fields. If the per hectare salt production is estimated at 36 tons, the following figures may be obtained.

Salt production capacity of undeveloped area -----	540,000 tons
Salt production capacity of operating fields -----	<u>252,000 tons</u>
Total -----	792,000 tons

Judging from past experiences, the future of the salt industry cannot be predicted by the amount of production alone. In order to develop the industry, it is necessary to improve the salt fields, encourage the

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utilization of by-products, and install better facilities for transporting and handling shipments. For the improvement of the quality and for the development of the market, it is also necessary to develop salt refining and other salt enterprises. As a salt refining district, the Kwantung Leased Territory is favored with abundant cheap labor, enormous supplies of crude salt, and also cheap fuel. Hence, the prospects for the future development of this industry are encouraging.

(2) In Chinese Territory.

The Salt Administration: Since ancient times the Government salt administration has been very important. In a large country with so short a coast line, salt is very closely related to the problem of food supply. The Chinese Government has counted upon the revenue from the salt tax as one of its important sources of income. Thus the salt administration has been gradually improved. In 1913 the salt tax revenue was pledged as security for certain foreign loans. Since that time the salt administration has been placed under semi-foreign supervision.

By virtue of Chinese Government regulations issued from time to time, the salt industry is today operated with Government permit, and the salt administration is placed under the National Salt Gabelle Office. At all important points throughout the country, branch offices of the salt gabelle are opened. These branches are under the supervision of a Chinese Director and foreign co-director, who have equal rights. In Manchuria, the branch gabelle office is established at Yingkou, and it issues various permits, supervises shipments, and collects taxes.

The salt industry on the coast of the Yellow Sea and the Gulf of Peichihli, Manchuria, is quite old. It was already mentioned in the records of the Han (206 B.C. to 221 A.D.) and Tang (618 to 907 A.D.) Dynasties. But the sun-evaporation salt making as practiced today seems to have been first introduced in the Liaotung Peninsula by the Shantung and Chihli (now Hopei) immigrants who settled there to develop the waste land of Liaotung at the time of the Emperor Kang Hsi (A.D. 1662-1723). The first salt field was made at Erhtaokou, in the Paiping district, in 1861. Then fields were opened at Pitzuwo and other Liaotung districts, which soon were recognized as being ideally located for the sun-evaporation process. The procedure used as the salt is shipped from producers to the market and from the market to consumers in Liaoning Province where the salt is produced, is quite different from the system used in Kirin and Heilungkiang Provinces where no salt is manufactured.

Liaoning: In Liaoning Province, the salt gabelle office at Yingkou supervises the manufacture, sale and transportation. There are also 51 branch offices in the province, which are again represented by 95 smaller offices which handle actual wholesale and retail sales of salt and check secret manufacture. Those who manufacture salt, and wholesalers of salt are both called yen-chang (salt dealers). All yen-chang*1 must pay

*1 See Appendix II (Page 297) for translation of Chinese terms.

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permit fees as provided for in the regulations. But if any of the investors in the business, or the one who is in charge of the management is not a Chinese, or happens to be an ex-convict, or if the place of business is not satisfactory to the officials, or if the manager has no proper place of business, the salt-dealer business may not be started. Again, a yen-chang is prohibited from conducting any other business jointly with foreigners. Officials of the salt gabelle are not permitted to make investments in the business of a yen-chang, or to take an interest in the management of a salt business. Those who handle illegal salt will be punished, besides being forced to suspend their business.

Retail shops for selling salt are called yen-tien, for opening which proper permits must be obtained. Under the laws of Liaoning Province, the keepers of yen-tien must be Chinese subjects. Foreigners are prohibited from opening yen-tien or investing in them. The yen-tien purchases salt from a yen-chang and is not allowed to buy directly from the producers. In this way, in Liaoning Province, the salt industry and business are strictly controlled, and no secret manufacture or sale is permitted. Foreigners are not allowed to become directly interested in any salt business.

Kirin and Heilungkiang: The salt supplies of Kirin and Heilungkiang Provinces depend upon the production in Liaoning. The salt forwarded by government offices is sold to consumers through the official yen-tien. The salt trade is entirely under government supervision, and regulations are as strict as those in Liaoning. Foreigners are not allowed in the salt business. There is a Kirin-Heilungkiang salt office which has warehouses at Changchun and Harbin and also 41 branch offices. The office at Yingkou purchases the salt required for Kirin and Heilungkiang Provinces. Formerly this salt was shipped by steamer to Vladivostok, but recently it has come to be forwarded over the South Manchuria Railway. The salt is then stored at the warehouse at Changchun and Harbin, and is distributed to branch offices according to their needs. The branch offices sell the salt to official yen-tien from which the public purchases its supplies.

Salt Tax, Consumption and Manufacturing Methods. The general taxes of China apply in Manchuria, although here, as in other parts of the country, the local authorities have, at various times, made their own decisions about levying special salt taxes and retaining regular salt revenues. The actual taxes paid have varied from one to three yuan per 50 kilograms. No accurate data of the gross collections in recent years are available; approximate estimates put the total at between Yuan 10,000,000.00 and Yuan 13,000,000.00 a year.

There are no reliable data on which to base the estimates of salt consumption in Manchuria. On the basis of a per capita consumption of 9 kilograms a year, however, the consumption would be around 260,000 tons. A recent Chinese Government estimate gives a figure of 168,000 tons. The Yingkou salt gabelle office puts the annual consumption at 158,500 tons.

The method of salt manufacture practiced on the Liaoning coast is similar to that used in the Kwantung Leased Territory. This is the sun-evaporation method. In districts where it is not convenient to use the sea water directly, the salt well method is used, but the amount produced in this way is small.

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Liaoning salt is not only sold through government offices in Kirin and Heilungkiang, but also through private salt shops in Liaoning and Jehol Provinces. No salt is handled outside these two systems. Even when private salt is shipped secretly, it is only shipped in order to avoid the payment of the tax and is not exported to other countries. There is no large industry using salt in Manchuria.

Lake Salt in Mongolian Districts: Besides the supply of the Liaoning salt, there is a supply of lake salt in Mongolia. The Mongolian salt is very important, and not only is it supplying the local needs, but it is also being exported to Heilungkiang, Hopei, Kansu, and Shansi Provinces. The production is not very large, but as the district is far from the sea, it serves a very important and useful purpose in the life of the inhabitants there. The salt administration of Mongolia has been independent of that of China Proper, even since the establishment of the Chinese Republic. When Mongolian salt is sent out of Mongolia, only salt merchants who have obtained permits from the Mongolian Salt Office may purchase it.

C. Exports.

In most years, Dairen has been the principal export center; in each year the great bulk of the salt goes out through Dairen or Newchwang; there have been no salt exports from Antung in recent years, and only comparatively small amounts from the Harbin customs district.

In connection with the very heavy drop in Dairen's trade in 1930 as compared with 1929, and as compared with the increase in the trade of the ports where Japanese influence is small or none (discussed at the beginning of this chapter), it is interesting to note the change in the relative positions of Yinkou and Dairen as salt exporting centers between 1928, 1929 and 1930. Dairen's share of the total salt exports of Manchuria, in terms of value, was 79.0% in 1928, 61.8% in 1929 and 39.6% in 1930. Yinkou's share was 16.6% in 1928, 37.8% in 1929 and 58.1% in 1930. The following table gives further details.

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Salt Exports					
Export center	1926	1927	1928	1929	1930
Dairen					
Tons	148,555	108,999	157,621	204,635	186,065
Value (Taels)	989,064	941,366	1,303,895	1,605,379	1,594,365
% of total value	65.6	47.7	79.0	61.8	39.7
Yinkou					
Tons	14,924	23,591	4,805	24,221	32,656
Value (Taels)	500,624	1,013,419	275,528	981,907	2,337,309
% of total value	33.3	51.4	16.6	37.8	58.1
All South Manchuria					
Tons	163,479	132,590	162,426	228,856	218,721
Value (Taels)	1,489,688	1,954,785	1,579,423	2,587,286	3,931,674
% of total value	98.9	99.1	95.6	99.6	97.8
North Manchuria					
Tons	209	164	645	69	637
Value (Taels)	16,438	17,721	72,515	9,378	86,297
% of total value	1.1	.9	4.4	.4	2.2
Total					
Tons	163,688	132,754	163,071	228,925	219,358
Value	1,506,126	1,972,506	1,651,938	2,596,664	4,017,971

The salt exported from Dairen, it will be noted, is valued at much less per ton than that which goes out from Yinkou or Harbin. This is partly because a substantial portion of it is coarse, and partly because, Dairen being a free port, no Chinese salt monopoly tax is paid on the salt exported from that city. The salt going through Newchwang and Harbin has paid this tax. The salt exported from Dairen which finds its way into Chinese-controlled territory pays it on entry. Details of the distribution of salt exports are as follows:

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Destinations of Salt Exports								
Port and destination	1929				1930			
	Weight		Value		Weight		Value	
	Tons	% of total	Taels	% of total	Tons	% of total	Taels	% of total
Dairen to								
Japan	114,675	50.0	864,123	33.2	140,114	63.9	1,225,286	30.5
Chosen	49,260	21.5	399,026	15.4	32,366	14.7	258,589	6.5
Hongkong	36,302	15.9	281,972	10.9	12,546	5.7	93,316	2.3
China Proper	3,357	1.5	49,932	1.9	1,039	.5	17,174	.4
Straits Settlements	1,041	.5	10,326	.4	--	--	--	--
Total for Dairen	204,635	89.4	1,605,379	61.8	186,065	84.8	1,594,365	39.7
Yinkou to								
China Proper	21,572	9.4	872,415	33.6	30,003	13.7	2,195,241	54.6
Russian Pacific Ports	2,649	1.2	109,492	4.2	2,653	1.2	142,068	3.5
Total for Yinkou	24,221	10.6	981,907	37.8	32,656	14.9	2,337,309	58.1
North Manchuria to								
Chinese Amur Ports	69	.0	9,378	.4	637	.3	86,297	2.2
Total all ports	228,925	100.0	2,596,664	100.0	219,358	100.0	4,017,971	100.0

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APPENDIX I. UNITS OF WEIGHT, MEASURE AND VALUE

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All figures of weight and measure used in this book have been put into metric equivalents, except as specially noted otherwise, as the metric system comes nearer than any other to being accepted as standard throughout the world. The source material was in a wide variety of units -- Chinese, Japanese, Russian and "English" chiefly. In getting the metric equivalents, the values given below have been used. Of the various units of weight and measure, only those which there has been occasion to use in this book are listed here. For the metric equivalents of other Chinese units, see the section on Weights and Measures in Chapter II (Page 32 ff.).

The principal currencies involved in Manchurian statistics are the Chinese Maritime Customs Administration's unit which is called the Haikwan Tael, the Chinese "dollar" or yuan, the Japanese yen and the Russian rouble. A table of average exchange rates for the tael in recent years is included here, as is a summary of exchange rates of other currencies. For further details of currencies used in Manchuria, see Chapter II on Currencies, Weights and Measures (Page 20 ff.).

1. Weights and Measures.

A. Units of Weight.

Bushel (American) in weighing soya beans = 21.9 kilograms.
Chin (Chinese "pound") = 0.6 kilograms.
Kin (Japanese "pound") = 0.6 kilograms.
Koku (Japanese unit, primarily of volume) in measuring rice and cereals generally = approximately 102.8 kilograms.
Koku (Japanese) in measuring capacity of vessels = 0.1 metric tons.
Kwan (Japanese) = 3.75 kilograms.
Liang (Chinese "ounce") = 37.5 grams. (16 liang to 1 chin.)
Momme (Japanese "ounce") = 3.75 grams. (16 momme to 1 kin.)
Picul (Chinese) = 60.5 kilograms.
Pood (Russian) = 16.36 kilograms.
Pound (avoirdupois) = 0.453 kilograms.
Tan (picul) = 60.5 kilograms.
Ton (long) = 1.016 metric tons.
Ton (short) = 0.907 metric tons.

B. Units of Length.

Foot (English) = 0.305 metres.
Inch (English) = 2.54 centimetres.
Li (Chinese) = 0.535 kilometres (approximately one-third English mile).

The li varies somewhat with localities and travel conditions.

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Mile (English) = 1.609 kilometres.
 Mile (nautical) = 1.84 kilometres.
 Ri (Japanese) = 3.93 kilometres.
 Verst (Russian) = 1.06 kilometres.
 Yard (English) = 0.914 metres.

C. Units of Volume.

Bushel (American) = 0.352 hectolitres.
 Cubic foot (English) = 0.0283 cubic metres.
 Gallon (American) = 3.78 litres.
 Koku (Japanese) = 1.8 hectolitres.
 Koku (Japanese) in measuring lumber = 0.283 metres (10 cubic feet)
 Sho (Japanese) = 1.8 litres.
 To (Japanese) = 0.18 hectolitres.
 Vedro (Russian) = 10.23 litres.

D. Units of Area.

Acres (English) = 0.405 hectare.
 Cho (Japanese) = 0.991 hectare. *square*
 Mile, square (English) = 2.59 kilometres. ✓
 Mu (Chinese) = 6.75 are (approximately one-sixth English acre).
 Ri, square (Japanese) = 15.42 square kilometres.
 Tan (Japanese) = 9.9 are.
 Tsubo (Japanese) = 3.303 square metres (3,000 tsubo = 1 cho.)

2. Units of Value.

A. The Haikwan Tael.

The Haikwan Tael is the official unit of value for figures given by the Chinese Maritime Customs, and is that commonly used for trade value statistics in China. Unless otherwise noted, all trade value figures in this book are in Haikwan Taels. For further details about this tael, see Chapter II, on Currencies, Weights and Measures (Page 23). The following table of average exchange values of the tael into other currencies is based on figures published by the Chinese Customs Administration. The "normal" value of the Haikwan Tael given in the first line of the table is the figure used in rough calculations before the wide fluctuations of the silver-to-gold exchange rate in recent years.

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Average Exchange Values of the Haikwan Tael					
	Japanese Yen	British S. D.	American Gold \$	French Franc	Chinese Yuan
"Normal Value"	1.50	3 0	0.75		1.50
Year					
1907	1.58	3 3	0.79	4.09	1.51
1908	1.31	2 8	.65	2.37	1.48
1909	1.27	2 7 3/16	.63	3.28	1.48
1910	1.31	2 8 5/16	.66	3.40	1.49
1911	1.32	3 8 1/4	.65	3.40	1.48
1912	1.49	3 0 5/8	.74	3.85	1.52
1913	1.47	3 0 1/4	.73	3.81	1.51
1914	1.34	2 8 3/4	.67	3.45	1.47
1915	1.25	2 7 1/8	.62	3.39	1.41
1916	1.54	3 3 13/16	.79	4.63	1.54
1917	1.98	4 3 13/16	1.03	5.94	1.63
1918	2.73	5 3 7/16	1.26	7.11	1.61
1919	2.72	6 4	1.39	10.12	1.68
1920	2.38	6 9 1/2	1.24	17.79	1.58
1921	1.57	3 11 7/16	.76	10.29	1.50
1922	1.72	3 9	.83	10.23	1.49
1923	1.63	3 5 3/4	.80	13.16	1.51
1924	1.95	3 7 15/16	.81	15.60	1.53
1925	2.04	3 5 7/8	.84	17.92	1.48
1926	1.58	3 1 3/8	.76	23.85	1.42
1927	1.44	2 9 13/16	.69	17.46	1.40
1928	1.53	2 11 1/16	.71	18.13	1.42
1929	1.38	2 7 13/16	.64	16.43	1.38
1930	0.92	1 10 11/16	.46	11.71	1.36

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B. The Chinese Yuan (Dollar)

Figures of Chinese enterprises in Manchuria increasingly are kept in terms of the yuan, though the tael and the tiao also are used. For details of these currencies see Chapter II, Page 20 ff. The yuan has a "normal" value of U.S. Gold \$ 0.50, two shillings in British money or Yen 1.00. The exchange between the yuan and the gold currencies has fluctuated widely with the international exchange rate between silver and gold. During 1930 and 1931, when silver fell sharply, the yuan went down approximately to U.S. Gold \$0.20, and for much of this time was around U.S. Gold \$0.25, one shilling or Yen 0.50.

C. The Japanese Yen.

Most statistics of Japanese enterprises in Manchuria are kept in gold yen. This has a "normal" exchange value of U.S. Gold \$0.50, two shillings in British money and Chinese Yuan 1.00. The exchange between the yen and the British and American currencies has fluctuated through fairly narrow limits in recent years. The exchange between the yen and the Chinese yuan has varied widely with the exchange of silver to gold. An indication of the variation is furnished by the exchange between the yen and the tael. In 1930 and 1931, with the sharp drop in the exchange value of silver, there was a corresponding rise in the value of the yen to the yuan.

D. The Russian Rouble.

Figures of the Chinese Eastern Railway and of the other principal Russian enterprises in Manchuria usually are kept in roubles. This has a "normal" exchange value of U.S. Gold \$0.50 two shillings in British money, Yen 1.00 and Chinese Yuan 1.00. For several years following the Russian Soviet revolution, the rouble in Manchuria (chiefly paper roubles) dropped to extremely low exchange values. Since the Soviet Government adopted the gold standard for its currency, the new Russian gold rouble has re-established its exchange value in Manchuria. Fluctuations between the new rouble and the Chinese yuan have followed fluctuations of the silver-gold exchange.

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APPENDIX II. GLOSSARY OF CHINESE WORDS AND PHRASES

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A number of Chinese words and phrases have been used in this book, particularly in connection with the discussions of currencies and of Chinese commercial organizations in Chapters II and VIII. Since an understanding of the meaning of the names used helps to an understanding of the article or organization described, the following glossary of these words and phrases has been prepared. The meanings given below are those connected with the words and phrases as they are used in the connections discussed in this book. Many of the words and phrases have other meanings, when used in other connections, which are not given here. The names of a number of Chinese units of weight and measure are not included in this glossary because they are discussed at length in the section on Weights and Measures in Chapter II (Page 32 ff.). As a matter of interest, the meanings of the names of the Manchurian provinces and of the principal rivers have been included.

G. C.

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Chang -- manager. Pu chang thus is shop manager; yen chang (yen pu chang), salt shop manager; hui chang, the head of a society. See pu, yen and hui.

Chao -- money, a document, taxes; not to be confused with chiao. See chao piao.

Chao chien -- paper money in general. See chao and chien.

Chao piao -- paper money in general; as used in Manchuria, specifically the silver yen notes issued by the Yokohama Specie Bank. See chao and piao.

Chia -- house, or family. See hang chia.

Chiao -- a horn or an angle, but as used in connection with money the specific name for the tenth part of a yuan (which see) and thus the name for the "ten cent" unit in the subsidiary silver coinage. The coins are minted principally in one chiao and two chiao pieces, which nominally are worth 10 "cents" and 20 "cents" respectively. Chiao notes also are issued, in denominations of one, two and more chiao. These usually are called hsiao yang piao (which see) but sometimes chiao piao. The chiao coins are called hsiao yang chien (which see) fully as often as chiao. See also tieh tzu.

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Chien -- the general term for money; originally the name of the small, round copper coin with a square hole in the center which, in English, is called a "cash"; chien is used both in the original sense, when these small coins are being discussed, and, both alone and in combination with other words, as a general term for money; this is the original of the Japanese sen. See wen.

Chien pu -- a money shop; usually a small place where exchange is made in small amounts between the various currencies in circulation. See chien, pu and yin hang.

Chih chien -- "official money", i.e. the money coined by government mints or the notes issued by official governmental organs as distinct from coins privately minted or notes issued by private banks or companies.

Chin -- the metal gold; also metal in general and, sometimes, money in general.

Chin chien -- gold money; not actual gold coins because these almost never are seen in circulation; generally used to refer to a gold as distinct from a silver basis for notes.

Chin piao -- "gold notes", i.e. notes based on a gold reserve; used in Manchuria to refer specifically to the gold yen notes issued by the Bank of Chosen and the Bank of Japan.

Chu -- to collect, to save. See chu hsu hui.

Chu hsu hui -- the name for the mutual savings societies rapidly developing in Manchuria; literally, "to collect and store up society". See chu hsu, and hui.

Chuang -- one of the several words for a shop or store (see also pu and tien); chuang usually implies a somewhat larger shop than tien (which see).

Fen -- a part, a subdivision; in weights and measures of all kinds it is used for one of the small units, usually the 100th part of the basic unit -- e.g. the 10th of an "inch" in the Chinese "foot" of ten inches; used in connection with money, it means the 100th part of the yuan (which see), or one "cent", or the 100th part of the liang (which see) and thus the "tael cent"; also is part of the name for shares of stock in a stock company -- ku fen (which see).

Feng -- honored; part of the name of Fengtien Province (which see).

Fengtien -- "Honored by Heaven (or by the Emperor)"; the old name for the southernmost of the three Manchurian provinces; the province was given this name from the fact that it was the homeland of the founders of the Manchu Dynasty; the name was changed to Liaoning (which see) after the Nationalist Government was established in 1928. See feng and tien.

Ga -- established by usage but incorrect spelling of second syllable of name of Sungari River (which see). See hua.

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Hang (sometimes spelled hong) -- trade, commerce; used as the final part of the name of many companies and stores to indicate that the concern named is in business; when so used, the name to which hang is attached refers to the organization operating the business rather than to the particular place -- the shop, for example -- where the business is done. See kung ssu for the distinction between that term and hang.

Hang chia -- literally, a business house; used generally in China to refer to brokers of all kinds.

Hao -- name, surname; frequently used as part of the name of a store or an organization when that name is to be taken as something of a trade mark; also used as one of the terms for trade mark. See lien hao for the special significance of hao in Manchuria.

Hei -- black; part of the name for Heilungkiang Province (which see).

Heilungkiang -- "Black Dragon River"; the name of the northern one of the three Manchurian provinces and also the Chinese name for the Amur River from the fact that the waters of this river are dark brown or black. See hei, kiang and lung.

Ho -- one of the words for river; usually implies a stream which is not very large.

Ho -- to unite; the term used for a partnership as distinct from a stock company form of organization in a business. See ku fen kung ssu.

Ho tsu kung ssu -- a partnership company with unlimited liability. See ku fen kung ssu, kung ssu and yu hsien.

Ho tzu yu hsien kung ssu -- a partnership company with limited liability. See ku fen kung ssu and yu hsien.

Hong -- see hang.

Hsi -- west.

Hsiao -- little, small.

Hsiao yang chien -- "small money"; specifically the chiao currency as distinct from the yuan or "big money" currency. See chiao, yuan, chien, hsiao and yang.

Hsiao yang piao or hsiao yang chien piao (usually the former) -- the chiao currency notes. See chiao, hsiao yang chien and piao.

Hsien -- a boundary, a limit. See yu hsien.

Hsu -- to store up. See chu hsu hui.

Hua -- flower, ornament; correct spelling of second syllable of the name of the Sungari River (which see).

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Hua -- part of the name for China; the term usually attached to the name of an organization to indicate that it is Chinese as distinct from foreign; usually put at the beginning of the name.

Hua shang kung i hui; hua shang wu hui, etc. -- Chinese commercial society; see hua, shang hui, shang kung i hui and shang wu hui.

Hua yang -- Sino-foreign. See hua and yang.

Hui -- a society or organization. See shang hui.

Hui -- a bank draft or letter of credit; to remit money. An entirely different word from the preceding one.

Hui tui chuang -- a money exchange shop which makes a business of remitting money; usually a comparatively small concern but sometimes fairly large. See chuang, tui and yin hang.

I -- benefit, advantage. See kung i.

Ki -- fortunate, lucky; more properly spelled chi; part of the name of Kirin Province (which see).

Kiang -- one of the words for river; part of the name of Heilungkiang Province (which see).

Kirin -- "The Fortunate Forest"; the name for the eastern one of the three Manchurian Provinces; more properly spelled chi-lin. See ki and lin.

Ku -- to buy, sell trade; used as part of the name for shares of stock in a stock company.

Ku fen -- shares of stock in a stock company. See fen and ku.

Ku fen kung ssu -- a stock company; the general term used for this form of organization as distinct from the partnership form; (see ho); a ku fen kung ssu specifically is a stock company with unlimited liability. See ku fen yu hsien kung ssu and kung ssu.

Ku fen yu hsien kung ssu -- a limited liability stock company. See ku fen, kung ssu and yu hsien.

Kuan -- official, as distinct from private or "public". See kung.

Kuan tieh -- as used in Manchuria, a specific form of notes issued by the authorities of Kirin Province in denominations of tiao. See tiao and tieh.

Kung -- public, as distinct from private or official; used to indicate a public place (a public park, for example), a public organization such as a company (see kung ssu) and the public in general.

Kung i -- public benefit, or to benefit the public. See i and shang kung i hui.

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Kung ssu -- a public organization (literally a public board); used chiefly to refer to a business organization in which there are several participants, as partners or stockholders; a kung ssu, strictly, is also a hang (which see), but the term hang is more inclusive, it frequently is used as part of the name of a business concern which is owned and managed by one man, as kung ssu would not be. Kung ssu generally implies a large organization, relatively speaking, though a hang also may be large.

Li -- the name usually given to the 1,000th part of a basic unit of weight or measure; i.e. the tenth part of a fen (which see). See likin. See also section on Weights and Measures in Chapter II (Page 32 ff.).

Li -- a Chinese mile; equivalent, according to the old standard, to approximately one-third English mile; an entirely different word from the preceding one. See section on Weights and Measures in Chapter II (Page 32 ff.).

Liang -- the name for the Chinese unit of weight which is approximately one and one-third avoirdupois ounces; also the name of a currency unit which is an "ounce" of silver. Foreigners generally use the word tael to refer to this monetary unit. See section on Weights and Measures in Chapter II (Page 32 ff.).

Liao -- distant, far off; the name of the principal river in South Manchuria; given this name because of its distance from Peking.

Liaohsi -- "West of the Liao"; the part of South Manchuria lying west of the Liao River. See liao and hsi.

Liaoning -- "Repose (or Peace) on the Liao"; the new name for the southernmost of the three Manchurian Provinces formerly called Fengtien. See Fengtien and ning.

Liaotung -- "East of the Liao"; that part of South Manchuria east of the Liao River; particularly the Liaotung Peninsula.

Lien -- to join or unite.

Lien hao -- the special name for "chain store" organizations in China and Manchuria. See Chapter VIII on Commerce in Manchuria. See hao.

Likin -- a form of tax collected on goods passing from one section to another in China, instituted during the time of the Taiping Rebellion in the middle of the nineteenth century. The word is a combination of the words for 1,000th part (see li) and for gold (see chin), the latter being used in its more general sense of money or taxes.

Lin -- forest; the more correct spelling for the last syllable in the name of Kirin Province (which see).

Lu -- a furnace or stove; used in connection with silver (see yin lu), a furnace for melting silver bullion into "sycee" or "shoes". See yin ting.

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Lu -- the color green; part of the name of the Yalu River (which see).

Lung -- a dragon; part of the name of Heilungkiang Province (which see).

Nan -- south.

Pei -- north.

Piao -- a ticket, a slip of paper. The word is used for all manner of bank notes and other paper based on money, such as checks (as well as more generally), when used in connection with names of particular kinds of money, it means the bank note (see chao piao, chin piao, hsiao yang piao, ta yang piao, tung yuan piao); the term is much more general in its use in connection with money than tieh, (which see).

Picul -- 100 Chinese pounds (133.33 pounds avoirdupois). See section on Weights and Measure in Chapter II, (Page 57 ff.).

Pu -- one of the several words for a shop or store; perhaps the most commonly used word; the word implies nothing as to the size of the shop; it is used for big places and small. See shang pu.

Rin -- forest; more properly spelled lin; part of the name of Kirin Province (which see).

Shang -- the general word for business or commerce.

Shang hui -- a business association; the term usually used for chambers of commerce, etc. See hui and shang.

Shang kung i hui -- literally, a "commercial public benefitting society" (see kung, i, hui and shang); the term usually used for chambers of commerce and similar organizations which are juridical persons as distinct from such bodies which are not; these latter are called shang wu hui (which see), though the distinction is not always preserved.

Shang wu hui -- literally, a "commerce attending-to society" (see hui, shang and wu); an alternate term for shang kung i hui (which see) for chambers of commerce, etc.

Ssu -- to control, or a board (as of directors); used as part of the name for one form of business organization, the kung ssu (which see).

Sung -- the pine tree; part of the name of the Sungari River (which see).

Sungari -- Russian name, but that commonly used in English, for the principal river in North Manchuria which the Chinese call the Sung-hua-kiang; Sung-hua means literally "pine ornamented". See hua, kiang and sung.

Ta -- big, large.

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Ta yang chien -- "big money"; used to refer to the yuan currency as distinct from the subsidiary chiao currency or the copper currency (see chiao, hsiao yang chien and tung yuan); usually implies the actual coined money, though also used more generally in speaking of prices, etc. in "big money"; in this latter sense, simply ta yang generally is used, without the chien. See chien, ta, yang and yuan.

Ta yang piao -- bank notes in denominations of ta yang chien (which see) which are accepted at their face value; depreciated bank notes, even though nominally in ta yang chien denominations, generally are not called ta yang piao. See piao, and ta yang chien.

Tael -- the foreign name for the monetary unit of one ounce of silver.
See liang.

Tang -- to pawn.

Tang pu -- a pawn shop. See pu and tang.

Tiao -- a string (of money); the chien (which see) usually are strung together into tiao of (presumably) uniform value, and all but the smallest transactions in this form of currency are carried out in terms of tiao; a form of bank note called kuan tieh (which see) circulates in Kirin Province in denominations of the tiao. See wen.

Tieh -- a card or document; in connection with money in Manchuria, the term refers specially to the bank notes issued by the Kirin provincial government, through the provincial bank, in denominations of the tiao, which are called kuan tieh. See kuan tieh and tiao.

Tieh tzu -- a form of Kirin provincial bank notes in chiao (which see) rather than tiao (which see) denominations. See tieh and tzu.

Tien -- a shop; also an inn; usually a comparatively small place.

Tien -- heaven, the emperor; part of the name of Fengtien Province (which see).

Tsung -- to unite in one, sum up; in connection with organizations, tsung is used to indicate the central committee or headquarters, thus tsung shang hui is the central chamber of commerce as distinct from branch or subsidiary bodies. See shang hui.

Tui -- exchange, barter. See hui tui chuang.

Tung -- east; not to be confused with the following word.

Tung -- the metal copper; in connection with money, used as part of the name for the tung yuan (which see) as distinct from the chien (which see), although both kinds of money are made of copper.

Tung tzu -- another name for tung yuan (which see). See tzu.

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Tung yuan -- the round copper coins more or less corresponding in form and appearance to British "coppers" and hence usually so called by foreigners; most of these coins in circulation are either one tung yuan or two tung yuan pieces. See wen and yuan.

Tung yuan piao -- bank notes issued in denominations of tung yuan. See piao, tung and yuan.

Tzu -- except in special cases, this word has no significant meaning of its own; it is simply an ending attached to nouns more for euphony than anything else; this is its use in ho tzu, tieh tzu, tung tzu; ho kung ssu would be as correct as ho tzu kung ssu (which see) but is less euphonic.

Wen -- in connection with money, wen means a nominal unit which is the theoretical basic unit in the copper coinage; 1,000 wen make a tiao (which see), in theory, and 10 wen make one tung yuan (which see); nominally, one wen is one chien (which see) so that there would be 1,000 chien in a tiao; practically, one chien is counted as anywhere from two to six or seven wen; there is no wen coin.

Wu -- to devote attention to, duties, function. See shang wu hui.

Ya -- a duck; part of the name of the Yalu River (which see).

Yalu -- literally "duck green"; the name of the river between Manchuria and Chosen; see lu and ya.

Yang -- the term used for "foreign"; in connection with money, it refers to the currencies which are based on foreign models, i.e. the yuan (which see) or "dollar" and the subsidiary chiao (which see) silver coinage, as distinct from the copper coinage or the tael units. See hsiao yang chien, hua yang, ta yang chien and tung yuan.

Yen -- salt.

Yen tien -- a shop where salt is sold. See tien and yen.

Yin -- the metal silver.

Yin chien -- silver money, usually the coins but occasionally also the bar silver (yin ting, which see) when this is thought of as money.

Yin piao -- bank notes in denominations of silver as distinct from gold currency; strictly, the chao piao (which see) are yin piao, but chao piao has been given a more specific application in Manchuria.

Yin hang (sometimes spelt yin hong) -- the specific name for a bank, as distinct from a chien pu (which see) or a hui tui chuang (which see); yin hang is put at the end of the rest of the bank's name. See hang and yin.

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Yin lu -- a furnace for melting (not smelting) silver; more specifically, a furnace for making up the yin ting (which see) or for melting silver preparatory to coining; still more specifically, and somewhat less directly, a business concern which is recognized officially and by other firms as being a responsible dealer in silver bullion and as having the right to make such bullion up into yin ting.
 See yin.

Yin ting -- the sycee or silver "shoes" (so named from their shape) in which form silver bullion almost always is cast for use in commercial transactions in China; the yin ting are made up by houses which are widely recognized as responsible (yin lu, which see), and these makers stamp each piece with its weight and fineness; the business of making up yin ting is in the hands of a comparatively few houses, and an unutilized yin ting bearing the stamp of a recognized house is accepted without further question.

Yu -- to have, possess.

Yu hsien -- to have a limit or boundary; in commercial affairs, used to indicate limited liability of partners or stockholders in a business organization. See ho tzu hu hsien kung ssu, hsien and ku fen yu hsien kung ssu.

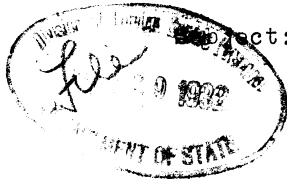
Yuan -- round; hence the general term for coined money and so used specifically in connection with the silver "dollar" which is called simply a yuan (or sometimes a yin yuan; i.e. "silver round"), and the tung yuan (which see); yuan when used in money discussions without further description always means the silver Chinese "dollar" coin; when used in connection with money figures (as Yuan 100.00) in this book and generally it means the number of units indicated of money of the full value of the silver yuan itself, not of bank notes based on the silver yuan. The Chinese word yuan is the original of the Japanese word yen.

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

No. 859.

AMERICAN CONSULATE

Windsor, Ontario, March 21, 1932



Subject: The Far Eastern Crisis and the League of Nations, - Address of the Honorable Vincent Massey, formerly Canadian Minister at Washington.

The Honorable

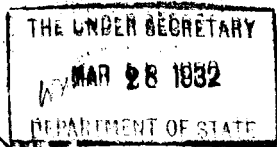
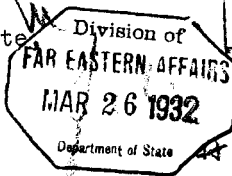
The Secretary of State

Washington.

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I have the honor to inform the Department, as of possible interest, that on March the 16th the Honorable Vincent Massey, formerly Canadian Minister to the United States, delivered an address at Windsor on the subject of "The Far Eastern Crisis and the League of Nations". A report of this address appearing in THE BORDER CITIES STAR on the 17th instant is herewith enclosed.

In his comment upon the earlier attitude of the League with respect to Japanese policy and actions in Manchuria and the Shanghai area, Mr. Massey was critical of the indecision first displayed and then of the tactical blunder when the Japanese were ordered on October 24, 1931, to withdraw their troops within the treaty zone and from the Chinese section of Manchuria.

Japanese disregard of this instruction, which the League was actually powerless to make effective, resulted in a serious loss of prestige. However, Mr. Massey feels that this has been regained by the recent action of the League Assembly which "declares it incumbent upon members of the League of Nations not to recognize any statute, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations".

MAR 28 1932

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On

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

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On this point, in a newspaper interview which preceded his speech, Mr. Massey was asked if in taking this position the League was not merely reiterating the bold stand of the United States Secretary of State, Mr. Stimson, both in his initial warnings to Japan, and his later letter to Senator Borah involving the "open door" policy in China. In reply Mr. Massey said he believed the League's declaration, while incorporating Mr. Stimson's statements, went further, though in what respect he did not particularize.

Mr. Massey deprecated the agitation for the application of the boycott sanctions to Japan under Article XVI of the Covenant, not only because of the difficulty involving in obtaining the consistent co-operation of the members of the League and of the great non-League nations as well, but because in his opinion conciliatory methods would in the end be equally effective and avoid exasperating Japan's feelings.

Mr. Massey suggested the desirability of the establishment of an international joint commission composed of Japanese and Chinese members to settle disputes between the two countries, similar to that which has jurisdiction over difficulties arising between Canada and the United States.

It might be added that Mr. Massey visited China and Japan during the fall of 1931, and as Chief Delegate from Canada attended the conference of the Institute of Pacific Relations held at Shanghai.

Prior

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Prior to the meeting of the Border Cities Branch of the League of Nations at which Mr. Massey spoke, he was the principal guest of honor at a dinner given by the Branch, to which I was also invited. Mr. Paul Martin, President of the local Branch, invited me to give a short address of welcome on behalf of the League to Mr. Massey, previous to his own address, but I declined as it appeared to me that since the United States is not a member of the League, this would hardly be discreet. Mr. Martin then asked that, in view of the fact that Mr. Massey was first Canadian Minister at Washington, I make a short address of welcome at the dinner which preceded the League meeting, on behalf of the Americans present. To this finally I reluctantly consented, and in accordance with the Note to Section 438 of the Consular Regulations, the enclosed copy represents substantially my remarks, prepared in advance of the occasion. (Enclosure No.3).

note
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Attention is invited to the following sentence appearing towards the conclusion of the newspaper report:

"Mr. Hawley prefaced his remarks by commending Mr. Massey on his work in Washington, while he was Canadian minister to the United States, referring specifically to his efforts when immigration restrictions affecting Canadians were an important question."

To this I would say that it is definitely untrue that I referred "specifically to his (Mr. Massey's) efforts when immigration restrictions affecting Canadians were an important question". I made absolutely no comment on "immigration restrictions", or to any other

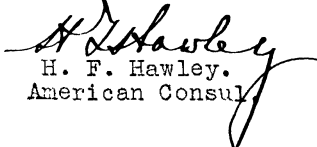
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specific question.

Respectfully yours,


H. F. Hawley.
American Consul

Enclosures:

1. Clipping from THE BORDER CITIES STAR, March 17, 1932, entitled "Keep Faith in League, Urges Hon. Vincent Massey";
2. Editorial from THE BORDER CITIES STAR, March 17, 1932, entitled "Mr. Massey's Speech";
3. Copy of Mr. Hawley's remarks at dinner, as stated.

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Enclosure No. 1 with Mr. Hawley's despatch No. 859, dated March 21, 1932.
Clipping from THE BORDER CITIES STAR, March 17, 1932.

THE BORDER CITIES STAR, WINDSOR, ONTARIO, THURSDAY, MARCH 17, 1932

PAGE SEVEN

KEEP FAITH IN LEAGUE, URGES HON. VINCENT MASSEY

Statesmanship In Saddle at Geneva

FORMER MINISTER TO WASHINGTON SPEAKS TO 1,000; CRITICIZES EARLY INDECISION IN SINO-JAPANESE CRISIS

"STATESMANSHIP at Geneva has again asserted itself," declared Hon. Vincent Massey last night, as he launched the plea: "Let us not lose faith in the League of Nations."

The former Canadian Minister to Washington addressed the Border Cities branch of the League of Nations Society in the Prince Edward Hotel.

Indecision and faltering, which had marked the course of the League Council for many months in dealing with the Sino-Japanese crisis, has given way to a reassertion of the League's authority, as evidenced in the Assembly declaration last Friday, reserving the right to outlaw any treaties in the Orient which violate existing covenants, he explained.

Criticizes Fumbling

After sharp criticism of the League Council's uncertainty in the early stages of the Oriental dispute, and remarking that the chief effect of the League's ultimatum to Japan to withdraw its troops from Manchuria had been to unite a previously divided Japan behind the military party, when Japan called Geneva's "bluff," Mr. Massey concluded:

"The League represents the greatest effort to replace in international life the law of the jungle with decency and order. Let us not lose faith in the League. Let us hope with an unbroken confidence that those ideals will remain unsullied and inviolate, and like truth itself, will ultimately prevail."

A crowd estimated at 1,000 packed the ballroom and balcony to hear Mr. Massey. Many others could not be accommodated.

Text of Speech

Mr. Massey spoke as follows: "I appreciate the privilege of addressing again with an audience in Windsor. The last occasion on which I had such a pleasure was in 1927. We were celebrating then the 60th anniversary of Confederation. This was a significant event in our history because it marked not only 60 years of national unity, but it marked the completion of our nationhood. The year 1927 had some significance in another respect because five years ago we seemed to be in the full tide of economic progress which nothing could arrest; prosperity seemed to be assured."

"We now meet in a different atmosphere—different in two senses. First, there is the obvious contrast marked by the universal depression in which we live, like all other nations, has plunged us. We now know that the League of Nations is not a pipe dream."

Really Fever

"What we thought was the glow of health on the face of society, five years ago, was really the flush of fever. Civilization has seldom met with a disillusionment so universal and so fundamental. An English economist said not long ago that the present depression was different from many similar periods through which we have passed in recent years. The only depression which bears any resemblance to the present one, so he said, was one which lasted four hundred years and was called the Dark Ages. Let us hope on this occasion an economist was found jesting."

Now a Nation

"The atmosphere of today is different from that of five years ago in that we are now a nation."

no enemies, our national ambitions need cause no apprehension and we are too young for our good faith to suffer from the misdeeds of a previous age. We have no hesitations about the past generations. Our detachment, therefore lends weight to what we say in an international conference.

Take Position Seriously

"There are, perhaps, two reasons, therefore, why we should take our membership in the League most seriously. The first is obvious. Not only do we know, since 1914, only too well how we may be involved in the repercussions of distant events, and should therefore pay heed to them, but secondly, we must not overlook the contribution in an active sense, which we can make to the settlement of the difficulties which these events present. Perhaps this is peculiarly true of questions in the Far East. It was a Canadian voice that led to the abrogation of the Anglo-Japanese alliance and the substitution for it of a collective treaty which is one of the greatest forces for peace in the East today. Let us take our membership in the League, therefore seriously, not as a luxury, a sort of stage property to embellish our international status, but as a very stern responsibility. We may well remember, too, that our voice in its councils will be effective in proportion to the right feeling and clear thinking which the men and women of Canada can lend to the perplexing subjects with which it has to deal."

Meeting Crisis

"The League of Nations is now meeting the greatest crisis which it has met since its foundation 12 years ago. It is confronted not only with the aggravated crisis in the Far East but also with the gravest issue with which it has yet been faced and which puts its constitution and the conception behind it to a searching test. On the settlement of this crisis the future of the League will inevitably turn. The Assembly has been summoned for the first time to deal, in an emergency session, with an international dispute, and this, after six months of effort in which little seems to have been accomplished. And while conversations proceeded in Geneva, many oppose one another under arms in Shanghai. Why should this be? Criticisms are easy. It has unfortunately become fashionable to regard the performance of the League in this Eastern imbroglio as that of a futile and well-intentioned body which has spent six laborious months in the painful and widely advertised accomplishment of nothing at all. I do not think that's fair. Such a harsh judgment probably marks a reaction from the sentimental approach

analogy between the two sets of circumstances is fairly close. There was no League of Nations then to express world opinion. The only check on Japan came through the ambitions of rival powers—notably Russia—which made use of the troubled waters to fish as best they could, and the immediate consequence was another war—this time between Russia and Japan. Japanese conquest in this instance was followed by concession grabbing on the part of other powers, which led to a second war, whose justification lay in what Japan had done for herself."

Impossible Now

"Now, however, the mobilization of world opinion through the League, and the resulting focus of attention on the Eastern theatre, make such a situation impossible. Again I think it is fair to say that in the first few weeks of this conflict in the East, the League operated as a definite deterrent on both parties to the dispute. It was only after a period of two months or so that the resort to force became less and less restrained, and this, as I shall try to show later, was in part at least due to the none too happy handling of the situation by the Council of the League, and the consequent temporary loss in its prestige. Even now, when as most of us think, force has taken the place of reason and the efforts of the League have been unavailing through the very existence of this international body, the parties in this unhappy issue are forced continually to explain and defend before a world tribunal of public opinion whatever action they take. An aggressor is put inevitably on the defensive."

The Real Tragedy

"The tragedy of the Eastern question is, of course, just this, that the Japanese Empire—one of the founders of the League itself, chose to disregard the breakdown of Government in Manchuria which it might have helped to solve. The front pages of newspapers for weeks have dealt with the situation in Shanghai. We must remember that however spectacular Shanghai may have been in the last few weeks, the seat of the trouble has been and still is in Manchuria. Here Japan had a good case. Her great investments were in danger from the breakdown of Government in these three Chinese provinces. Through the existing anarchy and misrule she had been able to gain no satisfaction for the many grievances which had piled upon the years. What did she do about the situation? As a distinguished Japanese general himself has admitted, the policy of his Government in Manchuria has been too often none too happy, an effort to over-ride the Chinese feeling through military force. This has deeply offended the Chinese, who have replied in terms of irritating pin pricks through constant banditry and sabotage."

Primitive

"The arguments on both sides in Manchuria have been lamentably primitive—intimidation on the one hand and lawlessness on the other. The inevitable growth of emotional feeling made pacific settlement more and more difficult. Had machinery existed in the Far East, in the early days, similar to our International Joint Commission, which settles issues on our North American boundary line as they arise, what a vast amount of bitterness and misery might have been averted. But such an institution could only function in Manchuria after certain fundamental questions had been settled. That, of course, must now be the aim."

Local Episode

"Japan has seen fit to regard her issue with China in the last six months, as a local episode—a domestic matter. They have said 'don't bother us, we will deal with the Chinese, because we know them.' As a matter of fact even a brief sojourn to the Orient could show the visitor that neither Chinese nor Japanese seem to understand each other at all. It is perhaps natural that we should think of these two Oriental peoples as being more or less similar in mentality. They express themselves in action more easily than in words, which leads them

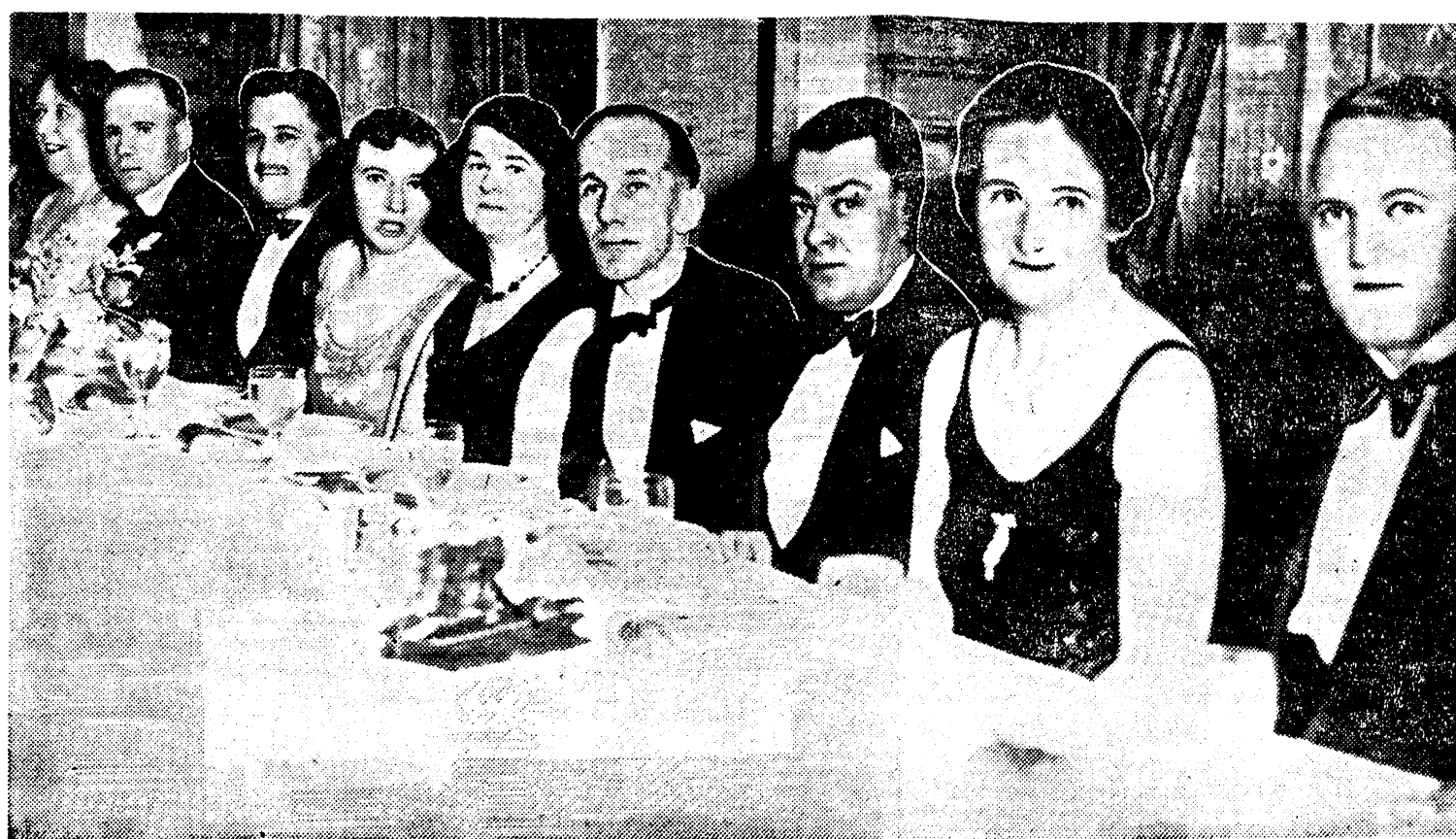
Distance Difficulty

"Much of the difficulty was due to the distance involved. I have already ventured the suggestion that had the Council of the League, or a committee of its members of cabinet rank, paid the eastern powers the compliment of holding their meetings on this important issue last autumn in Tokyo and Nanking and Mukden, there might have been a better chance of arriving at a sound judgment and of gaining the confidence of the governments involved. Geneva and Paris are, after all, some 8,000 miles away from those Oriental communities and when an exchange of views on higher delicate subjects is effected through cables which must be put into cipher and then decoded and translated and passed through half a dozen hands, one is apt to have left nothing but the bare, uncompromising facts. Personal touch and a knowledge of the atmosphere which cannot be transmitted by mechanical means, are in such cases, essential to success."

Policy Confused

"The Council of the League last autumn seems to have suffered from a confusion of policy. Was this to be a conciliation or coercion? In any event the process of mediation having been found ineffective, the Council swung to the other extreme and issued a peremptory order without the force to make it effective. The order to Japan to withdraw troops, in the classic language of poets was a bluff and the bluff was called. Furthermore, Japan, as a proud and sensitive people, took offense at the action of the Council and opinion in Japan, however divided it may have been before, was consolidated behind the war party. There are plenty of liberal-minded Japanese—I had the pleasure of meeting many

Guests at Dinner for Hon. Vincent Massey



HON. VINCENT MASSEY, former Canadian Minister to Washington, was guest of honor at a banquet in the Prince Edward Hotel last night, prior to delivering an address to the Border Cities branch of the League of Nations Society. Above are some of the other guests and Society executives. From left to right, they are: Miss Catherine Straith, Society official; Rev. C. W. Foreman, rector of St. Mary's Church; Mayor Croll; Mrs. Harry F. Hawley, wife of the United States Consul in Windsor; Mrs. L. C. Hughes-Hallett, wife of the British Consul in Detroit; Mr. Massey; Mr. Paul Martin, president of the local branch of the Society; Mrs. Massey, and Mr. Hughes-Hallett.

the contrary effect on the Chinese youth who represent at the moment the most strident form of nationalism. Japan doesn't seem to be a unit in this venture. The young business men and young academic people in Japan seem to possess a broader outlook on international issues and one is disposed to believe that the more warlike mind of the country is to be found in a generation closer to the old Samurai tradition—one which must sooner or later hand the reins over to their successors."

"However, let's be honest with ourselves. Whatever unanimity exists in Japan at present we cannot regard her present actions as being in accord with the solemn engagements embodied in those collective treaties to which she is a signatory. The issue is therefore fairly joined, on an impressive scale, between the force of law and the law of force. We can appreciate the feelings of a proud people such as the Japanese are, when their military honor is at stake but we can be forgiven for being more sensitive still of the honor of the League of Nations and the principles of international order and decency for which it stands."

Effectiveness Recovered

"What can the League do? I think the League has enormously recovered in its effectiveness. It is easy to say 'apply Article 16 against Japan.' This, if invoked, would impose on all members of the League, other than Japan, the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of Japan and the nationals of any

foundly modified the nature of the League of Nations."

Two Schools

"After all, in the inception of the League there were two schools of thought. On the one hand are those who look on it as a sort of super-state. It was they who, in the first instance made provision in the Covenant for the use of coercive machinery in the form of a diplomatic and economic boycott."

"The ultimate expression of this point of view is in the French proposal that the League should be provided with its own armed force. In the other school are those who have always held that the provision for the use of sanctions would be either inoperative (as apparently it is), or, if not, would be dangerous and that the League could only function as a free association of sovereign peoples, acting both as an instrument and symbol of the moral authority of the members composing it. In the first camp are the men who would 'teeth' in the League of Nations. On the other side are those who think that often a voice can be more potent than teeth. Such men would hold that the principles for which the League stands are most likely to be operative when they can make an effective appeal to the moderate element in each country, on which our hopes ultimately rest; that they are less likely to be respected when they are imposed on a recalcitrant state by physical force. I hold the view that the League will not prosper by being used as a piece of coercive machinery."

New Principle

"The League has refused to recognize as valid a treaty brought into

can be scrutinized in the light of those conventions which already bear on the issues of the Far East."

Defeat Not the Thing

"After all, it is well to remember that this issue in the East, grave though it is, represents only one episode in a procession of many. Let us try to see things in a proper perspective. Suppose the League disappears in this present instance. If it keeps its sacred principles uncompromised we need have no fear. The only danger is that through a tendency to mere manoeuvre or too great an effort to please, those principles may not be honestly upheld. That would be the great betrayal. Defeat itself would be, by way of comparison, nothing; it would only serve to show that the old nationalism of the 19th century in certain quarters of the world at least, is still too strong for the 20th century ideas which the League represents; that we have a longer road to travel than we had thought. But I agree with General Smuts when he said, some two years ago in speaking of its establishment:

Small Failures Trifling

"By the side of that great decision and the enormous step in

advance which it means, any small lapses on the part of the League, are trifling indeed. The great choice is made, the great renunciation is over, and mankind has, as it were at one bound and in the short space of 10 years, jumped from the old order to the new, across a gulf which may yet prove to be the greatest break or divide in human history."

"And we may agree too with Lord Grey when he said, only three months ago that, judged by the amount of progress which it has made in the last few years 'the institution of the League of Nations and the work it has already done are perhaps the greatest landmark of progress in the history of the world.'"

"The League represents the greatest effort in human history to replace in international life the law of the jungle with decency and order. Let us not lose faith in the League. Let us hope with an unbroken confidence that those ideals will remain unsullied and inviolate, those principles, like truth itself, will ultimately prevail."

Consuls Speak

Following the banquet which commenced at 6:30 o'clock, Harry F. Hawley, United States Consul in Windsor, and L. C. Hughes-Hallett, British Consul in Detroit, spoke briefly.

Mr. Hawley prefaced his remarks by commending Mr. Massey on his work in Washington, and his admiration for the aims and accomplishments of the League of Nations. Mr. Hughes-Hallett, referring specifically to his efforts when immigration restrictions affecting Canadians were an important question. A similar compliment was paid Mr. Massey by Mr. Hughes-Hallett.

It is imprudent for a United States foreign service officer to comment upon affairs at Geneva, Mr. Hawley stated, but he expressed his admiration for the aims and accomplishments of the League of Nations. Paul Martin, president of the local branch of the League of Nations Society, was chairman at this banquet and at the meeting in the hotel ballroom. Also on the platform at the meeting were Mayor Croll, D. M. Engle, president of the Border Chamber of Commerce, H. H. Rice, president of the English-Speaking Union, Detroit, Mr. Hughes-Hallett, and Mr. Hawley.

Vote of Thanks

On the conclusion of Mr. Massey's address, a vote of thanks was proposed by Norman A. McLarty, who stated that the guest speaker "is the first man in this country who thinks not only in a national way, but in an international way, and who wishes us to take our place in settling the disputes of the nations of the world." The vote of thanks was seconded by Miss M. Catherine Straith, an official of the Border Cities Branch of the League of Nations Society.

Robert L. Bateman, accompanied by Miss Ogden, sang two solos. In the afternoon at 4 o'clock, Mr. Massey spoke over WJW on "Some Aspects of the Far Eastern Situation," the substance of which was embodied in his address last night.

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Clatter Plate

Children's
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One-Strap

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Really Fever

"What we thought was the glow of health on the face of society, five years ago, was really the flush of fever. Civilization has seldom met with a disillusionment so universal and so fundamental. An English economist said not long ago that the present depression was different from many similar periods through which we have passed in recent years. The only depression which bears any resemblance to the present one, so he said, was one which lasted four hundred years and was called the Dark Ages. Let us hope on this occasion an economist was found jesting.

Now a Nation

"The atmosphere of today is different from that of five years ago in another and perhaps less obvious respect. Nineteen hundred and twenty-seven, as I have suggested, is a convenient date to mark the completion of our nationhood. We are a nation in the fullest sense of the word and I needn't remind you of the pages which make up this chapter of achievement. We have acquired in Canada a national mind. That chapter is now finished but perhaps today the importance of a new chapter is emphasized as never before. We need another chapter by which we will achieve an international mind as well. There is, I needn't remind you, nothing contradictory between these two ideas of a national sense and an international outlook. The two things are, of course, complementary. One should follow the other. If we have become a self-respecting nation we are the better equipped to play our part in the world and it is more necessary that we should do so. And conditions of today demand such participation. This is no academic subject. I needn't point out that the world has now become such an interwoven unit that less and less can we live to ourselves alone.

Interdependent

"We have not only to realize our interdependence on the outside world but we are forced to practice it. Our trade and all that goes to make up our national life demand an international sense. We have achieved our nationhood, it is true, but a nationhood unused, after all, is as useless as a ship kept in the harbor.

"Our position in the world is not unimportant. For one thing, we live in an age when the small nation is coming into its own. Before the Great War, the voice of state was potent in direct proportion to the armaments behind it. This may be still in some measure true, but the Dominions which like ourselves, have grown to full nationality within the British Empire, have now an added weight in world affairs through this British connection. I needn't remind you too how greatly the constitution of the League of Nations has enhanced the status and power of the small nation in the international world.

Wield Power

"Today in Geneva, in dealing with the vexed question of the Far East, the smaller states have a share out of all proportion to their size or their economic stake in the issue. There is reason to believe that the new Commission of nineteen which is appointed to deal with the Eastern crisis, represented a victory of the smaller nations in the Assembly—a sort of 'ginger group' who were impatient of the caution of the larger powers. (Their caution no doubt was due in a large measure to the tempering effect of responsibility.)

"It is a source of great satisfaction to see Canada play its full part in this world Parliament. We are in a singularly happy position in international life. I think it can be said with accuracy that Canada possesses

it has its constitution and the conception behind it to a searching test. On the settlement of this crisis the future of the League will inevitably turn. The Assembly has been summoned for the first time to deal, in an emergency session, with an international dispute, and this, after six months of effort in which little seems to have been accomplished. And while conversations proceeded in Geneva, men oppose one another under arms in Shanghai. Why should this be? Criticisms are easy. It has unfortunately become fashionable to regard the performance of the League in this Eastern imbroglio as that of a futile and well-intentioned body which has spent six laborious months in the painful and widely advertised accomplishment of nothing at all. I don't think that's fair. Such a harsh judgment probably marks a reaction from the sentimental approbation which the League has frequently received.

Eulogy Unwise

"Extreme eulogy in any circumstances is always as unwise as unthinking criticism. One should, of course, never accept the actions of any human agency as infallible simply because it stands for a noble ideal. Idealism and mistaken judgment have, now and then, seen in company. Let us try to take the balanced view.

"If someone says to you that the League has been a futile mechanism from its inception and has done little but talk, you need but refer the doubter to one incident alone in which the League, through talking, stopped a war. The incident is worth recalling. Early one morning in October, 1925, the Secretary General of the League received an appeal from Bulgaria to the effect that Greek troops threatened to cross its frontier, following a border affray between sentries. In a few hours an extraordinary session of the Council was called. This took place three days later, one member arriving by airplane. In the meantime the President of the Council, Mr. Briand, sent a telegram to both parties, exhorting them to keep the peace. They obeyed the injunction. When the Council met it gave both governments 24 hours to order their troops to withdraw behind their respective frontiers and 60 hours in which to accomplish the evacuation. This was carried out, in time, a commission of inquiry was sent to the spot, the Greek Government was declared responsible, an indemnity was fixed, duly paid by Greece and the episode was closed. The League stopped a Balkan war.

Far East Different

"Why could not events in the Far Eastern crisis have followed a similar course? For one thing the prestige of the League is not so high in Asia as in Europe. The Orient is apt to regard it as a European body, too remote from the Oriental atmosphere to be a competent judge. Secondly, the international status of Manchuria was in itself controversial. Thirdly, the Japanese Government, under its military leadership, chose to take advantage of this fact to act as if the machinery of the League had no bearing on the question. Japan has taken a course of action which would have been appropriate in the 19th century, but now is out of date.

Recalls 1895 War

"But let us not discount the importance of the League, even in this present Eastern crisis. It has had no small influence on the general situation. What would have happened if the present crisis had occurred forty years ago instead of now? We know what would have happened, because in 1895 a war did break out between China and Japan, not that time over Manchuria, but over Korea, and the

Local Episode

"Japan has seen fit to regard her issue with China in the last six months, as a local episode—a domestic matter. They have said 'don't bother us, we will deal with the Chinese, because we know them.' As a matter of fact even a brief sojourn to the Orient will show the visitor that neither Chinese nor Japanese seem to understand each other at all. It is perhaps natural that we should think of these two Oriental peoples as being more or less similar in mentality. They are not so. They are strikingly unlike—in marked contrast in almost every respect, in their virtues as well as in their faults. The Japanese are highly disciplined and self-restrained. They express themselves in action more easily than in words, which leads them to resort to action where negotiation might be wiser. They act naturally under authority, even autocratic control. On the other hand the Chinese are easy-going, a good-humored people, democratic to the point of resentment, government, excellent in diplomacy, to the point often of preferring words to deeds. If the Japanese love of action leads to excesses now and then, Chinese diplomacy too often expresses itself in evasion and vacillation.

Third Party Needed

"Such differences of character and temperament make the interposition of a third party essential. But apart from that, our new conception of international life today allows for no 'local' quarrel between nations; the world now holds that there can be no private war which is not a matter for public concern. Even had China not invoked Article XI of the Covenant of the League, the Council could have taken action itself in a matter of such gravity. Japan's policy would have occasioned no surprise in the 19th century in the absence of such international machinery as we have created since the war. A generation ago nations had to act in terms of 'self-help,' but we are living in the 20th century and this new era has accepted the doctrine of collective responsibility in international affairs and the League is the most impressive symbol of that revolutionary point of view.

Reviews Work

"What has the League done? What concrete action has it taken? Its function during the autumn months seemed to be confined to inquiry and admonition, neither of them having proved in this instance a very effective means of stopping a dispute. There was one exception to this policy and that is in the famous order issued on October 24th, instructing the Japanese to withdraw to within the treaty zone by a certain day. This order I think has considerable importance—not that it achieved its expected result, far from it, but in the fact that it represents a serious error in technique on the part of the Council. It would seem to be a matter of common sense that when you are dealing with two persons in a quarrel and desire to bring them to an agreement, you should make up your mind whether this is to be accomplished through a process of conciliation and mediation or through the application of force.

Proper Technique

"If you choose the first course it is extremely important that you should not offend either disputant; you should make an appeal to reason and carry each party with you as far as you can. Your only hope of arriving at a settlement through this process is to be in touch with the atmosphere of the situation, to avoid such publicity as would cause embarrassment and to deal with the situation as far

Policy Confused

"The Council of the League last autumn seems to have suffered from a confusion of policy. Was this to be conciliation or coercion? In any event the process of mediation having been found ineffective, the Council swung to the other extreme and issued a peremptory order without the force to make it effective. The order to Japan to withdraw its troops, in the classic language of poker was a bluff and the bluff was called. Furthermore, Japan, as a proud and sensitive people, took offense at the action of the Council and opinion in Japan, however divided it may have been before, was consolidated behind the war party. There are plenty of liberal-minded Japanese—I had the pleasure of meeting many of them both in Shanghai and Tokyo—who attitude to the League is both enlightened and co-operative, but, unfortunately, as the weeks passed and the Council of the League seemed to the Japanese people both remote and unsympathetic, Japan seemed to fall more and under the influence of the military party, who are, as we know, pleased to regard the League of Nations as an unlicensed intruder.

Effect on Chinese

"There was perhaps another consequence of the League's assumption of authority where there was no power to make it effective. This made it difficult for the Chinese not to fall into the error of placing an undue faith in what the League could accomplish. In the expectation of the Council's doing all that it set out to do, it was natural enough that the Chinese demands should be stiffened accordingly.

"During the last few weeks the Shanghai phase of the struggle has made the issues clearer. Japan has been harassed by a destructive boycott which has had a serious effect on her already difficult economic situation. That boycott is ruthless and vindictive. We must remember that 65 percent of her textile trade is with the Yangtze Valley alone. Perhaps the fear complex in the Japanese mind has had, as fear so often has, a direct consequence in the violence of her methods at Shanghai.

19th Century Course

"Here again, she has adopted the 19th century course of self-help in an expedition which is both protective and punitive—to protect her nationals against the attacks of lawless people, and to punish those organizations in China which are storing up hatred against her and embarrassing her trade. Japan justifies her action, however, by the view that China is not an 'organized people' and such questions as when a bandit is not a bandit and when a war is not a war, she answers for herself.

"The methods of her general staff would seem to us, in this instance, not only in conflict with international ethics, but contrary to common sense. When a community dislikes you so much that it will not trade with you, the persuasion of machine guns and high explosives would seem to be ineffective. In Canada we would not regard such weapons as the most useful form of salesmanship. No good, however, is accomplished by passing solemn judgments on a great people, however much one may disagree with the policy under which at the moment it operates. As I have suggested it may well be that Japan is not a unit in this Shanghai venture.

Young Folk Moderate

"I was conscious when I was in the East of the fact that the younger generation of Japan seemed to have a more moderate view in foreign policy than their seniors, just as events in Manchuria and Shanghai are having

such as the Japanese are, when their military honor is at stake but we can be forgiven for being more sensitive still of the honor of the League of Nations and the principles of international order and decency for which it stands.

Effectiveness Recovered

"What can the League do? I think the League has enormously recovered in its effectiveness. It is easy to say 'apply Article 16 against Japan'. This, if invoked, would impose on all members of the League, other than Japan, the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of Japan and the prevention of all financial, commercial or personal intercourse between the nationals of Japan and the nationals of any other state, whether a member of the League or not. Are those who urge such a drastic step conscious of the consequences of their own counsel? As some one has said, aren't they 'getting the rudder mixed up with the bowsprit'? Is the reluctance to employ force not a natural one? Has force very often solved anything in the international sphere? Hasn't it generally created only a new set of difficulties? Isn't the world's trade sufficiently mal-adjusted already, without adding to the confusion? Is there not a likelihood that the present conflagration might spread by just such action? Have we found that a world war is a very effective means of producing peace?

Burden on Few

"In any event would not the vast weight of the burden fall on two or three member states amongst the 50 odd which comprise the League? And could such action be taken without the co-operation of the great non-League states such as the United States and Russia? It would seem that physical force is ruled out. On the other hand moral force has been shown to be of little avail. Is there any way out consonant with the self-respect of the League and with its solemn responsibility of the League of Nations? This must be preserved inviolate.

"If you asked each member of the League, 'Has Japan broken the covenant?' the answer would probably be a unanimous 'Yes'. Even Japan herself might admit that it was technically violated, although she would claim that the breach was justifiable. But the League collectively can not accuse Japan because then it would be obliged to impose on her its economic sanctions which it is reluctant to apply.

The Way Out

"What is the way out? The way seems to have been found. You have read that most interesting declaration in the resolution passed by the Assembly last Friday which declares it incumbent upon members of the League of Nations not to recognize any statute, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations. This is an ingenious formula but it is far more than that—it is a most significant decision. As an acute observer has pointed out, 'it does not obtain the immediate evacuation of Manchuria; it does not preserve China's territorial integrity and existing political independence as against external aggression. But it does outlaw the fruits of conquest. It does encourage China to continue to refuse to accept treaties dictated by the Japanese military. It does subject Japan to a legal blockade in the Manchurian area which should have very great financial consequences. For it is hardly thinkable that any bank in London, Paris or New York would dare to extend credits to Japan while the whole legal relationship of Japan to the Asiatic mainland is under the taint of world wide outlawry.' It may well be said that this resolution has pro-

posed it. In the first camp are the men who would 'teeth' in the League of Nations. On the other side are those who hold that often a voice can be more potent than teeth. Such men would hold that the principles for which the League stands are most likely to be operative when they can make an effective appeal to the moderate element in each country on which our hopes ultimately rest; that they are less likely to be respected when they are imposed on a recalcitrant state by physical force. I hold the view that the League will not prosper by being used as a piece of coercive machinery.

New Principle

"The League has refused to recognize as valid any treaty brought into existence by the violation of existing engagements. This caveat may have widespread effect very difficult to measure today. Some experts have said that it marks a new principle in international law. As far as the present crisis is concerned it has the effect of suspending the judgment of the League until the treaties which must follow the close of the present hostilities are drafted and presented. If these are held by the League to involve an infringement of its own Covenant or the Treaty of Washington or the Pact of Paris, then those treaties (if the League means what it says) will have, in the eyes of the League and its member states, no sanction, no government set up under such treaties will have any standing, its laws can have no force and no investment made under such a government can have no security.

Power Unimpaired

"If such an interpretation is correct the power of the League to secure a satisfactory solution of the Eastern imbroglio is still unimpaired. We may have been disappointed all too frequently at the actions of the League and its Council in the last six months. It has shown timidity, vacillation and confusion of purpose. But the resolutions passed by the Assembly a week ago show, in my opinion, that statesmanship at Geneva has again asserted itself.

"Let me say in all seriousness something on which I believe we are in full agreement. Let us not lose faith in the League of Nations. Our courses should be rather now, above all times, to give it to the utmost our intelligent support. The Council, after all, is only a committee of governments; it is not a superhuman body and can be just as strong as, and no stronger than, public opinion among the peoples which these governments represent. It is too early yet to judge the League in its relation to this crisis. The resolution passed by the Assembly on March 11 represents a new spirit and a new technique in the present emergency. Its authority was reasserted, the principles it represents were re-stated and a special committee was struck with new and important powers relating to the Eastern situation and the Assembly is to remain in session until the crisis is over.

Test to Come

"A further test will come with the functions of the Manchurian commission which is instructed to make a report to quote its terms of reference, 'aiming at a final and fundamental solution by the two governments of the questions at issue between them.' If the fog of bitterness and hatred lifts a little, it may still be possible for such a commission, acting as it does on the spot, to employ the art of conciliation and assist in arriving at a settlement. But whether this will be so or not, and whatever the settlement will be, the League has now reserved its moral judgment until the inevitable treaties

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

Enclosure No. 2 with Mr. Hawley's despatch No. 859, dated March 21, 1932.
 Editorial from THE BORDER CITIES STAR, March 17, 1932.

Mr. Massey's Speech

Greater hope for a sane and pacific solution of the widespread and many-sided crisis in the Orient must have been inspired in the minds of those who last night heard the Hon. Vincent Massey discuss the League of Nations in relation to the Manchurian upheaval.

It is true that the former Canadian Minister to Washington was sharp in his criticism of the wavering, undecided policy of the League Council regarding the Sino-Japanese dispute throughout the Manchurian invasion and the more recent hostilities in Shanghai. His condemnation of the League's stand was an expression of general opinion, except that Mr. Massey presented the arraignment in more specific terms.

The main thread of his address, however, was a re-statement of confidence in the League, now that the Assembly has been convened in special session and is showing determination to come to grips with the problem in a forceful manner. "Statesmanship at Geneva has again asserted itself," he exclaimed.

"Let us not lose faith in the League of Nations," urged Mr. Massey. It is a plea which should not fail of acceptance. Gradually, through the past months since the word "Manchuria" first made its current appearance in newspaper headlines, international confidence in the League and its effectiveness has declined. Mr. Massey himself admits the loss of League prestige, not only in the Orient, but elsewhere, has been great. No consistent critic of the League and all its works—and Mr. Massey is a supporter of the League—could have been more outspoken in arraignment of the League's handling of the extremely delicate and extremely grave situation.

But despite his complete agreement with the popular verdict—and Mr. Massey, from having been in China and Japan while the League was issuing orders to Japan which it could not back up, is more than ordinarily conversant with the justice of that verdict—he reaffirms his faith in the League as the best-devised instrument of lasting world peace. "The League," he said last night, "represents the greatest effort to replace in international life the law of the jungle with decency and order."

Illustrating the claim that the League has not been "a futile body from its inception and has done little but talk," Mr. Massey recited the dispute in October, 1925, between Greece and Bulgaria, when the efforts of the League were signally successful in bringing about a peaceful outcome of a dangerous argument.

There are other illustrations which might have been recalled by Mr. Massey. Is it not encouraging, therefore, to a war-weary and depression-burdened world, that a diplomat and student of Mr. Massey's range of vision should proclaim renewed confidence in the League as a result of its new and decisive declaration of policy in the Orient? Is it not both proper and prudent to suspend final judgment on the League of Nations until the success of its present policy can be really determined by future results?

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

Enclosure No.3 with Mr. Hawley's despatch No. 859, March 21, 1932.

It is a pleasant duty with which I have been honored, that of conveying to our distinguished guests, in behalf of their United States friends, a very warm welcome. I should feel happy were I able to convey this welcome adequately, with the strength and sincerity that is in our hearts.

The old definition of the diplomatist - "one who lies abroad for the sake of his country" - is no longer valid in some of its implications. When the Canadian Government decided to establish direct diplomatic relations with the United States, it fixed its choice upon the Honorable Vincent Massey as its representative. The immediate success of that momentous decision was due principally to the confidence with which Mr. Massey inspired all with whom he came in contact that his purpose was to work for the best interests of our two countries. He quickly demonstrated not only his ability, but his transparent sincerity and his real friendship for the people of the United States while devotedly serving his own great Dominion of Canada. Certain of the questions arising were exceedingly difficult of solution but from my own small acquaintance with some, I know that Mr. Massey handled them with the utmost tact while presenting the Canadian viewpoint with strength and vigor.

The qualities of head and heart which he and Mrs. Massey displayed won for them widespread respect and affection, and when they departed from Washington after a period of service altogether too short, they left behind a host of friends.

We are all looking forward eagerly to what Mr. Massey will tell us this evening. His subject is one of particular interest to me personally because of my long residence in the Far East, but it is of absorbing interest likewise to all who in recent months have followed the extraordinary events that have taken place in Manchuria, in Shanghai and elsewhere in the Orient. We are all grateful that Mr. Massey should come and give us the benefit of his close and intimate study of those conditions.

In view of the well known attitude of the United States toward the League of Nations, it would be an exceedingly imprudent American Foreign Service Officer who would presume to make any comment with respect thereto. It is true that such officers on occasion figure as observers at Geneva, but while they are seen they are seldom heard.

However, while I must abstain from any other comment on the League, I feel it is quite appropriate for me to express my genuine admiration for its noble aims, for all the excellent things it has accomplished; and my gratitude especially to the Border Cities Branch for its enterprise in bringing to us tonight a speaker of such outstanding reputation and distinction as the Honorable Vincent Massey.

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

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

SHANGHAI

FROM Dated March 26, 1932

DEPARTMENT OF STATE
 RECEIVED
 MAR 23 1932
 DIVISION OF

Rec'd 4:42 a. m.

Secretary of State,
 Washington.

March 26, 1 p. m.

CONFIDENTIAL FOR THE SECRETARY.

My March 25, 8 p. m.

One. Meeting convened this morning at 10 a. m.

Two. Sub-Committee sent away to discuss Japanese lines.

(END GRAY)

Three. Uyeda began by accepting paragraph three of the draft of March 19th amended by adding words "who will take over as soon as the Japanese forces withdraw" at the end of second sentence.

Four. Uyeda then proposed Article five of the Japanese draft (my telegram March 24, 9 p. m.) which Chinese oppose on the ground that question of observation is covered by Articles one, two and three of draft agreement of March 19th. Japanese took away for consideration following words which it was suggested be added at the end of the annex relating to the Joint Commission: "The Commission may in accordance with its decisions invoke the assistance of the representatives of the participating friendly powers in arranging for reconnaissances

Division of
 FAR EASTERN AFFAIRS
 MAR 26 1932
 Department of State

F/LS 793.94/4874

MAR 31 1932

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

REP

2-from Shanghai, Mar.26, 1 p.m.

reconnaissances by aeroplanes over such points as may be considered necessary in order to watch the ~~per~~formance of the provisions for the cessation of hostilities."

Five. Meeting adjourned until 10 a. m. on Monday March 28th. In the meantime sub-Committee mentioned in paragraph six of my telegram March 25, 8 p. m. will continue its discussions.

JOHNSON

KLP

HPD

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

March 30, 1932.

Mr. Castle:

This relates to Peck's expression of trust, on page 4 of the telegram, that we will approve the response which he made to a request from the Minister for Foreign Affairs for advice -- as stated at the bottom of page 3 of the incoming telegram.

SKH

FE:SKH/ZMF

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

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DEPARTMENT OF STATE
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MAR 23 1932
DIVISION OF

FROM GRAY

Nanking via N. R.

Dated March 26, 1932

Rec'd 6 a. m.

DEPARTMENT OF STATE

Division of
FAR EASTERN AFFAIRS

MAR 31 1932

DIVISION OF

WESTERN EUROPEAN AFFAIRS

Department of State

Secretary of State,
Washington.

72, March 26, 11 a. m.

One. On the evening of March 24th the Minister for Foreign Affairs told me he had been greatly disturbed on reading the Reuter account of the statement of the British Secretary of Foreign Affairs in Parliament on March 22nd in regard to the Chinese-Japanese controversy and he asked me to call yesterday and to telegraph to the Department of State and to the American Minister confidentially some comments which he felt impelled to make. Full report of his observations will be mailed but the following is a summary:

Two. "The tenor of the statement seems based on the assumption that China and Japan are equally in the right. This will greatly disappoint the Chinese since they feel that Japan has been the aggressor and they have understood that the League and the friendly powers are attempting to establish international justice. China signed the various international covenants in good faith and has placed implicit reliance

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MAR 30 1932

22 to Nanking Mar. 30/32

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

REP

2-#72, from Nanking, Mar. 26, 11a.m.

reliance on them while at the same time, although under great provocation to retaliate against Japan, she has carefully restricted herself to defensive measures thus obeying the League resolution not to aggravate the situation and conforming to the pact against war. The observation of Sir John Simon concerning encouragement to violation of China's territorial integrity was most disquieting because China had been under the impression that the question was not one merely of not countenancing such violation but of condemning and preventing it. Concerning the assertion that 'there was no law or common sense in saying that in no conceivable circumstances could there ever be a sub-division of an enormous area like China' the Minister for Foreign Affairs commented that it was surprising to find a British statesman intimating that a large nation had less right to the protection of its territorial integrity than a small nation for this principle would apply to India or to Canada as well as to China. More than ever, even if there had been indefinite movements elsewhere in China as stated by Simon, this fact did not justify Japan in promoting such a movement with the object of depriving China of Manchuria. China has been taught to rely on international justice from the time of Hay and Wilson onward but if the Chinese people find that justice has been denied to them they may be driven to fight in self-defense even though it be despairingly and hopelessly.

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

REP

3- #72, from Nanking, Mar. 26, 11a.m.

and hopelessly. China cannot deny her political imperfections which are due mainly to youthfulness of her government but the imperfections of a youth do not justify others in robbing him. Simon in his statement as reported here laid stress almost exclusively on the mediatory functions of the League ignoring its coequal functions of arbitration and the enforcement of international engagements. This fact caused the Minister of Foreign Affairs serious foreboding lest Great Britain might be wavering in her support of principles embodied in the Covenant, the Kellogg Pact and the Nine Power Treaty. If this should unfortunately be the case the Minister of Foreign Affairs sincerely hoped that it was not true of the United States."

Three. When pressed for comment on this statement I have informally expressed the opinion that it was partially inspired by a desire to alleviate the bitterness felt by Japan at apparently universal condemnation and thus to prepare the way for a speedy settlement. A confidential friend of the Minister for Foreign Affairs yesterday pressed me for advice regarding China's policy and I said that at the present stage of international advancement ~~neither~~ the League nor the various covenants could entirely obviate the results of China's failure to gain national strength or the great military superiority of Japan

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

REP

4-#72, from Nanking, Mar. 26, 11a.m.

and I advised that China should not be too exigent in connection with terms of settlement but should recognize that her greatest need especially in the Shanghai region was peace and an opportunity to develop politically and economically. I trust that the American Minister and the Department approve. By mail to the Minister.

PECK

RR

HFD



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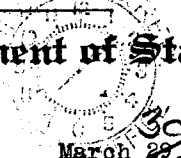
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By Milton D. Gustafson NARS, Date 12-18-75

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Washington,

March 29, 1932.

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34 Your 72/4875
March 26, 11 a.m., paragraph three, second
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Department approves.

Repeat to Minister with appropriate reference.

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

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FROM

WP

This telegram must be
closely paraphrased be-
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to anyone.

Tokyo

Dated March 17, 1932

Rec'd 12:38 a. m.

Secretary of State

Washington.

100, March 17, noon.

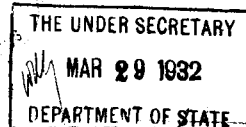
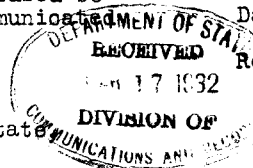
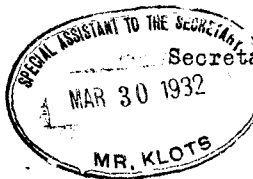
Confidential. Please treat as strictly confidential

this Embassy's despatch No. 521 of March 11, 1932, en-
closing copy of Admiral Toyoda's letter and the Ambass-
ador's reply.

FORBES

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3/26/32
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F/LS 793.94/4876

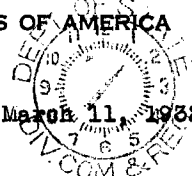
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



EMBASSY OF THE
UNITED STATES OF AMERICA

Tokyo, Japan, March 11, 1932.



No. 521

Subject: Enclosure of copy of Admiral Toyoda's letter outlining Japanese position with regard to Manchuria and Shanghai, and copy of Ambassador's reply thereto.

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THE UNDER SECRETARY
MAR 29 1932
DEPARTMENT OF STATE



F/LS
793.94/4877

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith a copy of letter which I received from Rear-Admiral Teijiro Toyoda, dated February 28, 1932, setting forth the Japanese position with regard to Manchuria and Shanghai, and a copy of my reply thereto dated March 3, 1932. Rear-Admiral Toyoda's statement is of particular significance due to the fact that he is at present Chief of the Bureau of Military Affairs of the Navy Department, a member of the Board of Admirals, and a member of the Naval General Staff.

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MAR 28 1932

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Respectfully yours,

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HB/AA

W. Cameron Forbes
W. Cameron Forbes

Enclosures:
2 Letters above referred to.

Confidential File

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

Navy Department, Tokyo.
 February 28th, 1932.

Dear Your Excellency,

You will certainly permit me this liberty of writing this long letter. Winning your sympathy with our cause at this critical moment is my sole object. I have not used diplomatic language because I am not used to it. I have laid our case frank and open. Your Excellency may therefore consider this as the expression of the views, not only of I myself but of the large majority of the Japanese people who have ordinary common sense.

The outbursts at Shanghai and in Manchuria are no surprise for us. Things at last have come where they had to come sooner or later. Our men could no longer stand the irritations with which they had borne up for years and years.

Our people had been feeling themselves wronged by the Chinese to the extent that it became humanly impossible to stand any longer. You have certainly heard of the terrible experiences of the party of foreign tourists including some American women held up for ransom by the Chinese bandits at Lincheng some years ago. Numberless Japanese men and women have met the same, even worse fate at the hands of the Chinese ruffians. How many of our residents in China were pillaged, tortured and massacred during the last ten or twelve years. Our spinning factories raided and destroyed by the Chinese coolies, our merchandise sequestered by the boycott agitators to the complete ruin

of

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

- 2 -

of the traders. Of course I never pretend to say that our people were faultless.

While our residents in China were suffering in this way, at home in Japan there prevailed a school of thought with regard to the treatment of the Chinese people that enjoined the wisdom of non-resistance, "let the Chinese do whatever they like with us", in the hope that ultimately they will come to realize our sincerity in trying to cultivate the friendship and live together in happy neighborship, in other word "peace with China at almost any price". This policy towards China was inspired by the conviction that honest dealing, genuine sympathy and implicit trust will ultimately win, and this was certainly a very healthy policy and met with support by the overwhelming majority of the nation. If the Chinese level of international ethics were higher, or if China were under the rule of a government such as is usually understood by that name, the success of the policy could not be doubted. This policy was to treat the Nationalist government on a par with the governments of any other civilized nations of the West and placed implicit faith in the countless promises which it made, but Nanking failed to respond to this noble trust. We do not think that Chiang Kaishek in making his promises lacked sincerity of intention, but apparently he did not command the power to carry them out. When he led his first expedition against the North, he promised to give full protection to our residents at Nanking and Hankow and other spots lying in his route. On this occasion quite a few pointed out the danger of implicitly trusting to the proverbial Chinese promises, but their warnings were not heeded.

DECLASSIFIED: E.O. 11652, 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 -

heeded. The consequence was simply disastrous. At Nanking the Chinese regulars raided our consulate and committed all sorts of barbarities. Our residents at Hankow fared none the better. Negotiations were forthwith started to obtain redress for the wrongs suffered, but the Chinese took to their usual policy of procrastination and nobody knows to this day what ultimately came out of them. In 1928 Chiang led his second expedition against the North. Chiang gave the same promise for the second time and again failed to carry it out. At Tsinan twelve of our residents were tortured and killed by his soldiers in a manner too horrible to mention. There were moreover thirty others missing, who, not in all probability, but with absolute certainty, met with the same fate, if not worse.

What has struck the Japanese people even more than these sporadic events is the boycott movement organized and carried out in the systematic manner by the Nationalist party men. The boycott movement in China is not of individual initiative. Party men back the of the Government run it. When we protest against it with the Nanking government, it replies that the movement was the expression of patriotic sentiment, and consequently beyond the reach of its control. The Nationalist Party runs the government. If the party engineer the boycott, the government cannot shirk responsibility for it. Hence we lodged protest never, however, with any result. The Nationalist government dodged it one way or another, while boycott went on all the same with unabated vigour. Our traders were infuriated. By way of illustration, what will your people say if one of our parties in power organize a boycott movement against your goods, confiscated and put them to auction and distributed 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

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the proceeds among the party men? Will the reply by our government that the movement was the expression of the patriotic sentiment of the people, and therefore beyond the scope of the government's responsibility? This has been the status of our traders in China in the face of the boycott movement for at least the last 15 years.

Even more exasperating than this was the infallible victory of the Chinese propaganda. With them propaganda is science, fine arts, and themselves past master in it. We found quite a lot of dum-dum bullets mixed up in booty. They commit some wrongs themselves, and then in anticipation of a protest, they go a step ahead and blame it on the other side and impose upon the whole credulous world. At Tsinan in 1928, when our residents were massacred, we took photographs of the mutilated bodies so as to use them for justifying our subsequent actions, but the Chinese went ahead of us. They had taken the pictures of the same mangled bodies, put them in print, and sent them all over the world far ahead of us as examples of the atrocities said to have been committed by the Japanese soldiers. In the case of the Lincheng incident I have mentioned above, as soon as the report reached the public, the Chinese immediately spread the rumors that the Japanese instigated the bandits, resenting America's sympathetic attitude toward China during the Washington Conference. Japan always fared in this way. Our people suffer wrongs at the hands of the Chinese, but the latter somehow managed to turn the table clear round and felt the satisfaction of finding the world blame Japan for the Chinese guilt. In our present case, almost all the Chinese reports may safely be said to be false or exaggerated as you will see in the papers attached. These circumstances must

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must be borne in mind for the correct interpretation of the present conflict.

The Chinese breach of promise is proverbial. But this is not always due to the lack of good faith. The powerlessness of the institution calling itself the government of China to enforce its will is in part responsible for it. The Chinese government or governments may be likened to a weak candle-light in the midst of an enshrouding darkness. The light reaches a few feet around the base, but for the rest anarchy reigns black and impenetrable except where another candle sheds another feeble ray of light for a limited space around. In China there are several such candles held by a few war chieftains who are virtually independent of each other, though internationally the candle at Nanking is supposed to represent the entire people of China. Supposed to represent, because it does substantially not. On the board of the League China has a seat. She is treated as a full sovereign state on a par with other civilized nations of the West, but her delegates represent only the Nanking clique and nothing more. This circumstance is the root of all the troubles pending between China and Japan or any other power or powers. Such cases, if we went on counting them one by one - even excluding those that are happening during the Shanghai incident - would fill up a thick volume of a few hundred pages.

Coming back to the present trouble, the immediate cause of it is the blowing up of a section of the South Manchuria Railway. Our garrisons were prepared for some such occasion to convince the Chinese that we will not always meekly acquiesce in the grievance. Previous to this there had been the case of Captain Nakamura and his company,
 all

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all lawlessly captured by the Chinese soldiers and done to horrible death. Right on the heel of this incident came the railway explosion. The story of what followed is too well known to call for reiteration by me now.

With regard to the Shanghai affair, we were dragged into it in spite of ourselves. Our residents had been getting desperate under the ever increasing irritation. The Chinese anti-Japanese agitators had been treating them in an outrageous manner. They had expressed their keen regret that the bomb had not hit our emperor in the Sakurada-mon incident. A few of our innocent Buddhistic priests had been mutilated and murdered without provocation. These circumstances are naturally very irritating. As for the particulars of Shanghai incident I hope your Excellency will be good enough to go through the attached papers.

I am very sorry to say that attitude of the League and also United States of America is in our judgment very unfair towards us. We have proposed time and again, that we would cease if only the Chinese army would withdraw to a distance where they could no longer constitute a menace to our residents, and International Settlement. From this it will be clear we mean to be defensive. In the nature of things halt should be called to the aggressors, not to the defenders. The League wants us to stop but what does it want the aggressors to do? If we stop we shall be wiped out. Do they want us to suffer the disaster hand-bound? As soon as the aggression ceases, we will stop defending immediately. Nothing is more disastrous for us than to stop now while Chinese keep on attacking. If we stop now, to say nothing of the immediate danger to our residents in Shanghai,

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Shanghai, everything that goes by the name of Japan will be wiped off from the face of the continent. The attitude of the League and the United States of America seeming to side with China will only tend to protract the trouble indefinitely. The League ought to know that we cannot leave our residents and our lawful interests to the mercy of the bloodthirsty Cantonese communists.

The League accuses us of encroaching the territorial integrity and political independence of China. Nothing is further from the truth. If only China had a responsible government strong enough to afford sufficient protection to our nationals in China, why should we resort to such risky, expensive and very unpopular measures? There is no government really deserving the name, though China has her representative in the League. Lacking a government to answer for the protection of our residents and our treaty rights, we have to take up the business in our own hands as an urgency measure. Inasmuch as we mean to ward off the immediate danger to our nationals and international settlement, we will withdraw our troops immediately when the present purpose is accomplished.

Needless to say, it is our never ceasing policy to increase the good understanding and to cultivate the good feelings of the Americans and of the English people. In spite of all these untiring efforts on our side to live in peace and friendship with Americans and English people, I very much regret to say that they lend ears to Chinese propaganda and false exaggerated stories, I must say that it is most unfortunate that all our efforts at explanation of our side of the case should have failed apparently to convince some section of your people. We often hear them talking of

economic

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economic blockade and so forth, most inimical words in this civilized world and also sinister omen for world peace. This must be the outcry of so-called hot headed people, but even so I must say it is such a great pity because the present case is so self-evident. If they only knew that what we are fighting for is simply to protect international settlement against our common enemy, viz., against communistic influence, then their voice and view will be calmed down and altered.

Chinese consider themselves victor as long as they are not positively defeated. If the Cantonese communists should be able to hold out, General Tsui Commanding 19th Route Corps will be the Chinese popular hero. His influence, and that of the communists for that matter, will rapidly grow at the expense of Chiang Kai-shek. There is a great chance of the entire China coming under the rule of communism. The empire of the Soviet extending all the way from the Baltic to the coast of the Pacific will be a great factor in the scheme of the world's politics. Japan will be called upon to make an important decision, in such an event, for her own preservation.

Six hundred fifty years ago, the Mongolian storm hit the islands of Iki and Tsushima in Japan Sea. Kubulai, the grandson of the Might Man-Slayer Genghis Khan, sent his armada to humble us. These two islands, Japan's eternal vanguards facing the continent, suffered the first impact of the overwhelming destruction. The story is too well known to need recapitulation now.

If a clash is to occur between capitalism and communism the Pacific will be one of the most important battle scenes. The nature of the conflict does not permit of compromise.

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promise. We or our near posterity will have to decide between Sino-Russian communism or the Anglo-Saxon capitalism. If China should fall under the rule of communism, and if Japan keep up her present polity, which she certainly would, the chance is she will be forced to play the role of Iki and Tsushima as the advance posts of the Anglo-Saxon capitalism. It is indeed not without reason that we look with grave concern on the development of communism in China.

What an irony of fate is that we read in the newspapers of American ladies shedding their silk dresses to chastise us for our behavior in Shanghai!

Regarding the Secretary of State Mr. Stimson's implied charge that Japan has violated the Nine-Power treaty, I do not think it will serve any useful purpose by expatiating on the point at great length at present; Japan's future actions will convince that Japan does not deserve such a charge; I will therefore say, "wait and see".

I have become terribly long, fear I am rather rough on propriety to address such a preposterous letter to your Excellency. But I trust you will appreciate my motive in doing this. A sympathetic understanding of Japan's position with China at this critical moment by the representative of the really most powerful nation of the world will help our cause a long way. In conclusion let me assure you again that our actions in the vicinity of Shanghai are not inspired by any deep-designed imperialistic ambitions. When we will have fulfilled our object and peace reestablished at Shanghai by crushing those Cantonese Communistic rabbles,

we

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we will withdraw our troops instantly.

Apologizing for this tiresome infliction and
soliciting your powerful aid on behalf of our cause,

I beg to remain,

Dear Your Excellency,

Yours humbly,

(signed) T. Toyoda

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

EMBASSY OF THE UNITED STATES OF AMERICA

Tokyo, March 3, 1932.

My dear Admiral,

Your very interesting letter has arrived, setting forth the Japanese position. I thank you very much for your consideration in letting me know exactly the way you feel about the situation.

I have great sympathy for the Japanese and realize the difficulties they have encountered. In view of my official position I am unable to give expression to my personal opinions, as I can only express the views of my Government. But I will certainly bear in mind everything you have said and forward a copy of your communication to Washington; and when I get to the United States I shall endeavor to explain the Japanese point of view, and value greatly the consideration you have shown me in writing so fully. My people, I am sure, will attach great weight to the views of one who is well known to be a patriotic and well-informed citizen and public officer.

Respectfully yours,

(Signed) W. Cameron Forbes
Ambassador.

Rear Admiral Tejiro Toyoda,
254 Kago-machi,
Koishikawa, Tokyo.

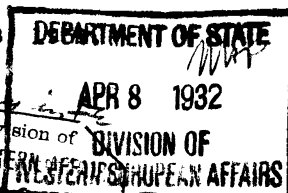
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 Department of State letter, August 10, 1972
 By Milton D. Huefem NARS, Date 12-18-75



LEGATION OF THE
 UNITED STATES OF AMERICA

Shanghai, China.

February 18



AM RECD



The Honorable
 The Secretary of State,
 Washington.

Sir:

Referring to my telegrams of February 2, 7 p.m. and
 February 2, 11 p.m. from Nanking, I have the honor to
 transmit herewith, for the purpose of completing the
 Department's records, a copy and translation of a
 Memorandum dated February 7, 1932, which the Counselor
 of the Belgian Legation delivered to the Chinese Foreign
 Office in connection with the proposal for the cessation
 of hostilities between China and Japan.

Very respectfully yours,

Nelson Trusler Johnson

Nelson Trusler Johnson.

Enclosure: Copy and translation of a Memorandum,
 dated February 7, 1932.

CVHE/ECH

F/LS

793.94/4878

FILED

APR 9 - 1932

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

TRANSLATION.

Belgian Legation in China.

Nanking, February 7, 1932.

MEMORANDUM.

Mr. R. Gerard, representative of the Belgian Legation, has the honor to make to His Excellency, the Minister of Foreign Affairs, the following communication from the Belgian Chargé d'Affaires in Peiping:

"Replying to Your Excellency's telegram dated January 30 last, and in continuation of the representations which I instructed Mr. Gerard to make to you at that time in order to recall the declarations previously made to the Chinese and Japanese representatives by the Belgian Government, which hopes to see the action of the League of Nations on behalf of peace crowned with success, and acting under instructions from my Government I have the honor to inform Your Excellency

(1) that Belgium continues to follow with much interest the action of the League of Nations in the interest of peace;

(2) that my Government has learned with satisfaction that the Council of the League of Nations, at present meeting at Geneva has joined in the British, French and American representations;

(3) that any step tending to insure the strict observance of the engagement deriving from the Covenant of the League of Nations, the Pact of Paris, and the Treaty of Washington will be eagerly welcomed by Belgium, which attaches the greatest importance to these International engagements of which it is a signatory."

LEGATION de BELGIQUE

en

CHINE

NANKING, le 7 Février 1932.

Mémemorandum.

Mr R. GERARD, Représentant de la Légation de Belgique, a l'honneur de faire à S.Exc. Mr Le Ministre des Affaires Etrangères la communication suivante de la part du Chargé d'Affaires de Belgique à Peiping:

"Repondant au télégramme de V.Exc. en date du 30 janvier dernier, et comme suite à la démarche que j'avais prescrit a Mr Gérard de faire auprès d'Elle a cette occasion pour rappeler les déclarations faites antérieurement aux Représentants de la Chine et du Japon par le Gouvernement Belge, qui souhaite voir l'action pacificatrice de la S.D.N. couronnée de succes, d'ordre de mon Gouvernement, j'ai l'honneur de faire savoir à V.Exc.

1° que la Belgique continue a suivre très attentivement l'action pacificatrice de la S.D.N.;

2° que mon Gouvernement a appris avec satisfaction que le Conseil de la S.D.N., réuni actuellement à Genève, s'était solidarisé à la démarche anglaise, française et americaine;

3° que toute initiative tendent à assurer la stricte observation des engagements découlant du Pacte de la S.D.N., du Pacte de Paris et du Traité de Washington sera accueillie avec empressement par la Belgique, qui attache la plus grande importance à ces actes internationaux dont elle est signataire."

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

No.D-205

AMERICAN CONSULATE GENERAL,
Nanking, China.

FE
a-c/c

February 8, 1932.

MAR 26 32

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(G)

Subject: Sino-Japanese Controversy.

The Honorable

The Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

Sir:

For purposes of record I have the honor to enclose a copy of a confidential description of the political situation, which I wrote out at the request of the officer in command of the United States Naval vessel stationed in Nanking, on January 24, 1932.

This statement was written six days before the Chinese Government suddenly announced its decision to remove the highest officers of the Government to Loyang, in Honan Province, and my statement therein that such a removal was one of the possibilities was based on an analysis of past events, for no one with whom I had recently conversed thought that the move was imminent. In fact, even now that the Government is nominally at Loyang, and not at Nanking, the intention mainly is to provide for continuity of the Government in the event that the Japanese occupy Nanking. The heads of most

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

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of the important Ministries are still here, although their respective Ministries, with the exception of those of Military Administration and Navy, are functioning in a merely perfunctory manner.

Respectfully yours,

Willys R. Peck
Willys R. Peck,
American Consul General.

✓
Enclosure:

Copy of confidential statement, as described.

Copy to the Department
Copy to the Legation.

800

WRP:MCL

Mr Carbon Copies
Received *EP*

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

Enclosure to despatch to the Department No.D-205 of Willys R. Peck, American Consul General at Nanking, China, dated February 8, 1932, entitled "Sino-Japanese Controversy".

Statement for Captain Rutledge, U.S.S. SIMPSON.

January 24, 1932.

4:30 p.m.

CONFIDENTIAL

Briefly the situation of the Chinese Government is as follows: The so-called "Ultimatum" presented to the Chinese authorities at Shanghai three or four days ago brings to a crux the whole question of what the position of the Chinese Government is to be in the face of Japanese policy, in Manchuria, as well as at Shanghai, for if the Chinese Government yields to the Japanese demands at Shanghai, it can hardly continue its resistance against the Japanese demands in regard to Manchuria. On the other hand, if the Chinese Government refuses the Japanese demands at Shanghai, the measures which the Japanese Naval and military forces threaten to take at Shanghai, although they are ostensibly "localized", will undermine the Chinese Government's whole position and imperil its existence.

High Chinese authorities in Nanking believe that the Japanese contemplated measures include the occupation of Shanghai in such a way as to cut off communication between that port and Nanking, and also the occupation of Nanking and the tie-up of the whole Yangtze Valley. Whether or not these are the Japanese plans, the Chinese authorities have said to foreign diplomats here that the Chinese Government has secret information that these are the measures which the Japanese plan to take if the Chinese refuse to comply with the terms of the so-called "Ultimatum".

To

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To add to the difficulties which the Chinese Government would encounter in resisting Japanese military occupation of Shanghai, the Communist menace in the interior is so serious that the Chinese Government finds it necessary to start an immediate campaign for the suppression of the Communists. The Chinese authorities feel certain that if the Government is engaged in difficulties with the Japanese, the Communist forces in Kiangsi and elsewhere will at once begin a strong offensive. Perhaps this would begin by another attack on Hankow.

There are certain possible results which may be expected to arise from this state of affairs. One possibility is that the Chinese Government may be removed from Nanking. It is known that General Chiang Kai-shek, who is still the dominant military leader in China, altho no longer President, long ago prepared a strong military base at Chengchow, in Honan Province, to which the headquarters of the Government could be transferred if the Japanese should threaten Shanghai and Nanking. Last October the Consul General in Nanking was told by a responsible Chinese official that no attempt would be made to defend Nanking against a serious Japanese attack. If the Chinese Government were to be removed from Nanking, or if it should be engrossed with military activities against the Japanese or the Communists, there would arise a possibility of disturbances in Nanking and adjacent regions and the necessity for the evacuation of American citizens.

There are no definite indications of this as yet, but it is one of the possible situations which may arise.

On the morning of January 24 the French Minister applied to the American Consul General for permission for himself and

his

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his staff, amounting to about ten persons, to take refuge on the American destroyer, if the necessity for evacuation should suddenly arise before the arrival in Nanking of a French Naval vessel. Mr. Peck pointed out that there are a great many American citizens in Nanking, but said he thought room could be found for the French diplomatic and consular staffs.

393.11
In view of the possible necessity for evacuating American citizens, however remote the possibility seems at present, the American Consul General is telegraphing to the American Minister in Peiping, suggesting that the Minister request the Commander-in-Chief to detail another American Naval vessel to Nanking for evacuation purposes, only.

Willys R. Peck,
American Consul General.

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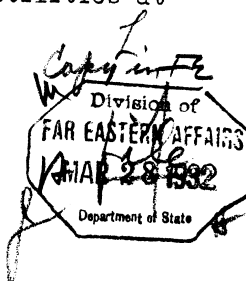
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AMERICAN CONSULAR SERVICE
American Consulate General,
Nanking, China.

February 2, 1932

MAR 26 32

Subject: Japanese and Chinese Aircraft in
Relation to the Hostilities at
Shanghai.
Honorable
The Secretary of State,
Washington.



F/LS 793.94/4880

Sir:

I have the honor to enclose herewith the Memorandum of a conversation held on January 30, 1932, between Colonel Conrad Chung, of the Chinese National Aviation Bureau, and Vice Consul Reynolds of this Consulate General, in regard to the Japanese and Chinese military aircraft, viewed in relation to the present hostilities at Shanghai.

It will be observed that the Chinese aircraft are held in constant readiness for combat, but have been kept out of the fighting hitherto, in spite of the urgent requests of the 19th Route Army, which has been doing the bulk of the fighting against the Japanese at Shanghai, that they come to the assistance of the Chinese military forces.

Respectfully yours,

Willys R. Peck
Willys R. Peck,
American Consul General

Enclosure:

Memorandum of Conversation dated January 30, 1932, between Colonel Conrad Chung and Vice Consul L. C. Reynolds.

In quintuplicate to the Department.
In duplicate to the Legation.

800

APR 18 1932

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

MEMORANDUM OF CONVERSATION

January 30, 1932

Colonel Conrad Chung, of the National Aviation Bureau.
Vice Consul L. C. Reynolds.

Colonel Chung stated that General Whang was very grateful to Consul General Peck for having called General Whang's attention to the fact that activities in Shanghai of airplanes flying direct from Nanking might be utilized by the Japanese as a pretext for action in Nanking. Colonel Chung said that it was his personal opinion that Mr. Peck's statement averted the sending to Shanghai on January 29 of several Chinese planes.

Colonel Chung said that the Aviation Bureau, acting under orders from the Ministry of War, expects to remain inactive until the Japanese prove conclusively to the rest of the world that they ("and they alone") took the initiative in creating the present situation in Shanghai. The Chinese Government is aware that any action taken in Nanking will be detrimental only to the Chinese and the Government is, therefore, particularly anxious to prevent the present trouble in Shanghai from spreading. Chung stated, however, that although the Chinese will not take the initiative in any action in Nanking, they are fully prepared to resist obstinately any attack which the Japanese may make.

There are stationed in and about Nanking ninety anti-aircraft guns and an abundance of rifle ammunition and aerial bombs. At the present time nine squadrons of eight airplanes each are stationed at Kuyung, approximately thirty

miles

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miles southwest of Nanking.

The aviators are becoming momentarily more anxious and General Whang is apprehensive that they may decide among themselves to take action, despite the Bureau's orders. The aviators are aware that General Whang is receiving hourly "warnings", and letters of severe condemnation for having failed thus far to support the Nineteenth Route Army which is now admittedly completely out of control in Shanghai. In this connection Colonel Chung stated that personal troops of General Chiang Kai-shek which were sent to Shanghai early on the morning of January 29th to relieve some divisions of the uncontrolled Nineteenth Route Army were compelled by the Nineteenth Route Army to remove to other sections of Shanghai immediately.

Colonel Chung stated that the Aviation Bureau has received authentic information that only 3,400 Japanese marines were in Shanghai during January 28 and 29. This, however, did not constitute the total Japanese forces engaged in the fighting, as at least 5,000 Japanese citizens, members of the reserve corps, were armed and called into service. Twenty one Japanese airplanes were brought to Shanghai but only seven were engaged in the assault of January 28 and 29. Of the seven which were engaged in the bombing and strafing of Chapei, four were brought down by rifle and machine gun fire. Chung said that two Chinese aviators who later inspected the wreckage of the planes were very much surprised on discovering that the planes were old types.

Early

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Early on the morning of January 28, four Japanese destroyers opened fire on the Chinese forts at Woosung but inflicted only a small amount of damage. Chung said that the Chinese Navy report of the encounter stated that one of the destroyers was put out of action and departed from Woosung in a sinking condition. At the outset the Japanese bombardment was very heavy and lasted for approximately a half hour. The Woosung forts returned fire during part of that period, but realizing that a landing was about to be attempted by the Japanese, ceased firing after about twenty minutes. The Japanese gunboat, believing that the forts had been put out of commission, sent several small boats load of Japanese marines ashore to take possession. The Chinese forces within the forts held fire until the landing party approached to within convenient rifle range and then released a very heavy rifle and machine gun fire, killing a large number of the landing force and making it necessary for the survivors to return to their ships immediately.

Although Japanese airplanes have made two separate attempts to bomb Hungjao Aerodrome, they have thus far been entirely unsuccessful, and have been successful only in destroying several greens of a golf course which adjoins the Aerodrome. The Japanese seem to have realized that a large number of anti-aircraft guns were located on the Hungjao Aerodrome and did not approach the Aerodrome at a low enough altitude to obtain accurate aim..

Colonel

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Colonel Chung stated that the Nineteenth Route Army is China's most efficient fighting unit and is made up of exceptionally courageous soldiers. The Nineteenth Route Army has issued a circular telegram to the rest of the army stating that it will remain in Shanghai as long as necessary, or until everyone of its members is either killed or put out of action, despite any orders to the contrary which it may receive. Colonel Chung said that the famous "Ironsides" Division has been split up into two equal units and is now en route to Shanghai from Canton, one half proceeding by steamer and the other half overland. Chung predicted that this Division combined with the Nineteenth Route Army will cause the Japanese considerable embarrassment should the Japanese continue their assault on the Chinese City in Shanghai. Colonel Chung said that the news of the departure of the "Ironsides" for Shanghai has added greatly to the undiminishing determination of the Nineteenth Route Army to remain in Shanghai despite any orders to the contrary which may be issued by the National Military Council.

Colonel Chung said that the recently organized National Military Council, commanding the country's combined military and naval forces, is composed of thirteen or fourteen members. General Whang Ping-hang is a member of the Council and was attending a meeting of the Council at the time this interview took place.

The Aviation Bureau is in constant communication with Shanghai through the Bureau's radio station, the Chinese Navy's radio station, land telegraph to as far as Chenju, and through the China National Aviation Corporation's radio system.

Colonel

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Colonel Chung said that he had requested Mr. Reynolds this morning to instruct Mr. Carl Nahmmacher to remove his airplane from Hungjao Aerodrome as soon as possible, as continued Japanese action in Shanghai will make it necessary for the Chinese to destroy Hungjao Aerodrome to prevent it from being of use to the Japanese. In that eventuality the Aerodrome will be burned.

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS
April 9, 1932.

~~W.H.H.~~
~~RSW~~

Consul General Peck
transmits herewith a memorandum
of conversation between General
Whang, Director of the Aviation
Bureau at Nanking, and Vice
Consul Reynolds in regard to the
Chinese plans for resisting the
Japanese at Nanking.

[Handwritten signature]

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

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AMERICAN CONSULAR SERVICE
American Consulate General,
Nanking, China.

MAR 26 32 January 28, 1932.

CONFIDENTIAL

Subject: Sino-Japanese Controversy - Plans
for resistance at Nanking.

The Honorable
The Secretary of State,
Washington.

(5)

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

F/LS 793.94/4881

Sir:

I have the honor to enclose herewith copy of
my Despatch to the American Legation, No. L-171,
dated January 28, 1932, on the subject "Sino-Japanese
Controversy - Plans for resistance at Nanking".

Respectfully yours,

Willys R. Peck.
Willys R. Peck.
American Consul General.

MAR 16 1932

Enclosure:

As described.

Single copy to the Department of State.

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no F R

793.94
893.102-S
893.102-Nanking
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

L-171

AMERICAN CONSULAR SERVICE

American Consulate General,
Nanking, China.

January 28, 1932.

CONFIDENTIAL

Subject: Sino-Japanese Controversy - Plans
for resistance at Nanking.

The Honorable Nelson Trusler Johnson
American Minister,
Peiping.

Sir:

I have the honor to transmit herewith a
Memorandum of a conversation held on January
25, 1932, between General Whang Ping-hang,
Director of the Aviation Bureau of the National
Government, and Mr. L. C. Reynolds, American
Vice Consul in Nanking.

General Whang informed Mr. Reynolds of the
intention of the National Government to deal with
the Japanese at Shanghai in a conciliatory way, but to
be prepared to resist forcibly any attempt of the
Japanese at Shanghai or Nanking to take direct
military action.

Respectfully yours,

Willys R. Peck.
American Consul General.

Enclosure:
As described.

Single copy to the American Legation.
Single copy to the Department of State.

-800

WRP:ECH

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

MEMORANDUM OF CONVERSATION

January 25, 1932.

CONFIDENTIAL

Subject: Sino-Japanese Controversy -
 Plans for resistance at Nanking.

General Whang Ping-hang, Director Aviation Bureau.
 Vice Consul L. C. Reynolds.

General Whang stated that it was generally believed that Sun Fo, who left Nanking for Shanghai yesterday morning, would return to Nanking very shortly. The General said that he had heard nothing to substantiate the rumor that Sun Fo had resigned his post with the National Government.

General Chiang Kai-shek and Mr. Wang Ching-wei are, according to General Whang, the National Government at the present time, but are receiving the close cooperation of all the other officials in Nanking. General Whang said that the majority of the Government officials believe that this is the best arrangement at the present time, as a cumbersome government machine would be unable to keep apace with the rapid happening of events.

General Whang said that the present plans of General Chiang and Mr. Wang Ching-wei call for a "soft-footed, gentle policy" in dealing with the Japanese. Failing to stop Japanese aggression with this policy, General Whang stated, fighting will be unavoidable. The Government does not expect victory, but does expect to deliver a serious blow to the Japanese.

No

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

- 2 -

No preparations have been made to remove the Government from Nanking in case of hostilities, General Whang said. In event of war, Nanking will have no Government to more, but will rely instead upon the Generalissimo's Headquarters to carry on the remaining work of administration. The Generalissimo's Headquarters and his men and equipment will be removed to "some point in the interior".

General Whang said that the troops which are now in Nanking were originally selected for their courage and dependability. There is no danger to residents in Nanking from the troops now stationed here, the General said, as those troops are expected to remain orderly and loyal.

The main parts of the aviation unit are now stationed at Chengchow and Kaifeng and are in constant communication by radio with General Whang. The entire corps can be mustered to Nanking within four hours, and should an attack on the Capital become evident, the planes will be ordered to Nanking, loaded with 120-pound T.N.T. bombs. General Whang said that a large reserve supply of these bombs is located "near Nanking", and that the planes can be re-loaded in a very short time.

General Whang said that the above preparations to repulse the Japanese, should they attack, have been made only as precautionary measures, and that the Chinese military forces will do nothing to provoke the first attack.

General

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

- 3 -

General Whang assured Mr. Reynolds that, should the need arise, the General will do everything in his power officially and unofficially to protect the Consulate General and its staff. The General requested Mr. Reynolds to inform Consul General Peck that he would be very pleased to turn over to Mr. Peck the General's three-place cabin airplane and a pilot, in the event that it should become necessary to leave Nanking quickly. General Whang said that he would forward immediately to the Consul General any information which might make evacuation appear advisable. The General stated also that he would like very much to arrange for an exchange of information, and was informed in reply that Mr. Reynolds would have to discuss the request with Consul General Peck.

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

DEPARTMENT OF STATE


DIVISION OF FAR EASTERN AFFAIRS

April 9, 1932.

~~MEMO~~
~~FOR:~~

Consul General Peck transmits herewith a memorandum of conversation between himself, Mr. Wang Ching-wei and the French Minister in regard to an approach made by the Chinese authorities to find out what the attitude of the foreign powers would be if the Chinese Government took military measures to resist the Japanese and whether the foreign powers would furnish neutral observers in the event that China and Japan entered into direct negotiations.

This matter was made the subject of a telegram to the Department and the Legation but Mr. Peck does not mention the date thereof -- possibly the first of February.



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

D-201

AMERICAN CONSULAR SERVICE
American Consulate General,
Nanking, China.

FE
ack

MMR 26 32 January 28, 1932.

Subject: Sino-Japanese Controversy

The Honorable
The Secretary of State,
Washington.

(M)

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

F/LS 793.94/4882

793.94
note
893.102-S

Sir:

I have the honor to enclose herewith copy of
my Despatch to the American Legation, No. L-170,
dated January 28, 1932, on the subject "Sino-Japanese
Controversy".

Respectfully yours,
Willys R. Peck
Willys R. Peck.
American Consul General

Enclosure:

Copy of Despatch No. L-170 to the American Legation,
dated January 28, 1932.

Single copy to the Department.

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

L-170

AMERICAN CONSULAR SERVICE

American Consulate General,
Nanking, China.

January 28, 1932

Subject: Sino-Japanese Controversy

The Honorable Nelson Trusler Johnson

American Minister,

Peiping.

Sir:

I have the honor to enclose herewith for the files of the Legation, a copy of Memorandum of a conversation which took place on Sunday, January 24, 1932, between Mr. Wang Ching-wei and M. Wilden, the French Minister.

Detailed allusion to the substance of this Memorandum has already been made in telegrams sent to the Legation and the Department, but the full text may furnish interesting background. Almost immediately after his return from the talk with Mr. Wang Ching-wei I received from M. Wilden an account of the conversation. I then returned to my office, typed out my recollection of the oral account and returned to M. Wilden, who corrected the Memorandum in some unimportant details and approved the remainder. It was on this approved text the telegrams sent from this office were based.

Mr. Wang

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

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Mr. Wang Ching-wei, as the Legation will recollect, is one of the three members of the Standing Committee of the Central Political Council, the other members being General Chiang Kai-shek, who is in Nanking, and Mr. Hu Han-min, who is in Hongkong and refuses to come to Nanking. General Chiang and Mr. Wang Ching-wei are, by virtue of their membership of the Standing Committee of the Central Political Council, and because of their past records and present party and other affiliations, the two dominant figures in the Chinese Government today.

Respectfully yours,

Willys R. Peck.
American Consul General.

Enclosure:

Memorandum of Conversation between Mr. Wang Ching-wei and M. Wilden, the French Minister, dated January 24, 1932.

Single copy to the American Legation.
Single copy to the Department of State.

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WRP:ECH

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

Report of Conversation.

January 24, 1932.

CONFIDENTIAL

Mr. Wang Ching-wei.
 The French Minister.

M. Wilden held a conversation with Mr. Wang Ching-wei, beginning at 9:30 a.m. and was good enough to inform Mr. Peck of the substance of the conversation, as follows:

Mr. Wang Ching-wei observed that in the face of the Japanese demand for the settlement of the Shanghai incidents of recent date there were two possible courses of action open to the Chinese Government, i.e., the Chinese Government might refuse to comply with the Japanese demands, or they might indicate their willingness to negotiate.

If the Chinese Government refused the Japanese demands, this would precipitate military action by the Japanese, and the Chinese Government would have to be prepared to take military measures to resist the Japanese. In considering this possibility the Chinese Government wished to know what position would be taken by the British, French and American Governments, as the Governments the most interested, in connection with the International Settlement and the French Concession. Mr. Wang Ching-wei said that the intention of the Japanese would be to seize the source from which the Chinese Government derives its financial and material support, thus strangling the Government.

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

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The Japanese might even send a force to occupy Nanking, and tie up the whole Yangtze Valley, in order to compel the Chinese Government to yield to the Japanese demands.

Mr. Wilden told Mr. Peck that he replied to Mr. Wang Ching-wei that, so far as concerned the French Government and the French Concession at Shanghai, he supposed the policy would be one of complete neutrality, but naturally he could not return a definite answer to Mr. Wang's question until he had (a) consulted with the representatives of the other interested Powers and (2) referred the matter to the French Government. Moreover, a definite reply could not be returned at this time, since the circumstances could not be foreseen with any exactness.

Mr. Wang Ching-wei then turned to the alternative possibility, viz., that the Chinese Government might indicate its willingness to enter into negotiations with the Japanese Government in regard to the Shanghai incidents, and the other questions outstanding between China and Japan. Mr. Wang Ching-wei recalled the conversations which took place between the Chinese and Japanese representatives in regard to Shantung at the time of the Washington Conference in 1921-1922, at which time there were present British and American "observers", and he inquired whether Mr. Wilden thought it would be possible to arrange for the presence of such "observers" at negotiations between Chinese and Japanese representatives, if such negotiations should be consented to by China. Mr. Wang Ching-wei then said that a great obstacle to negotiations was the insistence of the Japanese that the Chinese should first accept the "five fundamental points", among which was one that China should

recognize

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

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recognize the validity of all treaties relating to Manchuria. Mr. Wang said that China could not agree to this, because the present Chinese Government did not know what treaties might have been signed with the Japanese Government by the former Government at Peiping.

Mr. Wilden told Mr. Peck that he had said to Mr. Wang Ching-wei that he could not return any definite reply to these questions. Mr. Wilden told Mr. Peck, also, that it was perfectly evident that the Chinese Government is asking the Powers to make it possible for China to enter into direct negotiations with Japan, with "observers", if possible.

Mr. Wilden told Mr. Peck that these two inquiries of Mr. Wang Ching-wei were made in the most formal way and were directed to the Governments of Great Britain, France and the United States. Mr. Wilden informed Mr. Wang Ching-wei that Mr. Ingram, Counselor of the British Legation, who would also be Charge d'Affaires in a few days, would arrive in Nanking on the morning of January 25, and that there was an American diplomatic representative in Nanking.

In regard to matters of general interest, Mr. Wang Ching-wei said that General Chang Hsueh-liang was in agreement with General Chiang Kai-shek in all matters and Mr. Wang thought that the Canton regime would support the Nanking Government, although there was a tendency to separation. The assistance of Canton would be essential

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

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to Nanking, Mr. Wang said, if the Government were to attempt to suppress the Communist forces in Kiangsi. Mr. Wang Ching-wei said that the Communist threat against the Nanking Government was a very serious one, but he said that the Government was going to begin a campaign against the Communists at once. If the Government decided to offer military resistance to the Japanese, the Communists would undoubtedly begin a determined attack against the Government, and it would be impossible for the Government to carry on these two conflicts simultaneously.

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

No.D-206

AMERICAN CONSULATE GENERAL,
Nanking, China.

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a/c/c

February 8, 1932.

CONFIDENTIAL. MAR 26 32

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

Subject: Sino-Japanese Controversy.

The Honorable
The Secretary of State,
Washington.

(C)

Copy in FE
Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

*793.94
note
893, 102-Nanking*

Sir:

I have the honor to state that the officer in command of the U. S. S. SIMPSON, Lieutenant Commander P. W. Rutledge, U. S. N., at my request has given me a written account of the firing on Nanking by Japanese Naval vessels on the night of February 1, 1932. Chinese authorities have informed me that six shells exploded inside the city walls and I have been shown fragments of two such shells. Fortunately no damage was done by the shells, although they are said to have exploded in widely separated parts of the city.

The Japanese Naval authorities apparently persist in asserting that the Japanese ships were first fired on by large-calibre guns on Lion Fort, near to the river. The Chinese deny this emphatically and no vessels of other nationalities present in the harbor at the time of the occurrence report any evidence that these guns were fired. The Chinese state that the forts had received orders not to fire into the harbor, except under the most extreme

provocation,

F/LS 793.94/4835

793.94

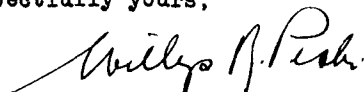
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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provocation, because of the presence there of two British and one American vessel. It is a fact, too, that the Chinese have evinced an ardent desire not to involve Nanking in the hostilities now in progress at Shanghai and Woosung, and it seems most unlikely that they would have fired on an imposing strength of seven Japanese Naval vessels so disposed as to command practically the entire city of Nanking, more especially as those ships were cleared for action.

Respectfully yours,



Willys R. Peck,
American Consul General.

✓ Enclosure:

Copy of letter of Lieutenant Commander P. W. Rutledge, U.S.N., to the American Consul General, February 5, 1932.

In quintuplicate to the Department
In duplicate to the Legation
Single copy to the Embassy, Tokyo
Single copy to the Commander in Chief of the United States Asiatic Fleet
Single copy to the Commander of the Yangtze Patrol
Single copy to the U.S.S. SIMPSON.

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WRP:MCL

-4- P. 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

Enclosure to despatch to the Department No.D-206 of
 Willys R. Peck, American Consul General at Nanking,
 China, dated February 8, 1932, entitled "Sino-
 Japanese Controversy".

UNITED STATES ASIATIC FLEET
 DESTROYER DIVISION SEVENTEEN.

U. S. S. SIMPSON (221)

Nanking, China,
 5 February, 1932.

Mr. Willys R. Peck,
 American Consul General,
 Nanking, China.

Dear Sir,

The following is an account of the firing on
 Hsiakuan and Nanking, China by a Japanese naval vessel
 on the night of 1 February, 1932, as observed by officers
 and men of the U.S.S. SIMPSON (221).

At about 2303 heard what sounded like rifle
 shots (not less than three) coming, from the near vicinity
 of the Nippon Kisen Kaisha Company's hulk moored to the
 river bank along the Hsiakuan bund. No rifle or other
 flashes could be seen. There was a slight lull followed
 by a few more shots, then a burst of machine gun fire.
 During this time a man could be heard screaming and appar-
 ently calling for help. At about 2306 H.I.J.M.S. TSUSHIMA
 opened fire with one 3 inch gun and it seemed that a few
 minutes later another 3 inch gun opened fire as I believe
 there were one or more two gun salvos. The firing seemed
 to be directed toward Lion Hill but no one could see any
 bursts or shells landing. The number of rounds fired is
 unknown but estimated to be from 8 to 12 over a period of
 perhaps fifteen minutes. The Chinese ships and shore
 batteries did not reply but as I feared they might I shifted
 berth farther up river. The Japanese fire did not endanger
 this vessel. At 0108, February 2nd, a boarding officer
 from H.I.J.M.S. HIRADO (Senior Officer Present) came on
 board with a hurriedly penciled statement on a scrap of
 paper in substance as follows:
 "At 1100 (meaning 2300) three shots were fired from fort-
 ress on Lion Hill wounding two of our sentries at N.K.K.
 hulk. They sent urgent signal and fire was opened on Lion
 Hill and sentries withdrawn to ship."

The next morning I conferred with Comdr. Hoare-
 Smith, R.N., commanding H.M.S. BRIDGEWATER, who heard what
 sounded like several rifle shots and a burst of machine gun

fire

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

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fire but in addition said he was certain that just preceding the shots he heard a muffled explosion similar to a bomb or hand grenade. Other than that our observations were essentially the same. Comdr. Hoare-Smith questioned his signalman on watch the night before in my presence but the signalman had not heard any muffled explosion and I can find no one on the U.S.S. SIMPSON who heard it. Commander Hoare-Smith called on the Commanding Officer, H.I.J.M.S. TSUSHIMA who told him a bomb had been thrown and rifle shots fired at the Japanese hulk sentries, one of whom was dangerously injured in the legs, a second less severely injured, and a third nicked in the lobe of one ear by a flying fragment.

The following day I called on the Commanding Officer, H.I.J.M.S. TSUSHIMA and was told the same thing about the bomb but the commanding officer still maintained that Lion Hill Fort had fired three shots at the hulk. I asked him if it were not possible his officers had mistaken the bomb explosion and rifle flashes for shots from the fort but he would not retract his statement. The TSUSHIMA, the hulk and the fort were all practically on a line with each other at the time. If the fort fired three shots, they must have been from small arms from a distance ranging from 1020 yards at the base of the hill to 1250 yards at the peak of the hill as no guns of large caliber were heard at any time by any one I have talked to except from the TSUSHIMA. All firing ashore heard by the SIMPSON seemed to come from a point near the hulk. The TSUSHIMA may have mistaken the flash of the bomb for gun fire, but I am convinced the fort did not fire unless with small arms which is not likely at the ranges quoted on a very dark night.

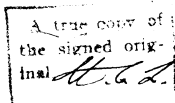
It is possible that a bomb was thrown and rifles fired at the hulk from persons hidden behind brick piles, iron pipe and other material dumped on vacant ground in the vicinity but the Commanding Officer, H.M.S. BRIDGEWATER, seems to be the only one able to substantiate this point, but he is most positive in his assertion.

I was told while on board the TSUSHIMA on 3 February that the badly injured sentry had died that morning from loss of blood, his legs having been nearly blown off.

Very truly yours,

(Signed) P. W. Rutledge.

P. W. RUTLEDGE,
 Lieutenant Commander, U.S. Navy,
 Commanding.



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

No. D-214

AMERICAN CONSULATE GENERAL,
Nanking, China.

February 20, 1932.

Confidential
MAR 26 32
Subject: Sino-Japanese Controversy - 19th
Route Army at Shanghai.

The Honorable
The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith a Memorandum of an interview held on February 17, 1932, between Mr. Chen Kung-po, Minister of Industries, Mr. Ingram, British Counselor of Legation and Mr. Peck, American Counselor of Legation, at the American Consulate General.

I have the honor to make the following comments on the remarks of Mr. Chen Kung-po, as set down in the memorandum:

Mr. Chen admitted that a "misunderstanding" existed at one time between the Shanghai Party members and the members of the Nationalist Party elsewhere and that the Government debated at the end of January whether it should not withdraw the 19th Route Army from territory contiguous to the International Settlement at Shanghai to Nanshiang, the second station on the Shanghai-Nanking Railway, northwest of Shanghai. He said this plan had been abandoned, because it could not be foreseen what the situation would be if the Japanese forces did not follow the 19th Route Army to that point. What appears to have been the case is that the 19th Route Army refused

to

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O.N.I. AND M.I.D.

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

F/L/S

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CONFIDENTIAL FILE

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

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to leave Shanghai in the face of the Japanese threat and that whatever idea the Government may have had of yielding to the Japanese superior military strength and of conserving Chinese military resources during a period of negotiation, had to be relinquished. As days have passed Chinese public opinion seems to have crystalized into a courage of despair, until, at the present time, the Government is definitely committed to a policy of refusing to accede to any demand of the Japanese which seems to involve a surrender of territory or sovereignty and of resisting such demands with military force. That this is the firm policy of the Chinese Government has been declared by the Government repeatedly since January 30 and is now reiterated in the remarks of Mr. Chen, as set forth in the fourth paragraph of the enclosed memorandum, and in the statement made by the Minister of Finance, Mr. T. V. Soong, published by REUTER under date line of Shanghai, February 18, 1932. A copy of this statement is enclosed.

This Consulate General has received so many reports that the 19th Route Army and some other Cantonese political elements are opposed to General Chiang Kai-shek's entering the Government again, that it is inclined to believe that the Government as at present constituted has actually distrusted the 19th Route Army. It is also probable that the Government was willing at one stage of the proceedings to withdraw Chinese forces from Shanghai and to yield to further Japanese demands, as it did on January 28, and that the Government was prevented from doing this by the refusal of the 19th Route Army to leave its position.

Nevertheless, it appears to this office that the Chinese Government now intends to offer prolonged and

stubborn

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

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stubborn resistance to Japan wherever Japanese incursions may be met with, in spite of the fact that the Chinese leaders are convinced that the ultimate result will be financial bankruptcy, disorder throughout China, and the apparent success of Japanese military measures.

In this connection I have the honor to invite the Department's attention to the gloomy prognostications made by Mr. T. V. Soong in his conversation with me on December 7, 1931, as reported in my despatch No. D-160, of December 10, 1931. ³⁴⁰⁴ It is interesting to note that some Chinese in conversation have indicated a hope, amounting almost to expectation, that Japan's ventures in China will so impoverish the Japanese Government that excessive taxation, revolution and chaos will result in Japan, as well.

In further relation to the 19th Route Army at Shanghai, I have the honor to state that on February 19, 1932, an officer of the Chinese Army informed an officer of the Consulate General that it was not true, as reported, that the 19th Route Army is short of ammunition, that not only has ammunition been sent regularly to this force, but sufficient ammunition has been taken by the reinforcements which have gone to Shanghai in the last three days to last the 19th Route Army a month.

Respectfully yours,

Willys R. Peck
 Willys R. Peck,
 American Consul General.

Enclosures:

1. Memorandum of interview dated February 17, 1932.
2. Statement by Mr. T.V. Soong, dated February 18, 1932.

One copy to the Department of State
 One copy to the American Legation, Peiping
 One copy to the American Consul General, Shanghai.
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 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

Enclosure No. 1 to despatch to the Department No.D-214 of
 Willlys R. Peck, American Consul General at Nanking, China,
 dated February 20, 1932, entitled "Sino-Japanese Controversy -
 19th Route Army at Shanghai".
 Memorandum of Conversation.

Feb. 17, 1932.

Subject: Sino-Japanese Controversy.

Mr. Chen Kung-po, Minister of Industries.
 Mr. E.M.B. Ingram, British Counselor of Legation.
 Mr. W.R. Peck, American Counselor of Legation.

In the course of the conversation Mr. Chen Kung-po stated that on Feb.16,1932, there was a conference at Puchen, a few miles above Pukow, between General Chiang Kai-shek, General Chu Pei-teh, Mr.Wang Ching-wei, General Li Chai-sum, Mr. Chen Kung-po and others, at which the decision was confirmed to hold a meeting of the Central Executive Committee of the Chinese Nationalist Party at Kaifeng about March 1, 1932. One of the reasons for holding the conference is the desirability of straightening out some misunderstandings between the Party members at Shanghai and those in Nanking and Loyang regarding policies at Shanghai. It is not probable that Dr. Sun Fo or Mr. Eugene Chen will attend the conference.

When the Japanese first attacked the Chinese forces in Chapei the Government debated whether or not it should withdraw the 19th Route Army to Nan-hsiang (the next station from Shanghai beyond Chenju), but decided not to do this.

The misunderstandings referred to arose at the time that Mr. Eugene Chen was Minister for Foreign Affairs, and even before that,when Mr. Eugene Chen advocated severing diplomatic relations with Japan and withdrawing Chinese troops to Kiangsi to fight the Communists, thus demonstrating that China did not wish to fight Japan, but wished to leave it to the Powers to settle the controversy.

The present situation is that the National Government is whole heartedly behind the 19th Route Army in its struggle against the Japanese at Shanghai and has sent troops to Shanghai to reinforce that army. The Government is also strongly behind the National Army in its defensive operations against the Japanese (elsewhere,)

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

- 2 -

elsewhere, as well. The Military Council a short time ago divided the country into four general military districts, with the following officers in charge of each:

Northern area: Chang Hsueh-liang and Hsu Yung-chang;
Lunghai area: Chiang Kai-shek and Han Fu-chu;
Yangtze area: Chen Ming-shu and Ho Ying-chin;
West River " : Chen Chi-tang and Pai Chung-hsi.

In regard to the possibility of military operations near Nanking, Mr. Chen said that early in the proceedings the Japanese Naval authorities told the Chinese authorities semi-officially that if the Chinese attempted to transport troops across the Yangtze from the North to the South bank the Japanese ships would prevent this being done. Mr. Chen expressed no opinion whether it was intended to transport Chinese troops across the river at Nanking. He said that a division was recently sent by the Government to reinforce the 19th Route Army, but it went from the Hangchow region. The division in question has already taken over a section of the area hitherto guarded by the 19th Route Army.

hsiang

General Feng Yu-~~shang~~ is ill, in a hospital at Hsuehchow.

The Government is now attempting to induce the provinces of Kwangtung and Kwangsi to send troops to fight the Communists around Kanchow, Kiangsi, so that the Government's ten divisions stationed there to curb the Communists can be brought to Central China for use. There are actually more Communists troops in Hupeh Province than in Kiangsi, but they are not so effectively organized. The Communists menace in Kiangsi is a very serious one.

Mr. Chen thought that if the Japanese encountered any great difficulty in dislodging the Chinese troops at Shanghai they would create incidents in other parts of China, say at Yangtze River ports.

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

Enclosure No. 2 to despatch to the Department No.D-214 of
Willis R. Peck, American Consul General at Nanking, China,
dated February 20, 1932, entitled "Sino-Japanese Controversy -
19th Route Army at Shanghai".

Shanghai, February 18.

Mr. T. V. Soong, Vice President of Executive Yuan
and concurrently minister of finance, has issued follow-
ing statement regarding Japan's ultimatum to commander
of 19th route army:

"The point made that the ultimatum will apply
only to 19th route army and not General Chiang Kai-
shek's troops fills us with indignation and disgust.
It is a deliberate attempt to create misunderstanding
between 19th route army and General Chiang's troops and
to give world the impression that it is an isolated army
alone that Japanese aggression is contending with. It
is in line with the persistent Japanese policy of treat-
ing all questions with China as 'local' incidents, to
call seizure of Manchuria, the attacks on Tientsin,
Tsingtao, Nanking and Shanghai as 'local' questions.
It is the same insult that Japanese delegate at Geneva
repeated again that China is merely a geographical
expression. The 19th route army is part of our national
army. It is supported by every unit of the army as
well as the entire people of China. It is financed
and munitioned by the National Government, and in
defending Shanghai, it is carrying out the explicit
orders of the National Government. If Japanese army
should carry out its threat of attacking the 19th route
army, it will find General Chiang Kai-shek's troops
cheerfully ready to die side by side with their comrades
of the 19th route army."

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

April 8, 1932.

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~~RECEIVED:~~

This despatch and its enclosures discuss the situation at Shanghai and the Japanese bombardment of Nanking from a Nanking angle.



DECLASSIFIED: E.O. 11652, 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.D-207

AMERICAN CONSULATE GENERAL,
Nanking, China.

MAR 26 32

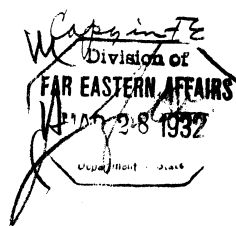
February 9, 1932.

Subject: Sino-Japanese Controversy.

The Honorable

The Secretary of State,

Washington.



793.94
note
893.102-S
893.01
893.102-Nanking
Sir:

I have the honor to transmit herewith copies of four documents which contain matter of historical interest in connection with the Sino-Japanese controversy.

1/

The first paper is a Memorandum dated January 28, 1932, reporting a conversation held on that date between Mr. S. Uyemura, Japanese Consul at Nanking, and the American Consul General, in which Mr. Uyemura said that the Japanese Minister for Foreign Affairs had not approved the suggestion that an "ultimatum" be presented to the Chinese authorities at Shanghai in connection with the so-called "Shanghai demands" and had directed that, for the time being, the Japanese Consul General at Shanghai merely continue to press the Chinese for a favorable reply, utilizing the Naval forces only if the Chinese indicated no intention of complying. It will be observed from the Memorandum that the Japanese Consul General at

Shanghai

F/LS

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FIELD

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

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Shanghai did not await the receipt of the instruction for which he had asked, but informed the Chinese authorities on the evening of January 27 that a favorable reply must be in his hands by January 28, 6 p.m. It will be recalled that a favorable reply was actually given to the Japanese by the Chinese on the afternoon of January 28, but that an armed clash between the Japanese and Chinese forces nevertheless occurred about midnight of January 28, leading to sanguinary military activity by the Japanese forces in the Chapei section of Shanghai.

2/ The second paper is the translation of a circular telegram issued by General Chiang Kai-shek to the personnel of the Chinese Army on January 30, 1932, in which he asserted that the Japanese had taken military measures at Shanghai in spite of the concessions made by the Chinese, and in which he called upon all his comrades of the Revolutionary Army to come to the assistance of the 19th Route Army then engaged in fighting the Japanese. This circular telegram marked the beginning of the new policy of self-defence adopted by the Chinese Government in replacement of the policy of yielding to Japanese demands and retreating before Japanese advances, which had hitherto been the guiding principle of the Chinese Government.

3/ The third enclosure is a translation of a Manifesto issued by the National Government on the same day, January 30, 1932, in which the Government announced its new policy of self-defence and disclosed the fact that

the

note
 593.01

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

the National Government would be removed to Loyang, in Honan Province, in order that it might be able to function free from military coercion. The highest civil and military officers of the Government left Nanking for the North on the day on which this announcement was made and on the following morning, January 31, 1932, as if to justify the fear of coercion expressed by the National Government, the three Japanese Naval vessels already in the harbor were joined by four additional Japanese destroyers. The latter steamed up the Yangtze cleared for action and anchored in such a manner as to command the entire water-front of the capital.

8931102-Nanking

4/

On the night of February 1, 1932, Japanese vessels fired a number of shells into the city of Nanking. On February 2, 1932, a deputation of Foreign Office and Police officials visited the Japanese Consular and Naval authorities in connection with the firing and a translation of their report of their mission is the fourth enclosure with this despatch. The members of the deputation apparently thought it prudent not to reply, at the moment, to the Japanese charge that the forts on Lion Hill had fired at the Japanese vessels, but the charge has repeatedly been denied to this office by Chinese officials. British and American Naval officers on board their vessels near the scene saw no flash from the forts and it is probable that the Japanese were panicky and mistaken. The origin

of


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

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of the incident seems to have been the throwing of a hand grenade by some Chinese at the Japanese sentries on the wharf. One of the wounded men subsequently died.

Respectfully yours,


Willys R. Peck,
American Consul General.

Enclosures:

- 1/ Memorandum of conversation dated January 28, 1932.
- 2/ Translation of circular telegram issued by General Chiang Kai-shek on January 30, 1932.
- 3/ Translation of Manifesto issued by the National Government on January 30, 1932.
- 4/ Translation of report of Foreign Office and Police officials on February 2, 1932.

In quintuplicate to the Department
In duplicate to the Legation
Single copy to the Consul General, Shanghai
Single copy to the Consul General, Canton
Single copy to the Consul General, Hankow
Single copy to the Consul General, Mukden
Single copy to the Consul General, Tientsin
Single copy to the Consul General, Harbin
Single copy to the Commander-in-Chief, U.S. Asiatic Fleet
Single copy to the Commander of the Yangtze Patrol
Single copy to the U.S.S. SIMPSON.

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

Enclosure No. 1 to despatch to the Department No. D-207 of Willys R. Peck, American Consul General at Nanking, China, dated February 9, 1932, entitled "Sino-Japanese Controversy".

MEMORANDUM OF CONVERSATION

January 28, 1932 - 12 noon

Subject: Sino-Japanese - negotiations at Shanghai

Mr. Uyemura, Japanese Consul.
Mr. Peck, American Consul General.

Mr. Uyemura recalled that Mr. Peck had called on him at half past five on the day before to inquire about the reported intention of moving the Japanese Consulate on to a vessel. Mr. Uyemura recalled, also, that he had told Mr. Peck that Mr. Murai, Japanese Consul General at Shanghai, was awaiting telegraphic instructions from the Japanese Foreign Office relating to the setting of a time limit within which the Chinese must return a favorable reply to the Japanese demands.

Mr. Uyemura said that the instruction of the Japanese Foreign Office to Mr. Murai on this point had just been received and that the Minister for Foreign Affairs, Mr. Yoshizawa, had disapproved of the idea of fixing a time limit and had instructed that Mr. Murai should, instead, continue to press Mr. Wu Te-chen, Mayor of Shanghai, for a favorable reply. However, the Minister for Foreign Affairs in his instruction said that if the Chinese gave no indication of any intention of returning a favorable reply, then Mr. Murai had full liberty to

direct

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

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direct the Japanese naval forces at Shanghai to take any action which Mr. Murai might think were advisable.

Mr. Uyemura remarked, however, that the situation had become so urgent in Shanghai on the evening of January 27 that the Japanese Consul General had telephoned to the Chinese authorities demanding that a favorable reply be sent by them before January 28, 6 p.m. Mr. Uyemura called attention to the fact that this had been done before the receipt of the instructions from the Japanese Foreign Office and that in view of the nature of those instructions the Japanese Consul General would not now use the Japanese naval forces at six o'clock today, even though no favorable reply had been received by that time, but would merely continue for a day or two to press the Chinese authorities for a reply. Finally, however, the Consul General, if he still failed to receive a favorable reply, would undoubtedly use his naval forces, as authorized by the Japanese Foreign Office.

Mr. Uyemura said that he had felt encouraged the day before in regard to the probability of receiving a favorable reply from the Chinese, but late in the afternoon the Japanese Consul General at Shanghai had telephoned to him that there seemed to be a change on the part of the Chinese. Mr. Uyemura said, also, that the Japanese population at Shanghai was getting very stirred up and it might be that the Consul General could not restrain them. In fact, Mr. Uyemura thought that perhaps

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

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it was this factor which had compelled the Consul General to act as he did even in the absence of authorization.

Mr. Uyemura again informed Mr. Peck that the Japanese Government had issued instructions to the senior Japanese naval officer at Nanking and presumably to all other commanding officers of Japanese vessels on the Yangtze river, on no account to take the initiative in firing. Mr. Uyemura said that he had again notified General Ku, Commanding the Gendarmerie, that the Japanese vessels would take this course and General Ku had assured him again that the Chinese Government would take every precaution to prevent disorders in Nanking, no matter what might occur at Shanghai.

Mr. Uyemura told Mr. Peck confidentially that he had asked that a Japanese commercial vessel be sent to Nanking, to be used by the Japanese Consul as residence and office quarters. He said that he expected to move on to this vessel before long and he explained that his object in doing so was to obviate the possibility of some student demonstration or other occurrence which might lead to the necessity for action by the Japanese naval force at Nanking.

Mr. Uyemura asked whether Mr. Peck would kindly transmit to the French authorities the information which he had just given to Mr. Peck.

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

Enclosure No. 2 to despatch to the Department No.D-207 of Willys R. Peck, American Consul General at Nanking, China, dated February 9, 1932, entitled "Sino-Japanese Controversy".

(Trans. Hsi)

(Issued: Jan. 30, 1932)

Immediate Delivery:

All Field Commanders, Chiefs of Armies, Divisions and Brigades, Generals, Army officers, Instructors and Students of Military Schools, Comrades: From the very beginning of the incident in the North-East this Government, in the hope of avoiding the horrors of war and of maintaining the existence of the nation, has not scrupled to ensure insult and shoulder heavy responsibility. It has upheld peace, hoping that justice and right would impel the strong neighbor to realize their mistakes. Contrary to our expectations, however, our increased forbearance has been met with increased brutality. When the Shanghai affair took place we complied with their demands, with suffering to ourselves, but the strong neighbor continued barbarously to oppress us. Once and again they launched their sudden attacks against the garrison forces at Shanghai. They bombed the homes of the people and the streets of the city. Our fellow citizens were cruelly trampled under foot. The extinction of the country is at hand. No man of courage can endure more. The generals and soldiers of our 19th Route Army have already risen and are displaying loyalty and valor in a struggle of self-defence. All the officers and soldiers of our Revolutionary Army at this crisis, when the downfall of our country and the extinction of our race face us, should fight for the

dignity

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

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dignity of the Nation and the continued existence of the Race, fulfilling their entire Revolutionary duty and evince a determination to perish in honor rather than to survive in dishonor, in order to grapple with cruel Japan, who violates peace and spurns good-faith. I, Chiang Kai-shek have shared calamities for a long time with you, my comrades, and although I am no longer in public office, I wish to take an oath for life or death with you, Generals and soldiers, to do our duty to the utmost. In all sincerity I hasten to send this telegram, in the hope that each man will be aroused to meet the common enemy. Do not merely boast and pretend. Cultivate the spirit of sacrifice. Arm yourselves and await orders, to rescue the country from deadly danger, to the great good fortune of the Party and Country.

(Seal) Chiang Chung-ch'ien.

Note: In the original draft of this telegram the Japanese were referred to as "dwarf invaders". By a newspaper correction published February 1, 1932, this term was altered to "strong neighbor".

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

Enclosure No. 3 to despatch to the Department No.D-207 of Willys R. Peck, American Consul General at Nanking, China, dated February 9, 1932, entitled "Sino-Japanese Controversy".

Manifesto issued by the National Government of
China Announcing Its Removal to Loyang to Carry on Its
Official Duties.

(Central Daily News, Nanking,
January 31, 1932.)

Trans. Hsi:WRP

January 30, 1932.

Ever since the invasion of the North-east by Japan with military force the National Government has, on the one hand, scrupulously upheld the spirit of the Nine Power Treaty, the Covenant of the League of Nations and the Pact Renouncing War, and although hostilities have been initiated by others, the Government has steadfastly held to a policy of passive endurance, in anticipation that the Powers signatory to these covenants would uphold justice; and, on the other hand, the Government has issued strict injunctions to the military and police that they utilize all their resources to maintain order in their respective areas and to protect the lives, freedom and property of the citizens. In bitterness during these months they have given this protection. But Japan has continuously extended the field of oppression. In recent days Japan has sent a large fleet of warships to Shanghai and has transported thither land and air forces, on the pretext that Chinese citizens have agitated in opposition to Japan, and Japan has attempted to cow China by brute force. When the people organize public associations, however, to meet national crises and oppose foreign insults, they are inspired essentially by patriotic ardor, and if

they

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

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they engage in no activities of an improper nature, the Government has no right to interfere with them.

The National Government, in the hope of avoiding the horrors of war, has not hesitated again and again to bow to Japan's demands. Thus, from the beginning all radical speech or activities by the people against Japan have been prohibited, and later the various associations have been instructed to discontinue the use of the term "anti-Japanese" in their designations, in order that the strong neighbor might have no pretext for complaint.

On January 28, at 1:45 p.m., the Municipal Government of Shanghai returned to the demands presented by the Japanese Consul at Shanghai a reply which that official himself declared was satisfactory. Nevertheless, on the same evening at 11:25 p.m. the officer in command of the First Expeditionary Fleet suddenly issued a notification forcing our Chinese troops stationed in Shanghai to turn over the areas they were defending, in order that Japanese forces might occupy them.

It is the duty of troops to protect territory. Now, therefore, could our army comply with the Japanese demand? The Japanese troops immediately launched an attack on our forces and involved the prosperous commercial city of Shanghai in the suffering of war. Moreover, unnumbered airplanes have been used by the Japanese to attack with bombs and the common people have suffered cruelly in life and property, to an extent which cannot be computed. At the same time Japanese naval vessels have been sent to

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

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the Capital and to important ports in the upper and lower reaches of the Yangtze to stir up trouble.

The reason Japan has followed continuously the policy of terrorism and of aggravation is solely that Japan wishes to compel the national Government to submit to conditions which will destroy its power and insult the nation. The Government, however, has received a heavy responsibility from the citizens of China and has no option but to protect the dignity of the nation and uphold international good faith. From this course it can never be deflected by armed intimidation. The Government will continue unswervingly on with the policy it first adopted. On the one hand it will enjoin upon the military and police forces to protect the country and not to give up to others one foot or one inch of territory, and on the other hand it will continue to use diplomatic channels to request of other nations that they fulfill their obligations under the treaties.

It is Japan which has recklessly brought on these military disasters and has broken the peace, and not only have China's territory and sovereignty been violated, but complete ruin has been made of the Washington Nine Power Treaty, the Covenant of the League of Nations, and the Pact for the Renunciation of War. This Government believes implicitly that China, faced with these brutal actions, has both the right and the duty of protecting itself in all proper ways. The Government also is confident that other Governments, out of regard for the

maintenance

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

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maintenance of world peace and international good faith, cannot remain indifferent spectators.

The National Government has now decided, therefore, to remove to Loyang for the handling of its affairs, in order that it may exercise its powers in liberty and be free from the compulsion of brute force. The Government hopes that the civil authorities of all Provinces and the commanders of all military forces, in unity of spirit and strength, will do their duty to the fullest extent, in order that peace may be maintained and the people may be tranquil. The Government hopes even more earnestly that our whole body of citizens will exhibit courage and determination in meeting the national crisis. Do not boast. Do not fear. Do not permit the use of brute force. Let justice be manifested. The fate of the Nation depends on these things. Let each man exert himself to the utmost.

Lin Sen, President of the
National Government.

Wang Chao-ming (Wang Ching-wei),
President of the
Executive Yuan.

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

Enclosure No. 4 to despatch to the Department No.D-207 of Willys R. Peck, American Consul General at Nanking, China, dated February 9, 1932, entitled "Sino-Japanese Controversy".

Report of Fan Han-shen, et al.

February 2, 1932.

To Minister, Vice Ministers,

Department Heads:

We have been instructed to go to Hsiakwan to take up certain things with the Japanese side. We went to the N.K.K. jetty at 2:00 p.m. today. It was closed and the warship had left the bank. So we found it impossible to go. Subsequently we went to C.S.S. HAI YUNG with Wang Tsun, representative of the military and police authorities, to call on Fu Cheng, Vice Captain of the ship, requesting him to send a small launch. We then went to the Japanese warship PING HU and were interviewed by Captain Tan Hsia and Commander Kuan Chao, naval officer of the Japanese Legation. We informed them that we were to make inquiries and investigations. Commander Kuan Chao stated: "The affair last night was because some body threw grenades near the N.K.K. hulk, thus resulting in two Japanese soldiers being wounded. There were also heard the guns fired two or three times from Lion Hill Fort. The sentry soldier at the hulk shot a rocket, which was the sign that the situation was very critical. We, the Japanese, for the purpose of self-defense, returned several shots from our guns. Since the Chinese side later stopped firing guns, we also stopped firing. Under the present circumstances,

if

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

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if the Chinese side takes no hostile action, the captains of the Japanese navy will absolutely not act carelessly and recklessly."

Then Wang Tsun, representative of the military and police authorities, replied to the following two points: "(1) China has no idea to take hostile action against Japan. Both sides should associate with each other in order to avoid misunderstandings. (2) In regard to the vicinity of the N.K.K. jetty, the military and police have been instructed to render adequate protection and to forbid persons to stand there and look. Please cease to be anxious about it." The captains were very much satisfied; we then asked Commander Kuan Chao to go with us to the YUN YANG MARU by launch to see Consul Uyemura. The conversation with the latter was almost the same as above. The Consul expressed his gratitude in the matter, stating that if China has no idea to take hostile action, he would inform the Japanese navy to keep the peace and absolutely not to act recklessly. We beg to make this report on the past facts for your consideration.

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

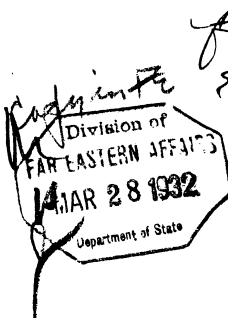


LEGATION OF THE
UNITED STATES OF AMERICA

Peiping, February 19, 1932.

No. 1412

MAR 20 1932



F/LS 738.94/4836

The Honorable
The Secretary of State,
Washington.

Sir:

Referring to the Legation's despatch No. 1405 of February 15, 1932, and to previous communications concerning the Sino-Japanese difficulties in Shanghai, I have the honor to enclose a copy, in translation, of Foreign Office Note No. L-417 of February 14, 1932, the pertinent portions of which were transmitted to the Department in Consul General Peck's telegram of February 15, 1 a.m. The note under transmission is a further protest against the use of the International Settlement at Shanghai by the Japanese military.

Respectfully yours,

For the Minister:

Mahlon F. Perkins

MAHLON F. PERKINS,
Counselor of Legation.

Enclosure:

Foreign Office note
No. L-417, February
14, 1932.

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

Enclosure No. 1
Despatch No. 1412

L-417

Translation of a formal note addressed by His
Excellency Dr. Lo Wen-kan, Minister for Foreign
Affairs of the Republic of China, to the Honorable
Nelson T. Johnson, Envoy Extraordinary and Minister
Plenipotentiary of the United States of America to
China.

(Trans. WRP)

(Dated: February 14, 1932.)

(Recd.: February 18, 1932.)

Sir:

I have the honor to refer to the formal notes
addressed by this Ministry to you on January 31, 1932,
and February 5 and 6, 1932, relating to the International
Settlement at Shanghai which permitted Japan to make
use of the Settlement as a base of military operations.
It will be recalled that in those notes you were requested
that a stop be put to this and it was stated that if
through this cause the International Settlement became
involved in any trouble China would assume no responsibility
therefor. On February 10, 1932, I had the honor to receive
a reply from you, stating that the American Government
had already issued instructions to the American Ambassador
at Tokyo to urge on the Japanese Government that
instructions be sent to the officers in command of
Japanese forces in Shanghai to refrain from again utilizing

the

The Honorable
Nelson T. Johnson,
Envoy Extraordinary and
Minister Plenipotentiary of
the United States of America
to China.

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

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the International Settlement as a base from which to launch attacks on Chinese controlled areas and you said that you could give an assurance that the subject matter of the communications under reply was receiving continuous and solicitous consideration from the American Government together with the other interested Governments.

However, according to reports which have been received, on the morning of February 14, more than ten thousand Japanese troops landed on various wharves in the International Settlement and another large contingent of Japanese troops will arrive on February 15. This is unmistakable evidence that the Japanese Government regards slightly the sincere representations made by your Government and that the International Settlement is still affording protection to the Japanese forces and permits them use the Settlement as a base of operations for the launching of attacks on Chinese forces. The Chinese Government now especially declares again most solemnly that if the Japanese troops at Shanghai continue their attacks on Chinese controlled territory and if through properly conducted defense measures taken by the Chinese troops against such attacks life and property in the International Settlement receive injury, the Chinese Government will accept no responsibility of any sort.

Aside from addressing a formal note to the British Minister, I therefore have the honor to lodge a strong protest and to request that you on the basis of the serious attention given by your Government to this matter and with reference to the repeated

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

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repeated communications from this Ministry already referred to, will with all speed strictly put an end to the use of the International Settlement by Japanese troops as a base of operations for attacks on Chinese forces as well as forbid the Japanese forces to effect landings on wharves in the International Settlement, in order to lend emphasis to the assurance given by you. I hope that I may receive the favor of a reply.

(Rubber stamp) Lo Wen-kan,
Minister for Foreign Affairs
of the Republic of China.

-SEAL OF THE MINISTRY OF FOREIGN AFFAIRS-

February 14, 1932.

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

RECEIVED
MAR 23 1932
SECRET
AXIS OF

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

March 23, 1932.

Mr. Secretary:

I suggest that you look over the memorandum hereunder before Diplomatic Hour tomorrow -- as the Netherlands Minister may call on you with regard to the same subject concerning which he inquired of me.

As nearly as we can make out, the term "round table conference" was first used in the discussions at Geneva, and we think by Sir John Simon, but we have not been able to turn up the documentary evidence. We remember that the term was used in one of the telephone conversations.

There are attached copies of various telegrams which indicate the nature of the conference and corroborate the account of it which I gave the Netherlands Minister.

SKH/ZMF

SKH

MAR 23 1932
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

1932

DIVISION OF

March 22, 1932.

RECEIVED

Conversation between
the Netherlands Minister and
Mr. Hornbeck.

MAR 23 1932

SECRETARY'S OFFICE

Subject: The "Round Table" Conference
at Shanghai.

F/LS

793.94/4837

The Netherlands Minister called and, referring to a call made by the Counselor of the Netherlands Legation, Mr. van Hoorn, a few days ago, on the occasion of which Mr. van Hoorn had asked questions concerning the "Round Table" Conference at Shanghai, said that he did not entirely understand about that conference and hoped that I would explain it to him.

I said that as I understood it the expression "Round Table Conference" had been used at Geneva in the early stages of the discussion of ways and means for bringing about a termination of the hostilities and restoration of peace at Shanghai. It seemed to me that, as the discussion developed, there had evolved the resolution in consequence of which representatives of three of the League Powers together with representatives of the United States had worked and are working toward the objective of getting the Chinese and the Japanese to agree on

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MAR 26 1932

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March 4

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

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on terms to bring the military operations to a conclusion and reestablish a situation of peace.

The Minister said that he understood that after provisions had been made for the termination of hostilities there was to be another conference; he thought that at that conference all of the signatories of the Nine Power Treaty should be represented. Holland, as a power with interest in the Far East and as a signatory of that treaty, was concerned. I said that all of the effort that was being made so far was effort toward the termination of hostilities and that I did not understand that an "international conference" was being held; the conference is between the Chinese and the Japanese in the presence and with the assistance of naval and military and civil officers of the four powers other than the disputants which have taken the most active part in the safe-guarding of the situation at Shanghai. If there develops anything in the nature of an international conference, that will be another matter. It seemed to me that there might be two conferences with regard to matters at Shanghai and still another, third, conference with regard to the whole question of Sino-Japanese relations. Whether any of these conferences would be "international conferences" in the large sense was a question, it seemed to me, which would have to be determined

by

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

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by the course which events take.

The Minister reverted to the subject of the "Round Table" Conference, and I said that that seemed to me to be merely a term used in the course of the discussion by way of suggesting assistance to be given by representatives on the spot of neutral powers in bringing the Chinese and Japanese together. I said that I would inquire whether the term had any more explicit connotation. The Minister said that he would probably see the Secretary of State on Thursday and would probably talk with him concerning the matter.

SKH

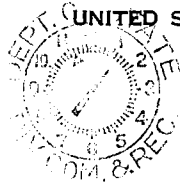
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



AM LEGATION OF THE
UNITED STATES OF AMERICA

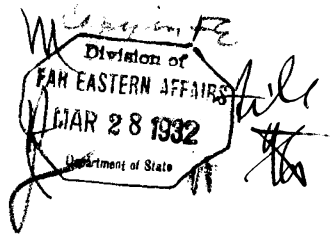


Shanghai, China.
February 23rd, 1932.

FE

MP 23 32

The Honorable
The Secretary of State,
Washington.



Sir:

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note
893/102-S

I have the honor to transmit herewith memoranda of five conversations I have had with Mr. Mamoru Shigemitsu, the Japanese Minister to China, one with Admiral Nomura, Commander-in-Chief of the Japanese Naval Forces in Shanghai, and one with Mr. Yosuke Matsuoka, a member of the Japanese Diet.

All of these conversations took place between February 13th and February 22nd, and related to the political and military situation in Shanghai.

Very respectfully yours,

Nelson Trusler Johnson
Nelson Trusler Johnson.

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APR 26 1932

Enclosures: Seven Memoranda of Conversations.

CVHE/ECH

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 13, 1932.

Conversation with Mr. Shigemitsu.

Subject: Situation in Shanghai.

Mr. Shigemitsu, the Japanese Minister, called to see me this afternoon. In the course of conversation I asked Mr. Shigemitsu just what the Japanese desired to gain. Mr. Shigemitsu stated that the Japanese had no territorial ambitions at Shanghai. He pointed out that on the 28th of January, Japanese marines had landed along with the defense forces of other nationalities and that in going to take up their positions along the defense line they had been attacked by Chinese soldiers. They had been outnumbered by the Chinese soldiers to such an extent that it was necessary to have reinforcements brought. He said that the Japanese were anxious to liquidate the situation at Shanghai as soon as possible and what they wanted was for the Chinese soldiers to withdraw away from Shanghai to a point from which they could not reach the Settlement by gun fire. He said that if the Chinese would withdraw the Japanese would be prepared to withdraw their forces within the Settlement. I asked Mr. Shigemitsu if he had

any

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

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any objection to my discovering whether it would be possible to bring the Chinese and Japanese together for the purpose of discussing this matter. He said he had no objection.

M.D.G.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 14, 1932.

Conversation with Mr. Shigemitsu.

Subject: Sino-Japanese Situation.

I went to see the Japanese Minister at 2 o'clock this afternoon and told him of my conversation with Dr. Koo. I stated that I believed that the Chinese would be willing to withdraw provided the Japanese would withdraw and provided the Japanese would be reasonable as to the distance to which they would withdraw. I asked Mr. Shigemitsu whether he would be willing to meet the Chinese for the purpose of discussing this matter. Mr. Shigemitsu stated that he would be quite willing to discuss the matter with them. In reply to my question as to how far the Japanese would require the Chinese to withdraw, he was noncommittal, saying that this was a matter at which he would have to refer to his military authorities who were very anxious that the Chinese should withdraw from the Woosung Forts and from the area near the Japanese defense lines to a point from which they could not reach the Japanese defense lines by gun shot. He said that he would be willing to meet

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Department of State letter, August 10, 1972
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any responsible Chinese and maybe that he did not
think that Dr. Koo or Mr. Soong as responsible.
I asked him who he would consider responsible and
he said that he would consider the Commander of the
19th Route Army responsible. I asked where he would
like to meet with them (for I had had in mind a meeting
between Chinese and Japanese in the presence of neutrals
at some neutral point). Mr. Shigemitsu stated that he
would be glad to meet them either in his office or his
house. I let the matter stand here as I was unwilling
to make suggestions and it seemed to me obvious that
the Japanese wanted them to come hat in hand in asking
for terms, and I felt sure that I did not wish to be in-
strumental in asking them to do this.

N.T.J.
American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 17, 1932.

Conversation with Mr. Shigemitsu

Subject: Situation at Shanghai.

This evening at a dinner given by the French Minister at the French Consulate, Mr. Shigemitsu, the Japanese Minister, called me to one side and told me that it had been arranged that the Chief of Staff of General Uyeda, Commanding Japanese military forces at Shanghai, accompanied by one Staff officer and an interpreter would meet the Chief of Staff of the 19th Route Army accompanied by one Secretary and one interpreter at the premises of the Sino-Japanese Friendship Association in the French Settlement at 9 a.m. on the morning of Thursday, February 18. He said that at this meeting the Japanese representative would present to the Chinese the requests of the Japanese which would be (1) that the 19th Route Army withdraw 20 kilometers from the Japanese sector on the north bank of the Soochow Creek, this withdrawal or evacuation would also include Woosung Forts and they should withdraw to the same line on the right bank of the Whangpoo River (2) Japanese Military Commander accompanied by guards would wish to

check

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check Chinese withdrawal. Third parties of other nationalities might be present (3) Japanese forces would be withdrawn to original positions within the Settlement and within the area in Chapei assigned to the Japanese in the defense scheme (4) Chinese might raise question of checking Japanese withdrawal and while Japanese might oppose it was understood that the Japanese might yield this point (5) Chinese were to withdraw all plainclothes gun men (6) the question of the protection of officers within the evacuated area might be discussed then or later.

Mr. Shigemitsu stated that this would be the military conference, that simultaneously on the civil side Consul General Murai would notify the Mayor of Greater Shanghai of the terms asking that Chinese troops evacuate area right bank of Whangpoo River and north of Soochow Creek. Consul General would not specifically mention the 19th Route Army. Consul General Murai would also request the Mayor to re-confirm the four points which had been accepted by the Mayor on January 28 in reference to anti-Japanese activities etc.

Mr. Shigemitsu informed me that the question of the permanence of these arrangements would not be discussed. He asked that we treat the question of the scene of meeting as strictly confidential.

M.T.J.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 18, 1932.

Conversation with Admiral Nomura.

Subject: Situation at Shanghai.

Accompanied by Captain Hartigan, Naval Attache, I went to call on Admiral Nomura upon his Flag Ship the IDZUMA, tied to the wharf next door to the Japanese Consulate. I explained to Admiral Nomura my purpose as being to thank him for his courtesy in making it possible for me to visit the Japanese lines two days before. I asked Admiral Nomura whether he had had any word of the meeting between representatives of the Chinese and Japanese Military Commanders which was to have taken place this morning. Admiral Nomura professed ignorance of what might have happened at this meeting. He stated that the Japanese Navy felt that it was a mistake for the army to attempt to accomplish anything by negotiation as he thought that every day's delay in taking action against the Chinese forces meant more trouble than dealing with the situation later. He professed himself as profoundly pessimistic of any result to be obtained by a talk. He felt sure that the Chinese would refuse the terms which the Japanese would lay before them. In the meantime the Chinese were consolidating their

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their forces and reenforcing those already here so that it would be increasingly difficult for the Japanese military dealing with the problem. He expressed himself as being afraid that unless they handled the matter quickly trouble would grow and become very widespread. I inferred from what he said that he was afraid that every day was giving the Chinese time to get behind the defense of Shanghai and that the Japanese would soon find that they had to deal with the entire Chinese people and army rather than with a single military unit, like the 19th Route Army.

A.T.J.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 19, 1952.

Conversation with Mr. Shigemitsu, Japanese Minister.

Subject: Sino-Japanese - Shanghai Incident.

At three o'clock this afternoon the British Minister and I and the French Minister and the Italian Charge called upon the Japanese Minister. In turn we each stated to the Japanese Minister that in view of Japanese military activities within Settlement limits we must hold Japan responsible for damage done to the lives and properties of our respective nationals in areas adjacent to such activities from shells fired at such activities by Chinese military.

The Japanese Minister stated that he understood our anxiety. He said that it had been far from Japan's expectation that efforts by Japan to protect the Settlement from Chinese attack and more specifically Japanese life and property should result in damage to other nationals in Shanghai and to the Settlement. He said that he would communicate our views to his military.

The French Minister made an appeal to the Japanese Minister that at this eleventh hour there might be some

chance

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

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chance yet of a peaceful solution. The rest of us
endorsed this appeal but we got no response from the
Japanese Minister.

N.S.G.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 19, 1932.

Conversation with Mr. Yosuke Matsuoka

Subject: Situation in Shanghai.

Mr. Matsuoka, who has within the past two days been reelected in the Japanese Diet in the last election, came to see me this afternoon. He informed me that the Prime Minister and the Japanese Minister for Foreign Affairs had asked him as a personal favor to come to Shanghai in connection with the present difficulties which the Japanese were having here. He said that he realized that there was no need for going into the history of events here. Perhaps Japanese marines had made a mistake. He sympathized with Japanese residents at Shanghai who doubtless had been driven mad by the continued mental persecution resulting from the activities of the Kuomintang and anti-Japanese societies during the past three or four years. Whatever the cause both the military authorities in Tokyo and the Japanese responsible authorities in Shanghai keenly regretted the position which they were now in and would give anything if there was a way out. He said that the Japanese realized that they had their hands full with Manchuria and they had no stomach for the kind of adventure that they seemed to be in for here, but the truth

was

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was that the Japanese Military felt that Japanese prestige was at stake, and they could not now withdraw in the face of what the Chinese considered to be a success.

I asked Mr. Matsuoka whether I might speak frankly to him. He said that that was what he wished me to do. I then said that some time ago I had informed my Government that I believed the difficulty here at Shanghai was purely a psychological one, that the Chinese believed they had won a victory, in that that they had achieved a success in that they had checked the advance of a foreign force. I said that the Chinese were indisposed to analyze their position or the means whereby this had been achieved. It was a victory and it was having a profound effect here in China, and therefore it will be in my opinion almost impossible for the Chinese to withdraw without bringing a catastrophe on their Government. I said that in my opinion the Japanese had met with a failure and that the Japanese military felt that a wound had been given to Japanese prestige in Asia, and that they could not withdraw from the scene until by force of arms they had wiped out this blemish and re-established their prestige, and that in the circumstances I could not see how it was possible to bring about a peaceful solution of this problem.

Mr. Matsuoka

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

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Mr. Matsuoka said that he believed this to be a correct estimate of the problem, at least in so far as Japan was concerned. He went on to say that not only did the Japanese military feel that the prestige of Japan was at stake, but that the prestige of foreign force in so far as China was concerned was at stake, and that they could not leave the foreign powers in the lurch by withdrawing in the face of what had happened.

I told Mr. Matsuoka that as an old friend I wanted to urge him with all the sincerity that I possessed in order that he bring it to his people and to his Government as my own conviction that what was being done by the Chinese at Shanghai was not the act of so-called communists, or Chinese Reds but was as pure an example of Chinese patriotic fervor as we had yet witnessed, and that I thought this might spread and become more general throughout the country the farther the Japanese pushed their military operations. I told him that I had great sympathy for the problems which the Japanese had to meet, that I had sympathy with their exasperated feelings, for they had not been alone in the suffering of mental persecution at the hands of the Kuomintang and with the newly arrived nationalistic unity, but that I felt that the proceedings which I thought they were going to begin tomorrow at seven o'clock would not end at Shanghai. It was not a

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case of field fighting, it would be a question of troop fighting troop, regiment fighting regiment, men fighting men, and a country that was cut up with canals and small water wars and that troops dangerous at 20 kilometers would be found dangerous 20 kilometers beyond those 20 kilometers; and that I saw no limit to the extent to which that might have to go if they went on in the way they were now going. I said that I felt very sorry that the situation is as it is, and that I regretted very much that it seemed impossible to do anything further. An ultimatum had been issued and words once spoken in that way could not be taken back.

Mr. Matsuoka complained somewhat bitterly that matters had not been allowed to wait for a few days longer. He said that he felt now that he saw what had happened at Shanghai that there was little that he could do, as the military were in charge.

Mr. Matsuoka stated that his people in Japan were hopeful that there should be no misunderstanding between the United States and Japan in these matters. He hoped that we would understand Japan's position in Manchuria. The action of the Military in Manchuria had been taken with a view of Russia and in preparation for the future, for the military leaders in Japan had felt very worried about the possibility of having to meet Russia on the plains of Manchuria five years from now.

Mr. Matsuoka

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Mr. Matsumoka asked me how long I was going to stay in Shanghai. I told him that I felt that the time was rapidly approaching when it would no longer be useful for me to remain here; that what had occurred at Shanghai was a local question and I thought the time had come when I should return to my base, which would be either Nanking or Peiping. He said that he thought that perhaps the time was rapidly arriving when he should go to his base also, which would be Tokyo.

M.D.

American Minister.

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 22, 1932.

Conversation with Mr. Shigemitsu.

Subject: Sino-Japanese Difficulties.

Mr. Shigemitsu, the Japanese Minister, called this afternoon and said that he was particularly anxious to get in touch with the American Officer in Command of the soldiers who had taken over the sector previously occupied by the Shanghai Volunteers, in the neighborhood of the North Station, as he wanted him to know that the Japanese Army and Navy were most anxious to avoid the slightest incident that might cause unpleasantness between the two people here. I told Mr. Shigemitsu that I would try to get this word to Colonel Gasser. I also suggested to him that when he sees Admiral Taylor tomorrow he speak of the matter to him, as Admiral Taylor was really in charge of all American defense forces ashore.

Mr. Shigemitsu asked whether we had employed in this office a Vice-Consul of the name of Ringwalt. I said that there was a gentleman of that name attached to the Consulate General at Shanghai, that the Consulate General used him on numerous occasions to look out for American property in the area under Japanese protection, and that Mr. Ringwalt had been doing very excellent work because of his friendly contacts with

members

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members of the Japanese Consulate at Shanghai. I said that Mr. Ringwalt was the gentleman who had had some difficulties with the Japanese marines. Mr. Shigemitsu said that this was true, and that he was extremely anxious to find out whether we considered this matter settled or not, as it was his sincere desire to settle it. He said that, unfortunately, the Japanese civilians who had been responsible for the incident had been sent away and it had been impossible for the Japanese Consulate General to identify the culprits. I said that the chief difficulty was that two Japanese marines had stood by not very far away and made no effort to protect Mr. Ringwalt from the attentions of the Japanese civilians. Mr. Shigemitsu stated that he was extremely sorry that the incident had occurred and that he knew that the Japanese Consul General was sorry. He said that he had come to Mr. Cunningham to apologize. He said that the Japanese Consulate General had had a very embarrassing and difficult time here due to the difficulty with the Japanese elements in Hongkew, most of whom had now been sent to Japan and were beyond his jurisdiction.

I asked Mr. Shigemitsu if there was any chance yet of a peaceful settlement of Sino-Japanese difficulties here.

Mr. Shigemitsu stated that he thought it was useless to try to find any peaceful means of settlement for the present. He referred to the whole matter as a "mess". He

said

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said that it was due to mistakes in the beginning. He said that it had occurred during his absence, and while he had been here it had been possible for him to prevent such occurrences, but that during his absence the hot-headed element had gotten control and there they were. He said that the military now had charge of the matter and he felt that there was little chance of any peaceful solution until they had really had a fight. I asked him how long he thought this was going to last. He said he thought it would last about two weeks. I asked if the Japanese were sending reinforcements. He said that that was a question which the military would have to settle; that he had no information, it all depended on how they progressed. He said that General Uyeda was an extremely cautious man, that the Japanese here were much put out with him because he moved so slowly. That it was General Uyeda's plan to move as far as the village of Tazang, west of Kiangwan, and then wait for three or four days in order to give the Chinese military an opportunity to evacuate the Chapei area. He said that the Japanese would eject the Chinese military from the 20 kilometer area and then stand at that line. They would not proceed further and as soon as conditions warranted they would be returned to Japan. He said that Japan had no desire whatever to take any territory here or to become permanently involved in any area around Shanghai;

that

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that Japan had sufficient a load to carry in Manchuria
to keep her way occupied. The business at Shanghai was
a mess and they were much worried here, and it was their
only desire now to get themselves out of it with honor.

N.J.
American Minister.

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

No. 84.

RECEIVED
DEPARTMENT OF STATE
APR 26 1932
DIVISION OF FOREIGN
SERVICE ADMINISTRATION
AMERICAN CONSULATE GENERAL
Tientsin, China, February 24, 1932.

CONFIDENTIAL

MAR 26 32

SUBJECT: Status of the International Bridge and the
Twenty Li Zone at Tientsin.

ASSISTANT SECRETARY OF STATE
APR 5 1932
DEPARTMENT OF STATE
SIR:

THE HONORABLE
THE SECRETARY OF STATE

WASHINGTON.

Division of
FAH EASTERN AREA
MAR 28 1932
Department of State

- 1/ I have the honor to transmit herewith a copy, in
quintuplicate, of my confidential despatch No. 129, of
February 19, 1932, to the Legation at Peiping, on the
subject of the Status of the International Bridge at
2/ Tientsin, and of my confidential despatch No. 133, of
even date, to the Legation at Peiping, on the subject
of the 20-li Zone at Tientsin, which is in continuation
of the first named despatch.

Respectfully yours,

F. P. Lockhart
F. P. Lockhart,
American Consul General.

800

FPL/DA/MRE

Enclosures:

- 1/, Despatch No. 129 to Legation at Peiping.
2/, Despatch No. 133 to Legation at Peiping.

Original and 4 copies to the Department.

4 Carbon Copies

Received

F/LS

793.94/4889

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APR 28 1932

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

No. 129.

Enclosure No. 1 in Despatch
No. 84, Dated Feb. 24/32
From the American Consulate General
at Tientsin, China.

AMERICAN CONSULATE GENERAL,

Tientsin, China, February 19, 1932.

CONFIDENTIAL

Subject: Status of the International
Bridge at Tientsin.

The Honorable Nelson T. Johnson,
American Minister,
Peiping, China.

Sir:

1/ I have the honor to enclose herewith a copy of a letter dated February 18, 1932, addressed by the British Consul General, the Italian Consul and myself to the French Consul at Tientsin concerning the status of the International Bridge in this port. The matter referred to in the enclosed letter has arisen in connection with instructions which have been sent to the French Consul by his Government to close the bridge in case of a declaration of war between China and Japan. My British and Italian colleagues were somewhat concerned when they learned that instructions of this character had been sent to the French Consul, and a meeting between the British, French, Italian and American consular representatives was arranged for February 17 at which time a full discussion of the subject took place. The result of the meeting is set forth by the enclosed copy of a letter addressed to the French Consul.

I took occasion in the course of the meeting to explain that my position in the matter was necessarily

somewhat

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

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somewhat different from that of my colleagues inasmuch as the American Government is not a party to the agreement of July 15, 1902, concerning the 20-li arrangements vis-a-vis Chinese troops, and that I could associate myself with the matter only insofar as it relates to the arrangement looking to the maintenance of communication to the open sea. I felt, however, and I so informed my colleagues, that it seemed to me unwise for the French Government to instruct its Consul at Tientsin to close the Bridge in case of a declaration of war irrespective of local circumstances or without taking into consideration the position of other nationals in the port. The International Bridge is a vital factor ~~for~~ the preservation of the lives and property of practically all foreigners in Tientsin, and I felt that the local consular representatives, especially those whose Governments maintain concessions here, should have some voice in the question of whether the bridge should be closed or kept open in case of some grave emergency. This position seemed particularly justified in view of the fact that practically all nationalities contributed to the cost of the bridge and it affords the only easy access to the East Station of the Peiping-Liaoning Railway. While the south end of the bridge abuts the French concession, a dangerous principle seemed to be involved if other governments should tacitly agree that the French authorities have the sole right to decide whether the bridge should be closed or kept open.

I may add that this matter has been discussed with Colonel Taylor of the 15th Infantry, who concurs in my views on the subject.

There

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

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2/ There is enclosed herewith a copy of a telegram
sent by me on yesterday to the American Minister at
Shanghai. In order to save time, a copy of this despatch,
with its enclosures, is being sent directly to Minister
Johnson at Shanghai.

Respectfully yours,

F. P. Lockhart,
American Consul General.

800

FFL/DA

Enclosures:

- 1/, letter of French Consul.
- 2/, Telegram to American Minister
at Shanghai.

Original and 1 copy to Legation.
Copy to American Minister at Shanghai.

) 4 4 9

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

18th February, 1932.

Sir and dear Colleague:

With reference to our meeting of yesterday, we have the honour to suggest that consideration may be given to the following points which appear to us to bear on the decision of your Government that, in the event of a declaration of war between China and Japan or in the event of a similar situation arising at Tientsin as the present situation at Shanghai, the International Bridge will be closed by the French authorities to the passage of Japanese and Chinese troops. We would be glad if this letter could be brought to the knowledge of the French Minister with the request that he should take advantage of the presence in Shanghai with himself of the American and British Ministers and the Italian Charge d'Affaires to discuss the question with them. It is perhaps desirable to add that we have not yet had an opportunity to receive instructions from our respective superiors on this subject and that the views expressed in this letter are our own.

2. We are of the opinion that the maintenance in its integrity of the Protocol of 1901 is a matter of prime importance to our national interests in Tientsin, for thereby it may be possible to save this region from being the scene of warfare, since the protocol provides that no Chinese troops may approach within a circle of twenty li radius from the old South Gate of Tientsin City. It seems to us that the decision of your

Monsieur Ch. Lepissier,
Consul de France,
Tientsin.

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

Government recorded above endangers the integrity of the Protocol by breaking down the solidarity which now exists between all the foreign contingents in Tientsin. Our efforts should, we think, be directed to keep Chinese military forces outside the twenty li radius rather than to compel the Japanese to take independent action, in order to keep open their line of communications to the station and thence to the sea, for this may result in Tientsin becoming the scene of military operations, which would be disastrous to all our interests.

3. Apart from this, it would seem that the Japanese may have a right, by virtue of the 1901 Protocol, to utilize the International Bridge to secure access to the East Station. It is our view that not only have all nationalities an equal right to use the bridge but all have an equal right to be given access to it, even if that involves a passage across one or more concessions, partly by virtue of the Protocol and partly because the present site of the International Bridge would probably never have been agreed to by the other Powers, whose nationals contributed to its construction, had it been understood that any one Power would assert the right of closing the bridge without the acquiescence of the local representatives of the other Powers parties to the Protocol, a feature of which is the maintenance of open communications to the sea.

4. In these circumstances, we are of the opinion that it would be to the advantage of us all if you could be given complete discretion in the matter of closing or opening the bridge. That is to say, it would be

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

better if you were not compelled to forbid a passage across your concession to the bridge to the Japanese immediately on a declaration of war between China and Japan, for that might easily precipitate a situation which otherwise might not arise. The Japanese, owing to the necessity of keeping open their communications with the railway, will, in that case, be forced either to take hostile measures against the French troops opposing their passage across the French Concession, the consequences of which step are incalculable, or to seize and occupy part of Tientsin City in order to control the Austrian Bridge, thereby at once exposing the port generally to the risk of counter-operations on the part of the Chinese. On the other hand, should you be in a position to exercise your discretion, you could leave matters as they are, at any rate so long as no military operations were actually in progress in this area or the safety of the French Concession was not endangered, and so long as the Chinese did not themselves raise any objections. This attitude would, we feel sure, conduce as much as anything to the maintenance of peace in this region of China, even if war was actually in progress elsewhere in this country.

5. The American Consul-General, whose Government is not a party to the agreement of July 15, 1902, concerning the 20 li arrangement vis-a-vis Chinese troops, can only associate himself with that part of the above which relates to the arrangement looking to the maintenance of open communication to the sea. However, he feels, in common with his British and Italian Colleagues, that you should be given some latitude in the matter of

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

keeping the bridge open since local circumstances or unforeseen developments might well affect the safety of foreign residents of the port if the bridge is closed without taking into consideration the position of other nationals.

We have the honour to be
Sir
and dear Colleague,
Your obedient servants,

(Signed) F. P. LOCKHART,
American Consul-General.

LANCELOT GILES,
His Britannic Majesty's Consul-General.

LUIGI MEYRONE,,
Royal Italian Consul.

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

AMERICAN CONSULATE GENERAL
 TIENTSIN - CHINA

 TRUE READING
 OF
 TELEGRAM SENT

Dated at: Tientsin, China.

VIA U.S. ARMY RADIO

Date: February 18, 1932.

GOVTSTATE

Hour of Despatch: 3 p.m.

AMERICAN CONSUL

SHANGHAI

URGENT. February 18 - 3 p.m. For the Minister (Colon)

(Quote):

"The French Consul is telegraphing to Minister Wilden the text of a letter addressed to the Consul by the British and Italian Consuls and myself on the subject of the status of the International Bridge at Tientsin with a request that the matter be discussed between the French (comma) British and American Ministers and the Italian Charge at Shanghai with a view to getting the instructions on the subject which have been given to the French Consul here by his government modified so that he will have some freedom of action (period) The French Minister will doubtless consult you and my views are set forth in the above-indicated letter (unquote)"

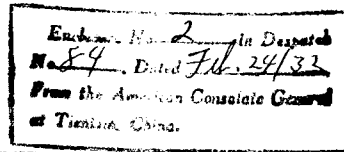
LOCKHART

Encoded by DA

MRE

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

No. 133.



CONFIDENTIAL

AMERICAN CONSULATE GENERAL,

Tientsin, China, February 24, 1932.

Subject: Twenty-li Zone at Tientsin.

The Honorable Nelson T. Johnson,
American Minister,
Peiping.

Sir:

I have the honor to refer to my confidential despatch No. 129 of February 19, 1932, concerning the status of the International Bridge at Tientsin, and to enclose herewith a copy, in translation, of an identic letter addressed under date of February 21, 1932, by the British Consul General and the Italian and French Consuls to the Chairman of the Hopei Provincial Government inviting his attention to the agreement of July 15, 1902, concerning the stationing of Chinese troops within a 20-li radius of Tientsin. The letter was despatched to the Chairman of the Hopei Provincial Government by the above-named consular officers because of the fact that information, apparently from a reliable source, has been received by them indicating that Chinese troops have recently been brought into the Chinese City of Tientsin. It is further reported that some artillery forces have also been brought into the City. The French and the Italian Consuls were particularly desirous that some warning be communicated to the Chairman of the Hopei Provincial Government of the responsibility of the Chinese authorities under the terms 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 agreement of July 15, 1902. Since the American government is not a party to this agreement I was not requested to join with my colleagues in despatching the letter. One of the advisers to the Provincial Chairman called to see me at 10 o'clock on Sunday night and stated that the Provincial Chairman was considerably exercised over the receipt of the letter and was somewhat at a loss to understand why it was despatched. I informed the adviser that, while the American government is not a party to the July 15, 1902 agreement, and while I was not a party to the representations of February 21, and knew nothing of the despatch of the letter, there was reason to believe that my colleagues may have been prompted to write the letter because of information which had been received that Chinese troops were being gradually brought into the Chinese City of Tientsin, and that the purpose of the note was undoubtedly to remind the Chinese authorities of the terms of the agreement of July 15, 1902, the breach of which might lead to trouble between the Chinese and Japanese troops. I suggested to the adviser that the best plan of procedure would be to discuss the matter with the British, Italian and French consular representatives.

Respectfully yours,

F. P. Lockhart,
 American Consul General.

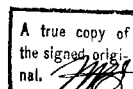
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FPL/DA/MRE

Enclosure:

Copy, in translation, of letter to the
 Chairman, Hopei Provincial Government.

Original to Legation.
 In quintuplicate to the Department.
 Copy to American Minister at Shanghai.



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

Copy Translation.

French Consulate,
 Tientsin,
 31st February, 1932.

Sir,

A serious situation has now arisen at Shanghai, and it is possible that, sooner or later, the disturbances may spread to other parts of China and affect Tientsin. I, therefore, hasten to request that the existing Treaty may be strictly observed, in order to avoid the danger of a clash at Tientsin.

In this connection, China has already recognized her responsibility for the safeguarding of her territory; but, in order to discharge that responsibility, she must undertake the protection of important places in which foreign interests and foreign security are involved. I cannot but bring to your attention the express and vital treaty provisions on account of which it is impossible to disregard this obligation, since the British concession is particularly likely to be endangered. I must, therefore, request your Excellency strictly to observe the provisions of the Treaty of 1901 and the subsequent agreement of July 15, 1902.

Your Excellency is well aware of the prohibition of the stationing of movements of Chinese troops within 20 li of the city, and that the recent outbreak amply proved the desirability of this provision. It is surely preferable to take precautionary measures against misunderstandings rather than to wait until the harm has been done. I have already reminded you that the Treaty has not been observed; and I must in particular point out to your Excellency that, in my view, the Pao An Tui is, in fact, an army, in addition to which there are other troops stationed in Tientsin in contravention of the Treaty.

I would again observe that the spirit of the afore-said Treaty is in the interest of the peace of the city, and only permits unarmed police, as in the concessions, to remain in Tientsin.

For this reason I hope Your Excellency will appreciate my intention in sending this letter, and realize that I am taking into consideration the interests not only of this Concession, but of China as a whole. I trust you will take action in the matter without delay: otherwise Your Excellency will have to accept a heavy responsibility in case of any serious collision.

I have, etc.,

(Signed) LANCELOT GILES

H. B. M. Consul-General.

The Chairman,
 Hopei Provincial Government.

0457
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

April 5, 1932.

~~RECEIVED~~
~~EXHIBIT~~
~~FILED~~

U: T. C. T.
This despatch forwards a copy of the Chinese Note to the American Minister disclaiming any responsibility for damages caused by Japanese airplanes flying over Soochow and affirming that such responsibility rests with Japan.

47
JEJ

0458

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



LEGATION OF THE
 UNITED STATES OF AMERICA

Peiping, March 1, 1932.

No. 1423

LEGAL ADVISER
 APR 11 1932
 DEPARTMENT OF STATE

THE UNDER SECRETARY
 APR 9 1932
 DEPARTMENT OF STATE

Division of
 FAR EASTERN AFFAIRS
 APR 2 1932
 Department of State

THE UNDER SECRETARY
 APR 12 1932
 DEPARTMENT OF STATE

The Honorable
 The Secretary of State,
 Washington.

Sir:

Referring to previous communications concerning the Sino-Japanese conflict at Shanghai, I have the honor to enclose a copy, in translation, of Foreign Office Note No. 419 of February 22, 1932, informing the Legation that the Japanese Government must bear the entire responsibility should any harm come to American citizens or their property at Soochow as a result of the bombing of that place by Japanese airplanes.

There is likewise enclosed a translation of Foreign Office Note No. 421 of February 25, 1932, expressing the hope that the authorities of the International

national

F/LS 793.94/4890

APR 14 1932
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

- 2 -

national Settlement will not permit the Japanese forces to continue to make use of the Settlement as a base for military movements against the Chinese at that place. The Minister for Foreign Affairs adds that "The Chinese authorities have warned the Powers concerned that being compelled to resist such aggression and to defend the honor and life of the nation the Chinese Government could not hold itself responsible for any damage which might eventually be caused by such resistance to the International Settlement, the liability lying with the party whose offensive and aggressive acts chiefly originated from the Settlement."

Respectfully yours,

For the Minister:

Mahlon F. Perkins

MAHLON F. PERKINS,
Counselor of Legation.

Enclosures:

1. From Foreign Office,
No. 419, February 22, 1932.
2. From Foreign Office,
No. 421, February 25, 1932.

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

1923

L-419

Translation of a formal note addressed by His Excellency Dr. Lo Wen-kan, Minister for Foreign Affairs of the Republic of China, to the Honorable Nelson T. Johnson, Envoy Extraordinary and Minister Plenipotentiary of the United States of America to China.

(Trans. CAB/WRP)

(Dated: February 22, 1932.)

(Recd.: February 26, 1932.)

Sir:

I have the honor to inform you that a telegram has been received from the Kiangsu Provincial Government, reporting the receipt of the following telegram from the Magistrate of Wuhsien:

"On the morning of the 17th instant, six Japanese airplanes flew to Soochow and circled about in the sky. Again at four o'clock in the afternoon, five Japanese planes flew to Soochow. On the morning of the eighteenth, three Japanese planes again came to Soochow and flew to the newly constructed air-field outside Fengmen and opened fire with machine guns."

I have the honor to observe that Soochow is a commercial port and many foreign business men have gone there and are operating legitimate business enterprises. The storage tanks of the Asiatic Petroleum Company and of the Standard Oil Company are particularly close to the aviation field.

At the present time, Sino-Japanese relations are

becoming

The Honorable
 Nelson T. Johnson,
 Envoy Extraordinary and
 Minister Plenipotentiary of
 the United States of America
 to 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

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becoming more serious and a Japanese aerial demonstration such as the above, terrorizing the regions adjacent to Shanghai, shows an intention to aggravate the situation. If any losses to foreign lives and property result therefrom, the Japanese must bear the entire responsibility and the Chinese Government will be in no way involved.

Aside from lodging a strong protest with the Japanese, I have the honor, Mr. Minister, to indite this formal note for your information.

(Signed) Lo Wen-kan,
Minister for Foreign Affairs
of the Republic of China.

-SEAL OF THE MINISTRY OF FOREIGN AFFAIRS-

February 22, 1932.

EFS:T

0462

DECLASSIFIED: E.O. 11652, 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
1423

TRANSLATION

Nanking, February 25, 1932.

No 421

Monsieur le Ministre,

It has been brought to my knowledge that the American Consul-General in Shanghai, in conjunction with the Consular heads of other Powers, has lodged a protest with the local Chinese authorities against the alleged shelling by Chinese troops of points situated within the limits of the International Settlement.

However sincerely the Chinese Government deplores that the safety of the peaceful population of the Settlement is thus endangered, and whether the shelling in question was from the Japanese or the Chinese side, I feel constrained to state emphatically that the responsibility for such a situation does not lie with China.

On several previous occasions, the Chinese Government clearly pointed out that the Japanese forces, in total disregard of the special status of the Settlement, were using it as a base for the landing of troops and for unwarranted and wanton attacks against the innocent civilian population as well as Chinese troops in territory under Chinese administration. The Chinese authorities have warned the Powers concerned that being compelled to resist such aggression and to defend the

honour

His Excellency

Mr. Nelson Trusler Johnson,

American Minister to 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

-2-

honour and life of the nation, the Chinese Government could not hold itself responsible for any damage which might eventually be caused by such resistance to the International Settlement, the liability lying with that party whose offensive and aggressive acts chiefly originated from the Settlement.

The Chinese Government has now received reports showing that more Japanese troops have arrived in Shanghai during the last few days and that large numbers of further re-inforcements are being despatched from Japan. I have the honour to urge Your Excellency to take such immediate steps as will restrain the Japanese forces from landing in the Settlement and using it as a base of operations.

I have the honour to make the further request that the most effective means be employed to bring to an end the state of affairs now existing in the International Settlement, which is responsible for the sanguinary struggle going on in its vicinity. It is earnestly hoped that the authorities of the International Settlement will not permit the Japanese forces to continue to make use of the Settlement in perpetrating crimes against the law of nations and the precepts of humanity.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

LO WEN-KAN

DECLASSIFIED: E.O. 11652, 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
April 8, 1932.

~~MMH~~
~~SKH~~
~~RCM~~

In the attached despatch,
Consul General Peck discusses the
proposal of the Japanese for the
demilitarization of Chinese ports
and concludes that such a pro-
posal coming as it does from the
Japanese cannot be other than
most unpopular in China.



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

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AMERICAN CONSULATE GENERAL,
Nanking, China.

MAR 26 32 February 12, 1932.

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

ASSISTANT SECRETARY OF STATE
A-3/C
Subject: Opposition of the Chinese Government
to the "Demilitarization of Ports".
The Honorable
The Secretary of State,
Washington.

Division of
EASTERN AFFAIRS
MAR 28 1932
Department of State

F/LS 793.94/4891

Sir:

I have the honor to enclose with this despatch
copies, in quintuplicate, of my despatch No.L-176
dated February 12, 1932, to the Legation at Peiping
entitled "Opposition of the Chinese Government to
the 'Demilitarization of Ports'".

Respectfully yours,

Willys B. Peck
Willys B. Peck,
American Consul General.

APR 19 1932

FILED

Enclosure:

As stated.

In quintuplicate.

800

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

No.L-176

AMERICAN CONSULATE GENERAL,
 Nanking, China.

February 12, 1932.

Subject: Opposition of the Chinese
 Government to the "Demili-
 tarization of Ports".

Honorable Nelson Trusler Johnson,
 American Minister,
 Peiping.

Sir:

I have the honor to enclose herewith translations from articles in the CENTRAL DAILY NEWS, of Nanking, setting forth what purport to be statements by Dr. Lo Wen-kan, Minister for Foreign Affairs, in regard to matters under dispute between China and Japan.

The first translation is dated February 5, 1932, and is entitled "Lo Wen-kan's Statement concerning Shanghai Affair". The statement is described as a reply to a "manifesto" issued by the Japanese Prime Minister, and its salient feature is an assertion that Japan's military policy toward China is a single one, that Manchuria and Shanghai are embraced within a complete national sovereignty, and there is, therefore, no logical reason for separating the Manchurian and Shanghai problems; there are, also, a reiteration that China is acting only in self-defence against Japanese

aggression.

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

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aggression, and an appeal to the Powers to uphold the sanctity of international compacts.

The second translation is a denunciation by the Minister for Foreign Affairs of the proposal advanced by the Japanese Minister of the Navy that nearly all Chinese troops be withdrawn from Manchuria and that five ports in China be denuded of Chinese military forces. Dr. Lo stigmatizes the proposal as one designed to deprive China of the possibility of self-defence and as an attempt to enlist international support for Japan's own aims through an appeal to the alleged self-interests of the Powers. A short report of the same remarks, as issued by the REUTER service in Nanking, concludes with the following paragraphs:

"There is absolutely no analogy between the present Shanghai situation and that existing in Tientsin in 1902 when the international agreement referred to by the Japanese Navy Minister was made.

"Even in Tientsin this particular provision of the Agreement of 1902 has gradually fallen into disuse because of changing circumstances. To suggest to apply this antiquated arrangement to Shanghai not only constitutes an attempt to destroy the administrative integrity of a sovereign nation, which no respectable government can tolerate, but also discloses the sinister intention on the part of Japan to extend the area which may again be made use of as a base of military operations against Chinese forces when she should engage in further aggressions in China."

It should be noted that the whole trend of Chinese Government reforms recently has been in the direction of removing military influence from the Nation's affairs and the "demilitarization of ports"

7468
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

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is certainly a part of the general plan. However,
coming from Japan at the present moment the proposal
cannot be other than most unpopular in China.

Respectfully yours,

Willys R. Peck,
American Consul General.

Enclosures:

- 1/ Translation of Lo Wen-kan's statement dated
February 5, 1932.
- 2/ Translation of Lo Wen-kan's argument dated
February 9, 1932.

In duplicate to the Legation
In quintuplicate to the Department of State.

800

WRP:MCL

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

Enclosure No. 1 to despatch to the Legation No. L-176
 of Willis R. Peck, American Consul General at Nanking,
 China, dated February 12, 1932, entitled "Opposition
 of the Chinese Government to the "Demilitarization of
 Ports".

LO WEN KAN'S STATEMENT CONCERNING SHANGHAI AFFAIR

(Published in the Central Daily
 News, issue February 5, 1932.)

Dr. Lo Wen-kan, the Minister for Foreign Affairs,
 made the following statement in regard to the manifesto
 issued by T. Inukai concerning the Shanghai affair:

"The territory and sovereignty of China is a complete
 one. The sovereignty and territorial integrity of China
 have been ensured by the various international agreements.
 There is absolutely no reason why the Manchurian and
 Shanghai problems, which occurred within the scope of a
 complete national sovereignty and territory, should be
 settled separately. Moreover, the military policy of
 Japan toward China is also a complete one, and its
 military activities have been taken on the basis of this
 traditional policy. Chinese troops, in taking self-
 defensive actions to defend their territory in China,
 have taken legal and right activities. There is absolutely
 no militarist principle involved.

"What China has now endured cannot be endured by any
 other sovereign nation. If any other country were under
 the same circumstances as China, its activities would never
 be confined to the scope of proper defence as the Chinese.
 The reason China has endured to such an extent is to main-
 tain world peace and international agreements. The reason
 China has to offer resistance is, besides the power allowed
 to it by law to assume proper defensive, to maintain world
 peace and the dignity of international agreements, and to

prevent

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

-2-

prevent them from being violated by any brutal nation. I beg to invite the attention of the world to Japan's invasion by armed force of the Three Eastern Provinces since September 18, 1931, especially its offensive along the Chinese Eastern Railway, its attack on Chapei and continued provocation, its warplane bombardment, and the recent bombardment of the Capital and heavy attack on the Woosung Forts, are serious acts of war which cannot be concealed. Now China has accepted in full the proposals contained in the Notes of the United States, Great Britain and other friendly nations. The Japanese military activities, however, have become more serious. In order to enforce the resolutions of the League of Nations, the Anti-War Pact, the Nine Power Treaty and the procedure recently proposed by the various friendly nations to ensure peace, it is hoped that the nations will take strict and effective steps to ensure world peace and uphold the dignity of international agreements."

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

Enclosure No. 2 to despatch to the Legation No. 1-176
 of Willys R. Peck, American Consul General at Hankow,
 China, dated February 12, 1932, entitled "Opposition
 of the Chinese Government to the "Demilitarization of
 Ports".

Dr. Lo Wen-kan's argument against the Japanese
 proposal that no Chinese troops are to be stationed with-
 in a circumference of 15 to 20 miles at the 5 ports of
 Shanghai, Hankow, Tientsin, Canton and Tsingtau, and that
 in the Three Eastern Provinces, China is to station no
 troops or to station a small number of troops merely to
 perform police functions.

Tr. Hsi (February 9, 1932, Central Daily News)

"Shanghai is an important and peaceful Sino-foreign
 trade port. During the several decades since the port
 was opened, Chinese and foreign authorities have enjoyed
 mutual peace. The fact that Shanghai has been able to
 attain its present development is a clear evidence.

"The present incident is created solely by the
 Japanese troops in utilizing the Settlement for attacks
 upon Chinese troops. Its responsibility should be
 borne by Japan. The Chinese troops, in defending Chinese
 territory, are taking the most proper and legal action.
 There is absolutely no reason for China to give up its
 right of self-defense for existence within its territory
 because of the unreasonable and invading military activities
 taken by the Japanese troops in violation of the treaties.
 Such activities are in reality breaking China's adminis-
 trative integrity guaranteed by the various international
 treaties.

"As

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

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"As regards the 'peaceful area', it is purely a zone established temporarily to separate the two armies from clashes. It is to be abolished immediately after the incident is over. If Japan were to acquire another ostensibly commercial but military base in Shanghai and to hold the key of communications between the capital and Shanghai, future Shanghai will be still more unpeaceful. It will not only cause a hindrance to the commerce of the various nations and their interests in China, but will also be the main fuse to blow up the peace in the Far East. The governments of the various nations and their peoples should clearly understand this point.

"The Reuter Service reports that Japanese diplomatic authorities have announced that China shall station no troops within an area of 15 to 20 miles at the five ports of Shanghai, Hankow, Tientsin, Canton and Tsingtao, and that in the Three Eastern Provinces, no troops shall be stationed or only a small portion of troops be stationed merely to perform police functions. This statement is very surprising. This is impossible even in Shanghai as explained in the above reason, how can it be possible in the other ports and the Three Eastern Provinces? It certainly deprives China of its right of self-defence for existence, as a whole, and also all its privileges and protection legally enjoyed by it as an independent nation. It places China at the mercy of a nation whose territory is nearest to China and who can invade China most conveniently. No defeated nation in the world would conclude such cruel and suicidal treaties, and, moreover, China has not yet

declared

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

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declared war against any nation. In connection with the Manchurian question, China is defended by the repeated resolutions of the League, which reveal justice and distinguish the right and the wrong.

"In a word, Japan has violated the Anti-war Pact, the League of Nations Covenant, and the Nine Power Treaty of Washington, and invaded Chinese territory with armed forces at will. It has no word to explain its own acts and so it attempted to use international interests to incite the various nations. It is not aware that its intention and acts are entirely contrary to international interests. I believe that international justice still exists and the various friendly nations will know the right and the wrong, the advantages and the disadvantages, and their responsibilities provided by the treaties, and will not be moved by a propaganda which is intended for other purposes and is not true to facts.

"As regards the stability of the Chinese Government, this is a question of Chinese internal administration and the Chinese people will be able to settle it themselves.

"It is alleged that the Chinese merchants and people welcomed the above proposal. I know that Chinese patriotic citizens must fill their breasts with anger when they hear it. The Japanese diplomatic authorities claimed that the proposal is a 'moral plan'. I do not know whether there is such a moral plan among nations, by which the strong oppresses the weak and falsely accuses the weak of invading the strong and forbids the weak to defend its existence. I desire the

world

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world to know that China of today is not the old China of 1901, and that the National Government will never sign any treaty similar to that signed 31 years ago. I am responsible for the above statement on behalf of my Government."

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

(P. 1)

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
April 9, 1932.

~~DMH.~~
~~SKH.~~
~~BSM.~~

The attached despatch from
Consul General Peck is of inter-
est as it gives Mr. Peck's views
in regard to the attitude of
Chinese officialdom at Nanking
toward the Japanese.



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

No. D- 215.

AMERICAN CONSULATE GENERAL,

Nanking, China.

February 23, 1932.

MAR 26 32

Subject: Attitude of Chinese Officials
toward Japanese policies.

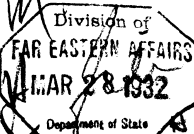
Confidential.

The Honorable

The Secretary of State,

Washington.

Sir:



F/LS

793.94/4892

793.94

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893.102-2
893.102-1

I have the honor to refer to my despatch No. D-207, of February 9, 1932, with which I enclosed a Memorandum of a conversation held by me with Mr. Uyemura, Japanese Acting Consul General and Secretary of Legation, on January 28, 1932, and to my despatch No. D-214, of February 20, 1932, treating of the rumored split between the Cantonese 19th Route Army and the National Government.

Mr. E. M. B. Ingram, British Counselor of Legation, has been good enough to give me, in confidence, a Memorandum of a conversation held by him with Mr. Uyemura February 18, 1932, in the course of which the Japanese official assured Mr. Ingram, as he had assured me, that there was an understanding between the Japanese and Chinese military authorities in Nanking which would probably serve to prevent any hostilities in the Capital. A copy of the Memorandum is enclosed. Mr. Uyemura gave a

partial

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partial explanation to Mr. Ingram of the reason for the presence of six Japanese naval vessels at a spot where they have no intention of initiating hostile action, namely, to prevent Chinese troops from crossing to the south bank of the Yangtze and to prevent the passage of military aircraft to Shanghai. Mr. Uyemura did not give this explanation in his talks with me, but it is evident that the Japanese would naturally desire to guard the Yangtze River and the termini of the Tientsin-Pukow and the Shanghai-Nanking Railways, as a necessary part of their tactics at Shanghai.

The apprehension felt by this Consulate General that hostilities might at any moment take place in Nanking, which apprehension was one of the reasons for the advice given on February 5, that American women and children leave the city, was based upon the understanding that troops were continuously leaving Nanking by the Shanghai-Nanking Railway to join the front at Shanghai and that military aircraft from the south were passing through Nanking to the Shanghai area.

On February 21, 1932, the undersigned, together with Vice Consuls Buss and Reynolds, paid a social call on Mr. Uyemura, on the YUN YANG MARU, his floating headquarters. Mr. Uyemura volunteered the information that he had just received a visit from a representative of General Ku Cheng-lun, Commander of the Defence Force of Nanking, who said that General Ku wished, in view of the fact that fighting had broken out again in Shanghai, to assure the Japanese authorities again that the Chinese Government would do nothing to initiate hostilities in Nanking and that it was hoped that the Japanese authorities would

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would continue to follow a similar policy. Mr. Uyemura observed that the Chinese Government seemed very anxious not to become involved in the Shanghai incident. The Department will note that this is the same idea which Mr. Uyemura expressed to Mr. Ingram, that is, that the fighting at Shanghai was begun on the initiative of the Cantonese and the 19th Route Army, and does not involve the National Government.

It has long been a bitter complaint of the Chinese against the Japanese that the latter continually endeavor to foment dissensions between Chinese officials, and that they sometimes succeed. Many Chinese profess to believe that the Japanese Government, or at least an influential section of it, does not want to see a strong Chinese Government. The Department will note from Mr. Ingram's Memorandum, last paragraph, that Mr. Uyemura was confident that General Han Fu-chu, Chairman of the Shantung Provincial Government, was intriguing to oust General Chang Hsueh-liang and would do nothing against the Japanese, whose assistance might stand him in good stead. Mr. Ingram made the comment in his Memorandum that it was difficult to resist the impression that General Han was being paid by the Japanese. In this connection I have the honor to refer to a telegram I sent to the American Legation at Peiping on August 1, 1931, stating that the Chinese Government asserted that it had proof that General Han had received silver \$500,000 from the Japanese and that General Shih Yu-san, then engaged in revolt against the Government and against General Chang Hsueh-liang, had received a similar sum from the Japanese indirectly through Canton.

In

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In the present case events will show whether the Japanese are right, or not, in thinking that the opposition at Shanghai emanates only from the Cantonese element, and that General Chiang Kai-shek and other leaders of the National Government earnestly wish to yield to Japanese demands there, in order to avoid further trouble. It seems possible that the Government has purposely fostered this idea in the minds of the Japanese, as the easiest means of inducing them to refrain from military activity elsewhere than in Shanghai. There are, it must be conceded, evidences to support the view that Chinese leaders in Shanghai have themselves doubted whether the Nanking Government wished to oppose the Japanese resolutely. I attach hereto, for example, a 2/ synopsis of a telegram addressed to the Government on February 13, 1932, by Sun Fo and other members of the Central Executive Committee of the Nationalist Party residing at Shanghai, urging the Government to take certain strong measures against the Japanese, most of which measures the Government has already announced that it will take. The National Government has in formal manifestoes declared its support of the 19th Route Army against the Japanese forces and the evidence is unmistakable that it has supplied that Army with reinforcements and munitions.

This Consulate General is inclined to believe, therefore, that the Japanese are over-sanguine, if they think that the determination to resist them which is being shown by Chinese troops at Shanghai is not widespread among the Chinese people, military forces, and leaders.

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leaders, even though here and there cupidity or timidity
may have induced an individual Chinese officer to refrain
from resistance.

Respectfully yours,

Willys R. Peck
Willys R. Peck,
American Consul General.

Enclosures:

- 1/ Copy of Mr. Ingram's Memorandum of February 18, 1932.
- 2/ Synopsis of telegram addressed to the Chinese Government on February 13, 1932.

Single copy to the Department of State.
Single copy to the American Legation, Peiping.
Single copy to the American Consul General at Shanghai.

WRP/b

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

CONFIDENTIAL.

MEMORANDUM.

At a lunch at H. B. M. Consulate on Thursday the 18th February, 1932, at which the Acting Japanese Consul General, Mr. S. Uyemura was the only guest the following information was elicited:-

The Japanese Military Attaché here has daily interviews with the Vice-Minister for War, General Ch'en Yi, and it has been made clear to the latter that the Japanese warships at Nanking will do their best to prevent any Chinese reinforcements passing between Pukow and Nanking, as also the passage of military aircraft from the south to Shanghai. Subject to the above conditions, there is an understanding that neither side will do anything at Nanking that may lead to a clash and the Chinese authorities are meeting Japanese wishes in every possible way. Although the Japanese Consular staff are residing on the N.Y.K. hulk they pay visits to the Consulate General. The Japanese and Chinese naval commanders are said to have a gentlemen's agreement not to indulge in hostilities.

As regards the looting of the N. Y. K. hulk on the morning of February 2nd after the firing incident of the previous night the Chinese had shown themselves most anxious to make reparations and had brought cash to Mr. Uyemura as compensation before noon the same day.

Mr. Uyemura gave the impression that so far as Nanking was concerned he considered that he had got the Chinese where he wanted them!

As regards the 19th Route Army there were wheels within wheels. Chiang Kai-shek was all for withdrawal

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drawal but General Tsai Ting-kai at whose back were Sun Fo and Eugene Chen was strong in his determination to offer resistance. Chiang Kai-shek was using a certain General Wen to try and enforce his ideas on Tsai Ting-kai who was being egged on by Sun Fo and Eugene Chen out of pure cussedness and determination to thwart Chiang Kai-shek. The Japanese were working in close collaboration here with General Ho Ying-chin and General Ch'en Yi through their military attaché and Mr. Uyemura hinted that if they could be left alone to arrange matters through this medium without interference from other cooks, the broth would not be spoiled.

As regards Shantung Mr. Uyemura said that all was quiet, no anti-Japanese boycotts and no incidents. Han Fu Chu was biding his time and probably aimed at eventually usurping the Young Marshal's position in North China when the appropriate moment arrived. For this reason it paid him to stand in well with the Japanese. In fact the position there was painted in such reassuring colours that it was difficult to resist the impression that Han Fu-chu was being paid by the Japanese.

(Indt.) E.M.B.I.

19th February, 1932.

NANKING.

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

Synopsis of Telegram from the Members of the
 Central Executive Committee in Shanghai to
 the Chinese Government.

(Trans. Hsi)

(Dated February 13, 1932)

- (1) Continue to resist Japan's aggressions.
- (2) Concentrate Land, Naval and Air Forces; forcibly defend Shanghai, and render adequate assistance to the Nineteenth Route Army.
- (3) Troops in the North take this advantage to restore the lost territory in Manchuria.
- (4) Unless Japan withdraws all troops from Shanghai, China must not hold any negotiations. Manchurian and Shanghai questions should be solved as one issue.

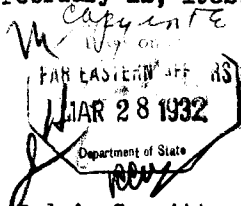
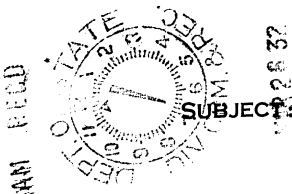
Sun Fo, Chang Ching-kiang, H.H. Kung,
 Hsueh Tu-pih, Wu Tieh-cheng, Chang
 Fa-kuei, Sun Ching-ya, Liang Han-chao,
 Fang Yu-sui, Kan Nai-kuang, Yang Hu,
 Hsiung Keh-wu, Kuei Chung-chi,
 Ting Chao, Ma Chao-chun, Eugene Chen,
 Ho Shih-tseng, Liu Lu-ying, Chen
 Chia-yu, Chu Ming-yi, Chang Chih-peng,
 Chen Chien, Chen Ching-yun, Yang
 Shu-kan, Ho Yao-tsu, Huang Chih-lo,
 Tang Yu-jen, Chang Ting-fang.

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

NO. 7127

AMERICAN CONSULATE GENERAL,

Shanghai, China, February 12, 1932.



Report of Consular Body's Committee to
Make Recommendations Regarding the
Disposition to be made of Certain Chinese
Detained by the Japanese and Handed over to
the Shanghai Municipal Council.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

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I have the honor to refer to this Consulate General's
telegram No. 8 of February 6, 5 p.m., advising the appoint-
ment by the Consular Body of a committee to make recom-
mendations regarding the disposition to be made of certain
Chinese detained by the Japanese and handed over to the
Shanghai Municipal Council. This committee is composed
of:

Mr. N. Aall, Consul General for Norway.
Mr. P. Grant Jones, Assistant Judge H. B. M. Supreme
Court.
Mr. G. Ros, First Secretary of the Italian Legation.
Mr. R. T. Bryan, Jr., Municipal Advocate.

1/

There is enclosed herewith a copy of the report of
this committee to the Senior Consul. The report is
transmitted as information and in particular to complete
the record of one of the least justified of the acts of
the Japanese military authorities in the Settlement.
It will be noted that Mr. Aall states that he was
informed through the Secretary of the Consular Body on

February

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February 9, 1932, that the Japanese authorities did not have any charges against any of the Chinese handed over. This was confirmed by Mr. Aall later in a conversation with Mr. Murai, the Japanese Consul General. One can not but surmise what would have been the condition of these prisoners had the Shanghai Municipal Council not made a protest, and the Consular Body followed this protest up with a request for the release of the prisoners to the Shanghai Municipal Council authorities.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

Enclosure:

1/- Report of Committee of Enquiry
and Investigation, as stated.

ESC:NLH
800/350

In quintuplicate
In duplicate to Legation
Copy to Minister at Shanghai

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

(CIRCULAR NO. 42-M-XIII.)

SUBJECT: REPORT OF COMMITTEE OF ENQUIRY AND INVESTIGATION

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From the Consul General for Norway to the Senior Consul.)

February 9, 1932.

Sir and Dear Colleague,

I have the honour to enclose herewith a report about the proceedings of the Committee appointed by the Consular Body to make recommendations regarding the disposition to be made of certain Chinese detained by the Japanese and handed over to the Shanghai Municipal Council.

I have the honour to be,
Sir and dear Colleague,
Your obedient servant,
(sd) N. Aall.

E. S. Cunningham, Esq.,
American Consul General and Senior Consul,
Shanghai.

Enclosure:

REPORT

CONSULAR BODY'S COMMITTEE TO MAKE RECOMMENDATIONS REGARDING THE DISPOSITION TO BE MADE OF CERTAIN CHINESE DETAINED BY THE JAPANESE AND HANDED OVER TO THE SHANGHAI MUNICIPAL COUNCIL.

The Committee was appointed at the Consular Body meeting on Saturday, February 6th, 12.30 p.m.

On Sunday, February 7th, I saw Mr. Fessenden as well as other gentlemen of the Municipal Council about the matter and Mr. J. C. Greig was instructed by Mr. Fessenden to serve as a secretary to the Committee. It was arranged that a meeting of the Committee be called on Monday at 11 a.m. I suggested that the Municipal Council might send one of their Inspectors to the meeting, as I understood that the Police might be interested in the investigations which might be made with regard to some of the Chinese detained.

On the same morning I called on the Japanese Consul General and informed him that the Committee would probably hold their first meeting on Monday at 11 a.m. I said that I thought that the work of the Committee would be facilitated if the Japanese Authorities would inform us whether they had any charge to make against the prisoners

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ers, and if so, whether it was possible for him to cause a list to be sent me Monday morning (at 10.30) giving the names of those, against whom a charge would be made, also the nature of the charges to be made.

Mr. Murai promised to do this, adding that he thought that the charge would be that they had been sniping. I said that I had seen list of the Chinese detained, and that there were the names of old women, children and others who it seemed very unlikely had been guilty of sniping.

In the afternoon I had a visit of one of Mr. Murai's secretaries, who said that our list must be wrong. The Japanese had - on the 6th instant - set free 39 Chinese. They were sent ashore from the Cruiser "Yubari" and landed at the O.S.K. Wharf. This was at 2 p.m.

At 6 p.m. they had handed over to the Settlement Police 50 snipers (from the same Cruiser and at the same Wharf).

At 7 p.m. a further number of 15 snipers had been handed over at the same place from the same ship to the Police. Of these 50 and 15, or 65 in all, there were none under 16 years of age. They were from 16 to 60 years old.

I asked the secretary of Mr. Murai if he could supply me with a list of names of these, and if possible give the charge which the Japanese made against them. The secretary promised to let me have this before 11.30 a.m. on Monday.

 Monday, February 8th 1952.

In the morning I had a visit from the secretary of Consul General Murai, who handed me a list of the Chinese against whom Japanese authorities had a charge, the charge being that they were snipers. The Chinese detained and not mentioned on this list could be released forthwith.

To explain how the list in possession of the Council has 117 names whereas the Japanese only claim to have handed over 65 snipers, the secretary, Mr. Akaghi, gave the following particulars:

On the same day as the snipers were handed over to the police, certain activities by the Japanese in the Northern part of the city caused some Chinese refugees to seek out of the danger-zone. Some of the refugees, 52 in number, were transported by a Japanese motor-lorry (lorries?) from the danger-zone, down to the wharf. No doubt, these 52 are the same who are now detained by the Council in addition to the 65 handed over to the police (52 and 65 = 117).

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At the meeting held on Monday at 11 a.m. the members appointed were all present, whereas Superintendent R. Condit of the S.M.P. was in attendance.

The Chairman (as such Mr. Hall was elected) informed the other members of what steps had so far been taken by him the day before (as above).

The Committee was of the opinion that, in accordance with recognized procedure, it would be necessary to bring those, who were accused of an offence, before the Special District Court without delay and obtain a remand to enable the Committee, with the assistance of the Police, to examine and prepare the evidence.

The following procedure was approved:

The Japanese list of names etc. will be translated and the charges clearly ascertained.

The 65 persons, or such as are alleged to be guilty of crimes in the Settlement, will be brought before the Special District Court as soon as possible, i.e. Tuesday morning. Evidence of arrest including that of the Police Officer who took charge of the detained persons, will be submitted, and a written detention and a remand of two weeks will be applied for.

Refugees and others against whom no charges are made will be set free, and where necessary referred to the women's organization for relief.

Remanded persons will be examined singly by the Committee, and particulars collected from them and the Police.

If the Court refuses to remand the accused persons the Committee desires the Municipal Police to keep them in custody, and the question then to be decided would be what action should then be recommended to the Council.

In the afternoon on Monday I was informed by Inspector Condit that there was certain difficulties in identifying the various men handed over by the Japanese as the names which they gave did not - in a number of cases - correspond with the names in the list supplied by the Japanese Consulate General. It would, however, be possible to set free the 33, who were evidently refugees only. These 33 would be allowed to go the same evening.

Mr. Bryan, the S.M. Council's Advocate, telephoned to the Chairman, saying that there would be some difficulties in making any of the judges give an order for remand.

On Tuesday

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On Tuesday, February 9th, 1932, I got a telephone message through the Secretary of the Consular Body informing me that the Japanese Consul General had asked him to inform me that the Japanese authorities now did not have any charges against any of the Chinese handed over. I telephoned to Mr. Bryan and asked him not to take any steps with regard to have any order from the Court, before the Committee could meet again and discuss the matter.

I then saw Mr. Murai who confirmed that no charges would be preferred by the Japanese against the men handed over (not even against the 65 which were previously said to be gunmen). As far as the Japanese were concerned they could all be set free if the Council so wished.

A meeting was thereupon called for 11 a.m. the same day and the Committee recommended to the Municipal Council that all the Chinese so far handed over should be set free.

The Committee then adjourned sine die.

Shanghai, February 9, 1932,

(sd) N. Hall,
Chairman of the Committee.

Circulated: February 10, 1932.

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

No. 8128

AMERICAN CONSULAR SERVICE.

American Consulate General,
Shanghai, China, February 24, 1932.

Subject: Consular Body Committee Regarding
Disposition of Chinese Detained
by Japanese

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.

Sir:

With reference to my despatch No. 8127 of
February 12, 1932, on the above subject, I have
1/2/ the honor to transmit herewith, for the Department's
information, copies of the minutes of two special
meetings of the Consular Body held on February 5
and 6 respectively, at which the above committee
was formed.

At the meeting on February 5th Mr. Fessenden,
the Secretary General of the Shanghai Municipal
Council, set forth in detail the situation existing
in the Hongkew area and the high-handed treatment of
Chinese civilians by Japanese forces. The statement
by the Japanese Consul General as reported in the
minutes concerning Japanese action in the Hongkew
area will also be of interest to the Department.

It will be noted also that on pages 5 and 6 of
the minutes of February 5th the Japanese Consul General

made

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made a statement concerning the reasons for the
Japanese action on the night of January 28th-29th.

The minutes of the meeting of February 6th will
doubtless also be of interest.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

✓
Enclosures:

1/2/ Minutes of Meeting of Consular
Body held on February 5 and 6,
1932.

PRJ MB
800/350

In Quintuplicate.

In Duplicate to Legation.

Copy to Minister.

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

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Date 6/15/84
By 2-27-76

Encl #1

CONFIDENTIAL
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CONFIDENTIAL

SUBJECT: MINUTES OF SPECIAL MEETING OF THE CONSULAR BODY
ON FEBRUARY 5, 1945, COMMENCING AT 3:45 P.M.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE
COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR
THEIR INFORMATION.

Present:

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Consul General for U.S.A. & S.C. -E. S. Cunningham, Esquire,
Consul General for Norway -N. Aall, Esquire,
Consul General for Belgium -J. Van Haute, Esquire,
Consul General for Sweden -J. de Lillienbök, Esquire,
Consul General for France -E. Koechlin, Esquire,
Consul General for Germany -Baron H. Rüdiger von Collenberg,
Consul General for Denmark -Ove Ldum, Esquire,
Consul General for Italy -Count G. Ciano di Cortellazzo,
Consul General for Japan -K. Murai, Esquire,
Consul General for Spain -E. V. Ferrer, Esquire,
Consul General for Finland -H. de Knorring, Esquire,
Consul General for Portugal -Dr. J.B. Ferreira da Silva,
Consul General for Chile -Carlos Becerra, Esquire,
Consul General for Switzerland -E. Lardy, Esquire,
Consul General for Austria -F. Winkler, Esquire,
Consul for Great Britain -A. D. Blackburn, Esquire,
V-Consul for the Netherlands -E. T. Schuurman, Esquire,
Secretary in Charge of Consulate
for Czechoslovakia -K. Malinovsky, Esquire,
In Charge, Polish Legation,
Consular Section -J. Kryszinski, Esquire,
and by invitation
Secretary General, Shanghai
Municipal Council -S. Fessenden, Esquire,

The Senior Consul said he had convened the meeting
to consider an important matter, (particularly from the
humanitarian standpoint) and one which was of grave concern
to the Settlement Authorities. Mr. Fessenden, the Secret-
ary-General of Council had kindly accepted an invitation to
attend the meeting and would address it on the matter
referred to.

Mr. Fessenden said that at a Council meeting the
previous night, he was instructed to approach the Senior
Consul with a view to presenting to the Consular Body
certain representations which the Council wished to make
with regard to the high-handed treatment of Chinese in
the Hongkew areas by the Japanese forces. Although no
formal declaration of war has been made, according to the
Council's records which had been compiled from the state-
ments

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ments of the municipal police, of members of the Defense Force and of other eyewitnesses, the Japanese forces had treated the Chinese in the Hongkew areas as if a state of war existed. In other words Chinese who were suspected of sniping, in some cases on the flimsiest grounds, were summarily shot by members of the Japanese forces, and houses which were suspected or alleged to be harboring snipers were riddled with Japanese bullets. The Council had received a large number of requests from relatives of missing persons soliciting its assistance to trying to trace these persons and in obtaining their release if they proved to be in custody. According to the Council's information a large number of Chinese were still being detained by the Japanese forces and the Council had been unable to ascertain the reason for their detention. The Council was fully aware of the fact that snipers caught in the act might be summarily executed but in the absence of a declaration of war, the Council objected to the execution of suspected persons without trial and wished to know if the Consular Body would assist and support it in devising some means of dealing with this unfortunate situation. A suggestion had been made that by agreement with the Japanese, some sort of special tribunal be set up to try these detained persons, but there were great practical difficulties in the way, one objection being that it would take too long a time to get such a tribunal established and functioning. Another suggestion was that possibly through the kindly intervention of the Consular Body, the Japanese Authorities might agree to the appointment of a small international committee, to be appointed by the Consular Body, which would be permitted by the Japanese Authorities to visit these detention camps and hold some sort of a preliminary enquiry and investigation with a view to ascertaining the grounds on which these detained persons were held, thereafter submitting a report with recommendations. The committee would have no power or authority but would confine its activities to the purposes mentioned. However as a result of the committee's findings and recommendations, the Japanese Authorities might be induced to hand the detained persons over to their respective jurisdictions for trial or some other satisfactory disposition made of them. An alarming situation existed which had created a great deal of public concern and certainly laid the Settlement Authorities open to a great deal of adverse criticism. It might become an important factor in any investigation which the Powers might undertake to fix the responsibility for what had occurred in Shanghai. He (Mr. Fessenden) had no intention of antagonizing anybody but the reports the Council had received established beyond reasonable doubt that deplorable conditions had existed and still exist in the Hongkew areas which called for some positive action on the part of the Consular Body to alleviate the situation. He thought the Japanese Authorities should be willing, in their own interests, to assent to the appointment of such a committee of investigation and enquiry so as to be relieved of the charge that people were being detained without good grounds, and that innocent persons were put under

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under restraint and duress. Apart from other considerations, the Council acted on humanitarian grounds to make an appeal to the Chinese Army and the Japanese Authorities to do something to relieve matters.

The Senior Consul remarked that he also had received a number of letters written by relatives and lawyers on behalf of relatives soliciting his help in locating missing persons. Speaking for himself, he would be glad to co-operate in any way possible with the Shanghai Municipal Council and the Japanese authorities in any suitable measures to clear up the situation.

Mr. Fessenden said there was no doubt but that the Chinese had sent a large number of plain clothes men into the Hongkew districts who had been sniping at the Japanese forces ever since they occupied a portion of Chapei. He agreed that the Japanese must have been very exasperated at these activities and they were of course justified in dealing summarily with any snipers caught red-handed, but as no formal Declaration of War had been declared, the Japanese forces had no right, in his submission, to indiscriminately shoot Chinese on the mere suspicion of the ordinary Japanese soldier in the street that they were or had been engaged in sniping.

The Consul General for Japan said that following Thursday (January 28) night, when the Japanese forces entered Chapei, Chinese plain clothes men in large numbers fired on the Japanese from behind, Japanese feeling which was already very high, was further inflamed by these activities and for a time there was something like chaos in certain portions of the Hongkew districts. He admitted that some excesses were committed by the Japanese, which he very much deplored. However the situation in the last few days had very much improved and he was informed that there were very few "incidents" yesterday and none at all to-day, so that the trouble seemed to be over, and he did not think it would recur from now on. The question of the disposition to be made of the prisoners now in the hands of Japanese had caused him much worry. Of course Chinese gunmen caught red-handed would be summarily executed as a measure of self-protection, but as regards those persons who are suspected of shooting and were caught within the Settlement limits, he was willing that they should be handed over to the Municipal Authorities to be disposed of in the proper way. As regards the suspected persons caught outside Settlement limits, he was in some doubt as to what to do with them. They were at present being examined and he proposed that they be detained for the time being, as if they were released those who were really gunmen would immediately continue their activities against the Japanese. It would be therefore dangerous from the viewpoint of self-protection to let them go.

Mr. Fessenden enquired whether or not the Japanese Authorities would be prepared immediately to give the Council assurances that no more persons would be shot on mere

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more suspicion.

The Consul General for Japan said he would give his word that no more persons would be executed without due process of law except those caught red-handed in the act of sniping. He added that at the beginning of trouble the Japanese, owing to the smallness of their forces had got into something like a state of panic which caused some excess.

Mr. Fessenden repeated his suggestion that an international committee be appointed to visit the detained persons and endeavor to ascertain whether or not there were valid grounds for their continued detention. The Committee would only be able to suggest and recommend. The Council has received many appeals for the discovery of lost persons and the municipal police had in number of cases at great risk to themselves succeeded in rounding up missing persons. He thought the Japanese, in their own interests, should be glad to assist in this work.

Continuing he said the Council had by no means abandoned its administrative rights in the Hongkew areas although their administration had been almost brought to a standstill by the interference of the Japanese forces. However from reports received during the last 48 hours municipal control had been largely restored. He understood that some Japanese as well had lost their lives as a result of the excesses of the Japanese forces.

Mr. Blackburn enquired of the Consul General for Japan the number of prisoners still in the hands of the Japanese forces. The Consul General for Japan said he was not sure but believed the number to be around 100. In response to a further enquiry, he said that of these prisoners he was prepared to hand over to the Council, those who were caught in the Settlement limits.

Mr. Fessenden said the Council was only concerned with persons within the actual limits of the Settlement where the Council had full administrative control. He did not think the Council should concern itself with persons outside those limits even in the territory traversed by the extra-Settlement roads.

Mr. Blackburn remarked that the British Consular Authorities had reported to the Japanese some cases of Chinese who had been arrested by the Japanese forces and had completely disappeared.

The Consul General for Germany remarked that even in time of war neutral commissions and Red Cross societies had the right to visit prisoners' camps.

The Consul General for France said he thought it very necessary to have a committee of enquiry. From reports which he had read emanating from London, Paris and New York he believed that there was a great deal of feeling abroad regarding this matter.

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The Senior Consul enquired if the Consul General for Japan could tell him the total number of prisoners taken by the Japanese since the beginning of the trouble. The Consul General for Japan said he believed the number to be about 300 but of course he was not informed of each individual case. He added that the number of prisoners in the hands of the Japanese was about 100 two or three days ago, since that time examination had been going on, in consequence of which some of these prisoners may have been released.

On a question being raised as to who should appoint the committee of Enquiry, Mr. Fessenden said he believed the Council would prefer the Consular Body to make the appointments.

The Consul General for Denmark said that perhaps the Council could make the nominations to be approved by the Consular Body.

The Consul General for Sweden said he was of the opinion that the Consular Body as the highest authority should make the appointments. He had the impression that the Consular Body, being more international in character, would be perhaps more neutral than the Council.

Mr. Fessenden said his own opinion was that the Consular Body should make the appointments. The crisis in Shanghai was very much in the world's eye and in view of further developments he thought that a committee appointed by the Consular Body would carry much more weight than one appointed by the Council.

The Consul General for Italy said that if the Consular Body made the appointments, it did not necessarily preclude the appointment of Councillors.

Mr. Murai said he wished to avail himself of the present opportunity to make a further statement on the situation, as there appeared to be some misunderstanding regarding it.

(At this stage Mr. Fessenden withdrew)

Continuing the Consul General for Japan said that when Thursday afternoon, January 28, he received Mayor Wu's acceptance of the Japanese demands he (Mr. Murai) considered that if the Mayor's promises could be performed, a clash would be avoided. He had so informed the Consular Body at a meeting held later on that afternoon.

That very night however, an incident occurred which may have induced some of his colleagues to believe that he had gone back on his word. But he would like to emphasize that the incident referred to and his negotiations with Mayor Wu were two separate and distinct things, having no direct connection with each other. He had made a statement to that effect which had appeared in the press and which no doubt some of his colleagues had read.

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At this point the Consul General for Japan handed to the Secretary, the following statement:

"It is true that the Mayor of Greater Shanghai conceded late on January 28th, to all demands contained in my note of January 20th and we were anxiously watching for the development in view of various rumours and questionable ability of the local Chinese authorities to control the situation. Particularly the undisciplined soldiers and dissatisfied elements.

"By four o'clock the Shanghai Municipal Council declared a State of Emergency. Meanwhile, the excited refugees, most of whom were Chinese, poured into the Settlement from all directions. The rumour of surreptitious entry of the "Plain Clothed Corps" gained wide circulation. To make the situation from bad to worse all the Chinese constables fled from the Chapei district, where about 7,000 Japanese reside. The excitement of the populace grew to fever-point.

"As an emergency measure of protecting the Japanese lives and property in Chapei, a Japanese Landing Force was despatched in accordance with a previous arrangement with authorities of the Municipality and British, American and other forces and in conformity with former precedents of similar cases. The territory in question is a strip of land in Chapei on the East side of Shanghai Woosung Railway which by the above named agreement was assigned to the Japanese. No sooner had the Japanese Landing Force appeared on the emergency duty near its headquarter than the Chinese soldiers in plain clothed attacked them with hand grenades in the neighborhood of the Shanghai Woosung Railway. This attack served as a signal for the Chinese regulars to open fire on the Japanese force, whereupon the latter was forced to return fire. At about the same time, these disguised outlaws commenced shooting at the Japanese at random in the area mentioned above. They have already claimed a number of Japanese lives in the same area.

"I made it a special point to ask Mr. Yui, Secretary General of the Municipality of Greater Shanghai, to withdraw the Chinese troops from the section in question when I received the Mayor's reply yesterday, to which he gave his ready assent and assured me that it would be done. Had the JCC been able to bring the military to coordinate speedily with him we might have averted the unfortunate incident.

"I am demanding again for an immediate withdrawal in view of what took place and is now taking place. If the Chinese authorities are unable to stop the assault and complete the withdrawal from that section I see no other alternative but to enforce it by force.

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"I should like to make it clear that this clash is to be distinguished from the question contained in my note of January 20th which was solved for the time being at any rate. I would also like to point out that the wild story about the Japanese attack on the Woosung Fort is groundless. This Chapei incident is entirely a matter of self-defense in emergence in an effort to protect Japanese life and property and indeed those of other nationals including Chinese themselves. I am hoping for a speedy co-operation of the Chinese side to avoid any further conflict of sacrifices and to that end to withdraw its troops".

Continuing the Consul General for Japan added the following explanation for what occurred in the Chapei district on Thursday night. All that afternoon the Japanese naval authorities had observed with misgiving the erection by the Chinese forces of barricades and the development by those forces of an attitude of aggression. Moreover they had noted the large stream of refugees from Chapei along the North Szechuen and other roads, and had elicited that the general opinion amongst these people was that a big Chinese attack was impending. As the evening wore on, Chinese gunmen appeared on the scene. Under these circumstances, the Japanese Commander deemed it prudent to adopt some measures for the protection of Japanese lives and property. The Settlement Defense Scheme previously agreed to by the international commanders assigned a certain portion of the Chapei district to the protection of the Japanese forces, but while detachments of those forces were advancing to take up positions in that sector they were fired on by the Chinese soldiers and plain clothes men which occurrence thus precipitated a clash between the Chinese and Japanese forces.

The Consul General for Japan then announced that he would be glad to answer any questions which any of his colleagues might see fit to propound.

Mr. Blackburn enquired whether or not the Japanese forces crossed the Woosung railway line on the night in question (January 28th). The Consul General for Japan replied that he was not sure. The fighting continued all night and some Japanese detachments may have crossed the railway during the course of it, but if so they withdrew afterwards.

Mr. Blackburn enquired if the purpose of the Japanese movement on that night was to occupy the perimeter assigned to the Japanese forces under the Defense scheme.

The Consul General for Japan replied that the Japanese forces had intended, roughly speaking to occupy the area bounded by that perimeter.

Answering a question from the Consul General for Germany the Consul General for Japan agreed that the interval between the

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the time the Japanese Admiral's warning was given out and the time Japanese activities in the Chapei sector actually commenced was a very short one. However, Mr. Murai explained that when the warning was given, the Admiral did not think the danger was very imminent, but events moved very rapidly thereafter.

Mr. Blackburn asked if at the time of the clash the Chinese troops were on the east side of the railway, and the Consul General for Japan replied that he believed they were, but that immediately the Japanese forces crossed the Settlement boundary they were fired upon both by Chinese troops and Chinese plain clothes men.

The Consul General for France asked if in the opinion of the Japanese authorities any consequences inimical to Japanese interests would have eventuated if the Japanese forces had delayed their advance until the next morning. The Consul General for Japan replied that he presumed his naval commander considered the danger to Japanese life and property imminent, at the time he ordered the advance.

The Consul General for France observed that it might have been better to have waited until the next morning to see if anything happened.

Reverting to the appointment of the Committee of enquiry and investigation, the Consul General for Sweden asked if it would not be better to appoint it forthwith, as all the various Heads of Consulates were present, but the Senior Consul thought the matter should be deferred for another meeting.

THE PROCEEDINGS THEN TERMINATED.

Circulated February 10, 1902.

Encl #2

(CIRCULAR NO. 38-G-V.)

SUBJECT: MINUTES OF A SPECIAL MEETING OF THE CONSULAR BODY
ON FEBRUARY 6, 1952, COMMENCING AT 12:30 P.M.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

Present:

Consul General for U.S.A. & C.C.	-E. S. Cunningham, Esquire,
Consul General for Norway	-W. Hall, Esquire,
Consul General for Belgium	-J. Van Haute, Esquire,
Consul General for Sweden	-J. de Lilliehöök, Esquire,
Consul General for France	-E. Roehnlin, Esquire,
Consul General for Germany	-Baron H. Rüdts von Collenberg,
Consul General for Great Britain	-J. F. Brennan, Esquire, C.M.G.,
Consul General for Denmark	-Ove Lønn, Esquire,
Consul General for Italy	-Count G. Ciano di Cortellazzo,
Consul General for Japan	-K. Murai, Esquire,
Consul General for Spain	-E. V. Ferrer, Esquire,
Consul General for Finland	-H. de Knorring, Esquire,
Consul General for Switzerland	-E. Lardy, Esquire,
Consul for the Netherlands	-E. T. Schuurman, Esquire,
Secretary in Charge of Consulate for Czechoslovakia	-K. Kulikovskiy, Esquire,
In Charge, Polish Legation, Consular Section	-J. Kryszinski, Esquire,
and by invitation, Secretary General, Shanghai Municipal Council	-S. Fessenden, Esquire.

The Senior Consul said that the present meeting had been called as a continuation of yesterday's meeting. It would be recalled that at the previous meeting the Consul General for Japan had promised to inform the Consular Body (after consultation with his other authorities), whether or not he would agree to the formation of a Committee of enquiry and investigation to go into the question of persons detained in the Hongkew areas by the Japanese naval authorities. Yesterday evening at 5:35 p.m. he had received the following telephonic message from the Consul General for Japan: "We agree to the appointment of an international committee to visit the prisoners' camp, on the condition that the members of the committee who wish to visit the camp communicate, before doing so, with the Japanese Consulate General for the Japanese Naval Headquarters, in order that a Japanese staff officer may be assigned to accompany the Committee, or any of its members, on such visits. This precaution is necessary in order to prevent misunderstanding." Which was, the Senior Consul commented, a very satisfactory reply.

Accordingly

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Accordingly (the Senior Consul continued) it was now necessary to appoint the committee. After thinking the matter over, he was inclined to the opinion that the committee should be appointed by the Shanghai Municipal Council but he believed some of his colleagues dissented from this view, so he had convened the present meeting in order that the question might be decided.

Answering a question from the Senior Consul, Mr. Fessenden said he had nothing to add on the subject, to what he had said yesterday. It would be satisfactory to him whether the Consular Body or the Shanghai Municipal Council appointed the committee but he preferred the former.

The Consul General for France said that in his opinion the Consular Body should appoint the committee. He believed his Japanese colleague expected the Consular Body to do so, and there were also two other important reasons for it, namely, (a) to strengthen the impression abroad that international control still obtained in Shanghai (international control being the "backbone" of settlement interests) and (b) to assure the Shanghai inhabitants that the Consular Body was fully alive to and had a proper concern for their interests.

The Senior Consul agreed that these were two excellent points and said he had no rooted objection to the Consular Body making the appointments.

The Consul General for France suggested that one of his colleagues be appointed as a member of the Committee.

The Consul General for Sweden said that in his opinion the members of the committee should be familiar with both the Chinese and Japanese languages, so as to be able to carry out their task in a direct way without the medium of interpreters.

The Consul General for France expressed the opinion that Mr. Bryan, the Municipal Advocate, would be a valuable man to have on the Committee. He understood the Chinese language and conditions in Shanghai very well.

Mr. Fessenden said he believed the Municipal Advocate could be made available if the Consular Body wished to appoint him.

The Senior Consul said the appointment would be agreeable to him.

Mr. Schuurman said that Mr. Groenman's (Consul General for the Netherlands') opinion was that persons like the assessors of the old Mixed Court should be appointed. However as Mr. Bryan had the qualifications which Mr. Groenman thought would be found in the assessors, he (Mr. Schuurman) presumed Mr. Bryan's appointment would cover the case.

The

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

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The Consul General for France said he believed Mr. Bode (?) a Frenchman who is a Commissioner of the Salt Gabelle and speaks Chinese very well be willing to serve on the Committee if asked to do so.

The Consul General for Finland remarked that Mr. Krysiński of the Poland Legation (who was present) spoke both Chinese and Japanese and would thus be very suitable as a committeeman. That gentleman, however, declined to serve on the ground that he had no instructions.

The Consul General for Great Britain said he presumed the Japanese Consul General would be willing to depute one of his staff to act as interpreter and assist the committee in its investigations. The Consul General for Japan said he would be glad to do so.

Mr. Fessenden remarked that the Council could furnish both Chinese and Japanese interpreters if necessary.

The Senior Consul said he thought it was desirable but not essential that the members of the Committee should speak Chinese and/or Japanese. He presumed competent and acceptable interpreters could be found. Continuing, the Senior Consul proposed the Consul General for Norway, Mr. Hall, as the Consular Body's member on the committee. This was unanimously agreed to.

The Consul General for Italy said that Mr. Ross, (?) a member of his Legation Staff and a former assessor, would he thought be a useful member of the Committee.

The Consul General for Great Britain said that Mr. Grant Jones present Assistant Judge of H.M. Supreme Court and also a former assessor might be willing to serve as a committeeman. Mr. Grant Jones spoke a little Chinese. However he (Mr. Brennan) had no desire to press for Mr. Grant Jones' appointment.

After some discussion it was decided to fix the number of committeemen at four, and to endow it with authority to enlarge the number, if necessary. It was agreed that the following gentlemen would be asked to serve:

Mr. Hall, Consul General for Norway,
Mr. Grant-Jones, British Assistant Judge,
Mr. Ross of the Italian Legation Staff,
Mr. Bryan, Municipal Advocate.

The Consul General for Norway agreed to serve and those concerned promised to enquire of the others whether or not they would be willing to do so.

The Consul General for France enquired how many persons were still being detained. The Consul General for Japan replied that the number was around about 100. On being

asked

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asked how many would be handed over the Consul General for Japan said it had been decided that all of them would be handed over, as it was difficult to distinguish between those who were taken within settlement limits and those who were arrested outside of those limits.

On hearing this statement several Heads of Consulates remarked that if all the prisoners were handed over there was no necessity for the committee of enquiry and investigation.

Mr. Fessenden dissented from this view. He said that notwithstanding the willingness of the Japanese authorities to hand over all of these men, he thought the Committee should investigate the circumstances surrounding their arrest and detention and make recommendations regarding the disposition to be made of these persons. The Committee should also exist to investigate the cases of persons who may be arrested hereafter, or even the earlier arrests.

This view being accepted it was decided that the appointment of the committee should be proceeded with, after the Consul General for Great Britain had received assurances from Mr. Fessenden that it was not proposed to invest the committee with judicial functions.

THE PROCEEDINGS THEN ENDED.

February
Circulated February 10, 1932.

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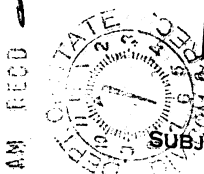
NO. 8/35

AMERICAN CONSULATE GENERAL,

Shanghai, China, February 29, 1932.

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

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



SUBJECT: Interview with Lieutenant-General Uyeda.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



1/ I have the honor to transmit herewith as of possible interest to the Department an interview with Lieutenant-General K. Uyeda, as published in the NORTH CHINA DAILY NEWS (British) of February 15.

This interview was given upon Lieutenant-General Uyeda's first arrival here.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

PRJ:hf
File 800
Enclosure:

1/- Clipping of interview as stated.

In quintuplicate.

In triplicate to the Legation.

F/LS

793.94/4895

7504
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
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By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to Despatch No. 8133 of Edwin
S. Cunningham, American Consul General at Shanghai,
China, dated February 29, 1932, on the subject:
Interview with General Uyeda.

Excerpt from NORTH CHINA DAILY NEWS (British) of
February 15, 1932.

JAPANESE ARMY IN SHANGHAI

FEB 15 1932 ~~am~~
Interview With Lieut.-
Gen. Uyeda

PEACEFUL SOLUTION

Chinese Withdrawal First Desirable

"The arrival of Japanese troops in Shanghai does not mean the immediate opening of offensive action against the Chinese forces in this district. I hope first to explore every possibility of a peaceful solution of the situation and the removal of causes of unrest."

This frank statement was made yesterday to representatives of the Shanghai foreign press by a khaki-clad man of medium height, with a pleasant smile not generally associated with martial pursuits, and a long black moustache reminiscent of the soldier of the old school but somewhat out of place with the soldier of the new school who handles diplomacy as skilfully as he handles the sword. He was Lieut. Gen. Kenichi Uyeda, Commander of the 9th Japanese Division, in whose hands future operations of the Japanese army against the Chinese 19th Route Army holding Chapei and other points are concentrated.

Lieut.-Gen. Uyeda, accompanied by his staff, received the foreign press at the Japanese Consulate-General yesterday morning, and he prefaced the interview with the statement that he had made clear his attitude in a statement issued the previous day. He added that he came to Shanghai with a definite solution for settling the present situation without wounding a single soldier and he hoped that everybody would understand him in the light of the statement he had issued. He added that he had no prepared statement to make but he invited the press representatives to ask him any question they desired.

Removing Cause of Unrest

With transport after transport disembarking troops and supplies along the Whangpoo river wharves, increasing the Japanese land forces by at least 12,000 men, and anticipation that a general offensive is about to be undertaken to liquidate the Shanghai situation, Gen. Uyeda was bombarded with questions.

"Do you think that a peaceful solution can be reached" he was asked.

"I have come here to remove the cause of unrest," the General replied. "At present the traditional freedom and independence of this city is being disturbed and therefore the unrest must be removed in order to hasten the return to normal conditions. To restore this state the cause of unrest must be removed and I hope and desire to do this peacefully."

He was asked whether the removal of this cause of unrest would mean the removal of the Chinese troops in Chapei. The General

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"Do you think that a peaceful solution can be reached" he was asked.

"I have come here to remove the cause of unrest," the General replied. "At present the traditional freedom and independence of this city is being disturbed and therefore the unrest must be removed in order to hasten the return to normal conditions. To restore this state the cause of unrest must be removed and I hope and desire to do this peacefully."

He was asked whether the removal of this cause of unrest would mean the removal of the Chinese troops in Chapei. The General smiled. "What do you think?" he asked the questioner. He agreed that diplomatic means would be the best way to settle the difficulty but "if not we shall have to find something else."

No Ultimatum Yet

General Uyeda denied that any ultimatum had been presented to the Chinese asking them to withdraw from Chapei. He said he had not arrived in Shanghai to continue the hostilities. "My sole object is to ensure the security of the Japanese people living in this district, and I am busy watching how the process is being carried out. The arrival of the Japanese troops does not necessarily mean the commencement of offensive action. No. My mission is to obtain peace and to remove the cause of the unrest disturbing the situation. I hope and desire a peaceful solution and will work for such a solution in every possible way. The withdrawal of the Chinese troops far enough so that the security of the city of Shanghai is assured, of course, would be a desirable condition, and by obtaining this security it would ensure the safety of Japanese lives and property and not only Japanese but all other foreign nationals would enjoy this security."

General Uyeda said he had formulated no plans regarding his army at present but before he did anything he hoped that the Chinese would withdraw.

"How far would you suggest they withdraw?" he was asked.

"The farther the better," he replied with a significant smile. He added that he hoped that the Chinese without being presented with any ultimatum would voluntarily withdraw.

Co-operating with Navy

General Uyeda, who is establishing his headquarters at the northeastern extremity of the Settlement, declined to reveal how many soldiers were being landed or his immediate plans. He declared everything depended upon developments. He declared he had with him a division of troops, which he commanded, and regarding operations in Shanghai there was no supreme commander but he and Vice-Admiral Nomura would co-operate. To the question how strong was his division he laughed enigmatically and replied that according to Chinese reckoning it would be sure to be taken as 100,000 men.

Concluding the interview, General Uyeda pleaded for a little forbearance for his men. He said his division had landed on unfamiliar shores and with language and other difficulties it was hard to avoid minor incidents, but he gave the assurance that everything possible would be done to avoid such incidents which, if they did happen, he hoped the general public would understand were not deliberate.

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

NO. 9137

LEGAL ADVISER
APR 19 1932
DEPARTMENT OF STATE

FE
a/c
Le

AMERICAN CONSULATE GENERAL,

Shanghai, China, March 2, 1932.

AM REC'D
STATE DEPT.
MAR 2 1932
SUBJECT: PROTEST OF THE DEFENSE COMMITTEE OF THE INTERNATIONAL SETTLEMENT, SHANGHAI.

RECEIVED
MAR 2 1932

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

793.94
note
897.102-8

SIR:

- 1/ I have the honor to refer to my telegram of February 3, ³⁹⁰⁵ 2:00 a. m., transmitting a summary of a protest made by the Defense Committee to the Italian Charge d'Affaires and the British and American Consuls General against certain activities of the Japanese Naval Landing Party, and to transmit herewith for the Department's information copies of the protest in question.
- 2/ There is also transmitted a copy of a letter dated February 3, 1932, from the Chairman of the Shanghai Municipal Council to the Senior Consul, stating that the Council supports the protest of the Defense Committee and asking that urgent representations on the matter be made to the Japanese authorities. (See my telegram of February 3, ³⁹²⁸ 9:00 p. m.

There is

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

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3/ There is also transmitted a copy of the minutes of a Special Meeting of the Consular Body held on February 4, 1932, at which this letter was considered. The minutes also contain a draft of a communication to the Japanese Consul General on the subject. This draft with slight modifications was adopted and was forwarded to the Japanese Consul General on the same day, February 4.

The communication to the Japanese Consul General was telegraphed to the Department in my telegram of February 4, ³⁹³⁶ 3:00 p. m.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

800

PRJ:HF

Enclosures:

- 1/- Copy of Protest by Defense Committee against Japanese Action.
- 2/- Copy of letter dated February 3, 1932, from Chairman of the Shanghai Municipal Council to the Senior Consul.
- 3/- Copy of minutes of a Special Meeting of the Consular Body held February 4, 1932.

In quintuplicate.

In duplicate to the Legation.

Copy to the Minister now at 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

Enclosure No. 1 to Despatch No. 8137 of Edwin S. Cunningham,
American Consul General at Shanghai, China, dated March 2, 1932,
on the subject: Protest of the Defense Committee of the Inter-
national Settlement.

(COPY)

The American Consul-General.
H.B.M. Consul-General.
The Italian Chargé d'Affaires.

PROTEST BY DEFENCE COMMITTEE AGAINST JAPANESE ACTION

1. In the International Defense Scheme, to which the Com-
mander of the Imperial Japanese Naval Landing Party agreed,
is included the following paragraph:-

"It has been further agreed to divide the Inter-
national Settlement and its vicinity into sectors,
the commanders of which shall be responsible for
assisting the police to maintain law and order for
the protection of foreign lives and property, within
the limits of their respective sectors."

2. Largely to meet the views of the Japanese commander,
the following safeguarding paragraph was added:-

"No proceedings of the Defence Committee shall
prejudice the right of any garrison commander to com-
municate and consult with his national consular or
naval authorities present, nor prevent his indepen-
dent action should be consider such necessary to con-
form with orders from higher authority. In case of
independent action he will, however, inform the Chair-
man of the Defence Committee".

Particular attention is directed to the last sentence.

3. When the Defence Scheme was drawn up, it was recognised
that the individual foreign garrison commanders in Shanghai
could not on their own authority agree to any comprehensive
scheme. The form of agreement, therefore, contained the
qualification:-

"Subject to confirmation by superior authority".

At a meeting held on Friday, 27th November, 1931,
specially called by the Chairman of the Shanghai Municipal
Council, to discuss what action should be taken in the event
of serious complications arising out of the Sino-Japanese
situation in Manchuria, Baron Shibayama, then Commander of
the Japanese Naval Landing Force, stated that he concurred
in the Defence Scheme, subject to approval by his Commander-
in-Chief. The latter had referred to the Japanese Government,
and, at the time, no reply had been received. He would,
however, act in any emergency in accordance with the provi-
sions of the scheme.

Here again, particular attention is called to the last
sentence.

4. The members of the Defence Committee whose signatures
are appended, feel themselves bound emphatically to protest
against certain activities of the Japanese Naval Landing
Party in sectors other than their own, notwithstanding the
agreement

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agreement of their commander to the provisions quoted above.
The activities referred to consist of:-

- (a) Posting of detachments in mills, out of all proportion to the requirements of security.
- (b) Active patrolling.

Examples of the above are given in the attached annexure. In at least one of the instances quoted, the action can only be described as sheer murder

5. It must be stressed that it is impossible from a military point of view for two or more individuals to control action in any one area, particularly when any one fails to notify the others of what he proposes to do.

6. It cannot be too strongly emphasised that in the opinion of the Defence Committee, the activities complained of apart from causing ill feeling between national who should be on good terms lead to the formulation of Chinese opinion against foreigners generally.

Feeling on the part of British and American Troops and of members of the Shanghai Volunteer Corps is acute, and if such practices continue, it is impossible to guarantee restraint of lower ranks, who cannot be expected to maintain calm judgement for a prolonged period in face of extreme provocation.

7. It is affirmed that no serious situation has arisen in the American or British sectors involving loss of Japanese lives or damage to Japanese property since the state of Emergency was declared, and sector responsibility was assumed, and the patrolling which is being carried out by the Japanese is entirely unnecessary in the circumstances.

8. In conclusion, emphatic protests have already been made to the Japanese Commander, without any result up to date.
(signed by)

G. Fleming, Brigadier
Chairman of Defence Committee
E. B. Macnaghten, Chairman, S.M.C.
R. S. Hooker, Colonel U.S.M.C., Commanding 4th Regt.
H. W. B. B. Thoms, Commanding Shanghai Volunteer Corp.
F. A. Gerrard, Commissioner of Police.
Giulio Bacci d'Capaci, Captain, Italian Navy.
G. H. Knowles, Captain, Royal Navy.

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COPY

ANNEXURE.

1. The presence in mills in the American sector North of PENANG RD. of at least 500 Japanese Marines with not less than 50 machine guns. This zone is an integral part of the American sector, and the posting of a force of such a size by the Japanese is a definite infringement with regard to defence and a direct indication that the Japanese intend to use this force offensively taking advantage of ability to manoeuvre in the International Settlement.
2. On the 30th January, near the Japanese post sited close to the junction of ROBISON and PENANG RDS. (British sector), the bayonetting of two unarmed Chinese coolies by Japanese Marines, witnessed by a Sergeant of the Shanghai Municipal Police. (Report attached, marked "A").
3. The siting of a barricade with two machine guns trained on Chapel, near Gordon Road Bridge (American sector), close to the U.S. Marine post. The Japanese officer in charge intimated that the U.S. Marine post was in the line of fire of the Japanese machine guns and that the Americans must move.
4. The daily passage of Japanese lorry patrols past the Headquarters of the American Marines, with their rifles and machine guns pointed at the Marines.
5. The wanton shooting of an unarmed Chinese boy, aged 16, near BREMAN PIECE, on the evening of 1st February. (Reports attached, marked "B").

STATEMENT OF SERGEANT A.E. WALKER, MUNICIPAL POLICE.

At about 8:20 p.m., 30 January, 1962, Robison Station machine gun fire in the vicinity of the box on the Chapel side. The Chinese Police Constables withdrew from the box and reported back to the station.

I and Prob. Sgt. Bull proceeded by motorcycle to Penang Road, 150 yards east of Robison road. At this point at about 8:45 p.m. we were held up by about 20 armed Japanese Marines led by a Japanese in civilian clothes. When they saw we were police, the Japanese said they had been fired on by Chinese from a nearby house. The Japanese, followed, by us, went to this house, on the North side of Penang Road and broke in the floor with rifle butts. They entered the house and fired several shots. Through the open door I could see by the light of electric torches used by them, movements as if the Marines were using their bayonets. Two or three Marines dragged two dead Chinese (coolie class) into the road. I saw bayonet wounds in the groins and other places and rifle shot wounds in the faces of the Chinese. The bodies were removed

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Copy

removed by the marines.

(sd) A.B. Walker,
Sergeant, Municipal Police.
Shanghai, China, 2 February 1932.

REPORT OF COMMANDER, ITALIAN NAVAL LANDING PARTY,
1st February, 1932, 2045 hrs.

I have to report that this evening an Italian sailor saw near Penang and Robison Roads a Chinese child killed. Some Japanese Marines were near at the time.

I went to the place, and I learned from a Japanese officer that a sailor had killed the child, because he had disturbed the Japanese patrols.

I ask for some instructions, in order to know what to do if any Japanese soldiers disturb the Italian patrols.

I have also to report that I have been unable to communicate with Post No. 2 since 1730 hours.

(sd) Liaison Officer,
Italian Naval Landing Officer.

February 1, 1932.
To: Commander, Shanghai Area.
From: Capt. Roach, Armoured Car Company, Shanghai Volunteer Corps.

The following occurred while I was carrying out a patrol with Armoured Cars Nos. 6, 7 and 8.

At about 1625 hours, approaching Brennan Piece and travelling north on Brennan Road, I saw crowds scurrying towards the cars and away from something further down the road. On closer approach it was seen that the cause of the crowd running away was the presence of a lorry containing 12 Japanese marines, fully armed and with rifles at the hip ready for action. We approached with the three cars and saw that the Japanese were holding up a lorry loaded with a party of Chinese all wearing large red Swastika badges.

I gave instructions to the Japanese lorry to retire, which it did after circling the block at Brennan Piece, then going down Robison Road at full speed. After satisfying myself that the lorry load of Chinese was in order (the occupants saying that they were going to a Red Cross hospital in the French Concession) I allowed that to proceed also, the lorry going down Jessfield Road.

I detached Lieut. Sampson (7 car) to report to Area HQ, and proceeded myself with the other two cars on the tracks of
the

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the Japanese lorry, which bore the painted number 10 on its sides. I discovered that it had turned into Renang Road and entered the compound of a Japanese outpost. While waiting for Lieut. Sampson's return, an armed party of six Japanese marines doubled to a position ten yards west of Penang Road, on Robinson Road, and dragged a small Chinese youth out of a house and carried him into the outpost compound. On inquiring from Chinese pedestrians I ascertained that the boy, who was badly wounded, had been shot by the patrol in the lorry previously mentioned as they returned from Brenan Piece. The excuse of the Japanese marines which I learned through my interpreter was that the boy had stopped to throw a stone and that they had therefore shot him.

Your instructions to the Japanese marines through Lieut. Sampson was conveyed by my interpreter in Japanese and by an English-speaking Japanese to a Japanese Lieutenant, viz., to evacuate the post and return to the Hongkew Area and that the incident would be reported by yourself to Capt. Baron Samejima. The officer stated that he would have to get permission from Baron Samejima before he could do so.

My interpreter was told by one of the Japanese party that the post had been placed there on the orders of Capt. Baron Samejima in order to protect Japanese lives and property.

(sd) R. B. Rouch, Capt.,
A.C.C., S.V.C.

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

Enclosure No. 2 to Despatch No. 8137 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated March 2, 1932, on the subject: Protest of the Defense Committee of the International Settlement, Shanghai.

(CIRCULAR NO. 23-M-XIII.)

SUBJECT: NEUTRALITY OF THE INTERNATIONAL SETTLEMENT.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From the Chairman of the S.E.C. to the Senior Consul.)

February 3, 1932

Sir,

I have the honour to refer you to a protest which I understand has been addressed by the Defense Committee to the American and British Consuls-General and to the Italian Chargé d'Affaires on the subject of certain activities of the Japanese Naval Landing Party in sectors other than their own, notwithstanding the agreement of their Commander to the provisions of the Defence scheme.

In view of the grave repercussion of such activities upon the peace and order of the Settlement, and the menace and danger to the civil population of the sectors concerned the Shanghai Municipal Council gives the protest of the Defense Committee its strongest support, and I have the honour to convey to you its request to make the most urgent representations upon the matter to the appropriate Japanese authorities.

I would also direct your attention to the exceedingly grave situation which has arisen through the activities of Japanese armed forces and armed civilians in the northern and eastern areas of the Settlement; where their actions have resulted in the disruption of the public services and infused terror amongst the inhabitants. In particular I would refer to the fact that members of the Municipal Police and Police Watchmen have been forcibly deprived of their arms and ammunition and prevented from executing their duty; members of the Fire Brigade, whilst on duty and in uniform; have been obstructed and assaulted; and the utmost difficulty has been experienced in the conduct of food and hospital services on account of the obstruction of Japanese naval and civilian patrols and pickets.

I have accordingly the honour to request you to make immediate representations to the Japanese authorities urging upon them the necessity of their desisting forthwith from interfering with the Council's Police and Volunteer Corps of the function of maintaining law and order in the areas affected.

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I have the honor to be, Sir,
Your obedient servant,

(sd) E. B. Macnaghten,
Chairman.

Edwin S. Cunningham, Esq.,
American Consul General and Senior Consul
Shanghai.

Circulated February 4, 1962

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

Enclosure No. 3 to Despatch No. 8177 of Edwin S. Cunningham,
 American Consul General at Shanghai, China, dated March 2,
 1932, on the subject: Protest of the Defense Committee of the
 International Settlement, Shanghai.
CONFIDENTIAL (CIRCULAR NO. 36-G-V.) NOT FOR PUBLICATION

SUBJECT: MINUTES OF A SPECIAL MEETING OF THE CONSULAR BODY
 HELD ON FEBRUARY 4, 1932, COMMENCING AT 10:00 A.M.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE
 COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR
 THEIR INFORMATION.

Present:

Consul General for U.S.A. & S.C.	-E. S. Cunningham, Esquire,
Consul General for Belgium	-J. Van Haute, Esquire,
Consul General for Sweden	-J. de Lilliehöök, Esquire,
Consul General for Great Britain	-J. F. Brennan, Esquire, C.M.G.
Consul General for Denmark	-Ove Lønn, Esquire,
Consul General for Italy	-Count G. Ciano di Cortellazzo,
Consul General for Spain	-E. V. Ferrer, Esquire,
Consul General for Portugal	-Dr. J.B.F. da Silva,
Consul General for Switzerland	-E. Lardy, Esquire,
Consul for Brazil	-H. P. Oliveira, Esquire,
(accompanied by	-A. L. de Almeida, Esquire)
Consul for Norway	-G. Johnson, Esquire,
Consul for the Netherlands	-T. E. Schuurman, Esquire.

The Senior Consul explained that the meeting had been called with a view to considering, with as much expedition as possible, a letter dated February 5, 1932, from the Shanghai Municipal Council which had been mimeographed and copies placed on the table before members. That letter dealt with and supported a protest which had been made by the Defense Committee to certain Heads of Consulates regarding the interference by the Japanese Naval Landing Party with military sectors other than their own and also complained of interference by the Japanese forces with municipal police and other employees of the Council in the eastern and northern areas. He believed the Heads of Consulates mentioned had transmitted the Defense Committee's protest to the Japanese Consul General, at any rate he, as American Consul General had sent it on to his Japanese colleague with the request that it be brought to the attention of the Japanese Naval Commander. The Senior Consul then read the protest of the Defense Committee referred to.

Continuing the Senior Consul said he understood that as a result of that protest there was an improvement in the situation in the Hongkew district where the Japanese Naval Authorities were progressively allowing the municipal police and other employees to resume their normal functions.

The question before the meeting was the disposition to be made of the Council's letter. Speaking for himself, he was prepared to transmit it to the Japanese Consul-General, with his endorsement.

The Consul General for Sweden said he was prepared to endorse the Council's letter. As he viewed the situation, a mistake had been made in allowing the Japanese to participate in the defense scheme. He asked if it were not possible

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

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possible to ask the Japanese to withdraw their forces from the Defense line.

The Senior Consul suggested that it would be better to proceed with the consideration of the disposition of the Council's letter before discussing other matters, and the meeting endorsed this suggestion.

The Consul General for Sweden remarked he had raised his point because it seemed to him important to determine whether or not the Japanese, in view of the active hostilities in which they were engaged with the Chinese, had the right at the same time to form a part of the Defense Force. To this the Senior Consul replied that as American Consul General he would have to consult his Government before he could declare himself on the point brought forward by his Swedish colleague. He however stood ready to endorse the Council's representations immediately.

Continuing the Senior Consul said the Consular Body Secretary had prepared a draft letter to the Japanese Consul General to cover the transmission of the Council's letter, and he understood that copies of the draft were before the meeting.

The Consul General for Belgium said he was of the opinion that any letter of transmission to the Japanese Consul General should contain a reference to the position of the Treaty Power Consuls vis-a-vis the Land Regulations.

The Consul General for Great Britain said he was definitely opposed to an individual letter from the Treaty Power Consuls, and suggested that the letter of transmission be sent by the Senior Consul. He believed the Senior Consul had prepared an alternative letter of transmission and suggested it be read.

Complying, the Senior Consul said he had prepared a draft, rather hastily, which read as follows:

"K. Murai, Esquire, Consul General for Japan, Shanghai, Sir and dear Colleague: I have the honor to transmit from the Chairman of the Shanghai Municipal Council a letter dated February 5, 1952, in which the Council gives its strongest support to the Defence Committee's protest which was received by you two days ago from certain consular officers. In addition to this the Municipal Council directs attention to the exceedingly grave situation which has arisen through the activities of Japanese armed forces and armed civilians in the northern and eastern areas of the Settlement, where their actions have resulted in the disruption of the public services and infused terror amongst the inhabitants. The Council requests that representations be made to the Japanese authorities urging upon them the necessity of desisting from interfering with the Council's functions and of assisting in every way possible in the restoration of the functions to the Council's Police and Volunteer Corps.

"My colleagues and I desire to support the representations of the Council and to express the hope that you will make such representations to the proper Japanese authorities.

-3-

ties as are necessary to restore the municipal functions to the duly accredited municipal officials. It is not our understanding that a landing force is in any sense to interfere with the police and police watchmen out rather to strengthen them in their existing positions, and to give such protection to the recognized municipal officials as will enable them to function efficiently and effectively during the State of Emergency. We are certain that it will be your pleasure to extend your influence to the support of the municipal authorities as has been done in the past.

"I have the honor to be, etc., Edwin S. Cunningham,
American Consul General and Senior
Consul."

Commenting on this letter the Senior Consul said it contained no "clue", the minatory note being absent.

The Consul General for Switzerland supported the opinion that in addressing a letter to the Japanese Consul-General regarding the neutrality of the Settlement, an attempt should be made to proceed in a conciliatory spirit before entering upon extreme protests. He believed that complicated arguments would be a danger under the circumstances.

The Senior Consul enquired whether or not it would be better to delete the last sentence of the concluding paragraph of his draft and after some discussion it was decided to eliminate it. The draft letter was then unanimously approved and the Senior Consul said it would probably be delivered within an hour or so (Secretary's note: It was delivered at noon).

The Consul General for Belgium said he had intended bringing up the question of the smaller extraterritorial Powers, (which were concerned in Settlement affairs equally with the larger Powers) lodging protests similar to those of the larger Powers against unwarranted Japanese activities in the Settlement. However as all the Extraterritorial Consuls had now united in supporting the Council's representations and were addressing a letter to the Japanese Consul General on the subject he would not proceed any further with the intention mentioned.

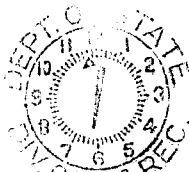
After further discussion the meeting terminated.

Circulated February 9, 1933.

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

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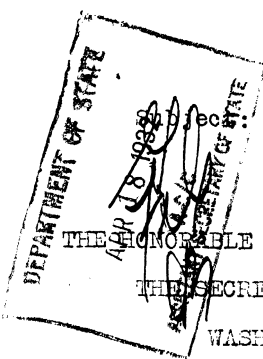
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COPIES SENT TO
U.N.I. AND M.I.D.

AMERICAN CONSULAR SERVICE.

American Consulate General,
Shanghai, China, March 3, 1932.



Secretary of State's Letter
to Senator Borah.

THE HONORABLE
THE SECRETARY OF STATE,
WASHINGTON.



F/LS 793.94/4897

Sir:

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I have the honor to refer to my telegram No. 121 of February 27, 5 p.m. with regard to local comments by the press in Shanghai on the Secretary of State's letter to Senator Borah, Chairman of the Committee on Foreign Relations of the United States Senate. In supplement thereto I enclose copies of the following editorials from the English language press in Shanghai:

1. From the SHANGHAI EVENING POST AND MERCURY (American) of February 26, 1932, editorial entitled "Facts from Mr. Stimson." This editorial is entirely in agreement with the position set forth in Mr. Stimson's letter and, as the editor states:

"Mr. Stimson virtually wrote an editorial for this paper yesterday in his letter to Senator Borah."

2. From the CHINA PRESS (American incorporated, alien owned) of February 26, 1932, editorial commenting on the Borah letter and on the reply of the Japanese

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

-2-

Government to the joint appeal of the twelve powers represented on the Council of the League of Nations.

This editorial states:

"The United States, according to the American secretary of state, surrendered her commanding lead in naval construction and her rights to increase fortifications at Guam and in the Philippines in consideration of Japan's abstinence from territorial aggression in China, but Japan has gone back on her word.

The only alternative that is open to the United States is to build a navy of sufficient size to prevent Japan attempting to dominate China and the immense potential market which China affords."

3. From the NORTH CHINA DAILY NEWS (British) of February 27, 1932, a statement by Mr. Sun Fo, late President of the Executive Yuan of the National Government of China, and Mr. Eugene Chen, ex-Minister for Foreign Affairs, published by the Kuo Min. This statement also stresses the fact that the United States had surrendered its lead in battleship construction and naval armament because it relied on the covenants embodied in the Nine-Power Treaty; that no single power can compel Japan by force of arms to honor her treaties or international obligations, although she could certainly be coerced by an Anglo-American naval combination. Should this combination be impracticable for lack of vision and understanding of the Japanese menace, then the task of restraining Japan must eventually fall upon America and America must set about to regain her commanding lead in naval construction.

4. From

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

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4. From the NORTH CHINA DAILY NEWS of February 27, 1932, a sub-editorial states that it is doubtful whether the State Department expects Great Britain or France to base any diplomatic action on Mr. Stimson's letter, and that he feels that his European colleagues possess at Geneva an instrument for the expression of views of an extra-diplomatic sort; that Mr. Stimson, being denied this vehicle, gave his views to the world through the Borah letter.

The local Chinese press has devoted considerable space to editorial comment on the Stimson letter.

THE CHINA TIMES points out that the significance in this letter lies in the facts, first, that the United States will firmly uphold the Nine-Power Treaty, and second, that the Nine-Power Treaty and the Washington Naval Treaty being essentially interdependent, the United States will consider herself free to expand her navy and reacquire her naval leadership on the Pacific if the signatory powers fail to respect and uphold the Nine-Power Treaty. This will lead to renewed naval competition and rivalry.

THE SHUN PAO, a leading Chinese daily, regards Mr. Stimson's letter as an unmistakable statement on the part of the United States that it is prepared to accept the challenge which Japan has made by flouting the Nine-Power Treaty and the Kellogg-Briand Pact. It states that Japan's recent aggression in Manchuria and China proper are not merely infringements upon

China's

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

-4-

China's sovereignty and territorial integrity, but constitute also an open repudiation of the Nine-Power Treaty of which the United States is one of the most determined champions. Japan's action therefore amounts to an indirect challenge to the United States and the United States has become virtually "cornered." The editorial concludes with the statement that it has long been foreseen that the United States could not continue to stand aloof in the Far Eastern situation.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

✓
Enclosures:

- 1/- Editorial from SHANGHAI EVENING POST AND MERCURY of February 26, 1932.
- 2/- Editorial from the CHINA PRESS of February 26, 1932.
- 3/- Statement from NORTH CHINA DAILY NEWS of February 27, 1932.
- 4/- Sub-editorial from NORTH CHINA DAILY NEWS of February 27, 1932.

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In Quintuplicate.

In Triplicate to Legation.

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

Enclosure No. 1 to despatch No. _____ of Edwin S. Cunningham,
American Consul General at Shanghai, China, dated March
3, 1932, on the subject: "Secretary of State's Letter
to Senator Borah."

Editorial from THE SHANGHAI EVENING POST AND MERCURY
(American) of February 26, 1932.

SHANGHAI, February 26, 1932

Facts From Mr. Stimson

MR. Henry L. Stimson, American Secretary of State, virtually wrote an editorial for this newspaper yesterday in his letter to Senator Borah.

His analysis of the present situation in China coincides exactly with ours. It is a well come exposition which should be clear to and indisputable by honest-minded folk of whatever nationality.

Mr. Stimson points out that a situation has developed which cannot be reconciled with the Nine Power Treaty or the Kellogg Pact. He makes the further point that had those treaties been faithfully observed, it would have been impossible for such a situation to have arisen.

We feel it is highly important that reasonable Japanese see how the position of the United States and other countries has been affected by this tampering with treaty structure; how the whole keystone policy of the Open Door has been jeopardized, and how other even more far-reaching disastrous consequences are in sight.

One would think, from certain Tokyo utterances, that the treaties to which Japan registered solemn adherence were casual expressions of a momentary international attitude subject to change without notice or any other formality.

Mr. Stimson rightly points out, on the contrary, that "these treaties represent a carefully developed and matured international policy intended, on the one hand, to assure to all of the contracting parties their rights and interests in and with regard to China, and on the other hand, to assure to the people of China the fullest opportunity to develop without molestation sovereignty and independence according to modern and enlightened standards...."

This newspaper has said exactly what Mr. Stimson says, and what should from the beginning have been clear to all: That when the Nine Power Treaty was signed, it was known that China was in a developing stage; that "she would require many years of both economic and political effort;" and that "her progress would necessarily be slow."

"The treaty was thus a covenant of self-denial among the signatory Powers in deliberate renunciation of any policy of aggression which might interfere with that development," says the Secretary. So far as China is concerned, therefore, it is clear that Japan has quite misrepresented the position by her efforts to imply that China's lapses from a high standard of Government gave ground for disregarding the treaties. But the matter has other serious international aspects.

Because it relied upon the covenants contained in the Nine Power Treaty, the United States willingly surrendered its then commanding lead in battleship construction and left its positions in Guam and the Philippines without further fortifications. In stating this, Mr. Stimson states the obvious, but certain surprising utterances from Tokyo make it clear that the obvious must be stated and restated if fundamental facts are not to be lost sight of in clouds of propaganda.

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All these things, and many more, the Council knows. Apparently Japan thinks the Council does not know them and that rhetoric can be made to obscure facts. We have a higher appreciation of the Council's sagacity than appears to prevail in Tokyo.

The root of the Japanese case as embodied in the reply has to do with the question of who is defender, who aggressor. Japan's efforts to reverse the actual roles of the Japanese and Chinese armies is childishly transparent. We don't know precisely what will be the Council's reaction to this Tokyo underestimation of its intelligence, but we suspect it may prove one of considerable annoyance.

Rate & Date Due	Price	Approx. Yield %	Stock
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 Department of State letter, August 10, 1972
 By Milton D. Gustafson NARS, Date 12-18-75

Enclosure No. 1 to despatch No. 8
 American Consul General at Shanghai
 3, 1932, on the subject: "Secret
 to Senator Borah."

Editorial from THE SHANGHAI EVENING POST
 (American) of February 26, 1932

SHANGHAI, February 26, 1932

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Because it relied upon the covenants contained in the Nine Power Treaty, the United States willingly surrendered its then commanding lead in battleship construction and left its positions in Guam and the Philippines without further fortifications. In stating this, Mr. Stimson states the obvious, but certain surprising utterances from Tokyo make it clear that the obvious must be stated and restated if fundamental facts are not to be lost sight of in clouds of propaganda.

One need not be jingo or alarmist to perceive that nations which have relied upon the Nine

hands of Japan and not China. In referring to the Chinese as "the attacking party" the note misrepresents a central and vital fact—that the Chinese have but warred defensively against Japanese assault on their soil.

The Council knows that until the Japanese first ordered Chinese troops out of their own territory and then tried to expel them by force, there was no war. It knows of the European and American defense strength at Shanghai. It can draw its own conclusion, therefore, on the Japanese claim that their withdrawal would have as its "inevitable result" a Chinese occupation of the International Settlement.

The Council knows the respective Chinese and Japanese attitudes toward proposals for peaceful solutions of the present conflict. As the Japanese themselves say, "Deeds speak louder than words."

The Council knows Japan has broken her international obligations. For Japan to dangle once more the puppet figure "Japanese Defense" in connection with Article X is to insult the Council's collective intelligence.

The Council knows what has happened to Manchuria; deeds there speak more eloquently than all Japan's words "declaring that Japan entertains no territorial or political ambitions whatsoever in China."

The Council knows not only the moral fact embodied in Japan's superfluous exposition as to how "the duty of justice and moderation towards all Powers" is a thing independent of treaty, and it also knows how Japan has overstepped both this moral aspect and the technical aspect of treaty obligation.

The Council knows China is weak and unorganized. The Council is particularly concerned for precisely that reason, just as the United States is particularly concerned because of the obligations imposed by the Nine Power Treaty. The Council, strange as it may seem, does not subscribe to the view that when one League member finds another to be weaker and less organized than itself, the first member should appoint itself to war upon or to take over and operate the second.

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One need not be jingo or alarmist to perceive that nations which have relied upon the Nine Power Treaty and the Kellogg Pact, and which now see Japan calmly tearing these documents into scraps of paper, can hardly subscribe to any Japan-made theory that "the present situation affects only China and Japan."

The situation involves us all, both personally and from an international point of view.

If Japan, heretofore highly vociferous in matters of honor and treaty observance, is definitely to subscribe to a policy of outlawing her covenants with other Powers, these Powers will feel compelled to take steps of some sort. We go beyond Mr. Stimson's letter in pointing its logical implication.

Even Japan herself can have small stomach for a fresh international armament race; Japan, at the moment, is least prepared of all major Powers for any such expensive policy. Japanese revenues are dwindling daily, Japanese expenses are mounting, and Japanese credit is at least getting no better in the money marts of the world.

Why, then, persist in an attitude which Mr. Stimson has clearly depicted and the consequences of which are equally clear?

We trust this question will be well pondered in Tokyo, without delay and without further reckless moves down the skeleton-bordered road to disaster.

Underestimating The Council

JAPAN'S reply to the Council of the League of Nations will do her case no good. It is likely to do her case considerable harm.

The Council knows it was Japan and not China which provoked the present conflict; argument cannot change this knowledge, nor can it alter the fact that cessation lies in the

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Enclosure No. 2 to despatch No. 84 of Edwin S. Cunningham,
 American Consul General at Shanghai, China, dated March
 3, 1932, on the subject: "Secretary of State's Letter to
 Senator Borah."

Editorial from THE CHINA PRESS (American incorporated,
 alien owned) of February 26, 1932.

Shanghai, Friday, February 26, 1932

Two Important Documents On The Situation

FOR the moment world attention is shifted from military operations in Shanghai to two documents of considerable importance bearing on the China situation.

The two documents are: the reply of the Japanese government to the joint appeal of the 12 powers represented on the Council of the League of Nations for a cessation of hostilities here and an open letter from the American secretary of state, Colonel Stimson, to Senator Borah upholding the "open door" policy and the Nine-Power Treaty.

It is a strange coincidence that the Japanese reply was dated February 23 and that Colonel Stimson's open letter was dated February 24, thus giving the impression that Colonel Stimson's letter was an indirect answer to the Japanese reply to the 12 powers of the Council of the League of Nations.

A careful perusal of the two documents leaves little or no doubt in our minds that Japanese aggression in China has developed into a world issue and unless it is immediately stopped it is capable of becoming a menace to international peace.

The Japanese reply, in which is embodied a further statement, is a long dissertation full of resentment and defiance in which all the facts have been twisted to suit Tokyo's purposes.

On the other hand Colonel Stimson's open letter makes it clear that the United States of America, while showing a reluctance to apportion the blame, knows too well who is the guilty party.

In its statement the Japanese government claims that the appeal of the 12 powers should be addressed to China instead of Japan, because it says China is the attacking party whereas Japan is on the defensive and that for this reason Japan has not violated Article 10 of the Covenant of the League.

As during the last five months Japan has been fighting on the soil of China, occupying one province after another and carrying this unprovoked war now into the Yangtze Valley—a fact known to everybody—the logic of Tokyo's contention that China is the aggressor is amazing and amusing.

Another point in the Japanese statement which requires consideration is Japan's resentment that her proposal of the creation of demilitarized zones or "safety zones" has been ignored by the powers concerned.

The Japanese proposal of demilitarized zones is a direct violation of the Nine Power Treaty and other international treaties, and naturally it cannot be endorsed by the other powers.

On this point the British and American governments have already expressed in unmistakable terms their disapproval, and the insistence of Colonel Stimson in his open letter to uphold the Nine Power Treaty is a pointed reply to Japan.

The charge of the Japanese government in its statement that China is not an organized state and therefore Japan can do what she likes in Chinese territory even to the extent of carrying on cold-blooded murder and grabbing her land is an attempt to evade its treaty obligations.

Article 1 of the Nine-Power Treaty clearly provides that 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 abridge the rights of subjects

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(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 abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such states.

Colonel Stimson pertinently added in his open letter to Senator Borah that the Nine-Power Treaty had been made when China was attempting to develop free institutions and represented the deliberate renunciation by signatories of any policy of aggression tending to interfere with it.

What Japan has been doing in China during the last five months has been a wholesale violation of these treaty stipulations, the framers of which in the light of the present event seemed to have Japan in mind, when they made them.

The Japanese government's interpretation of the 12 powers' appeal for the stopping of hostilities as an attempt to allow the Chinese troops to occupy the International Settlement reflects the low mental level of its statement and shows an absence of sound reasons to defend its aggressive acts in China.

Japan's reckless adventure, which disregards the sanctity of the system of treaties, will not only prove costly to China and herself, but also to the leading nations of the world as is foreshadowed in Colonel Stimson's open letter.

The United States, according to the American secretary of state, surrendered her commanding lead in naval construction and her rights to increase fortifications at Guam and in the Philippines in consideration of Japan's abstinence from territorial aggression in China, but Japan has gone back on her word.

The only alternative that is open to the United States is to build a navy of sufficient size to prevent

Japan attempting to dominate China and the immense potential market which China offers.

It may mean the upsetting of the naval ratio among the leading powers and the revival of strong competition for armament, which will lead to war or financial ruin for some countries.

The definite defiance shown by the Japanese government in its reply and statement to the 12 powers on the Council of the League indicates its determination to depart from the attitude of justice and moderation as counselled by the powers and to establish a dominating position in China.

The Chinese may be comforted by the fact that even if they should lose a military victory, their case will not be lost as the powers have made it sufficiently clear in their attitude which has been reiterated by Colonel Stimson in his open letter in which he emphasizes the restoration of the rights and territory that may have been lost to China.

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

Enclosure No. 3 to despatch No. 814 of Edwin S. Cunningham,
 American Consul General at Shanghai, China, dated March
 3, 1932, on the subject: "Secretary of State's Letter
 to Senator Borah."

Statement from THE NORTH CHINA DAILY NEWS (British)
 of February 27, 1932.

A MAGISTERIAL STATEMENT

Chinese Leaders' View of Stimson Letter FEB 27 1932— WHY AMERICA MUST TAKE ACTION

The following statement on the Stimson letter has been issued by Mr. Sun Fo, late President of the Executive Yuan of the National Government at Nanking, and Mr. Eugene Chen, ex-Minister for Foreign Affairs:

Mr. Stimson's letter to Senator Borah is a magisterial statement of American policy in regard to the Far East, and it is certain to rank high among American state documents. Its most significant passage is the assertion that the Nine-Power Treaty must be considered in conjunction with the agreements relating to disarmament in which the United States willingly surrendered its then commanding lead in battleship construction and left its positions in Guam and the Philippines without further fortifications because it relied upon the covenants embodied in the Nine-Power Treaty.

This is a restrained statement of one of the fundamental realities of the situation. As a result of the naval limitation accepted by the United States and Great Britain at the Washington Conference ten years ago, Japan is to-day supreme and absolute mistress in the China sea and other waters of Far Asia. But in ceding this naval supremacy to Japan, the Anglo-Saxon Powers assumed and had a right to expect that Japan would use it with the restraint and responsibility of a modern state with the rank of a Great Power.

"Deeds of Violence"

By her invasion of China and of the will and opinion of America deeds of violence and her defiance and the rest of the civilised world as represented by the League of Nations, Japan has not only abused the great power entrusted to her in Washington but has revealed herself in a role that might be compared, not without justice, to that of a savage armed with a machine-gun.

You have here the explanation why Japan dares to tear up and thrust into the gutter the League Covenant and those two American documents, the Nine-Power Treaty and the Kellogg Pact. At this moment, no single Power in the world can compel Japan, by force of arms, to honour or respect any treaty or any international obligation to which she is a party. Neither America nor England alone can compel her, though she can certainly be coerced by an Anglo-American naval combination.

Imperative Need

Such a naval combination is an imperative world's need if Japan is to be prevented, immediately or within the next three or six months, from further misuse of the great power entrusted to her. Should this combination be impracticable for lack of vision and understanding of the Japanese menace, then the task of restraining Japan in her course of violence must eventually fall on America, and America must set about to regain her commanding lead on naval construction. The United States must intervene in terms of naval force because Japan's

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

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No Mere Phantom

This is no mere Phantasm indeed, it is less fantastic than if, on September 18, it had been whispered in the chancelleries of the world that Japan would before midnight abandon herself to the career of crime and turpitude which during five full months has astounded and shocked the civilised world.

On this view the eventual armed intervention of the United States in the present war which Japan is waging against China is a necessity not only because American honour and prestige are deeply involved in Japan's contemptuous violation of the covenants of the Nine-Power Treaty and the Kellogg Pact of peace but because the safety and security of the United States and its nationals and possessions in the Pacific are under peril by the rulers of Japan.

We venture to suggest the foregoing view of American interest and responsibility in the matter as an addendum to Mr. Stimson's statement of the historic policy of the United States regarding Chinese envisaged both as a state-organism in the process of adjusting itself to an altered environment and as an object of 'military aggrandisement' on the part of Japan or any other predatory power.

—Kuo Min.

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

Enclosure No. 4 to despatch No. 8141 of Edwin S. Cunningham,
American Consul General at Shanghai, dated March 3, 1932,
on the subject: "Secretary of State's Letter to Senator
Borah."

Sub-editorial from THE NORTH CHINA DAILY NEWS (British)
of February 27, 1932.

NOTES & COMMENTS

FEB 27 1932 - N.C.D.N.

Mr. Stimson's Letter

It may be doubted whether the State Department seriously expects Great Britain or France to base any diplomatic action on Mr. Stimson's letter to the admirable Senator Borah. That letter necessarily lacks the technical nicety of the official despatch. It is more concerned with conveying a general impression than with propounding exact views on Treaty provisions and their implications. Mr. Stimson perhaps feels that his European colleagues possess at Geneva an instrument for the expression of views of the extra-diplomatic sort. He is denied that privilege for reasons well-known. So he has seized upon the Senator, made him "My dear Pugstyles" with results which, of themselves, are not likely to be immediately fruitful. This does not arise from any strong conviction that Tokyo's comment has substance. Nor would Mr. Stimson consider that his epistolary style should be cramped merely because the 19th Route Army were likely to be stimulated by it.

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

Enclosure No. 4 to despatch No. 8141 of Edwin S. Cunningham,
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 By Milton D. Gustafson NARS, Date 12-18-75



LEGATION OF THE
UNITED STATES OF AMERICA

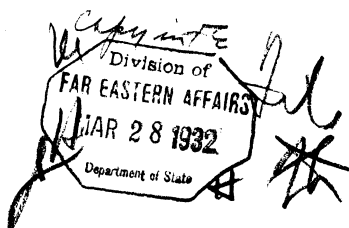
Shanghai, China.

February 27, 1932.

The Honorable,

The Secretary of State,
Washington.

Sir:



I have the honor to transmit herewith memoranda of nine conversations I have had with Sir Miles Lampson, the British Minister to China, and of two conversations I have had with Admiral Montgomery M. Taylor, Commander-in-Chief of the U. S. Asiatic Fleet.

These interviews were held between February 13th and February 23rd, and all relate to the political and military situation in China.

Very respectfully yours,

Nelson Trusler Johnson.

✓
Enclosures: Eleven Memoranda of Conversations.

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 13, 1932.

Conversation with Sir Miles Lampson.

Subject: Situation in Shanghai.

I dined with Sir Miles Lampson this evening at the British Consulate and we discussed information which we had gathered during the day and I told him of my conversation with Mr. Shigemitsu and Dr. Wellington Koo and said that I expected to see Mr. Shigemitsu on the morrow.

N.S.J.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 14, 1932.

Conversation with Sir Miles Lampson.

Subject: Sino-Japanese Situation.

I saw Sir Miles and told him of my conversation yesterday with Wellington Koo. I stated that it seemed to me that all that was necessary was for us to get the Chinese and Japanese together. I asked him if he saw any reason why I should not make the attempt. He said that he thought this was the thing to be done, and I told him that I intended to try and see Mr. Shigemitsu this afternoon.

K.T.V.

American Minister

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

MEMORANDUM OF CONVERSATION

Shanghai, February 15, 1932.

Conversation with Sir Miles Lampson.

Subject: Situation at Shanghai.

I saw Sir Miles Lampson at a dinner given on the flag ship of Admiral Kelly and I told him the result of my conversation with Wellington Koo and Mr. Shigemitsu. Sir Miles stated that he was going to see Wellington Koo at the latter's request, right after dinner and hoped that he might find some proposal.

N.S.J.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 16, 1932.

Conversation with Sir Miles Lampson.

Subject: Situation at Shanghai.

Sir Miles told me today that at the interview he had with Dr. Koo last night he had discussed with Dr. Koo the question of Chinese withdrawal, using the map, and that Dr. Koo had intimated that it might be possible to persuade the Chinese to withdraw from points north of the Settlement. He said that Dr. Koo had intimated that Chinese Chief of Staff would be prepared to meet a representative of General Uyeda, Commanding the Japanese forces, at some place, possibly the Sino-Japanese Friendship Association in the French Settlement. He told me that he had communicated this to Mr. Shigemitsu and that Mr. Shigemitsu had intimated a willingness that this take place. He said that he was going to give this reply to Dr. Koo at the luncheon which we were to have with the Mayor at 12:30 today.

M.T.J.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 17, 1932.

Conversation with Sir Miles Lampson.

Subject: Situation at Shanghai.

I went to see Sir Miles Lampson at 5 o'clock this evening and shortly thereafter he returned from the Japanese Minister. He told me that having received from Wellington Koo an agreement to meet with the Japanese he had proceeded with it to Mr. Shigemitsu and was only now returned from him. He said that everything had been arranged, Shigemitsu and Wellington Koo had agreed that representatives of the Military Commanders of the two missions should meet at the Sino-Japanese Friendship Association in the French Settlement at 9 o'clock tomorrow (Thursday, February 18). He said that when their conversation was finished Mr. Shigemitsu reached over and drew before him a sheet of paper from the Reuters reports and had shown it to him. This Reuter report was from Tokyo and was to the effect that Tokyo had authorized the Japanese Consulate at Shanghai to present an ultimatum to the Chinese. Sir Miles stated that this information was very surprising to him and apparently it

surprised

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surprised Mr. Shigemitsu who was very much cast down thereat. Sir Miles informed me that he had stated to the Japanese Minister that he would not be party to any arrangement whereby the Chinese might be tricked into a meeting where they would be forced to receive an ultimatum from the Japanese. He said that Mr. Shigemitsu had promised him that he would go and see General Uyeda about the matter and subsequently would let Sir Miles know the result of his conversation with the General.

Later.

This evening at a dinner which the French Minister gave at the French Consulate, Sir Miles informed me that Shigemitsu had just told him that he had decided to deny the Reuter report about an ultimatum and that the Japanese and the Chinese would meet tomorrow at 9 a.m. as arranged.

N.I.J.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 18, 1932.

Conversation with Sir Miles Lampson.

Subject: Sino-Japanese - Shanghai Incident.

I went to see Sir Miles this evening at his request and told him of my conversation with Dr. Koo. Sir Miles said that he also had had a ^{similar} conversation with him and the question now was what to do. I told Sir Miles that it was my inclination to advise the American Consul General to warn Americans living in the areas adjacent to Japanese activities to evacuate and that I also felt that I should call upon my Japanese colleague and inform him that we must hold Japan responsible for damage done to American life and property from shell fire drawn by Japanese military activities in Hongkew and Yangtzepoo. We later arranged that he and I and the French Minister and our respective Commanders-in-Chief meet at the British Consulate at 10:00 a.m. tomorrow.

N.S.G.

American Minister.

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 19, 1932.

Meeting at British Consulate.

Present: Sir Miles Lampson, British Minister.
Admiral Sir Howard Kelly, British Comm.-in-Chief.
Nelson Trusler Johnson, American Minister.
Admiral Taylor, American Commander-in-Chief.
Mr. Wilden, French Minister and
Admiral Herr, French Commander-in-Chief.

Subject: Sino-Japanese - Situation at Shanghai.

We discussed the situation presented by Japanese ultimatum and attitude which we should take. Admiral Kelly stated that Chinese Commanders should be told that they must not fire into Settlement area lest we be forced to return their fire. I stated that I was very reluctant to make any such representations to the Chinese, when it was a fact that the Japanese had Headquarters within the Settlement area from which they were directing military attack against Chinese. I stated that the Chinese firing into the Settlement was not directed at the Settlement as a whole but to prospective areas within the Settlement where it was commonly known that Japanese Headquarters and military activities were being carried on, such as the Japanese Flag Ship anchored near the Japanese Consulate General and the Japanese wharves in Yangtzepoo where Japanese transports were disembarking

Japanese

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Japanese troops. I said that it seemed to me that we must avoid coming into conflict with the Chinese lest by so doing we had involved the entire Settlement in a bombardment and all our forces.

It was agreed (1) that we should send our Military representatives to visit the Commander of the Chinese forces and protest to him against firing into the Settlement stating that we must hold Chinese responsible for damage done to the property and lives of our respective citizens, (2) we would instruct our respective Consuls General to call upon the Mayor of Shanghai, General Wu Tieh-cheng, and make similar representations, (3) the British, American, French Ministers and Italian Charge would call upon the Japanese Minister and state to him that in view of the Japanese Military activities within the Settlement which were drawing the fire of the Chinese military and thereby endangering the safety of the life and property of our nationals nearby we must hold Japan responsible for such damages.

NSA

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 20, 1932.

Conversation with Sir Miles Lampson.

Subject: Sino-Japanese Situation.

British Minister informed me at noon today that he had gone once more to the Japanese Minister to make a last appeal to discover if there might be some way yet found of a peaceful solution. He informed me that Mr. Shigemitsu had stated that he feared that matter was now out of his hands and in the hands of the military. He reported Mr. Shigemitsu as stating that he was still anxious to do what he could. Mr. Shigemitsu stated that perhaps after the first clash there might be a possibility of doing something. The Japanese forces had begun their operations at 7:30, firing had started at 9:00.

N.J.G.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 18, 1932.

Conversation with Admiral Taylor.

Subject: Sino-Japanese - Shanghai Incident.

I dined with Admiral Taylor on the U.S.S. Houston tonight and reported to him my conversation with Sir Miles and Dr. Koo. We agreed that care should be taken that we should not become involved in the strife between Japanese and Chinese here; that whatever happened we should endeavor to avoid firing upon Chinese forces, thus becoming involved.

MTJ.

American Minister

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 19, 1932.

Conversation with Admiral Taylor.

Subject: Sino-Japanese Situation.

Admiral Taylor informed me this morning at the British Consulate that Colonel Hooker had informed him that they had caught Japanese in Japanese mills within the American sector and under the protection of the American marines signalling to the Japanese military forces the location of Chinese batteries. He said that this was in danger to marines there under whose protection the mills had been placed and that he was on his way to discuss the matter with Colonel Hooker. He said that when a marine sergeant had gone to dismantle the signalling apparatus, when it was first discovered, a Japanese within the mill had drawn a gun upon him and the marine had disarmed him. I told Admiral Taylor that it seemed to me that the marines should search the mill for signalling apparatus. That they should close the top of the mill to Japanese who might use it for such purposes and if necessary they should force the Japanese to leave the place in order to prevent any violation of the neutrality of that sector.

W.T.G.
American Minister.

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 23, 1932,

Conversation with Sir Miles Lampson.

Subject: Situation at Shanghai.

In conversation with Sir Miles Lampson, the British Minister, this morning, we discussed proposal attributed to the Japanese for the establishment of demilitarized zones around certain disconnected ports of China. Sir Miles stated that at the time this report was issued in Nanking, he had telegraphed his Government stating that he thought it was absurd, that it hardly seemed necessary for him to comment, and that he would make no comment unless asked if in his estimate the demilitarization of such zones would be objectionable on the grounds of their economic value and on the grounds of military and political points of view. He said that he had received a telegram from his Government approving his views.

Nig.

American Minister.

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

No.D-218

AMERICAN CONSULATE GENERAL,
Nanking, China.

February 25, 1932.

MAR 26 32

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

Subject: Chinese Official Statements relating
to the Sino-Japanese Controversy.

The Honorable

The Secretary of State,
Washington.

Sir:

I have the honor to enclose herewith copies of
four statements issued recently by the Chinese Ministry
of Foreign Affairs. The first three were received by
me on February 24, 1932, and the last on February 25,
1932. These statements bear the following titles:

1. "Statement concerning General Uyeda's
ultimatum", February 19, 1932.
2. "Statement on the so-called Independence
Movement in Manchuria", February 20, 1932.
3. "Protest to Shigemitsu in reply to Uyeda's
ultimatum", February 20, 1932.
4. "Chinese Note of Protest to Japan",
February 24, 1932.

The Assistant Director of the Department of
Intelligence and Publicity of the Ministry of Foreign

Affairs

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Manchuria

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

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Affairs has informed me that the first three of these statements have been published in the principal ports of China, and that a portion of the second statement has been telegraphed to foreign countries.

Respectfully yours,



Willys R. Peck,
 American Consul General.

✓
 Enclosures:

Four, as described.

In quintuplicate to the Department of State.
 In duplicate to the American Legation, Peiping.
 Single copy to the American Embassy, Tokyo.
 Single copy to the American Consulate General, Shanghai.
 Single copy to the American Consulate General, Tientsin.
 Single copy to the American Consulate General, Harbin.
 Single copy to the American Consulate General, Mukden.
 Single copy to the American Consulate General, Hankow.
 Single copy to the American Consulate General, Canton.
 Single copy to the Commander in Chief, United States Asiatic Fleet.
 " " " " Commander of the Yangtze Patrol.
 " " " " Commanding Officer, U.S.S. SMITH THOMPSON, Nanking.

800

WRP:MCL

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

Enclosure No. 1 to despatch to the Department No.D-218 of Willys R. Peck, American Consul General at Nanking, China, dated February 25, 1932, entitled "Official Statements relating to the Sino-Japanese Controversy".

STATEMENT CONCERNING GENERAL UYEDA'S ULTIMATUM.

After twenty days' bombardment and incessant attack of the Chapei and Woosung districts with all kinds of instruments of war inflicting enormous loss of life and property on innumerable innocent Chinese residents, the Japanese forces in Shanghai, through their commander General K. Uyeda delivered, yesterday at 8:45 p.m. an ultimatum to General Tsai Ting-kai, Commander of the Chinese 19th Route army, demanding, among other things, the complete withdrawal of the Chinese forces before five o'clock in the afternoon of February 20th, from their present position to a distance of twenty kilometres both East and West of the Shanghai International Settlement and the permanent dismantling of all forts and other military works in the evacuated area. An identical note was simultaneously sent to General Wu Tieh-chen, Mayor of Greater Shanghai, by Mr. Murai, the Japanese Consul-General in Shanghai.

These unexpected and excessive demands emanate from a Government which professes to be at peace with China, which has undertaken under article 10 of the Covenant of the League of Nations to respect and preserve the territorial integrity and existing political independence of fellow members of the League, and to which the Council of the League has just addressed an appeal

counselling

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

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counselling conciliatory action. The presentation of such demands constitutes not only another blow to the Chinese people, but also a direct challenge to the authority of the League of Nations as well as the sanctity of the Kellogg-Briand Pact.

Despite their sincere desire to avoid further bloodshed, it is manifestly impossible for the Chinese local authorities to accept the demands as presented, as China's sovereign rights and national honour are at stake. With heavy reinforcement and most up-to-date implements of war, Japanese forces are expected to renew their attack on a larger scale and with greater violence. Japan has turned a deaf ear to all entreaties for peace, she is determined upon war. Chinese troops who are defending Chinese territory in Shanghai are constrained to resist as heretofore the Japanese onslaught to the best of their ability.

Inteliburo, Waichiaopu, 19th.

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

Enclosure No. 2 to despatch to the Department No.D-218
of Willys R. Peck, American Consul General at Nanking,
China, dated February 25, 1932, entitled "Official
Statements relating to the Sino-Japanese Controversy".

STATEMENT ON THE SO-CALLED INDEPENDENCE MOVEMENT IN MANCHURIA.

The Three Eastern Provinces, also known as Manchuria,
are always an integral part of China, and the usurpation of,
or interference with, the administration of these Provinces
constitutes a direct impairment of China's territorial and
administrative integrity. The Organic Law of the National
Government of October 4, 1928, which was proclaimed in
Manchuria as well as in the other provinces of the Republic
states in Article 1 that the National Government shall
exercise all the governing powers of the Republic of China.
The Provisional Constitution of June 1, 1931, following the
precedents of the former Republican Constitutions of 1914
and 1923, expressly provides that the territory of the
Republic of China consists of the various provinces and
Mongolia and Tibet (Art. 1) and that the Republic of China
shall be an unified Republic forever (Art. 3).

The territorial, political and administrative integrity
of the Chinese Republic, besides being an attribute of a
sovereign State in International Law, is guaranteed by
Article 10 of the Covenant of the League of Nations and by
Article 1 of the Nine Power Treaty of February 6, 1922.
The guarantee provided by Article 10 of the Covenant has
been implemented by Japan when she adhered to the Resolution
of the Council of the League of Nations, dated September 30,
1931, in which it is said:

"The Council,
.....
(2) Recognizes the importance of the Japanese
Government's statement that it has no territorial
designs in Manchuria.
.....

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(5) Being convinced that both Governments are anxious to avoid taking any action which may disturb the peace and good understanding between the two nations, notes that the Chinese and Japanese representatives have given assurances that their respective Governments will take all necessary steps to prevent any extension of the scope of the incident or any aggravation of the situation."

In its resolution of October 24, 1931, the Council emphasized the importance of these assurances, saying that it

"(3) recalls the Japanese statement that Japan has no territorial designs in Manchuria, and notes that this statement is in accordance with the terms of the Covenant of the League of Nations and of the Nine Power Treaty, the signatories of which are pledged "to respect the sovereignty, the independence, and the territorial and administrative integrity of China."

The Council further notes in its resolution of December 10, 1931:

"That the two Parties undertake to adopt all measures necessary to avoid any further aggravation of the situation."

This resolution was also accepted by Japan. The Chinese Delegate who endorsed it declared that:

"China would regard any attempt by Japan to bring about complications of a political character affecting China's territorial or administrative integrity (such as promoting the so-called independence movement . . .) as an obvious violation of the undertaking to avoid any further aggravation of the situation."

Now, in defiance of all law and the solemn obligation recorded above, the Japanese authorities who are in unlawful occupation of the territory of the Three Eastern Provinces are endeavouring to set up in those Provinces a so-called independent Government, and by all means in their power are trying to compel Chinese citizens, against their will, to participate in this puppet organization.

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

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The National Government has repeatedly and emphatically protested against the illegal actions of the Japanese Government in this regard and hereby again declares that it does not recognize secession or independence of the Three Eastern Provinces or any part thereof, or any administration which may be organized therein without its authority and consent.

Inteliburo, Waichiaopu, 20th.

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

Enclosure No. 3 to despatch to the Department No.D-218 of Willys R. Peck, American Consul General, ^{at} Nanking, China, dated February 25, 1932, entitled ^{Chinese} "Official Statements relating to the Sino-Japanese Controversy".

PROTEST TO SHIGEMITSU IN REPLY TO UYEDA'S ULTIMATUM

The Ministry of Foreign Affairs lodged late last night a most vigorous protest with Japanese Minister Shigemitsu against the action of General Uyeda and Consul-General Murai in delivering identical notes to General Tsai Ting-kai and Mayor Wu Tieh-chen in which the Japanese authorities concerned demanded, among other things, the complete withdrawal of the Chinese forces before five o'clock in the afternoon of February 20th from their present position to a distance of twenty kilometres both East and West of the Shanghai International Settlement and the permanent dismantling of all forts and other military works in the evacuated area, failing all of which the Japanese forces would take free action.

After briefly stating the case, the Chinese note went on to say: "Ever since their unprovoked attack on Mukden on the 18th of last September, Japanese Military forces had kept pushing forward and had occupied many important areas in the Northeast. Then on the 28th of last January, they suddenly shifted the scene of their military adventure to Shanghai and staged a surprise attack on the Chapei district and for twenty days the Japanese army, naval, and air forces had carried on a terrific bombardment of the Chapei and Woosung districts. The local Chinese garrison forces were constrained to

resist

DECLASSIFIED: E.O. 11652, 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-

resist the onslaught as a measure of self-defence.

"As though this is not far enough, the Japanese commander and the Japanese Consul-General now pursued such a course of action as to present to General Tsai and Mayor Wu respectively a set of demands of an impossible nature. This is really most unreasonable."

The note concludes by declaring that should the Japanese forces attempt to renew their attack the Chinese troops will not hesitate to resist to the best of their ability and that the Government of Japan will be held fully responsible for all consequences resulting therefrom.

Inteliburo, Waichiaopu, 20th.

3551

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

Enclosure No. 4 to despatch to the Department No.D-218 of Willys R. Peck, American Consul General at Nanking, China, dated February 25, 1932, entitled "Chinese Official Statements relating to the Sino-Japanese Controversy".

CHINESE NOTE OF PROTEST TO JAPAN

The Ministry of Foreign Affairs lodged another vigorous protest today with Japanese Minister Mr. Shigemitsu concerning the so-called independence movement in the Three Eastern Provinces and Japanese chief delegate Mr. Sato's declaration before the League Council on February 19th that Japan had sympathized and assisted this movement.

The note recalls that the National Government has since last October made repeated and emphatic declarations to the world and strong protests to Japan to the effect that it does not recognize but shall hold the Japanese Government responsible for existence of any illegal organization in any of the territories under the unlawful Japanese occupation, and points out that the Director of the Asiatic Department of the Japanese Foreign Office had given assurances to Mr. Ting, Secretary of Chinese Legation in Tokyo, when latter called on him on September 27th, 1931, that the Japanese Government would forbid any Japanese subjects from participating in the establishment of so-called independent Chungko Republic in the Northeastern Provinces under the penalty of expulsion from those provinces. The Japanese Government, in its reply to the note from Chinese Minister in Tokyo on the same subject, had also given assurances to similar effect, the note adds.

"However,

0554

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"However, despite all these," the note goes on to say "The secret plot to set up an independent Government in the Three Eastern Provinces is becoming more obvious every day and now Mr. Sato, Japan's Chief delegate to the League Council, even openly admitted that his country had sympathized and given assistance to this illegal movement. This is in direct contravention of previous pledges made by the Japanese diplomatic authorities as well as an impairment of the territorial and administrative integrity of China."

The Note concludes by declaring that the National Government does not recognize such illegal actions but shall hold the Japanese Government fully responsible for the establishment of any so-called independent or autonomous Government in the territory of the Three Eastern Provinces as well as for the compulsion of Chinese citizens to participate in this puppet organization.

Nanking, Feb. 24, 1932.

1

055
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By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.01-Manchuria/71 FOR Tel. #374-1pm

FROM China (Perkins) DATED Mar. 25, 1932.
TO NAME 1-1127 o.p.

REGARDING:

Situation in new state in Manchuria.
Chinese Eastern Railway flag raised yesterday. Conditions
quiet at Manchuli, Hailar and Taheiho but disturbed along
east line of railway and east of Tsitsihar. Fifty busses
of Japanese troops en route to Sanhsing to clear region
of brigands. Japanese troops in position to advance in
five directions.

jr

793.94/4900

793.94

1551
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

REP

GRAY

Peiping via N. R.

Dated March 25, 1932

Rec'd 6:20 a. m.

Secretary of State,
Washington.

374, March 25, 1 p. m.

Following from the American Consul at Harbin:

"March 24, 4 p. m., number 39.

One. Yesterday new Chinese Eastern Railway flag consisting of a combination of the Manchukuo flag above and Soviet flag below was raised on buildings of railway by order of the Board of Directors. I believe that the Soviet side made a concession in this direction solely in order to avoid local irritation.

Two. Reliable reports indicated that conditions are quiet at Manchuli, Hailar and Taheiho but very much disturbed along the east line of the railway and in the region east of Tsitsihar.

Three. Fifty auto busses carrying Japanese troops arrived at Pinghsien yesterday and returned last night."

Japanese Consulate General has informed me that Japanese troops are being sent via Pinghsien toward Sanhsing, which is General Li Tsze's base. (END PART ONE).

PERKINS

HPD - KLP

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

REP

GRAY

Peiping via N. R.

Dated March 25, 1932

Rec'd 8:45 a. m.

Secretary of State,
Washington.

374, March 25, 1 p. m. (PARTS TWO AND THREE).

, in order to clear the region nearby of brigands.

Four. Japanese troops are now on all branches of the Chinese Eastern Railway and on the Sungari River and are in positions to advance in five directions toward the Siberian frontier, west to the Manchuli, northeast to Taheiho from Tsitsihar and to Lahasusu and east to Pogranichnia and to Posiet Bay from Korea.

Five. As Manchukuo authorities are unable to enforce embargo on export of grain because the frontier towns are not under their control they have requested the Commissioner of Maritime Customs to do so. Latter has requested instructions from Inspector General before deciding to enforce a measure that is aimed by the Japanese against the Soviet officials, who are the only parties exporting wheat and flour. In order temporarily to preserve the integrity of the customs it might be a wise course for the Inspectorate General to authorize the customs officials in Manchuria to allot a
certain

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REP

2-#374, from Peiping, Mar. 25, 1p.m.

certain proportion of their revenue to the new government
which Ohashi informs me needs revenue and is looking towards
the customs and salt gabelle to supply it."

(END PARTS TWO, THREE AND MESSAGE).

PERKINS

RR

HPD

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

DOCUMENT FILE

NOTE

SEE 894.50/58 FOR Tel. #107, noon
(Section C)

FROM Japan (Neville) DATED Mar. 25, 1932
TO NAME 1-1127 ***

REGARDING: expenditures on the Manchurian incident. Finance Minister asked for 7,570,000 yen to cover - for the remainder of the 1931-32 fiscal year and 59,510,000 yen for the same purpose for the beginning of the 1932-33 fiscal year.

dew

793.94/4901

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

REP

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

TOKYO

Dated March 25, 1932

Rec'd 2:03 a. m.

Secretary of State,
Washington.

107, March 25, noon.

SECTION C EXPENSE OF BUDGET:

The Diet has passed supplementary budget bills authorizing a loan of 67,500,000 yen, this is in addition to approving loans of yen 69,910,000 which had already been sanctioned by the Privy Council as emergency measures. The Finance Minister asked for yen 7,570,000 to cover expenditures on the Manchurian incident for the remainder of the 1931-32 fiscal year and yen 59,510,000 for this purpose for the beginning of the 1932-33 fiscal year. This presumably is in addition to special expenditures already authorized, the total additional expenditure provided for is thus 137,410,000.

It may not be necessary for the Government to borrow all this money from the public, some will be obtained by using balances available in special Government accounts and some borrowed from the deposit bureau of the postoffice.

The Diet also has limited the amount to be paid into the sinking fund to yen 44,000,000. About 70,000,000 yen would be

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REP

2-#107, from Tokyo, Mar.25,noon.

would be the expected figure for this purpose.

On March 12 an Imperial ordinance was issued carrying over to the fiscal year 1932 (*) made by the budget of the present fiscal year. An outline of this year's budget appears (*) 697 of the Japanese synopsis of a book transmitted in despatch No. 437, of December 12, 1931. Due to an error the figures appear there as for 1930-31 instead of 1931-32. The fiscal year begins April 1.

NEVILLE

RR

KLF

(*) Apparent omissions

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

TELEGRAM RECEIVED

REP

A portion of this telegram must be closely FROM paraphrased before being communicated to anyone.

SHANGHAI

Dated March 28, 1932

Rec'd 11:15 a. m.

Secretary of State, MAR 28 1932
Washington.

March 28, 8 p. m.

(GRAY) CONFIDENTIAL FOR THE SECRETARY.

My March 26, 1 p. m.

One. Meeting between Chinese-Japanese continued at 10 a. m. and commenced at once discussion of "draft B" (text of which is being telegraphed separately) which represents progress made in discussions of draft of March 19 during previous meetings. Sub-Committee of military concurrently discussed question of Chinese and Japanese positions. (END GRAY)

Two. There was considerable argument once more about question of plain clothes gunmen, Chinese denying that they had employed such as a part of their army. The Japanese finally took under advisement suggestion that words "and every form of" be inserted before words "hostile acts".

Three. The Japanese objected strenuously to Chinese reservation to article two maintaining that arrangement now under negotiations was necessarily temporary to be followed

F/DEW

793L.94/4902

APR 1 1932

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REP

2-from Shanghai, Mar.28,8p.m.

followed by a later arrangement. Chinese agree to take under consideration suggestion made by Lampson that the words "upon the reestablishment of normal conditions in the areas dealt with that agreement" be inserted at the end of first sentence of article two.

Four. When discussion reached annex two which was next taken up at the suggestion of Uyeda Chinese insisted that there must be stated a time limit for the withdrawal of the Japanese forces to area of Settlement and Extra Settlement Roads adjacent to Hongkew pointing out that Japanese refusal to agree to a time within which the Japanese troops would be withdrawn as before incident of January 28th introduces a new element into the discussion. Article three of draft undertakes in the first sentence on the part of the Japanese to withdraw their forces into the Settlement and Extra Settlement Roads. By the second sentence certain physical aspects of the situation are mentioned which make it necessary to keep Japanese forces temporarily outside these areas. But now Japanese say that they must be held there pending restoration of normal conditions. Quo agreed that this is new matter in so far as draft of March 19th is concerned and a matter that is not ascertainable by anyone. Matter was laid aside for the present at the suggestion of Quo.

Five.

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REP

3- from Shanghai, Mar.28,8p.m,

Five. Discussion continued with reservations on both sides for further discussion tomorrow. Military sub-Committee will recess until Wednesday morning. (END GRAY)

Six. VERY CONFIDENTIAL. It is becoming increasingly clear that Japanese do not intend to be pinned down to any time program as to withdrawal. In the military sub-Committee they have been pushed back to a point where the area east of the railway has become the area which they concentrate upon. They state they will withdraw from this area "when conditions permit". Chinese are naturally unwilling to accept this and are beginning to threaten to refer question to the League and to friendly participating powers.

JOHNSON

WSB

RR

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

April 13, 1932.

~~ADM:~~

~~RCM:~~

~~SKH:~~

~~RCM:~~

The Consul General at Shanghai transmits herewith a list of instances of the interference by the Japanese of the functions of the Municipal Police at Shanghai and of mistreatment of Chinese and some foreigners. Altogether there are about 140 incidents listed.

The list is worth looking over in order to see the devilish way in which the Japanese have conducted themselves--about what I should expect of them but no worse than the Chinese would have acted if the tables had been reversed.

~~X~~

JBJ

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

AMERICAN CONSULATE GENERAL.

March 1932
Copy
 Division of
 FAR EASTERN AFFAIRS
 MAR 28 1932
 Department of State
News 4

LEGAL ADVISER
APR 19 1932
DEPARTMENT OF STATE

WASHINGTON.

I have the honor to transmit a copy of a memorandum

It will be observed that this list is only of authenticated cases. It does not include the assault on Vice Consul Ringwalt on February 10th; the arrest of General

Wang

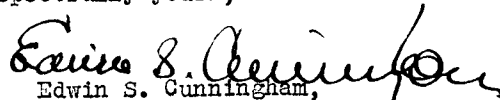
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Wang Ken, referred to in my telegram No. 125, February 28, 6 p.m., though it should contain this case; nor the murder by a Japanese Naval Landing Force of an unknown Chinese at the gate of the Comparative Law School, witnessed by Dr. George Sellett, United States District Attorney. These and many other cases are authenticated by other than police authorities, but naturally are not included in this list. Hundreds of cases, and this does not seem to me an exaggeration, are not included in this memorandum, which those making investigations are confident have occurred.

The principal object in transmitting the enclosure is that the Department may be convinced that the Japanese have been in complete and exclusive control of the Hongkew and Yangtszepoo areas from the evening of January 28th to March 1st, and to a lesser degree since that date. It is believed that this information will assist the Department in determining the question of responsibility for damage should claims be filed by persons who have suffered losses in these districts. Such claims will be numerous, but it is not known as yet whether they will aggregate a large sum or not.

Respectfully yours,


Edwin S. Cunningham,
American Consul General.

✓
Enclosure:

1/- Memorandum, as stated.

800
ESC:NLH

In quintuplicate
In duplicate to Legation
Copy to Minister at 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

Enclosure No. 1 to despatch No. 8143 from D.S. Cunningham, American Consul General at Shanghai, China, dated March 5, 1952, on the subject: Occupation of Hongkew and Yangtszepoo Districts by Japanese, etc."

List of Incidents of Outstanding Seriousness of Interference by Members of Japanese Armed Forces or Reservists with Members of the Shanghai Municipal Police.

(1) At about 4 p.m. February 12, Sergeant Robinson, whilst proceeding to Kashing Road Police Station in a motor car owned and driven by Mr. L.V. Leonidoff, was stopped on North Szechuen Road south of Range Road by a plain clothes Japanese who informed him that he must "go back" as motor cars were not allowed to proceed north of Range Road. Sergeant Robinson, who was in uniform, pointed out to the Japanese that he was a policeman and had a right to proceed. The Japanese became angry and called Robinson a "foreign Pih-sai" (foreign beggar). An exchange of uncomplimentary remarks between the two followed and Robinson then left the car and was proceeding on foot when he was struck in the back by the Japanese. He then turned to face his assailant and was struck on the nose. Robinson then struck the Japanese on the face. Marines on duty in the vicinity, who had seen everything that took place, surrounded Robinson and held their rifles in a threatening manner. Robinson was allowed to go his way as the result of an appeal which he made to a Japanese marine officer who had seen what had happened.

(2) At 6 p.m. February 20, Captain Kennedy intervened when a Chinese was being assaulted by three Japanese marines at North Soochow and Woosung Roads corner. One of the Japanese marines, who resented this action, seized the officer by the left wrist and twisted his arm. After freeing himself Captain Kennedy persuaded the Chinese to go with the marines to the Japanese Telegraph Building. Accompanied by Assistant Commissioner Tajima and other police officers who came to the scene, Captain Kennedy proceeded to and entered the Telegraph Building compound. He there met Commander Mori who explained that the marine responsible for twisting Captain Kennedy's wrist had been under the impression that Captain Kennedy was trying to release the prisoner.

The Police officers discovered in the Telegraph Building that the prisoner had been taken to the Japanese Headquarters on Range Road. With a view to securing his release, Captain Kennedy went with Commander Mori to that place. While there, Captain Kennedy's chauffeur, who was waiting in the compound, was assaulted by marines and compelled to drive the car away.

(3) At 10 a.m. February 27, Special Constable Benton was on duty in charge of a police patrol at the intersection of Wochang and Seward Roads when two Chinese pedestrians were stopped by a Japanese marine who was on duty at the same corner. The Chinese pedestrians approached the police patrol and asked for assistance in explaining to the marine that they wished to proceed to their homes near the Hongkew Market. When Sp. Con. Benton attempted to do so, the marine pushed him aside and kicked one of the pedestrians on the shins. Realizing that interference was useless

Benton

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Benton withdrew his patrol and proceeded along Seward Road in the direction of Tiendong Road. The marine followed and all the time kept his bayonet within a few inches of the constables back. On nearing the Japanese Telegraph Building the marine compelled Benton to enter the Building. After Benton had been detained there about three minutes he was released. Previous to being restored to liberty a non-commissioned officer took his number.

Copied by MLH th
Compared with MB ^B

List of incidents in the Hongkew Police District in which Japanese
Marines or Reservists figured since Jan. 28/29, 1932.

Time & Date	Place	Character of incident & Persons or property damaged	Witnessed by	How settled
8 p.m. Jan. 29	Boone Road	C.P.C. 1789 (in uniform) taken to Japanese Club by Japanese marines.	S.I. Glover and	Released the C.P.C.s 751 and same day 1283
10.55 p.m. Jan. 29	Fearon Road	An unknown male Chinese shot dead by Japanese Reservists.	J.P.C.s 78 & 113	
5.30 a.m. Jan. 30	Teashop on Boone Road	Japanese marines broke open doors and arrested the occupants.	S.I. Moir	
5.30 a.m. Jan. 30	Exchange shop on Woosung Road.	Japanese marines broke open the door and arrested occupants.	S.I. Moir	
12.40 p.m. Jan. 30	Boone Road	Two male Chinese severely assaulted and taken to Japanese Club by Japanese Reservists.	P/S 38 Harrison	
1 p.m. Jan. 30	Boone Road	Unknown male and female Chinese travelling in motor car searched and roughly handled by marines and reservists.	P/S 38 Harrison	
2 p.m. Jan. 30	Boone Road	An unknown male Chinese assaulted and taken to Japanese Club by Reservists.	S/C 553 Sutter	
2.5 p.m. Jan. 30	Boone Road	3 unknown male Chinese assaulted and taken to Japanese Club by Reservists.	P/S 38 Harrison	
2.50 p.m. Jan. 30	Boone Road	An unknown male Chinese arrested and taken to Japanese Club by reservists.	P/S 38 Harrison	
6 p.m. Jan. 30	Seward Road near Woosung Road	Marines fired on a number of Chinese pedestrians, no persons wounded or killed.	P/S 328 Edmunds	
9 p.m. Jan. 30	Woosung Road	Shanghai Fire Brigade Ambulance searched and detained at Japanese Club by Reservists.	?	?
11.50 a.m. Jan. 31	Vicinity Woosung & Tiendong Roads	About 100 male Chinese arrested by marines and Reservists and taken to Japanese Club	S.I. Verschaer	

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By M. J. O. Davis Date 12-18-75

Time & Date	Place	Character of incident & Persons or property damaged	Witnessed by	How Settled
11.40 a.m. Feb.10	N.Szechuen & Haining Rds. Corner	Unknown male Chinese searched by marines.	J.P.C. 76	
12.15 p.m. Feb.11	Broadway & Seward Road corner	Chinese pedestrians prevented from proceeding east on Seward Road by marines & Japanese civilians.	Inspt. Jefferson	
1.30 p.m. Feb.11	Nos. 1462, 1464, 1465 & 1467 Woosung Rd. & K.225 Boone Road	30 plain clothes Japanese armed with pistols and axes broke open the doors and windows	Ch. Inspt. Ring	
2.45 p.m. Feb.11	Chapoo and N. Soochow Roads corner	Chinese pedestrians searched by plain clothes Japanese.	Sp. Con. 13	
3.40 p.m. Feb.11	Tailors shop at the corner of Seward & Futeh Roads	Marines arrested three employees of the shop.	Zee Kung Sung, Godown Watchman, Woosung Rd.	
4.40 p.m. Feb.11	Japanese Telegraph Bldg., Seward Rd.	Unknown male Chinese arrested and taken inside Telegraph Building by plain clothes Japanese.	F.S. Ananyin	Later released
8.50 a.m. Feb.12	N. Szechuen & Haining Roads corner	Marine fired one shot into the air to scare a crowd.	Ch. Inspt. Ring	
4 p.m. Feb.12	N. Szechuen Rd. South of Range Road	Sergeant Robinson, Kashing Rd. Station, assaulted by plain clothes Japanese whilst on his way to his station.	Dr. H. Pederson Mr. Kilner, S.C.C. (Mort)	Jap. Commander expressed regrets to Capt. Kennedy.
7 p.m. Feb.12	Fearon and Yalu Roads corner	Marines broke three street lamps	Sp/Con. 30	
8.30 a.m. Feb.13	Seward Road near Woosung Rd.	Marine threw a bomb into the middle of the road, bomb exploded but no damage done.	S.P.C. 99	
9.10 a.m. Feb.13	Seward & Woosung Roads corner	Unknown Chinese female arrested by Japanese army officer and taken to Japanese Consulate. Female alleged to have certain plans in her possession.	Sp/Cons 15 and 269	

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

Time & Date	Place	Character of incident & persons or property damaged	Witnessed by	How Settled
8.40 a.m. Feb. 3	Broadway	Mr. Girberg, residing 678 Broadway, interfered with by marines whilst walking on Broadway	Inspt.Whitehead (Specials)	
6.40 p.m. Feb.3	Broadway	Unknown male Chinese arrested by marines and plain clothes men.	Sp/Con.68	
12.35 p.m. Feb.4	Eddie & Co. 74 Broadway	5 marines and 3 reservists broke open the back door and after entering the building broke open other doors on the 1st floor in search of snipers. Nothing suspicious found.	D.S.Willis, S.P.C.133, Inspt.Whitehead (Specials)	
10 a.m. Feb.5	School, 878 N.Szechuen Rd.	Marines entered the school and broke the furniture.	Mr.C.H.Jackson.	
3 p.m. Feb. 6.	Chapoo Road Bridge	Marines searching pedestrians	S.I.Jameson	
6.10 p.m. Feb. 6	Victoria Hursing Home,Hannan Rd.	Four Reservists searched the ground floor of the premises.	Naik 146 and S.P.C. 526	
10.30 p.m. Feb.8	Premises Nos. 101, 115,117,121 & 123 Broadway	Windows facing Broadway deliberately broken by a Reservist carrying an iron bar or stick	S.P.C. 365	
10.20 a.m. Feb. 9	Haining & N.Sze- chuen Rds. corner	Police patrol from Hongkew Station interfered with by marines. The marines pushed the C.P.C.s of the patrol away with their rifle butts.	F.S.Cormis	Police withdrew to another sector
	Range & N.Sze- chuen Rds.corner	The same patrol were interfered with in the same manner by a party of marines and plain clothes men who endeavoured to prevent the police from functioning. The plain clothes men were armed with iron bars.	F.S.Cormis	Police withdrew.
5.30 p.m.	Pawn Shop,North Szechuen Rd.	Marines and plain clothes men arrested three male Chinese.	Mr.Travers-Smith, 4 Ezra Road.	
9.15 a.m. Feb.10	Boone & Woosung Roads corner	Marines searched the premises and arrested a male Chinese.	J.P.C.127	

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

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Time & Date	Place	Character of incident & Persons or property damaged	Witnessed by	How Settled
12 noon Jan.31	Woosung Road	Marines shot and killed two unknown coolies	B/S 12 Glanville	
12.15 p.m. Jan.31	Woosung Road	Marines opened machine gun fire on No. ? Woosung Road, shattering windows	P/S 12 Glanville	
12.20 p.m. Jan. 31	Woosung Road	Marines entered a foodshop and shot two coolies	D.S. Willis and D.S. Self	
12.35 p.m. Jan.31	Woosung Road	Marines carrying the corpses of two male Chinese following a burst of machine gun fire,	Ch.Inspt.Ring	
3 p.m. Jan.31	Minghong & Seward Road Corners	An unknown male Chinese searched by marines.	Asst.Com.O'Toole	
6 p.m. Jan.31	Pierce Apartment Building, Boone Rd.	Neon lights of Shanghai Power Co., showroom shot out by marines.	D.S.I. Bonner	
6 p.m. Feb.1	Pierce Apartment Building, Boone Rd.	Arrest of two Chinese engineers employed in the building by marines.	S/C Mason	
8 a.m. Feb.2	Broadway & Nanzing Roads corner	Reservists forcibly preventing foreigners from proceeding on Nanzing Road	Asst.Com.O'Toole	
9.15 a.m. Feb. 2	Seward Road, No. J.7/8	Marines prevented "Henry the Tailor" from removing stock from his shop.	F.S.Ananyin	Permission later given by Japanese Officer.
1 p.m. Feb.2	627 Woosung Rd.	Four marines entered the shop and shot dead an assistant named Wong Kyi Loong	Zee Ah Ching, 627 Woosung Rd.	
1.30 p.m. Feb.2	Thorne Road Bridge	Marines removing boards from bridge.	P/S Pallace	
8 a.m. to 10 a.m. Feb.3	Indian Police Hospt. Woosung Rd.	Marines broke open doors and windows and searched premises.	S.P.C.369	
8.50 a.m. Feb.3	Broadway & Seward Roads corner	Marines searching Chinese pedestrians	F.S.Ananyin	

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Time & Date	Place	Character of incident & persons or property damaged	Witnessed by	How settled
1.15 p.m. Feb. 13	B.1259 Dixwell Rd.	Choau Ching Chuen, British subject, residing at 3 Sun Avenue, arrested by marines when visiting his brothers residence because a volunteer's cap was found on premises.	Sp/Con.72	Released on intervention of Police.
3 p.m. Feb.13	N.Szechuen & Boone Roads corner	A marine searched a young Chinese female and placed his hand inside the girl's gown and handled her person in a very unnecessary manner.	Ch.Inspt.Ring S.I.Butcher	
11.15 a.m. Feb. 14	N.Szechuen Road	S.V.C.Evacuation truck interfered with by marines and driver struck with baton.	Sp/Cons.3 & 19	Japanese Commander apologized.
11 a.m. to 3 p.m.Feb.14	N.Szechuen Rd.between Boone & Tiendong Roads.	Marines and Reservists searching Chinese females and exposing their persons in an unnecessary manner, and also searching and assaulting male Chinese pedestrians.	P/S 322 Wilson	
10 a.m. Feb.15	Boone & N.Szechuen Roads corner	An unknown male Chinese brutally assaulted by two marines who used their rifle butts.	P/S 322 Wilson	
10.45 a.m. Feb. 15	Woosung Road	An unknown male Chinese assaulted by marines and taken to the Japanese temple	P/S Gibbon	
9 a.m. to 11 a.m. Feb.15	Boone & North Szechuen Rds.corner	Marines searching and stripping to the waist several Chinese girls whose persons were exposed by the act.	P/S 322 Wilson	
4 p.m. Feb.15	537 Woochang Road	Marines entered the premises and arrested 3 male Chinese, Kao Pao Sung, Thia Sin Sai and Loh Zung Foh and took them to the Japanese Club.	C.P.W.36	
10 a.m. Feb.16	1299 Broadway, Hardware Shop.	Marines arrested an assistant named Fong Yue Sih and took him to the Japanese Telegraph Office.	S.P.Cs.132 & 646	Released at 4 p.m Feb.16
11 a.m. Feb. 16	Range Road	Two unknown male Chinese arrested by marines and taken to Japanese School on Range Road	S.P.Cs. 98 & 300	
11 a.m. Feb. 17	Woosung Road near Woochang Road	Marines insisted on searching C.D.C.61 who was on duty with a search party from Hongkew Station in spite of warrant card being produced.	Sp/Con 581 &	

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Time & Date	Place	Circumstances of incident & persons or property damaged	Witnessed by	How Settled
10 a.m. Feb.20	Woosung & Range Rds. corner	Unknown male Chinese searched, and assaulted with rifle butts, by marines.	S.P.C.98 S.P.C. 581	
10.50 a.m. Feb. 20	Seward Rd.Bridge	Chinese male named Lee Ta Tsung, residing at 479 Yuen Fong Road, arrested by marines.	C.D.C.328	
12.30 p.m. Feb. 20	Chapoo Road	Unknown male Chinese assaulted by marine with rifle and fists	J.P.C.119	
3 p.m. Feb. 20	Haining Road	Unknown male Chinese arrested by marines being taken east with hands tied behind back	D.S.Medvedoff C.D.S. 73	
5.30 p.m. Feb. 20	Yuhang Rd.Bdge.	Marine fired ten shots in air in order to scare a crowd. No persons injured.	Sp/Con 152 Lapovsky	
4.35 p.m. Feb. 20	N.Szechuen & Hain- ing Rds. corner	Male Chinese detained by marines.	Inspt.Eaton S/I Jameson	Released about 5 p.m. Feb.20
9.45 p.m. Feb. 20	N.Kiangse & Hain- ing Rds. corner	Three male Chinese in custody of marines with hands tied behind their backs.	Sp/Con No.3 Kimber	
8 p.m. Feb. 20	475 Pau Eu Li, Haining Road	Residents Loh Siau Liun and Loh Lien Zung arrested by marines	Loh Dah, 475 Pau Eu Li, Haining Rd.	
8 p.m. Feb. 20	481 Pau Eu Li Haining Road	Resident Kyuin Zeu Pao arrested by marines	Sz Ah Loh 481 Pau Eu Li	
8 p.m. Feb. 20	473 Pau Er Li	Residents Loh Zau Zeu and Szuh Li Eu arrested by marines.	Loh Tzuh Sz 473 Pau Eu Li	
8 p.m. Feb. 20	476 Pau Eu Li	Residents Noh Kyung Kung and Sing Foo arrested by marines	Tsang Tsung Sz 473 Pau Eu Li	
8 p.m. Feb. 20	737 Kong Shing Li, Haining Road	Residents Zung Foh Zeu and Zung Kwei Foh arrested by marines	Sung Sia Sz, 737 Kong Shing Li	
12.30 p.m. Feb. 21	Chapoo Road	Unknown male Chinese assaulted and beaten by marine.	J.P.C. 119	

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Time & Date	Place	Circumstances of incident & persons or property damaged	Witnessed by	How Settled
4 p.m. Feb. 21	Woosung Road near Range Road	Male Chinese arrested by marines and assaulted and taken to Japanese School, Range Road.	S.P.C.98 & 581	
9 a.m. Feb. 22	Broadway & Seward Roads corner	Male Chinese arrested by marines.	Asham Khan	Released 3:30 p.m. same day
1.50 p.m. Feb. 22	N.Szechuen Road near Woochang Rd.	Chinese male named Ching Mok Foh arrested and assaulted by marines after running away from a marine post.	P/S Hargreaves	Released later.
9.15 a.m. Feb. 23	Woosung Road	Two male Chinese arrested by marines and taken to the Japanese School on Range Road.	S.P.C.553	
12.35 p.m. Feb. 23	Chapoo Rd. Bridge	Male Chinese arrested by marines in possession of anti-Japanese papers and taken to marine headquarters	J.P.C.No. 6	
4 p.m. Feb. 23	N.Soochow & Woosung Roads corner	Marines searched and then arrested a male Chinese and took him to Japanese Telegraph Office.	S.I.Jameson	
9.35 p.m. Feb. 23	N.Soochow & Chapoo Roads corner	Marines stopped and searched Hongkew Station Radio van which was being driven by S.I.Archer and occupied by Ch.Inspt.Ring and S.I.Butcher, all in uniform	Ch.Inspt.Ring S.I.Butcher S.I.Archer	
6.40 p.m. Feb. 24.	Messrs. Reuter & Brockelman's Godown 3 Minghong Road	Entry forced into godown by marines in search for a sniper. Ten males and two females on premises arrested but subsequently handed over to police who later released them.	S.I.Archer Inspt.Buckley (Specials) Hav.226	Released Feb.25
2.40 a.m. Feb. 25	Yalu & Fearon Rds. corner	Male Chinese arrested by marines and taken away with hands tied behind back.	Sp/Con 183 and C.P.C.751	
11.10 a.m. Feb. 25	Seward & Minghong Roads corner	Marines assaulting ricscha coolies and overturning ricschas	S.P.C. 559	
10 a.m. Feb. 25	Boone Road near Broadway	Male Chinese struck on the head by marine with butt of rifle	S.P.C.442	

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Hongkew Station, Page 9

<u>Time & Date</u>	<u>Place</u>	<u>Character of incident & Persons or Property damaged</u>	<u>Witnessed by</u>	<u>How Settled</u>
2.30 p.m. Feb. 26	Tsungming & N.Sze- chuen Rds. Crn.	C.P.Cs. 691,716 refused entrance through barrier guarded by Marines. J.P.C. 129 also abused these C.P.Cs. when they appealed to him for assistance.		
12.30 p.m. Feb. 26	Chapoo Rd. Bridge	A m/car bearing no number plates was stopped by Police Sergeants Sims and Rose. The occupants of the car, armed Japanese civilians, took the numbers of the police and then drove on.		
4.20 p.m. Feb. 26	Broadway near	Marine fired one shot at male Chinese who failed to stop when challenged. No persons injured.	S.P.C. 365	
3.30 p.m. Feb. 26	Broadway near Seward Road	Male Chinese Tsang Wei Pao, Customs employee, arrested by J.P.C. 216 and marines.	J.P.C. 216	
10.15 p.m. Feb. 26	Minghong Road	Marines armed with bamboo poles breaking electric lights	Ch.Inspt.Ring	
9.20 a.m. Feb. 27	Seward Rd. Bdge.	Male Chinese arrested by marines because he was wearing a ring of anti-Japanese design	J.P.C.197	Later released
10.5 a.m. Feb. 27	Seward Road near Woochang Rd.	Sp/Con 226 arrested by marines and taken to Japanese Telegraph Office because he had attempted to stop an alleged Chinese from being assaulted.	F.S.Prince C.P.C. 1022 " 1031 " 1053	Later released

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Pootoo Road Station

<u>Time & Date</u>	<u>Place</u>	<u>Character of incident & persons or property damaged</u>	<u>Witnessed by</u>	<u>How Settled</u>
11.15 a.m. Jan. 30	Ichang Road near N.W.K. 3&4 mills	Japanese marines and civilians searching Chinese pedestrians and all vehicles.	D.S.I. Taplin	
7.35 p.m. Jan. 30.	Macao Road	C.D.C. 75, Special Branch, was fired on by Japanese marines who were proceeding east on Macao Road in a motor truck. The C.D.C., who was proceeding to his home at 1 Macao Road, was not injured.	C.D.C. 75	
9.30 p.m. Jan. 30	Macao Road	Two Japanese civilians, Y. Ogata residing at 935 Gordon Rd. and K. Ogawa, residing at 939 Gordon Rd. were arrested by American marines in possession of a loaded shot gun and a bludgeon.	U.S.M.C.	Weapons detained at station and persons released
10.15 p.m. Jan. 30	Macao Road	Two Japanese civilians, H. Aonura, 150 Macao Road, and K. Yoshiwaka, 150 Macao Road, were arrested by American marines in possession of loaded pistols.	U.S.M.C.	Weapons detained at station and persons released
9.10 p.m. Jan. 31	Robison & Pen- ang Rds. corner	Five Sikh constables on duty at the Electric Sub-Station were ordered away from their post by Japanese marines.	S.P.Cs.	S.P.Cs. returned to post & matter explained to Jap. Marines.

Entered up to Feb. 17/

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Kashing Road Station

Time & Date	Place	Character of incident & persons or property damaged	Witnessed by	How settled
7.45 a.m. Jan. 30	Woosung & Range Rds. corner	C.P.Cs. 154 & 1498 disarmed by Japanese marines whilst proceeding to S.S.D. Court from Kashing Road Station.		Pistols returned to Police at 9 a.m. Jan. 30
4 p.m. Feb. 2	Urga & Thorne	Japanese marines were clearing ricschas away from the vicinity, a marine damaged ricscha 2482 with the butt of his rifle and when the coolie pulling this ricscha turned and grinned at the marine, the latter shot him dead with a bullet through the back.	Inspt. Sullivan and 6 foreign officers of Kashing Road Station.	
9 a.m. Feb. 3	Urga & Thorne Roads corner	Male Chinese arrested by Japanese marines and taken to their headquarters.	?	
3 p.m. Feb. 4	Dixwell Road near Kashing Rd. Bdge.	Male Chinese arrested by marines on being found to be wearing Chinese military uniform under coolie clothes.	?	
12 noon Feb. 4	10 Mukden Rd.	Japanese marines entered the premises and arrested 5 male Chinese and broke open doors and a number of boxes	?	2 persons released the same day and others still held
? Feb. 10	E. Kashing & Thorne Roads.	12 male Chinese arrested by marines and taken to marine headquarters.	?	
7 a.m. Feb. 14	Shanghai Building Co., (American) 117 Thorne Road	Marines under the command of an officer entered the premises in search of snipers and made a thorough search of the premises without the consent of the management. 40 employees were tied up whilst the search was being conducted.	Mr. E. Bell, Manager of the Shai. Bldg. Co.	

Entered up to Feb. 17

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List of incidents in the Settlement in which Japanese marines or Reservists interfered with Police

Time & Date	Place	Character of incident
8 p.m. Jan. 29	Hongkew Dist.	C.P.C. 1789 attached to Bubbling Well Station arrested by marines whilst off duty. He was taken to the Japanese Club and later the same day handed over to the Inspector in charge of Dixwell Road Station.
9.35 p.m. Jan. 29	"	C.P.C. 3201 attached to Louza Station whilst taking a corpse to the Mortuary was disarmed by marines at Yalu and Woosung Roads corner.
7.10 p.m. Jan. 29	"	C.P.Cs. 622 and 1106 attached to Hongkew Station were disarmed by marines whilst on duty on Miller Road.
5 a.m. Jan. 30	"	C.P.C. 785 attached to Central Station whilst proceeding to his home had his baton taken from him by marines.
5 a.m. Jan. 30	"	C.P.C. 3322 of the same Station also had his baton taken by marines whilst walking on Hanbury Road
7.45 a.m. Jan. 30	"	C.P.Cs. 154 and 1489 attached to Kashing Road Station were disarmed by marines at Woosung and Range Roads corner whilst on their way to the District Court. (Note- Pistols returned to Police at 9 a.m. same day.)
Jan. 31	"	S.P.C. 133 attached to Hongkew Station was not allowed to proceed on Boone Road from Broadway by marines
Feb. 1	"	Asst. Com. O'Toole and Supt. Aiers were interfered with by a marine as they were proceeding on Hanbury Road. They were allowed to proceed after producing passes.
10.20 a.m. Feb. 9	"	A police patrol was interfered with on N.Szechuen Road near Haining Road by marines who pushed the Chinese members of the patrol with rifles. The same police patrol was also interfered with at N.Szechuen and Range Roads corners by a party of marines and reservists. The reservists, who were armed with iron bars threatened the police and caused the patrol to withdraw from that vicinity.
4 p.m. Feb. 12	"	Police Sergeant Robinson attached to Kashing Road Station was stopped by a Reservist on N.Szechuen Rd. near Range Rd as he was on his way to his Station. The Reservist ordered Sgt. Robinson to return south, but at the same time assaulted him with his fists striking Robinson on the back and face.
11.15 a.m. Feb. 14	"	Special Constables Nos. 3 and 19 were interfered with by Reservists on N.Szechuen Rd. near Dixwell Rd. as they were escorting a S.V.C. evacuation truck.

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List of incidents in the Settlement in which Japanese marines or reservists interfered with Police. Page 2

Time & Date	Place	Character of incident
11 a.m. Feb. 17	Hongkew District	Chinese Detective Constable No. 61, whilst on duty with a police search party on Woosung Road, was stopped and searched by marines in spite of his warrant-card being produced.
9.20 a.m. Feb. 18	"	A police Patrol whilst passing N.Szechuen and Tiendong Rds. corner witnessed two marines and Japanese Constable No.109 searching Chinese females. Although the police patrol did not interfere in any way the marines at the instigation of the Japanese Constable attempted to take the numbers of Chinese constables.
9.35 Feb. 23	"	Hongkew Station Radio Van driven by Sub. Inspt. Archer and occupied by Ch.Inspt.Ring and Sub.Inspt. Butcher was stopped by marines on N.Soochow Rd. Although all in the van were in uniform the marines insisted in searching same.
2.30 p.m. Feb. 26	"	C.P.Cs. 691 and 716 were refused entrance to Tsungming Rd. from N.Szechuen Rd. by marines. Japanese Police Constable No.129 on duty in the vicinity refused to assist the Chinese constables and abused them.
12.30 p.m. Feb. 26	"	A motor car without number plates was stopped at Chapoo Rd.Bridge by Police Sergeants Simms and Rose. The occupants of the car, armed Japanese civilians, after taking the numbers of the policemen drove away.
7 p.m. Feb. 26	"	Police Sgt. Verhovsky was not allowed to proceed west on Seward Rd. near the bridge by marines and was compelled to make a detour via Broadway.
10.5 a.m. Feb. 27	"	Special Constable No.226 was taken to the Japanese Tel. Office by marines at the point of a bayonet. He was released later.
10.45 a.m. Feb.28	"	Police Sergeant Billings intervened on behalf of a Chinese pedestrian on Pearson Rd. when the latter was refused permission to proceed on that road by marines. The marines threatened to arrest the Sergeant.
6.15 p.m. Feb. 29	"	Police Sergeant Simms ordered to withdraw from his duty post at Chapoo Bridge by marines.
6.10 p.m. 29	"	Sp. Constable 251 whilst driving Captain Kennedy's car east on N.Soochow Rd. was stopped by marines at Chapoo Rd. and compelled to turn north along Chapoo Rd. progress further east on N.Soochow Rd. being refused by the marines.

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

DEPARTMENT OF STATE

THE SECRETARY

March 10, 1932



1. For purposes of simplicity, recent events in the Far East can be arranged into three phases:
 - (A) From September 18 to and including the Chinchow incident;
 - (B) From the Chinchow incident to and including the Shanghai incident;
 - (C) Subsequent to the Shanghai incident (March 2) if it can be said that the Shanghai incident is terminated
2. Each of these phases is marked by military and diplomatic action on the part of the disputing powers, as well as diplomatic action on the part of the other interested powers between themselves and including the League of Nations.
3. Direct negotiations between the two disputing powers, China and Japan, have been fruitless insofar as is known.
4. All of the interested powers, except the United States and Russia, are members of the League of Nations, and have for the most part confined their diplomatic activities to the Council and Assembly of the League. There are exceptions where either France, England or Italy have acted independently, in conjunction, or jointly with the United States.

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5. We have, therefore, but to review the records of China and Japan, the United States and Russia, and the League of Nations to determine the position of each nation or group of nations in this dispute.

6. The Military Situation.

1st Phase. - The military activities of the two contesting powers are familiar to all. To review them briefly, beginning with the reported destruction of part of the South Manchurian Railway to the Chinchow incident, inclusive, the Japanese military forces, with little opposition, succeeded in destroying all signs of the previously existing regime in Manchuria. The Chinese troops in that area were unable to offer any serious opposition except in the vicinity of Tsitsihar, where General Mah succeeded in inflicting serious losses and otherwise delaying the advance of the Japanese forces. Operations on a small scale still continue in Northern Manchuria, confined for the most part to the suppressing of irregular bands of Chinese.

2d Phase. - Following the Chinchow incident, Japan, with a view of protecting her nationals in Shanghai (there had been an attack on some Japanese monks, two of whom died) and overcoming the boycott, issued four demands on the Mayor of Shanghai, on January 20, as follows:

- (1) That Mayor tender an official apology;
- (2) That the assailants be arrested and punished;

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- (3) That compensation and hospital bills be paid;
- (4) That all anti-Japanese activities be suppressed and all anti-Japanese organizations dissolve at once.

On January 28 the Japanese Admiral informed the commanders of foreign forces at Shanghai that he proposed to take action on the following morning if no satisfactory reply was received from the Chinese.

This was followed by a declaration by the Municipal Council of the International Settlement of a "state of emergency". Following the "state of emergency", the American and British forces stationed at Shanghai proceeded to their respective defense sectors. The area usually occupied by the Japanese during a "state of emergency" includes the northeast district of the International Settlement and an area extending north and outside the Settlement boundaries embracing Settlement-owned roads, parks and Municipal properties. This sector is the principal area in which there are Japanese residences. A naval garrison force was already stationed in the sector. In this sector, therefore, no immediate movement of Japanese forces followed the declaration of the "state of emergency".

The Mayor of Greater Shanghai accepted the Japanese demands in their entirety in the early afternoon of January 28.

At 11 p.m., on January 28, the Admiral commanding the Japanese forces issued two proclamations, copies of which

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were received by the Mayor of Greater Shanghai at 11:15. One of these proclamations announced that the Japanese naval authorities, being concerned with the safety of Japanese nationals residing in the Chapei district, would despatch forces to that area for the enforcement of law and order and that it was hoped that the Chinese authorities would speedily withdraw Chinese troops to their stations. The second proclamation announced that the Japanese authorities would take any action which they would consider necessary for the proper execution of their duties under the "state of emergency".

The Chapei district is outside the boundaries of the International Settlement and as the Japanese troops proceeded to this district they at once encountered resistance from the Chinese. Thus began the fighting at Shanghai which continued to March 2. It has resulted in a tremendous loss of life and property. Japan has had to reinforce her marines until approximately 65,000 Japanese troops are now in the area. These troops are now on the Fuchiao-Yuehwangshih-Waikang-Anting-Paihuchiang line. The most notable development of this phase is the hitherto unknown defensive qualities of the Chinese soldier and the explosion of the myth of the superiority of the Japanese Army.

3d Phase. - Subsequent to March 2 only local skirmishes have occurred, mostly between the outposts of the Chinese and Japanese along the line previously mentioned. The forces of both Governments continue being reinforced.

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7. Diplomatic Actions during First Phase.

The United States. 1st Phase.

The United States acted slowly during the first phase of this dispute. It had not become unmistakably clear what Japan's intentions were until the Chinchow incident. Furthermore, this Government acted with a view to supporting the more peaceful elements in Japan, hoping thereby to strengthen their position in Japanese politics. During this period the United States called Japan's attention to the Kellogg Pact, the Nine-Power Treaty, and urged the cessation of hostilities. Together with the League it succeeded in getting commitments in a resolution of September 30 which in general assured the interested Governments that Japan would withdraw its troops to the railway zone. Hostilities continued, however, throughout Manchuria and terminated at Chinchow, where the last remaining evidence of former Chinese Government was destroyed in Manchuria. This Government, acting independently and with a view of

(a) supporting China, and

(b) suggesting a course for the League Council to follow,

restated in a note of January 7 the Far Eastern policy of the United States.

Action by the League of Nations and the Members of the League of Nations. 1st Phase.

The League Council was in session when the hostilities

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began. The Council of the League acted promptly, calling upon Japan and China to cease hostilities and to arbitrate their differences according to the League Covenant, of which both were members. From September 22 to the Chinchow incident the League Council despatched numerous telegrams to China and Japan, urging the peaceful settlement of this dispute, calling their attention to the Covenant of the League, the Kellogg Pact and finally adopting a resolution on October 24 calling upon Japan to withdraw her troops to the railway zone by November 16. On December 10 the League Council adopted the resolution and endorsed the appointment of a commission of inquiry to investigate into the situation in Manchuria.

Mr. Gilbert and later Mr. Dawes sat with the League Council and took part in the discussions whenever the Kellogg Pact was the subject of the discussions.

During this period the League Council acted with considerable vigor, possibly with too great haste, especially in its resolution of October 24.

While England and France and Italy on occasions acted independently of the League during this period, their actions were in conjunction with action on the part of the United States or concurrently with such action.

Actions of China. 1st Phase.

China appealed to the League Council and invoked Article 11 of the Covenant and addressed notes to the

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United States calling attention to the violation on the part of Japan of the Kellogg Pact and the Nine-Power Treaty.

Actions of Japan. 1st Phase.

During this phase Japan's continued military activities were in complete variance with the statements made by the Government. The most generous view to take is to account for this divergence by the fact that the military are not required by the Constitution of Japan to report their activities or their plans to the Cabinet, but may do so directly to the Emperor. As in any country on so important an issue there is bound to be a divergence of opinion. We know that there were peaceful elements in Japan who advocated the peaceful settlement of this dispute. Some of the members of the Government at that time may be counted amongst those who favored such settlement, for instance, Baron Shidehara and Baron Wakatsuki. The incidents of divergence are too numerous to cite.

Summary of 1st Phase.

Diplomatic actions by all Governments and the League of Nations during this phase were primarily aimed toward bringing about a cessation of hostilities and a settlement by pacific means of the Sino-Japanese dispute. The interested powers for the most part acted through the League of Nations, of which all are members except, as previously stated, the United States and Russia. The United States from the beginning either cooperated with or supported through independent action the League of Nations. Its note of January 7

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while taken in advance of similar action on the part of the League or of Governments as members, was in line with action which was logical and possible under its Covenant. All peaceful efforts were fruitless of results.

8. Diplomatic Actions during the Second Phase.

With the shifting of the scene of military operations from Manchuria to Shanghai, those Governments having special interests in Shanghai were primarily concerned (with the turn of events). Action taken during this period was for the most part by these Governments either independently or in conjunction with one another and aimed toward

(a) safeguarding the International Settlement, and

(b) protecting the lives and property of their nationals.

Again, these efforts were directed primarily toward bringing the hostilities to an end and failing that to prevent the use by Japan of the International Settlement as a base of operations. The League Council acted on two occasions during this period. First, it addressed a note to Japan, pointing out to her her responsibilities and later on February 29 submitted a four-point proposal aimed toward the cessation of hostilities. All these efforts were fruitless. Japan after issuing ultimatums finally brought this period to a close by driving the Chinese forces to their present position.

These negotiations, while fruitless, did serve to clarify the general Far Eastern situation, and, while discouraging in many respects, did produce some very definite results. Especially was the great difference between the

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policy of Japan and the United States in the Far East made apparent.

The United States in its note of January 7 and in the subsequent letter to Senator Borah on February 24 reiterated in 1932 the Open Door policy of John Hay of 1899 and that of the Washington Conference of 1922. In this connection the following extract of a letter from Tsiyeng to Caleb Cushing, on June 29, 1844, is especially interesting, since it antedates both *and precedes our 1st Treaty with China*.

Your Excellency is unwilling to take possession of any of the territory belonging to China, but desires to have the United States and China treat each other with respect, cordiality and justice. In truth, this conduct is vastly different from that of the English taking and keeping possession of Hong Kong, and therefore the deliberations upon the schedule of the treaty will be very unlike those upon the original draft of the English treaty. When I first had the honor of an interview with your Excellency, I learned that you had come hither with the simple purpose (of cultivating) good will; and this draft of the Treaty confirms me in that idea. Since your Excellency has the laudable intention and is heartily desirous of firmly establishing a treaty by which the people of our respective countries will be protected hereafter in peace, I also am of the same mind, and my pleasure thereat is not small.

Our Far Eastern policy, reiterated in 1932, is in accordance with the best American tradition and while dictated by our selfish interests it is the policy which we believe the most far-sighted and best for all concerned.

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It is in accordance with the most enlightened Occidental theories of democracy and self-determination, as opposed to former imperialistic policies which are gradually being displaced by events. Witness even England's efforts in India. It is a policy for which we made great sacrifices in 1922 in the line of ships and bases in the Pacific, and one in which the American people^{have long} ~~(are)~~ highly interested. America's eyes have always been in the West from the beginning of our development as a nation. American ships carried American goods and travelers in the Pacific long before they carried similar goods or passengers in the Atlantic. Only since the World War have American goods and passengers been carried to Europe on American ships. The American Mail Line, for instance, was established in and has been in continuous operation ever since.

Japan's proposed policy, as developed during this period through "trial balloons" of her official spokesmen and official statements both at Tokyo and Geneva, are aimed at the partition of China through a system of "demilitarization of its principal ports." Japan would then fill the void thus created by "international police". Unfortunately, China's unhappy experiences at self-government form the basis of Japan's argument for the system which she proposes. Japan would substitute through "international police" stability for the chaotic condition now existing. Japan contends that China cannot be treated as an organized Government, but must be dealt with as a geographical area. Her policy is dictated

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also by her selfish interests. In the opinion of this Government it is a short-sighted policy and impossible of execution. In fact, it would be bad even for Japan and utterly destructive to our growing interests in the Far East. Japan's policy is aimed at imposing conditions upon China whereby China would not only furnish Japan with the raw materials necessary to a highly industrialized development but also a market for these products. Japan has, in addition, made it clear that she does not propose to include Manchuria in any general discussion of the Sino-Japanese dispute. Japan's policy in China is one which our interests, traditions and principles will not permit us to subscribe to.

Fortunately, China's stubborn resistance has to a degree disproved some of Japan's contentions. The gallantry of the Chinese defense at Shanghai was a surprise to the world. China's strategy in convoking the Assembly was likewise a victory in the diplomatic field. With the support of the smaller nations of the world members of the League, whose only defense against aggression consists of the League, China may succeed in smoking out the League of Nations so that it will join us out on the "twigs as it were" in "non-recognition". For a time it seemed that China had Japan between a "boycott" which none of the larger nations wanted, and a declaration of "non-recognition" similar to the note of the United States of January 7, which the larger powers of the League are as yet disinclined to adopt. Japan was in a very precarious situation, which she, however,

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succeeded in avoiding through bringing the military operations around Shanghai to a close on March 2.

Summarizing the 2d Phase, one finds the issues between Japan and the United States clearly drawn and a disinclination on the part of the larger powers to face the problem arising out of Japan's disregard of treaty obligations and commitments. The efforts of the larger powers were directed towards safeguarding their immediate interests at Shanghai. The United States was the only Government which clearly defined its Far Eastern policy. In spite of the efforts of China, the League Council failed to unequivocally support the American policy as outlined in the note of January 7 even after a suggestion to that effect was made in the letter to Senator Borah of February 24. Japan was left completely unmoved by all protests and pursued her military course with increasing determination.

3d Phase.

This phase begins with the termination of hostilities at Shanghai brought about by the defeat of the Chinese forces coincident with the meeting of the Assembly of the League of Nations at Geneva. The primary objectives of the larger powers of the world were ^{the preservation of the} ~~the~~ safeguarding of their immediate interests at Shanghai rather than the maintenance of the principles of treaty obligations (and other commitments.) The meeting of the Assembly, however, with the small powers represented therein again brought to

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the front the issue of treaty obligations. The Assembly now has submitted a two-point proposal to China and Japan aimed to liquidate the military situation at Shanghai. It has further under consideration a resolution along the lines of this Government's note of January 7. Both China and Japan have agreed to the two-point proposal submitted by the League. However, reliable reports indicate that Japan continues her warlike preparations.

*Prepared by Allan Ketch for Secretary Stimson's use.
AKK*

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LEGATION OF THE
UNITED STATES OF AMERICA

Shanghai, China.

March 2, 1932.

MAR 26 32

The Honorable
The Secretary of State,
Washington.

Sir:

In continuation of my despatch of February 23, 1932,
I have the honor to transmit herewith fourteen memoranda
of conversations I have had between February 12th and
March 1st with Dr. Wellington Koo and other Chinese regard-
ing the political and military situation in Shanghai.

Very respectfully yours,

Nelson Trusler Johnson
Nelson Trusler Johnson.

Enclosures: Fourteen Memoranda of Conversations.

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MEMORANDUM OF CONVERSATION.

Shanghai, March 1, 1932.

Conversation with Mr. Jun-ke Choy.

Subject: Shanghai Situation.

Mr. Choy expressed himself as being very pessimistic as to any results which might come of the Truce proposals which he understands were discussed through the good offices of the British Commander-in-Chief on H.M.S. KENT, night before last. He pointed out that on two previous occasions when the British had acted to mediate between the two parties the Japanese had insulted the British by breaking the undertaking, and drew attention to the fact that at almost the very moment when Chinese and Japanese were discussing Peace on the British Flagship, the Japanese had served notice on the Mayor in the form of an ultimatum that Japanese planes would bomb and destroy the railroads running out of Shanghai, unless the Chinese stopped using these railways for the purpose of bringing up reinforcements.

Mr. Choy stated that recently he had been making a careful study of the Shanghai defense, and that as a result of his study it was his conclusion that the Powers were not without a small responsibility in that by this defense scheme they had assigned

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to Japanese forces the area between North Szechuan Road and the Woosung Railway, which was purely Chinese territory, and had thus given the Japanese a legal excuse for invading and occupying territory that was Chinese.

I told Mr. Choy that I knew nothing about the defense scheme, that I did not understand how any foreign power could grant to Japanese the right to occupy Chinese territory, that it seemed to me that the responsibility for occupying Chinese territory must rest solely with the individual power taking such action, that so far as the United States was concerned our forces were here for the purpose of defending American life and property within the Settlement, that we had no quarrel with the Chinese, but to protect this life and property to the best of our ability against mob riots, that if attacked by Chinese forces it would then be the duty of our forces to evacuate our civilian population to a place of safety as ^{we} were not here for the purpose of making war among China or for the purpose of forcing the Japanese to keep peace.

*note
411.93-2140/101* Mr. Choy said that of course he understood our position, but that the Chinese population would hold us, with the rest of the powers, morally responsible for the attacks which the Japanese had been able to make upon them through using the International Settlement as a base of operation.

M.T.J.

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 24, 1932.

Conversation with Dr. Wellington Koo.

Subject: Sino-Japanese Relations.

Dr. Wellington Koo called on me today and informed me that he had heard a rumor to the effect that the Japanese would land and march through the Settlement for the purpose of making an attack upon the Chinese forces through the sector controlled by the British and Americans. I told Dr. Koo that I thought that this was an absurd rumor, that I knew of no reason why such a rumor should start and that of course the area controlled by Americans was not open for the passage of armed troops of either side.

Dr. Koo stated that the Chinese were determined to continue their resistance. He asked me whether I had given up hope of persuading the Japanese to take a more moderate tone. I told Dr. Koo that I was somewhat discouraged. I said that I had not been willing to be the bearer of dictated terms to the Chinese. I said that in my opinion the Japanese had felt that they had suffered a serious blow to their prestige here in Shanghai, and that they must find some means of restoring their prestige, and that I thought that they would continue until they had at least driven Chinese forces beyond the 20 kilometers which had been mentioned in the Truce discussions of the other day.

Dr. Koo

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Dr. Koo asked me whether the United States would cooperate with the League in bringing about the imposition of economic sanctions against Japan. I told Dr. Koo that I had no information as to what attitude the American Government would take on this matter, but that it was my private opinion that the Government of the United States would be reluctant to enter into any arrangements for the establishment of economic sanctions against Japan. I said that I did not believe that any Power existed under which the United States Government could administratively join in the imposition of such sanctions, and that I thought it would be very difficult to obtain the necessary legal basis for such action through congressional action at this time.

N.T.S.

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 21, 1932.

Conversation with Dr. Wellington Koo.

Subject: Sino-Japanese Situation.

Dr. Wellington Koo came to see me at 2:45 this afternoon. He said that there was no prospect of a peaceful settlement of Sino-Japanese difficulties at Shanghai now. He said that the Chinese had always been ready to meet the Japanese upon any basis which might promise a way out with honor to themselves but that this had proved not possible of attainment and the Chinese were now determined to see the thing through. He said that he had seen that I had appreciated the fact that the Japanese were not inclined to meet the Chinese half way in the matter of a peaceful settlement; that when they had met it was only to show that the Japanese came not to discuss a way out, but to present demands which the Chinese could not in honor comply with. He said that they expected this quarrel to be a long drawn out affair and he wondered whether it would be possible for the Chinese to receive financial or material assistance from the United States as they must now prepare for a long resistance.

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I told Dr. Koo that I was not confident that it would be possible for the Chinese to obtain financial or physical assistance from the United States at this time. I pointed out that the depression in the United States just now was causing a great deal of distress in business and other circles and that I was doubtful whether it would be possible to make loans or obtain credits in such conditions.

N.78

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 21, 1932.

Conversation with Sun Fo and Eugene Chen.

Subject: Sino-Japanese Situation.

I saw Messrs. Sun Fo and Eugene Chen this afternoon at 4 o'clock. The conversation was general. Mr. Eugene Chen talked at some length about the inevitability of the United States becoming involved in this trouble between Chinese and Japanese at Shanghai. Both gentlemen were very critical of the Government at Nanking. Mr. Eugene Chen called the heads of the Government "poltroons" for having left Nanking and gone to Loyang when the 19th Route Army was putting up a brave and determined fight for national security and needed the moral support of a stable Government behind them.

N.T.S.

American Minister

MEMORANDUM OF CONVERSATION.

Shanghai, February 18, 1932.

Conversation with Dr. Wellington Koo.

Subject: Ultimatum Presented by Japanese.

Dr. Koo telephoned to me this evening and communicated to me following translation of ultimatum delivered to Chinese at 8:45 this evening:

"1. The Chinese to evacuate completely from the first line by 7 a.m. on the morning of the 20th and to evacuate completely from the designated area by 5 p.m. the same day, all forces and other military establishments to be removed and no new establishments to be put up.

"2. During the evacuation the Japanese will neither fire upon nor pursue the Chinese forces except that they will use airplanes to observe the progress of evacuation and after the evacuation the Japanese forces will retain only the district of the extra-Settlement roads including Hongkew Park.

"3. They will send out officers to ascertain the sector of complete evacuation after the first line is evacuated.

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"4. The Chinese forces are to undertake the protection of Japanese nationals outside the areas evacuated. They reserve the right to take appropriate measures in case of failure effectively to suppress the plain-clothes men.

"5. The protection of foreign nationals in the Shanghai neighborhood including the evacuated area is to be discussed separately.

"6. Effective carrying out of the promise to suppress all anti-Japanese movements. This will be the subject of negotiations by the Japanese diplomatic officials.

"If the foregoing articles are not carried out the Japanese forces will be compelled to take necessary action, all consequences to rest with the Chinese army."

N.T.g.

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 18, 1932.

Conversation with Dr. Wellington Koo.

Subject: Sino-Japanese - Shanghai Incident.

Dr. Koo came to see me this afternoon by arrangement and told me that the conference of this morning between the representatives of the military authorities of the two countries had lasted two hours and ended in a complete breakdown. He said that the Japanese had come with demands and that they were not prepared to negotiate. He said that the Japanese had demanded among other things the complete withdrawal of Chinese forces to points 20 kilometers from Japanese lines without promising the withdrawal of Japanese troops. He said that they had also demanded the permanent dismantle of the Woosung Forts and had demanded that the withdrawal of Chinese troops from area in question be made permanent. He said that representative of Chinese military upon hearing Japanese demands had stated that they covered matters which he would have to refer to his National authorities at Nanking. He reported that the Japanese Military representative had stated that their demands represented

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the minimum which they would accept, that they had been carefully thought out by the Japanese authorities and while they had no objection to the Chinese referring the matter to their own Government the matter was settled so far as the Japanese were concerned. Dr. Koo stated that in view of this situation the Chinese expected that the Japanese would present an ultimatum tonight and they were therefore awaiting that eventuality.

Dr. Koo stated that the Chinese General had asked him to come to me and unofficially to say that in the event of hostilities he would have to return the fire of the Japanese gun for gun, and he asked us to warn American citizens living in the danger area in Hongkew to leave.

N.T.G.

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 15, 1932.

Conversation with Mr. J. K. Choy, Commissioner of Finance.

Subject: Situation at Shanghai.

Mr. Choy came to see me. Mr. Choy discussed the situation at Shanghai and particularly the question of finding some way to bring about a cessation of hostilities. Mr. Choy stated that the Chinese attitude was defending her soil from aggression. He stated that Japan had been guilty of violation of international agreements and that the parties to these agreements were bound by international law to take some action for the purpose of enforcing observers by Japan in these undertakings. He said that the Chinese would never consent to withdraw in the face of Japanese demand.

N.T.g

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 15, 1932.

Conversation with Dr. Wellington Koo.

Subject: Sino-Japanese Situation.

Dr. Koo came to see me this morning and asked me whether I had seen Mr. Shigemitsu. I told him that I had but that I had been discouraged by Mr. Shigemitsu's attitude. I said that I inferred from what Mr. Shigemitsu told me that the meeting would have to be between Mr. Shigemitsu and the head of the 19th Route Army and in Mr. Shigemitsu's house or his office. I said that I hesitated to communicate any suggestions to him as to how and where they should meet. I merely desired to communicate what I had inferred from my conversation. Dr. Koo listened to what I had to say and intimated that it would be rather difficult to persuade the Chinese to accept such a proposal. They did not feel that they were seeking terms and he did not believe that he could persuade his people to take that attitude. I told Dr. Koo that I was somewhat discouraged but he said that perhaps some way might be found.

N.T.G.

American Minister.

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MEMORANDUM OF CONVERSATION

Shanghai, February 14, 1932.

Conversation with Messrs. Yu Ya Ching, Z. C. Zing,
L. T. Chen, H. Y. Moh, Wang Hsiao-lai, and Singloh Hsu.

Subject: Situation in Shanghai.

The above named gentlemen came to see me this morning to protest against Japanese activities in Chapei and Hongkew. They had no particular request to make but told me of the terror in which Chinese were living in Hongkew. Mr. Yu Ya Ching reminded me that Hongkew had at one time been an American Settlement and pointed out that even to this day it was called the American Settlement and he wondered how the United States could escape some responsibility for the way that the Japanese were acting within the Hongkew area.

Mr. Hsu stated that the Chinese army was determined to resist, that it was a defensive war and that no effort should be made to persuade the Chinese to yield their position in Chapei.

I told these gentlemen that I had come to Shanghai for the purpose of informing myself of the situation by conversation with citizens in Shanghai and officials. I

said

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said that I had come on no mission, that I had no illusion as to my ability to bring about peace where others more capable and more experienced than I had failed and that I expected to be here for two or three days to explore the situation and then to return to Nanking.

These gentlemen said that they wanted to thank me for coming to inquire into the situation at Shanghai and expressed their hope that I would take an interest in conditions in Hongkew where they were very bad.

N. J.

American Minister

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MEMORANDUM OF CONVERSATION.

Shanghai, February 13, 1932.

Conversation with Mr. N. Z. Koo, The Shun Pao, Chinese
Daily News.

Subject: Situation in Shanghai.

Mr. Koo, who is correspondent for a local Chinese newspaper, is an old friend and came to discuss the situation with me this morning. He asked me what I thought about the chance of a cessation of hostilities. I told him that I was somewhat pessimistic as to the situation. I said that I felt that the question was a psychological one. The Japanese I was sure felt that they had lost prestige over events which had occurred on the night of January 28 and 29 and that they believed that it was necessary for them to make strenuous efforts to retrieve their position at Shanghai. I said that I felt sure that the Japanese would and could send sufficient force and material to Shanghai to push the Chinese soldiers away from this area - that defeat probably was inevitable. Mr. Koo stated that the soldiers of the 19th Route Army were quite convinced of this. They expected a defeat. He said that he had been among the soldiers in the trenches in

Chapei

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Chapei and found their morale very high. They were happy and filled with a desire to redeem the name of China in the field of battle. They realize that eventually they must be defeated and pushed away but that they were willing to face this inevitable result without fear. He stated that everyone was very much opposed to Nanking and to the Government at Nanking. He said that it was rumored here that Nanking was trying to remove the 19th Route Army from Shanghai and it was for this reason that the Government at Nanking and Loyang was disliked. He said that no Government that would make the 19th Route Army evacuate could survive.

I told Mr. Koo that I had come to Shanghai for the purpose of self-education, that I wanted to discover for myself and with my own eyes just what the situation was, that I had not come down with any mission, that I had no illusions as to my ability to impose terms of peace upon anyone, that I had no desire to impose terms. I said that I believed that the Japanese would continue their pressure until they had forced the 19th Route Army out of Chapei and that the only way that I could see that the complete destruction of all of that great residential area could be avoided would be for the 19th Route Army voluntarily to retire. I said that this was a decision that the 19th Route

Army

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Army would have to make upon its own responsibility.
I said that I thought that this was the psychological
moment for them to retire, when victory perched upon
their banners. Here the conversation ended.

N-1.8

American Minister.

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MEMORANDUM OF CONVERSATION

Shanghai, February 13, 1932.

Conversation with Dr. Wellington Koo.

Subject: Situation in Shanghai.

I went to see Dr. Wellington Koo this evening at his request. He asked me what results had come from my conversations with various people. I told him that I had talked with a number of people and that it was my belief that both sides wished to avoid hostilities. He said that that was true so far as the Chinese were concerned. I said that I had had a conversation with Mr. Shigemitsu about this matter and he asked me what Mr. Shigemitsu's ideas were. I told him that Mr. Shigemitsu had said that the Japanese had no desire to occupy territory, that they were prepared to withdraw their troops provided the Chinese withdrew theirs.

Dr. Koo stated that if that was the Japanese attitude he thought that it could be possible to arrange. He said that in this matter the 19th Route Army had two points to consider. One, the distance to which they should retire, which in their opinion should be a reasonable one, to be expressed in terms of meters rather than in miles. The

second

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second point was the question of assurance for they needed assurance that the Japanese would not occupy the ground evacuated by the Chinese. He said that the Chinese felt in this matter that they were making a defensive fight. The Japanese were the invaders and that it was hardly fair to the Chinese to ask them to yield in everything.

I said that I sympathized with the Chinese point of view but that my only interest in the matter was discovering whether there might be any way in which we could avoid further sacrifice of life and property in the densely populated and industrial area of Chapei. I asked Dr. Koo whether he had any objection to my conveying his suggestions to Mr. Shigemitsu and he said no.

N. J.
American Minister

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MEMORANDUM OF CONVERSATION

Shanghai, February 13, 1932.

Conversation with Messrs. C. L. Nieh, P. W. Kuo
and Dr. F. C. Yen.

Subject: Conditions in Chapei.

The above mentioned gentlemen called upon me at 10:00 a.m. today and informed me of the situation which had prevailed in Hongkew and Chapei since the 28th when the Japanese had occupied that area. They complained that armed Japanese civilians had committed numerous atrocities upon innocent Chinese living there. It was their opinion that Chinese must resist the Japanese attack.

N.F.8

American Minister.

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MEMORANDUM OF CONVERSATION

Shanghai, February 12, 1932.

Conversation with Dr. Wellington Koo, General Wu Tieh-cheng, Mr. Quo Tai-chi, T. V. Soong.

Subject: Japanese Occupation of Chapei.

*note
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The above mentioned gentlemen called on me this evening and asked me my impressions of the situation in Shanghai. I stated that I considered the situation to be very serious. They asked me whether there was any chance of a cessation of hostilities, and I said that I did not know about that as I had not had an opportunity yet to discover just what the possibilities might be. Mr. Quo Tai-chi asked whether the United States was going to do anything about the situation, in view of the fact that the Japanese had refused to consider the five very reasonable proposals or points which the Powers had made to the Japanese and to the Chinese. He wanted to know whether we were going to simply allow the Japanese to get away with that. He said that furthermore the Japanese had continued to use the International Settlement as a base for operations against the Chinese contrary to the protests made by the United States. I told Mr. Quo Tai-chi that

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so far as I knew the United States was not necessarily involved because the Japanese had refused to accept the proposals which the Powers had laid before the two countries. After all, the proposals were friendly ones and not dictated as an ultimatum. The mere fact that one party had refused to accept the proposals did not impose upon the Powers suggesting them any responsibility. They wondered whether any effort was being made to follow up the proposals of the Powers with new proposals. I said that I did not know.

Mr. Quo said that it would be impossible for the Chinese not to resist the attacks of the Japanese. It was a question of invasion of Chinese territory. The Chinese had no other recourse but to make resistance.

In response to a further query as to whether it might not be possible to bring about the cessation of hostilities and a settlement of all questions I stated that it seemed to me unlikely that such could be done. I said that I felt that the Japanese felt hurt in their pride and prestige over the developments at Shanghai and that they must make an effort to retrieve their position before they would be ready to cease hostilities. I expressed it as my opinion that the only way that I could

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see for a cessation of hostilities would be for the Chinese to retire out of the congested area of Chapei thus giving the Japanese no excuse for further attack there. They remarked that it would be impossible for the Chinese to retire without loss of face and without causing difficulties for the Government which it would bring out. I stated that it seemed to me that the 19th Route Army have achieved a victory which no event could deprive them of now that they were in a position where they might voluntarily retire from the scene undefeated to fight elsewhere under better conditions. I said that they could easily explain to the people that they were retiring out of consideration for the civilian residents of Chapei whose safety was being jeopardized by the fighting there.

They asked me whether I advised them to do this.

I stated that I had no advice to give anyone on this question, that it was a matter for decision by the responsible leaders of the Chinese. I said that I did not come to Shanghai on any mission to impose or arrange a peace, that I had merely come down for the purpose of exploring the situation and informing myself as best I might of conditions here existing in order that I might

better

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better inform my Government.

After some further discussion the conversation
ended.

N.T.S.

American Minister.

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MEMORANDUM OF CONVERSATION.

Shanghai, February 14, 1932.

Conversation with Dr. H. H. Kung.

Subject: Sino-Japanese Situation.

Dr. Kung called to see me and stated that the Chinese would never yield to the Japanese demands. The Japanese had invaded China and China must defend her territory against this invasion. Dr. Kung stated that unless it was possible for the Powers acting together under the Nine Power Treaty or in defense of their interests at Shanghai to persuade the Japanese to desist from their activities there was danger that the Chinese Government must disintegrate and leave the situation to communism and chaos.. He said that China might in this conflict loose one or more of her coastal cities but that the Chinese would resist attack as long as they could, retiring into the interior. Of course if they could not obtain help from other countries, they must obtain help from Russia. It would be possible to obtain arms from Russia overland.

Dr. Kung took a very pessimistic view of the situation.

151.8
American Minister.

1 b 2
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Chefoo/55 FOR #- TO Leg'n.

FROM Chefoo (Webber) DATED Mar. 1, 1932
TO NAME 1-1127 0 P O

REGARDING: Sino-Japanese dispute.
Chefoo and district continues to be quiet and peaceful. No
troop movements or other military activities during the month
of February.

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793.94/4905

4905

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

AMERICAN CONSULATE,

Chefoo, China, March 1st, 1938.

Subject: Political Report for February, 1938.

The Honorable

Nelson Francis Johnson,

American Minister,

Peiping, China.

Sir:

In accordance with the Legation's circular instruction No. 811 of November 17, 1927, I have the honor to submit the following summary of events and conditions in the Chefoo Consular district during the month of February, 1938:-

District Brief:

Chefoo and district (Shantung Province) continue to remain quiet and peaceful.

There were no troop movements or other military activities during the month under review.

The anti-Japanese boycott goes on and now, almost needless to say, without any further stimulus from the Yungpa or boycott association. Trade is at a standstill and all business houses are suffering. There is no open anti-Japanese feeling, but a bitter resentment is evident. The gloom which was so prevalent here a few weeks ago seems to have disappeared and the end of the month found the populace cheered

DECLASSIFIED: E.O. 11652, 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 -

up considerably by the news of the defense put up by the Chinese troops in the Shanghai area. The war fever is prevalent. Funds for the troops are being raised and war news is now displayed in front of the telegraph office and on many billboards throughout the city. It is eagerly read. Unfortunately, in it there is a considerable amount of propaganda and many fantastic claims.

Up-country defense preparations:

Up-country active defense preparations are being carried out. Lines of trenches are to be seen not only along the shores but also inland along the various motor roads. General Liu Chen Hien continues to recruit men and strengthen his forces. While the defense works are intended to be used in case of invasion by the Japanese, yet those around the various towns are believed to have been made by Liu as a precaution against possible invasion later on by Sun Fu Chu's forces. The general opinion here is that once the Sino-Japanese trouble is settled, then factional fighting will commence in North China, including Shanghai, and that General Liu is preparing to play an important part when it does start.

Naval vessels in port:

There were (and still are) two Japanese destroyers in port throughout the month. There are no Chinese vessels. There is one British ship in the nearby port of Shanghai.

Respectfully yours,

A true copy
 the
 [Signature]
 SSG.
 LAG:YCT

Leroy Robber,
 American Consul.

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/81 FOR desp. #518

FROM Japan (Forbes) DATED Mar. 10, 1932
TO NAME 1-1127 ***

REGARDING: New Manchurian State.

Japanese attitude toward - newspaper
clippings enclosed showing -. Comments
on -.

fc

793.94/4906

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/75 FOR deap.

FROM Nanking (Peck) DATED Feb. 11, 1932
TO NAME 1-1137 ...

REGARDING: List of Chinese and Japanese officials
connected with various organizations
in Manchuria.

793.94/4907

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

No. 1825

The Honorable

Hugh R. Wilson,

American Minister,

Berne.

Sir:

The Department encloses, for your information, copies of telegrams, as listed below, received by the Department from the Consul General at Shanghai, in regard to developments in that area for the period March 11 to March 21, 1932.

In the event that other governments are communicating to the Secretary General of the League of Nations information of similar character, the Department would have no objection to your communicating the information contained in the enclosure to the Secretary General, for his discreet use, confidential as to source. The Secretary General should not disclose the names or designations of persons mentioned in these messages.

Very truly yours,

For the Secretary of State:

W. R. Cratis, Jr.

Enclosures:

Telegrams from Shanghai:

- (181) March 11, 5 P.M.
- (182) March 13, 2 P.M.
- (185) March 16, noon
- (190) March 19, 1 P.M.

(Extract)

(Extract)

793.94/4696

793.94/4724

793.94/4772

793.94/4834

A true copy of
the signed orig-
inal

OR

SON

MAR 25 1932.

FE:RPB:KC
3/23/32

FE

SKH

793.94/4907A

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

COPY:KC

Shanghai via N. R.

Dated March 13, 1932

EXTRACT

Rec'd 9:30 A.M.

Secretary of State,
Washington.

182, March 13, 2 P.M.

The following summarizes unreported incidents and conditions for the past week. Rumors of peace have absorbed public attention almost to the exclusion of everything else. To date so far as can be ascertained there is no substance to rumors. Japanese reinforcements have been disembarking almost daily, military supplies and equipment in great quantities are being landed. The artillery included 8 eleven inch howitzers.

Chinese troops have been drifting back to Hungjao, Lunghwa and Siccawei in small groups during the last few days. These seem to be unorganized groups of soldiers and if sufficient numbers drift they will be a menace to the country south of the Shanghai-Nanking Railway. This is beyond the limits of the foreign controlled area.

Three. The foreign administered area has not presented any difficulties south of Soochow Creek since before "fire cracker" night on 4th. Curfew has been
advanced

DECLASSIFIED: E.O. 11652, 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. 182, from Shanghai,
Mar. 13, 2 P.M.

advanced to 11:30 o'clock. The Public Works Department which had suspended routine duties for military defense work has practically returned to public works of peace kind. Though yet unable to get complete control of Hongkew and Yangtzepoo the International Settlement functions therein are approaching normalcy. The Shanghai Municipal Council has offered to undertake sanitation in war zones contiguous to International Settlement believing that sanitation will reduce menace to health of the Settlement. Electric lighting is reappearing at all points in Hongkew and Yangtzepoo. Foreigners can move in that section with practical freedom.

CUNNINGHAM

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

MET

GRAY

Shanghai via N.R.

Dated March 16, 1932

Rec'd 8:55 a.m.

Secretary of State,

Washington

185, March 16, noon.

Through arrangements which were stated by the Secretary of the Japanese Legation to have been perfected at Nanking the Japanese turned over yesterday 36 out of 37 combatant prisoners of war. The 37th is alleged to be a Japanese boy 17 years of age who enlisted in the 19th Route Army some weeks ago for his board. These are stated by the same official to be all the combatant prisoners of war that are now in their possession. It is claimed that yesterday two Japanese prisoners of war were turned over to the Japanese authorities at Nanking. The names and ranks of these two prisoners are not to be published.

Two. The delivery of the Chinese prisoners first came to my attention through a letter dated March 9th to the Senior Consul from the Japanese Consul General requesting a permit to transport the 36 prisoners from (?) to

Sinza Road

DECLASSIFIED: E.O. 11652, 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. 185 from Shanghai via N.R.
 March 16, noon.

Sinza Road via Szechuen Road, Nanking Road, Bubbling Well Road and Carter Road to Sinza Road. Yesterday morning the First Secretary of the Japanese Legation called upon me and agreed to change the route so that the prisoners would be conveyed entirely around the Settlement to the western side for delivery to the Chinese, which was completed at 1:30 P.M.

Repeated to the Legation, copy to the Minister.

CUNNINGHAM.

DECLASSIFIED: E.O. 11652, 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
793.1022
793.94119
893.0146
393.94

FE

REP

TELEGRAM RECEIVED

A portion of this telegram must be closely paraphrased before being communicated to anyone. FROM

SHANGHAI

Dated March 29, 1932

Rec'd 8:45 a. m.

RECEIVED
MAR 29 1932
DIVISION OF
COMMUNICATIONS AND RECORDS

Division of
FAR EASTERN AFFAIRS
MAR 29 1932
Department of State

Secretary of State,
Washington.

March 29, 5 p. m.

CONFIDENTIAL FOR THE SECRETARY.

My March 28, 8 p. m.

One. Meeting between Japanese and Chinese convened at 10 a. m. Sir Miles appealed to both sides to make speed, pointing out that these negotiations had now consumed a total of twenty-one and one-half hours with little or no progress made.

Two. Both sides accepted Article one of draft B of March 27th with words "all and every form of" inserted before word "hostile" at the end of second sentence.

Three. Article two has been referred to Nanking and is passed over pending instructions.

Four. Article three reserved for launching discussion as it is dependent upon annex two.

Five. Articles four and five were accepted yesterday. (END GRAY).

Six. Annex two passed over at the suggestion of Japanese. Japanese and Chinese delegates are at a complete deadlock

F/LS

793.94/4908

APR 1 - 1932

FILED

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

REP

2- from Shanghai, Mar.29, 5p.m.

deadlock on this point. Chinese insist that there must be a time limit set upon the final retirement of the Japanese troops into the Settlement and Extra Settlement Roads. They offer the following paragraph to be inserted between the two paragraphs of Annex two.

(GRAY) "The withdrawal from the adjacent localities to the International Settlement and Extra Settlement Roads as mentioned in Article three will be completed within (blank) weeks from the signing of this agreement." (END GRAY)

393.94
 Japanese refuse to consider a date insisting that they must be sole judges of when they will depart and how many troops they need to protect their people, their lives and property. The Japanese and Chinese finally agreed to take under consideration following suggestion:

(GRAY) "The further withdrawal of the Japanese troops to the areas mentioned in the first sentence of Article three will be completed as soon as conditions of local security permit of such reductions in the numbers of the said troops as will enable them to be accommodated in the said areas. This will be effected as soon as possible in accord^{ance} with the spirit of the resolution of March 4th and the discussion which preceded its adoption." (END GRAY)

This was offered by Lampson to be inserted between paragraphs one and two of Annex two as more in accord with discussions

163

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

REP

3- from Shanghai, Mar.29, 5 p.m.

discussions which occurred at Geneva where the President of the Assembly is quoted as stating that question of local security must be taken care of. Department will note phrase "conditions of local security" which of course can make ultimate withdrawal of Japanese conditioned on situations entirely in the control of the Japanese.

(GRAY) Seven. Annex three passed on for further consideration.

Eight. Annex four last paragraph was discussed but passed on for further discussion. Japanese want to participate in aeroplanes reconnaissance. Chinese object to this.

Nine. Meeting adjourned until Thursday 10 a. m.
Military sub-Committee is to continue its meetings.

JOHNSON

RR

WSB

0638

DECLASSIFIED: E.O. 11652, 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
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893.102
793.94119

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FE

TELEGRAM RECEIVED

REP

RECEIVED
MAR 29 1932
DIVISION OF
COMMUNICATIONS AND

FROM

GRAY & PLAIN

Shanghai via N. R.

Dated March 29, 1932

Rec'd 9:10 a. m.

MAR 29 1932
Department of State

Secretary of State,
Washington.

March 29, 4 p. m. (GRAY)

Situation reports numbers 13 to 17 were not telegraphed
being of no special importance. (END GRAY)

Following is situation report number 18, March 29:

"Numerous reports from neutral observers along Chinese
front confirm impression that incidents are occurring between
the two sides more especially in the region of Taitsang. A
recent incident puts beyond reasonable doubt that a strong
Japanese patrol made an attack on a small Chinese escort
accompanying a neutral ^{observer} ~~observation~~ in vicinity of Wung
Lichiao near Taitsang.

Two. Japanese aerial reconnaissances are now intensi-
fied over Chinese line.

Three. Japanese staff have today issued orders with
a view to prevent recurrence of incidents reported in para-
graph one, above."

JOHNSON

RR
WSB

F/LS 793.94/4909

APR 1 - 1932

FILED

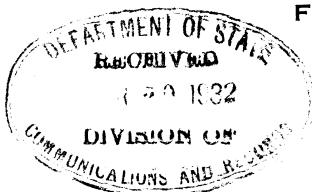
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

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TELEGRAM RECEIVED

793.94
note
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REP



FROM

PLAIN

Peiping via N. R.

Dated March 29, 1932

Rec'd 6:40 a. m.

Secretary of State,
Washington.

386, March 29, 3 p. m.

Following from Reuter, Tokyo, March 28th:

"Whether or not the Japanese Government has taken a decision with regard to withdrawing from the League of Nations if the latter insists upon the application of Article Fifteen of the Covenant to Manchuria cannot be confirmed officially, but reports to this effect which appeared in the Japanese papers on Saturday are believed to be substantially correct."

For the Minister

PERKINS

WWC

HPD

F/LS

793.94/4910

APR 1 - 1932

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

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DEPARTMENT OF STATE
 DIVISION OF FAR EASTERN AFFAIRS
 MAR 12 1932
 MR. KLOTS
 MR. ROGERS
 MAR 11, 1932
 MAR 21 1932
 MR. ROBERTS

M:

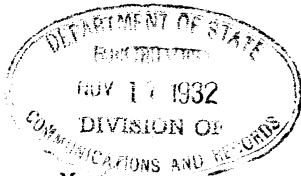
Herewith a memorandum on the subject of Dr. Yen's reservations to the Assembly's Resolution of March 4. Telegrams to which reference is made in the memorandum are attached.

By *Returned, etc.*
gR

DECLASSIFIED: E.O. 11652, 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

DCR
 FE



March 11, 1932

MEMORANDUM

M:
 SKH:

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F/H S

793.94/4689

With reference to Shanghai's March 11, 2 P.M., in which the Japanese Minister requests information in regard to the reservations made by the Chinese delegate (Yen) in accepting the Assembly's Resolution of March 4, there follow paragraph 3 of the Assembly's Resolution and the comments of the Chinese delegate in accepting the Resolution:

793.94/4910-1/2

Assembly's Resolution of March 4.
 (Geneva's 101, March 4)
 "Three. Recommends that negotiations be entered into by the Chinese and Japanese representatives with the assistance of the military, naval and civilian authorities of the powers mentioned above for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces. [The Assembly will be glad to be kept informed by the powers mentioned above of the developments of these negotiations".]

Reservations of the Chinese delegate.
 (Geneva's 102, March 4)
 "The draft resolution was then submitted to the Assembly for adoption. Yen expressed his interpretation of the Resolution to the effect that the negotiations mentioned in paragraph 3 referred to armistice negotiations rather than to the so-called 'Shanghai conferences', which is to follow the armistice negotiations. He announced that China accepted the Resolution on the understanding that 'no condition should be imposed upon the withdrawal of troops occupying the territory of an invaded country.'"

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

- 2 -

The conditions under which the Chinese delegate at Geneva accepted the League's resolution of March 4 are stated in the reply of the Chinese Government to the letter of the Japanese Minister to China proposing negotiations at Shanghai. The Chinese reply states:

"The Chinese Government having accepted the resolution of the Assembly of the League of Nations of March 4th is prepared to enter into negotiations with the Japanese authorities in accordance with the terms of the said resolution and on the understanding as stated by its chief delegate Dr. W. W. Yen that (One) such negotiations are limited to matters pertaining only to the definite cessation of hostilities and the complete withdrawal of Japanese forces and (Two) no condition is to be attached to such withdrawal."

(Shanghai's March 10, 4 p. m.)

While the draft resolution was being discussed in the General Committee of the Assembly, immediately prior to the Assembly meeting which passed the resolution, the Japanese delegate announced that after the interpretation of the resolution which the President had given, the Japanese delegation "can accept the text, that is to say, we raise no obstacle to its acceptance by the Assembly."

The President had stated that paragraph 3 of the Resolution (quoted above) referred to the technical details of withdrawal and that in that connection he considered that conditions concerning security would naturally be provided for and included in the arrangements which are referred to in that part of the Resolution which reads, "render definite the cessation of hostilities and regulate the withdrawal of Japanese forces." (Geneva's 102, March 4, 10 P.M., Section 2, paragraphs 3 and 5.)

RFB/REK

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

FE

REP

TELEGRAM RECEIVED

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

SHANGHAI

Dated March 29, 1932

FROM

Rec'd 5:03 a. m.

*793.94
893.1025
793.94119*

Secretary of State,
Washington.

RECEIVED
MAR 29 1932

DIVISION OF
COMMUNICATIONS AND RECORDS

March 29, 3 p. m.

22. to Shanghai
Mar. 29/32
Division of
FAR EASTERN AFFAIRS
MAR 29 1932
Department of State

F/LS
793.94/4911

CONFIDENTIAL FOR THE SECRETARY.

One. My British colleague some days ago pointed out to his Government the danger of remaining too long in Shanghai under present conditions when question of purely (*) importance press for consideration and tend to involve us when they should properly be left to the consideration of our respective consuls. He has obtained from his Government discretionary power to leave Shanghai whenever in his opinion he may feel that his departure would not hurt settlement of local issues.

Two. A similar discretion as to my movements would in my opinion help in dealing with present negotiations which are lagging. We feel that if we are both in a position to threaten to leave the conference to our consuls general we may be able to speed up the move.

JOHNSON

HPD
WSB

(*) Apparent omission

0644

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

1-138
PREPARING OFFICE
WILL INDICATE WHETHER

TELEGRAM SENT

1-138
TO BE TRANSMITTED
CONFIDENTIAL CODE ✓
NONCONFIDENTIAL CODE
PLAIN

Collect
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OR
Charge to
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Department of State

Washington,

March 29, 1932.

AMERICAN CONSUL,
SHANGHAI (CHINA).
CONFIDENTIAL FOR THE MINISTER.

Your March 29, 3 p.m.

The Department hopes that you and your British colleague may be able to accomplish a very useful purpose in the negotiations along the lines of the general principles mentioned in the Department's telegram to Shanghai, No. 49, February 24, 1 p.m., paragraph one. Department sees no objection to letting it be understood, at your discretion, that you will cease from exercising your good offices if and when you find they are of no avail. The Department would prefer, however, that for the present you plan to remain at Shanghai until either an agreement for the cessation of hostilities has been signed or until negotiations therefor have been definitely and finally broken off.

793.94/4911
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122

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793.94/4911

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Enciphered by

MAR 29 1932 PM
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Sent by operator M., 19

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

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TELEGRAM RECEIVED

REP

DEPARTMENT OF STATE
RECEIVED
MAR 29 1932
DIVISION OF
COMMUNICATIONS AND RECORDS

FROM

GRAY

Shanghai via N. R.

Dated March 28, 1932

Rec'd 3 a. m. 29th.

F/DEW

793.94/4912

Secretary of State,
Washington.

March 28, 9 p. m.
My March 28, 8 p. m.

Text of Draft B follows:

"ARTICLE ONE

Division of
FAR EASTERN AFFAIRS
MAR 29 1932
Department of State

793.94
873.102-S
793.94119

The Japanese and Chinese authorities having already ordered the cease fire, it is agreed that the cessation of hostilities is rendered definite as from (blank). The forces of the two sides will so far as lies in their control cease all hostile acts. In the event of doubts arising in regard to the cessation of hostilities, the situation in this respect will be ascertained by the representatives of the participating friendly powers."

APR 1 1932

FILED

"ARTICLE TWO

Same as in my March 24, 9 a. m., with the following reservations by the Chinese: "It is understood that nothing in this agreement implies any permanent restriction of movements of Chinese troops in Chinese territory."

ARTICLE

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

REP

2-from Shanghai, Mar.28,9 p.m.

ARTICLE THREE

"In accordance with the program regulating withdrawal as shown in annex two to this agreement the Japanese troops will withdraw to the International Settlement and the Extra Settlement Roads in the Hongkew as before the incident of January 28th (?). It is, however, understood that in view of the numbers of Japanese troops to be accommodated some will have to be stationed temporarily in localities adjacent to the above mentioned areas.

The aforesaid localities are indicated in annex three to this agreement."

ARTICLE FOUR

"A joint commission including members representing participating friendly powers will be established to certify mutual withdrawal.

The aforesaid commission will also collaborate in arranging for the transfer from the evacuating Japanese forces to incoming Chinese police who will take over as soon as the Japanese forces withdraw.

The constitution and procedure of the aforesaid commission will be as defined in the annex four to this agreement."

ARTICLE FIVE

The present agreement shall come into force on the day of the signature thereof.

The present

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

REP

3- from Shanghai. Mar. 28, 9p.m.

The present agreement is made in the Chinese and Japanese and English languages. In the event of their being any doubts as to the meaning or any differences of meaning between the Chinese and Japanese and English texts, the English text shall be authoritative.

Done at Shanghai, this (blank) day of (Blank) 1932, corresponding to (Blank).

(Chinese and Japanese signatures.)

In the presence of: (signatures of foreign heads of mission).

Representatives of the friendly powers assisting in the negotiations in accordance with the resolution of the Assembly of the League of Nations of March 4, 1932."

ANNEX ONE

"The following are the positions of the Chinese forces as provided in Article two of this agreement (here insert definition of the Chinese positions). In the event of doubts arising in respect thereto the positions in question will be ascertained by the representatives of the participating friendly powers."

ANNEX TWO

"The withdrawal of the Japanese troops to the localities indicated in annex three will be commenced within one week of the

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

REP

4-from Shanghai, Mar.28,9p.m.

of the coming into force of the agreement and will be completed as soon as ^{possible} / within a maximum period of six weeks.

The joint commission to be established under Article four will make any necessary arrangements for the care and subsequent evacuation of any invalids or injured animals that can not be withdrawn at the time of the evacuation. These may be detained in their positions together with medical personnel. The Chinese authorities will give protection to the above."

ANNEX THREE

"The following are the localities in which the Japanese troops will be temporarily stationed as provided in Article three of this agreement.

(Here insert definition of the localities in which the Japanese troops be temporarily stationed).

In the event of doubts arising in regard thereto the localities in question will be ascertained by representatives of the participating friendly powers."

ANNEX FOUR

"The joint commission will be composed of twelve members, of each namely, one civilian and one military representative / of the following: the Chinese and Japanese Governments and the American

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

REP

5-from Shanghai, Mar. 28, 9p.m.

American, British, French and Italian heads of the missions in China being the representatives of the friendly powers assisting in the negotiations in accordance with the resolution of the Assembly of the League of Nations of March 4, 1932.

The members of the joint commission will employ such numbers of assistants as they may from time to time find necessary in accordance with decisions of the commission. All matters of procedure will be left to the discretion of the commission whose decisions will be taken by majority vote, the chairman having a casting vote. Chairman will be elected by the commission from the members representing participating friendly powers.

The commission may in all its decisions invoke the assistance of its members, the representatives of the participating friendly powers, in arranging for reconnaissance by the latter by airship over such points as may be considered necessary in order watch the carrying out of the provisions regulating the cessation of hostilities."

The separate declaration by the Chinese Government remains the same as in my March 24, 9 a. m. with a slight alteration in the last sentence as follows:

"It is understood that the incoming Chinese police referred to in the penultimate sentence of Article number

four

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

REF

6- from Shanghai, Mar. 28, 9 p.m.,

four of the (*) for the cessation of hostilities of (inserted
date) will be drawn from the above special constabulary."

JOHNSON

WSB

HPD

(*) Apparent omission

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

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No. 5331

AMERICAN CONSULATE GENERAL

HARBIN CHINA, February 26, 1932

DEPARTMENT OF STATE
DIVISION OF FOREIGN
AFFAIRS
MAR 12 1932

RECEIVED
MAR 20 1932
THE SECRETARY OF STATE
WASHINGTON

SUBJECT: CONSUL GENERAL HANSON'S JOURNEY TO MANCHOULI

THE SECRETARY OF STATE
WASHINGTON

Division of
EASTERN AFFAIRS
MAR 29 1932
Department of State

F/DEW

793.94/4913

SIR:

I have the honor to enclose herewith, for the information
1/ of the Department, a copy of my despatch No. 2321, of even
date, sent to the Legation on the subject of my recent
journey on the western line of the Chinese Eastern Railway.

Respectfully yours,

G. C. Hanson

G. C. Hanson
American Consul General

1 enclosure as indicated

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TLL/tll

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123 Exhibition

APR 22 1932

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

No. 2321

AMERICAN CONSULATE GENERAL

HARBIN CHINA, February 26, 1932

SUBJECT: CONSUL GENERAL HANSON'S JOURNEY ON THE
WESTERN LINE OF THE CHINESE EASTERN RAILWAY

The Honorable

Nelson Trusler Johnson

American Minister

Peiping, China

Sir,

I have the honor to report that on Saturday, February 20th, at 3 P. M., in company with Consul Vicent of Mukden, Vice Consul Lilliestrum, Mr. Haag of the Harbin Young Men's Christian Association, Mr. Schweyer of the International Harvester Export Company, Mr. Hunter of the International News Service, and Mr. Dawes-Huston, a British Intelligence Officer, I departed from Harbin for Manchouli, where I arrived at 1 P. M. the following day. Here I paid calls on Mr. S. Ganin, a Russian merchant whose son John is an American citizen, Mr. S. Yamasaki, the Japanese Consul, and Mr. K. Sehjoth, the Assistant in charge of the Chinese Maritime Customs at Manchouli. The party was entertained at lunch by Colonel Sun Lin at the Chinese Eastern Railway Club and at dinner by Mr. Ganin.

I left Manchouli at 10.10 A. M. on the 22nd, and arrived four hours later at Hailar. Here I called on General Su Ping Wen, who is in command of the Chinese Eastern Railway Guards at Hailar, and upon Prince Kuei Ma, who was ill. The Commissioner for Foreign Affairs at Hailar, Mr. Kuo, was

-absent-

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

-2-

absent from the city. I was received at Prince Xuei Fu's yamen by his son, Fu-in, and an official of the yamen, Jung an. In the evening the party was entertained at dinner by Mr. N. Klepatcheff of the Thrift and Investment, Finance and Trust Corporation, and the next day at lunch by General Gu. I departed from Hailar at 3 P. M. on the 22nd and arrived at Harbin at 8 A. M. the following day. As the 22nd was a holiday I was absent from the office only for one day.

I found conditions at Hailar quiet, but business very bad. The Japanese Consul at Manchouli in my conversation with him did not mention that the Japanese there felt that they were in danger from the Chinese, nor did he mention anything in regard to anti-Japanese boycott. He stated there were about one hundred and thirty Japanese and not more than one hundred Koreans at Manchouli. Other people with whom I spoke stated that the Japanese there, reported to be in petty or illicit businesses, were carrying on their trades as usual without any interference on the part of the Chinese. It was remarked that the Chinese were so afraid of the Soviet army just over the border, on the one hand, and the Japanese troops at Harbin, on the other, that they had no inclination to act in a disorderly manner. I was informed that the Japanese had purchased and stored a considerable amount of coal at Manchouli.

With reference to the concentration of Soviet forces near Manchouli, my informants stated that there was no unusual massing of troops between Chita and Manchouli and their impression was that the Soviet army would under no circumstances fight unless Siberia was actually invaded by the Japanese troops. It was learned that during the week previous to my visit a considerable amount of rolling stock, including locomotives, belonging to the Chinese Eastern Railway, had been sent by the

-Soviet-

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

-3-

Soviet management of the line into Siberia and had not been returned. This evidently was done to prevent this equipment from falling into the hands of the Japanese military. A considerable amount of soya beans was being shipped into Siberia for some unknown reason, possibly for the use of the Red Army.

At Hailar, General Pu Ying Wen informed me that he was interested in what would happen after the new government of Manchuria and Mongolia was inaugurated, and that he was under the orders of General Ma Chan Shan of Tsitsihar. He had no fear of any troubles with the Mongols and expected that Hailar and vicinity would remain quiet. He stated that the Japanese representative at Hailar of the Japanese Military Mission at Harbin was entertained by him at lunch on February 28nd, and urged General Pu to submit to the jurisdiction of the new government, which the General undoubtedly will do. He showed no enthusiasm about the new government, but stated that the few Mongols in Sarga who had any influence were strongly in favor of a government headed by Pu Yi. I found this to be true when I conversed with Prince Fu Lin and Mr. Jung An at the Mongol Yamen. These Mongols stated that during the twenty years that China had been a republic there had been incessant civil wars and little had been done to improve the condition of the people. Under the Manchu dynasty the Mongols had lived in peace. Therefore they were anxious to have Pu Yi restored to the throne. When asked if they did not fear that Manchuria might be absorbed into Japan as was Korea, they stated that they were willing to accept Japanese aid to bring about the restoration of Pu Yi, which would mean peace and quiet for them, and that they at present could not tell the true object of the Japanese. An attempt on the part of the Japanese to annex Manchuria would be met with resistance at the time it appeared such an attempt was about to be made. They were not

-concerned-

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

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concerned at all in regard to the possible external difficulties the new government might meet.

My impression is that the Soviet regime has fallen very low in the eyes of the Mongols, who expected the red army to resist Japanese encroachments in North Manchuria, especially on the Chinese Eastern Railway. Some of the young Mongol leaders were quite sympathetic toward the Soviet regime, and looked for its help in an opposition to the Chinese. Now that Japanese influence, especially military, has shown itself so much stronger than Soviet influence, and as the Japanese military by forming a new government in Manchuria have promised the Mongols equal rights with the Chinese, these young leaders are willing to accept Japanese aid.

Business conditions were bad, but the merchants at Hailar were hoping that under the new regime now in Manchuria conditions could improve.

The railway was functioning normally on the western line. If there were any brigands in the vicinity of the line, they were so far off that I did not see them nor hear any reports concerning them. There are probably some in the vicinity of Anda but farther west from Anda the country is open and sparsely populated and for this reason there is a void of brigands who find there little to steal and no places in which to hide.

Respectfully yours,

G. O. HANSON

G. O. Hanson
 American Consul General

Copies have been sent
 to the Department and Mukden.

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

PM REGD

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NO. 5333

AMERICAN CONSULATE GENERAL

HARBIN CHINA, February 27, 1932.

MAR 29 1932

(C)

SUBJECT: CONDITIONS ON THE EASTERN LINE
OF THE CHINESE EASTERN RAILWAY.

F/DEW

793.94/4914

THE HONORABLE
THE SECRETARY OF STATE
WASHINGTON
AIR: 10/10/32
DEPARTMENT OF STATE

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Department of State

1/ I have the honor to enclose herewith, for
the information of the Department, a copy of my
despatch No. 2322, of even date, with sub-enclosure,
to the Legation at Peiping in regard to the situation
of the Japanese and Koreans on the eastern line of
the Chinese Eastern Railway.

APR 18 1932

FILED

Respectfully yours,

G. C. Hanson

G. C. Hanson
American Consul General.

Enclosure:

Copy of despatch No. 2522, in quadruplicate.

800
TH/th

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

No. 2322

AMERICAN CONSULATE GENERAL

HARBIN CHINA, February 27, 1932

SUBJECT: CONDITIONS ON THE EASTERN LINE OF THE
 CHINESE EASTERN RAILWAY

The Honorable

Nelson Truax Johnson

American Minister

Peiping, China

Sir:

1/ I have the honor to enclose herewith a stenographic copy made by Vice Consul Lilliestrom of the remarks of the Japanese Vice Consul Takigawa at a Consular Body meeting held at this Consulate General on February 25, 1932, in regard to the situation of the Japanese and Koreans on the eastern line of the Chinese Eastern Railway.

The situation is evidently bad and is growing worse, as a Korean doctor who returned last evening from Imienpo, where he had assisted in the evacuation of the Korean residents from that place, called at this office and confirmed the reports about the abuses which the Koreans were being subjected to at Imienpo by the Chinese troops. He stated that thirty Koreans had been killed yesterday at Imienpo.

Respectfully yours,

HANSON

G. C. Hanson
 American Consul General

1 enclosure as indicated
 Copies have been sent to the
 Department and Mukden.

800 True copy of
 GCH/TLL. the original

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

REMARKS OF VICE CONSUL TAKIGAWA
 TO THE CONSULAR BODY MEETING
 ON FEBRUARY 25, 1932.

Mr. Takigawa stated that conditions along the eastern line of the Chinese Eastern Railway were very bad, especially so at Imienpo. Three days ago there were 350 Chinese troops at Imienpo under the command of Colonel Feng, but that by the following day they had been increased to 4,000, evidently by troops of General Ting Chao. There were 130 Japanese families and 30 Korean families at Imienpo, and reports had been received stating that 80 Japanese and all Koreans there had been looted by the soldiers. He pointed out that only two or three Chinese had been robbed. No casualties had been reported, with the exception that one Korean had been slightly wounded and one Japanese manhandled.

Chinese troops not loyal to the new Kirin government were all along the line, and even away from the line as far as Ninguta and Halin. At all places where these soldiers were the situation was dangerous and becoming worse so daily. On the 23rd, for example, three families (six persons) of Japanese at Weishaho threatened by the soldiers had fled to their Russian friends for protection. The following morning, while attempting to board a train for Harbin, they were taken off and carried away by the soldiers. One man, however, managed to escape, and reported to the Japanese Consulate General that among those carried away were his wife and thirteen years old daughter. All Japanese houses at Weishaho had been completely robbed.

At practically all places along the eastern line there are Chinese troops who loot especially Japanese and Korean houses. On the 24th and 25th telegrams had been received by the local Japanese Consulate General requesting that troops be sent to protect these Japanese and Koreans. The Consulate General attempted twice to arrange for evacuation of these nationals rather than to send troops, but it is becoming more evident daily that troops must be sent, for there is always the danger that something may happen to these residents of Imienpo and elsewhere while en route to Harbin. In the morning of the 24th, for instance, five Japanese men had been taken off the train while on their way to Harbin at some place along the line, taken to some military headquarters, and there brought by soldiers armed with rifle to the back yard evidently to be shot. They were saved the last moment by a Chinese officer who commanded the soldiers not to shoot and provided them with Chinese clothing in which to continue their journey to Harbin, where they arrived safely. Some Japanese from Imienpo arrived at Harbin the morning of the 25th and they reported the situation there very dangerous.

In view of this serious situation the Japanese Military Mission decided that it would be necessary to send troops to the important stations on the eastern line. A request was made to the Railway Administration for trains to take them there, but the reply was that the administration must ask Moscow whether this could be done. No reply has as yet been received from Moscow. Yesterday additional Japanese troops arrived at Harbin from Changchun. In case the reply is unfavorable it will be necessary anyway to send troops, for there are still left along

- the eastern line -

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

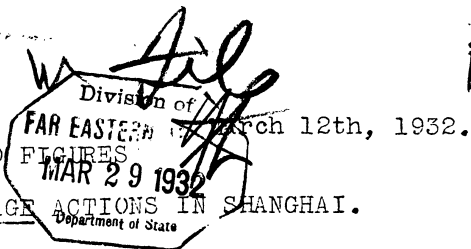
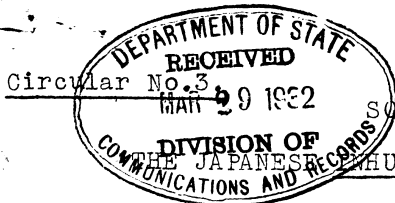
- 2 -

the eastern line 237 Japanese and 20433 Koreans. These Japanese are mostly living in the towns, but many are farmers in the vicinity of the towns. 80 Japanese are at Imienpo, and 29 at Pogranichnaya, where there are also 636 Koreans. The rest are spread all along the line. Troops which are to be sent to the east have been warned against creating any incidents with Soviet Russia. Mr. Takigawa felt that Soviet Russia was afraid that the Japanese troops would not stop at the frontier but would cross it. The Japanese military, however, have assured the local Soviet Consul General that the troops are sent east for the sole purpose of protecting Japanese nationals and their property. These troops would probably be sent no further than to the Mutanchiang river, which is one third the distance to Pogranichnaya. The Japanese military had also sent a telegram to General Ting Chao, who is now at Imienpo, requesting him to compromise.

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



(1) A newspaper man brutally killed. A newspaper man passing Tung-Sin Road Bridge on his way with a bundle of papers for selling locally was killed by a Japanese sentry. His dead body was thrown into the river with a bayonet. Jan.31. T.K.P.

(2) The Red Cross car shelled. The Japanese soldiers fired at Mr. Wang Pei Yuan, the Chairman of the Chinese Red Cross Association. He was driving a Red Cross Car flying a flag but the car was heavily shelled by the Japanese gun-fire. Feb.1. T.K.P.

(3) Victims of Refugees. A Japanese Warship lying in the river off the Bund opened fire with a machine-gun on three Chinese refugees including a woman with a lame leg who was crossing into the settlement. They were all killed by bullets from this machine-gun. Feb.1. M.G.

(4) A young boy cruelly murdered. A young boy of sixteen, when he was walking in the street, was stopped and searched by a Japanese soldier who finding a pen-knife in his pocket brutally killed the boy with it. Feb.1. T.K.P.

(5) Dead bodies piled in the building. In buildings along Sze-chuan Road, many bodies of Chinese civilians were found. In one place were found 4 dead Chinese civilians with their hands tied behind them. They had been shot through the backs of their heads by the Japanese soldiers. Feb.3. N.Y.T.

(6) A young woman with her nursing baby dying in the gutter. When the Chinese civilians ran away from their burning houses at Chapei, many of them were shot down by the Japanese machine-gun fire. A frightful outrage was discovered by Herr Krenn, a German, who escaped from that ruined area. He found a young Chinese woman seriously wounded lying in the gutter, where she had been for two days, with a nursing infant in her arms. Feb.3. N.Y.T.

(7) A famous University at Chenju destroyed. Bombs dropped from the Japanese aeroplanes destroyed the class rooms, libraries and laboratories of the Chih-Nan University, a well organised institution for Overseas Chinese students. Four people were severely injured by a Japanese shell. Feb.5. T.K.P.

(8) Hundreds of civilians killed by bayonets. One hundred and fifty civilians were found dead in the Hongkew area and bayoneted through their breasts. The bodies were carried away in bags by a Japanese armoured car to an unknown destination. In the western part of the International Settlement 13 men were shot by a score of Japanese marines. Feb.5. T.K.P.

(9) Ruin of Woosung district. All Chinese civilians were driven out of Woosung by the bombardment from the Japanese Warships. The entire district which has a population of 5,000 was pockmarked with shell fire and big bombs dropped by 4 seaplanes and 12 land planes. More than 300 buildings, most of them in the better class section of the Woosung village, were completely destroyed. Feb.8. N.Y.T.

(10) Many educational Institutions wrecked. After an intensive bombardment accompanied by the roar of the heavy artillery which lasted many days, three Universities and several hospitals at Woosung and Kiangwan were completely destroyed, the buildings having burned for over three days. Feb.8. T.K.P.

Under cover of heavy machine-gun fire, a Japanese corp of 50 with bayonets fixed dashed to the entrance of the Che Tze University and fired. After entering the college, they poured out petrol everywhere and set it alight. Many priceless manuscripts of oriental classics in the Library have been reduced to ashes. Feb.9. T.K.P.

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(11) 3,000 woman workers bombed. A Japanese aeroplane attempting to dislodge Chinese concentrations bombed a Chinese cotton mill in the U.S. section of the International Settlement. 3 women, a man and a girl were killed, and 16 women were injured. There were 3,000 women at work at the time and the explosion caused great panic. Feb.11. Star.

(12) Heaps of dead bodies on the ground of the Kiangwan racecourse. The stables on the Kiangwan racecourse resemble a shambles. The dead bodies of the wives and families of the grooms were piled in heaps on the straw, aged women were shot through the back, little children were riddled with bullets, farmers were lying in pools of blood, their wounds matted with earth and snow. This vivid scene was eye-witnessed by Mr. Meodore Thackeray, the American editor of the "Shanghai Post and Mercury". Feb.22. N.C. and D.H.

(13) The Victimisation of the Chinese farmers. The peasants' huts and all the farm buildings near Kiangwan were burned down by Japanese troops. The Daily Herald correspondent personally saw three Chinese farmers being driven out of their huts. They were searched and after being killed their bodies were sent off to an unknown destination. Feb.22. D.H.

(14) Civilians lined up to be shot. In the village of Tsukajao the bodies of 6 Chinese civilians were found, (eye-witnessed by the British United Press Correspondent). They had been lined up against a wall and shot to the ground by Japanese soldiers. Feb.22. Star.

(15) Aged women and babies killed in street. A number of peasant women were wandering in a dazed fashion about the firing line, one old grandmother laboriously carrying three bundles of family belongings in the direction of the safe district with a group of aged women and men and babies in arms. Suddenly there came a corps of Japanese soldiers, three of the peasant women were shot and others wounded. (Eye-witnessed by a Special Correspondent of foreign newspaper.) Feb.22. M.G.

(16) The Chinese Red Cross Ambulances bombed. Several of the Chinese Red Cross Ambulances carrying wounded from the Kiangwan battlefield were bombed by Japanese planes. Feb.23. N.Y.T.

(17) Dead body lashed to a telegraph pole. One dead Chinese farmer was seen lashed to a telegraph pole. He had apparently been killed by the Japanese (Eye-witnessed by a foreign resident). Feb.23. M.G.

(18) Burning of dead bodies with petrol. Near the Kiangwan racecourse grandstand, in front of the burnt-out ruins of a small peasant hut, lay the bodies of an old Chinese man and woman. They had apparently been shot when escaping from their hut and their bodies were burning, Japanese soldiers having poured petrol over them and set them alight. This was eye-witnessed by the Reuter Correspondent at Shanghai. Feb.23. Star.

(19) 4 tragic incidents described by Mr. J. Harris. Mr. J. Harris who visited the no-mans-land north of Kiangwan described the following tragic occurrences: "I saw a helpless old Chinese woman sitting in a field weeping and wringing her hands and quite unable to protect herself. A Japanese soldier appeared, followed by several more. He aimed, fired, but missed. The woman went on weeping with her face buried in her hands. The man aimed again in a leisurely way, and fired. This time he scored with deadly accuracy. His bullet sent the helpless woman into eternity". "...I saw 10 dead bodies of Chinese piled beside a cart track. An examination revealed that the hands of all of them were tied behind their backs." "...I passed the burning ruins of the home of a peasant. It was burned almost to the ground. In front of it were the bodies of an old man and woman. Further on I passed another burning homestead. In front of it were scattered 5 dead Chinese including one woman." "...Returning to the vicinity of the Japanese headquarters I saw a group of Japanese soldiers bringing in a Chinese dressed in civilian clothes. After being threatened with bayonets, swords and pistols, he was led away

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

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followed by a Japanese soldier menacing him with a bayonet." Feb.24. N.Y.T.

(20) Another tragic incident described by Mr. Doyle. Mr. Doyle, a Canadian, on returning from Shanghai, described how the Japanese usually arrest all Chinese civilians walking in the street and put them in the building from which the shots were fired and execute them instantly. As many as 150 persons had been put to death at one time in this manner. Feb.24. N.Y.T.

(21) Railway Station wrecked. The Lunghwa station, on the Shanghai-Hongchow railway, was completely wrecked by Japanese bombs, and two Chinese civilians were killed. Feb.25. N.Y.T.

(22) Dum Dum Bullets used. The Japanese, after having failed to dislodge the Chinese soldiers from Chapei secretly used Dum Dum bullets to kill the Chinese soldiers and civilians. This has evidently been proved by both Chinese and foreign authorities.

(23) An Amazing total of Chinese civilians killed. According to a very conservative estimate, since the outbreak of the Shanghai hostilities on 28 January, 5,500 Chinese civilians have been killed by Japanese soldiers in different ways. Feb.25th. N.Y.T.

(24) Tragedy of a whole family. A young girl was dying from a shell wound in the spine. She had seen her whole family shot down by Japanese soldiers, and, wishing to die, she volunteered to tend the wounded in the front line. Now her wish has been granted. Feb.26. N.C.

(25) One of China's most beautiful cities in flame. A large number of buildings at Hangchow, which is considered to be one of the Chinese beauty spots, were destroyed by the bombing of 25 Japanese aeroplanes. Feb.26. Star.

(26) A sad scene seen by the British Minister. The majority of the wounds of the Chinese civilians in the Shanghai hospital were caused by the terrible Japanese bombs. This was observed by Sir Miles Lampson when he was visiting the Chinese wounded in the hospital. Feb.26. N.C.

(27) Huge fire restarted in the ruins of Chapei. The houses of several thousands of people in the area of the ruins of Chapei were blazing again and threatened with destruction by Japanese machine-gun fire. March 3. D.H.

(28) Unfortified Chinese civilians shelled. Foreign military observers, reported that the Japanese troops, when advancing on Chapei, kept up a steady machine-gun fire on thousands of non-combatants. March 3. D.H.

NOTES: (a) Some earlier facts concerning the Japanese aggressive actions at Shanghai are given in Circular No.2.

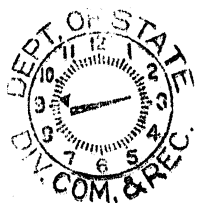
(b) Abbreviations: T.K.P. = Ta Kung Pao, a standard Chinese newspaper published daily at Tientsin; N.Y.T. = New York Times; D.H. = Daily Herald; N.C. = News Chronicle; M.G. = Manchester Guardian.

Compiled by the Chinese Students' Society in
Great Britain,
1, Newell Street, Regent's Park Rd., N.W.1.



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

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MAR 23 32



Mr. Stimson, Secretary of state,
Department of State,
Washington, D. C.,
U. S. A.

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

(NOT FOR THE PRESS)
 (FOR DEPARTMENTAL USE ONLY)

Department of State
 Division of Current Information

MEMORANDUM OF THE PRESS CONFERENCE, THURSDAY, FEBRUARY 25, 1932

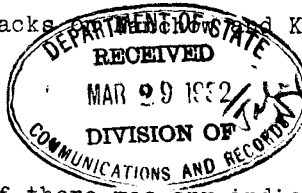
At the press conference this morning Secretary Stimson announced the issuance of press releases after the conference regarding threatened bandit attacks in Kwangchow in China.

SINO-JAPANESE SITUATION

A correspondent asked if there was any indication yet that any of the other powers was going to take a position similar to ours as announced in the Secretary's letter to Senator Borah. The Secretary replied in the negative and declined to discuss the matter beyond saying, FOR BACKGROUND, that the powers do not act quite as quickly as that. The correspondent explained that he thought they might have given the Secretary some intimation as to their position on the question. The Secretary replied in the negative and added that there was no reason why they should.

A correspondent asked whether the Secretary had received any reaction from abroad to his statement of policy. The Secretary replied in the negative. The correspondent asked if American representatives abroad had been sending in excerpts from the foreign press regarding the Sino-Japanese situation. The Secretary replied that every now and then, not at regular intervals, but whenever it seemed timely, our representatives have sent resumés of press comments, but nothing has come in since yesterday.

A correspondent said that press despatches from Shanghai were to the effect that Consul General Cunningham started a survey to find out how many Americans were fighting with the Japanese and Chinese with the idea of trying to bring them out of those armies. For background, the correspondent enquired whether that was being done in accordance with international law.



F/DEW

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MAR 29 1932

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

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FOR BACKGROUND, the Secretary pointed out that the duty of neutrality does not arise until war has been declared. In this case neither of the two nations has declared war and they are in a state of profound peace, technically. So far as the Secretary knew, there was no rule of international law that made it a breach of neutrality to have American citizens enlist or take service with either nation any more than it would be a breach of neutrality for Americans to take service in the police force or customs service or railroad service, which they are constantly doing in China. The Secretary also pointed out that our neutrality statutes are quite limited. He recalled that when he was United States attorney and it was his duty to enforce those statutes, the only breach of neutrality this country had to prevent was setting on foot an armed expedition on the shores of this country against a foreign power. The Secretary remembered that very well because in the old days in order to avoid that law when some enterprising gentlemen in this country wanted to start up a war in Central America, or somewhere around there, all they had to do to prevent a violation of the law was to send down the men in one ship and the guns in another.

A correspondent asked if Mr. Cunningham had reported to the Secretary his plan to make a survey of the American forces. The Secretary replied in the negative and added, CONFIDENTIALLY, that he did not imagine the number of Americans serving with Chinese and Japanese forces was large enough to make it important enough for a survey. There has been no suggestion of any large numbers.

A correspondent remarked that there were always Americans fighting on one side or the other in any conflict.

A correspondent recalled that President Taft issued a proclamation regarding Americans taking part on one side or another in the Mexican revolution in which he said that any Americans who did so, did so at their own peril. The Secretary replied that that was a different thing. He pointed out that in

-3-

such a case there is a movement from within against a government of a friendly power in an attempt to upset that government. In that respect one has an entirely different situation and an entirely different set of statutes. There is a law in this hemisphere which permits the President not only to restrain citizens from serving in such a case, but also to stop the shipment of arms and munitions to such a country. Such a situation--an attack from within on a foreign power we are at peace with, Americans serving with, or munitions manufacturers sending munitions to the power hostile to that government--is entirely different. In the Sino-Japanese situation, Americans are going into service to defend a friendly power. A correspondent asked what power the Secretary referred to when he spoke of a friendly power. The Secretary replied that he referred to both or either one. If our citizens are going in to defend China, China is the friendly power. If our citizens are going in to defend Japan, Japan is a friendly power.

A correspondent recalled that in 1924 when the French were having trouble in Morocco, a number of Americans joined the French Foreign Legion and the State Department at that time instructed the American Consul General at Tangier to call their attention to statutes providing for certain loss of American citizenship privileges if they took up arms. The Secretary said he knew of the instance and called the attention of the correspondents to the fact that that was a wholly different situation from the Sino-Japanese situation. He said that, of course, any of those people who go into the service of even a friendly power set aside and forfeit the right to protection from this country. The Secretary said the warning the correspondent referred to may have been simply that. American citizens cannot go into the service of a foreign power, a dangerous service, and then expect this country to protect them.

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

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A correspondent asked whether any word had been received from Tokyo to the effect that Japan had started building new battleships. The Secretary replied in the negative. He added that he had seen a statement in the press that Japan was planning to build four new cruisers. The correspondent asked if that would be in contravention of the one year holiday in armaments. The Secretary declined to comment until he learned what Japan was really doing.

ARMAMENTS

A correspondent referred to reports published in the morning papers to the effect that the Secretary had completely abandoned his plan to go to Geneva for the Disarmament Conference and enquired if the reports were correct. The Secretary replied in the negative. The correspondent said he understood that the Secretary's plans were still unmade. The Secretary agreed and added that he still found himself pretty well tied up here.

EL SALVADOR

A correspondent asked why the United States continued to withhold recognition of the new Salvadoran Government. The Secretary said that, as he understood it, the situation had not changed since the Department's last statement on the matter. He recalled that we announced then we withheld recognition of President Martinez under the language of the statement of policy of this country made by Mr. Charles E. Hughes in 1923, when we announced we would follow the policy of the treaty which was then made between the five Central American Republics. They all agreed they would not recognize gentlemen who came into power after a revolution under certain circumstances--quite complicated, but set out in the treaty. An examination of the situation of Mr. Martinez indicated he came within that prohibition, consequently we and the other four followed the same rule and refused recognition. The Secretary said he did not understand that situation had changed.

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

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The correspondent said there was one thing which he felt was not taken into consideration in the Department's last announcement. That was that Salvador, when they signed the treaty, made a specific reservation that a Cabinet member could assume office after a revolution. The correspondent said he understood that to be the reason the State Department refused recognition. The Secretary pointed out that that had nothing to do with the situation. Any reservation of Salvador, provided the other four Republics and ourselves made no such reservation, would not affect our action. The four Republics and the United States said they would behave a certain way, and Salvador merely said that under certain circumstances she would behave a little differently. The correspondent asked if that was not setting a dangerous precedent. The Secretary pointed out that the reservation governs only the nation that makes it, until it is accepted by all the other parties, and, so far as the Secretary knew, it never was accepted. The correspondent asked how that would affect reservations we might make to a treaty and whether other countries might not override those reservations. The Secretary replied in the negative. He explained that other countries would not override our reservation, in such a case, so far as our action was concerned. A reservation is merely a means of amending a treaty, and if the reservation is not accepted by other parties to a treaty, the treaty is not amended so far as they are concerned. Such a reservation may prevent a treaty from becoming effective so far as the country making such reservation is concerned. Evidently such was not the case in the present situation, because all the other countries acted under the treaty. The correspondent said he remained unconvinced, but accepted the Secretary's explanation.

M. J. McDermott.

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

DEPARTMENT OF STATE
THE UNDER SECRETARY OF STATE
RECEIVED
MAR 24 1932

Office of Economic Advisor
MAR 28 1932
DEPARTMENT OF STATE

MAR 23 1932

March 22, 1932

SECRETARY'S OFFICE

Division of
FAR EASTERN AFFAIRS
MAR 24 1932
Department of State

Memorandum of conversation with the Japanese Ambassador,
March 22, 1932.

As the Secretary was ill the Ambassador came to see me. He said that, as he had told the Secretary, Japan was withdrawing about half the troops in Shanghai. He thought most of them were on their way home already. He said, further, that on March 20th orders were given to have five cruisers, sixteen destroyers and two air-plane carriers in Shanghai returned to Japan; Admiral Nomura will be left in command and the Ambassador said that Admiral Nomura's flagship is the only ship beyond the number Japan had in Shanghai before the trouble occurred.

He spoke of the necessity of patrolling the evacuated zone by competent Chinese police and referred to a talk he had had the other day with the Secretary as to the instruction of further constabulary by foreigners, very much as we had done in Nicaragua. He seemed to think that some such plan as this would be very useful. The Ambassa-

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DEPARTMENT OF STATE
THE UNDERSECRETARY

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dor said he had heard that a certain number of police were to be brought to Shanghai from Peiping, police who used to be, at least, very efficient. The Ambassador said that he thought eventually it would probably be considered wise to establish a neutral zone around the International Settlement, although he admitted that this would probably raise complications with the Chinese on the ground of sovereignty. I told him that this was a question which I could not possibly discuss with him, but that it seemed to me that the Chinese contention had validity. He said that there were a great many Americans and English in the Settlement who would welcome such an arrangement as making the zone safe. I said that the foreigners in the Settlement had, in general, been safe in any case and that recently they would have been safe had it not been for the Japanese military offensive.

The Ambassador spoke of the fact that they were not going immediately to recognize the new regime in Manchuria and talked about various aspects of the situation.

He left with me, herewith attached, a copy of a speech made today in the Diet by Mr. Yoshizawa. The interlinings in the speech were made by the Ambassador, as indicating parts which he thought important.

W. R. CASTLE, JR.

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

TO BE RELEASED FOR PUBLICATION IN NEWSPAPERS WHICH DO NOT APPEAR ON THE STREETS BEFORE TUESDAY MORNING, MARCH 22, 1932. NOT TO BE PREVIOUSLY PUBLISHED, QUOTED FROM, OR USED IN ANY WAY.

ADDRESS OF Mr. K. YOSHIKAWA, MINISTER FOR FOREIGN AFFAIRS OF JAPAN, BEFORE THE SPECIAL SESSION OF THE DIET, MARCH 22, 1932
TOKYO, JAPAN.

At the last session of the Diet I had the occasion to discuss the more important of the foreign questions confronting this country. Today I have the pleasure of reporting and of stating my views on various phases that have since developed.

As regards the anti-Japanese movement in China Proper the Japanese Government seized every opportunity to urge upon the Chinese authorities thoroughgoing suppression of same. However, China failed to respond and the movement continued with increasing intensity and persistence. In Shanghai where the agitation was conducted with especial vigor the "Minkus Jihpao", a vernacular journal of that city, published on January 9 an article highly abusive of our Imperial House and on the 18th of the same month a Japanese priest was murdered and his companions wounded by a Chinese mob. These two incidents were sufficient to inflame the Japanese residents who had long endured the ceaseless anti-Japanese movements and whose patience had been wellnigh exhausted under the trying conditions of more recent months. The situation thus came to assume a grave aspect.

The Japanese Consul General in Shanghai, acting under the instructions of my Government, presented to the Mayor of Shanghai strong protests regarding these two incidents

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and, at the same time, made various demands for a settlement of the affairs. The Mayor complied without much demur with our demands relating to the first incident and after some delay and much conversation in the end accepted our terms regarding the second. On the receipt of the Mayor's reply at 3 o'clock on the 28th the Japanese authorities, anticipating that the situation would improve, adopted an attitude of watchfully awaiting the fulfillment of their promise on the part of the Chinese. In the meantime, the 19th route army, then concentrated in the vicinity of Shanghai, having assumed a disquieting attitude and making a display of warlike preparations, the Shanghai Municipal Council had decided to take due precautions against the possibility of disturbances being created within the settlement by undisciplined Chinese soldiers or by mobs and radical elements.

Accordingly, the Council meeting on the 28th declared a state of siege to commence that day at 4 o'clock in the afternoon. As a result, the garrisons of the Powers were assigned to duty at their respective sectors in accordance with a prearranged plan of common defense. It was while the Japanese marines were proceeding to take up their post in the Chapei District of their allotted sector that the Chinese fired upon our forces and compelled them to take measures of defense. Reports are sometimes circulated making it appear that it was Japanese marines who commenced fight-

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

ing in spite of the Chinese acceptance of our terms of settlement. But the facts of the case are precisely as I have just stated.

Moreover, we exerted every effort to prevent any aggravation of the situation and upon two occasions we entered into agreements with the Chinese authorities for a truce. But each time the agreement was rendered nugatory by action of the Chinese army.

Our demand presented on the 19th of February that the Chinese army should withdraw to a certain distance was rejected by the Chinese. Thereupon on the 20th our troops which had been dispatched as reinforcement, acting in concert with the navy, undertook to compel the withdrawal of Chinese forces outside the prescribed area and completed the task on March 3.

As soon as the Shanghai incident occurred, the Chinese Government proposed to the Council of the League of Nations to make application of Article 15 of the League Covenant to the Sino-Japanese conflict and later, upon the request of China, the case was transferred to the Assembly of the League. The Japanese Government took the view that the Shanghai incident was merely a local affair which was not of a nature likely to lead to a rupture while, as regards the Manchurian incident, not only had there been no renewal of hostilities but the matter was already pending in the hands of the Council under Article 11 of the Covenant and, moreover, the Commission of Inquiry had indeed left for the purpose of

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conducting investigations on the spot into actual conditions prevailing in China; there was therefore no legitimate ground for applying Article 15 to either of these cases.

It was with unequivocal reservation based on that view that our Government participated in the deliberations of the Council and the Assembly. However, the Assembly passed a resolution on March 11 which was in more than one respect unacceptable to our Government. On account of this unacceptability our representatives, under instructions of the Government, expounded the Japanese position and declared a protest embodying our contention with regard to the application of Article 15 of the Covenant and abstained from voting.

In Manchuria, by reason of the special position it occupies in relation to China Proper and the inveterate antagonism of the Manchurian people towards militarist rule to which they have been subjected, it appears that subsequently to the downfall of the erstwhile Manchurian authorities last autumn efforts of the local leaders for the maintenance of peace and order in their respective districts gradually assumed the form of a movement for autonomy.

A declaration of independence was made a short time ago by former Provincial Governors and other Manchurian leaders. Our Government received communications, under date of March 12, from the Minister of Foreign Affairs of the new Government announcing the establishment of the new independent state of Manchuria. As regards this communication we have

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

gone no further than unofficially to acknowledge its receipt. I am certain, however, that it will be in accordance with the best interests of the new state if its government will, as announcement says will be the case, really respect the existing treaties and rights and interests of foreigners and faithfully adhere to the principle of the open door.

As regards various questions pending between Japan and the Soviet Union in connection with fisheries in northern waters negotiations assiduously conducted at Moscow since the end of last year have so far failed to bear fruit. From the broad standpoint of friendly relations between the two countries it is most desirable that we should arrive at a fair and suitable settlement.

In fact a difference in view of the two Governments concerning the basis of settlement is gradually narrowing. It is the intention of this Government to continue their efforts towards carrying our points and so to safeguard the legitimate rights and interests secured to us by treaty.

I have now given an outline of the latest developments in the foreign affairs of Japan. While the interests of this country in Manchuria are certainly of paramount importance from a political viewpoint those in China Proper are in the main economic rather than political. Consequently, if the Nanking Government and Nationalist Party abandon their anti-Japanese policy and direct their energies towards achieving internal unity, peace and economic prosperity and

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

progress there is no room for doubt as to the possibility of restoring complete friendship and concord between the two countries. I may add on this occasion a word about the atmosphere of Europe and America which has not always been sympathetic to Japan since the outbreak of the Manchurian incident and especially since the Shanghai affair. That atmosphere was created simply through misrepresentations of facts emanating from Chinese sources or through misunderstandings of various kinds. I am confident that in time the sentiment of the Western Powers will turn gradually in favor of Japan.

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

March 26 1932.

No. 277

CONFIDENTIAL. FOR STAFF USE ONLY.

Edwin L. Neville, Esquire,
 American Chargé d'Affaires ad interim,
 Tokyo.

Sir:

There is enclosed, for your confidential information, a copy of a memorandum of a conversation which took place on March 22, 1932, between the Japanese Ambassador and the Under Secretary of State, concerning the Sino-Japanese situation.

Very truly yours,

For the Secretary of State:

793.94/4917

793.94/4917

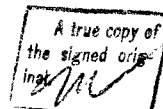
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Copy of memorandum of
 conversation of March 22.

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Mar 25 1932 P.M.

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

March 26 1932.

No. 725

CONFIDENTIAL. FOR STAFF USE ONLY.

The Honorable

Nelson T. Johnson,

American Minister,

Peiping.

Sir:

There is enclosed, for your confidential information, a copy of a memorandum of a conversation which took place on March 22, 1932, between the Japanese Ambassador and the Under Secretary of State, concerning the Sino-Japanese situation.

Very truly yours,

For the Secretary of State:

W. R. Castle, Jr.

793.94/4917

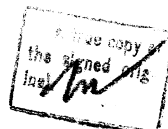
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Copy of memorandum of
 conversation of March 22.

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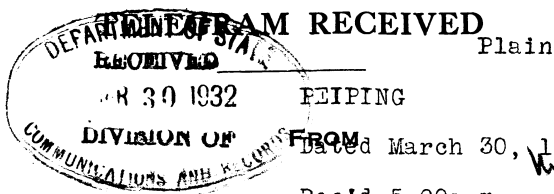
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

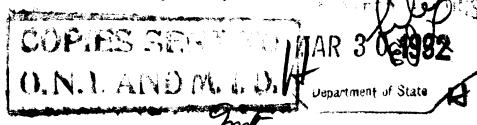
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Secretary of State,
Washington, D.C.



387, March 30, 11 a.m.

Following from Rengo, Tokyo, March 27th:

"Whilst Japan is willing to reply to the identic note sent to the Japanese and Chinese Governments under the date of the 18th instant by Sir Eric Drummond, Secretary General of the League of Nations, asking them to submit a report about the enforcement of the resolution passed on September 30th and October 10th, she will refuse to send a statement relating to the Manchurian question which Sir Eric requested verbally to the Japanese representative at the League based on Clause 2 of Article 15.

The Japanese Foreign Office holds that the League of Nations completely ignored Japanese reservations on the application of Article 15 and obstinately pressed on Japan for its application. In the report on the resolutions, however, the change of the situation in Manchuria that has taken place since the resolutions have been passed will be pointed out."

For the Minister

PARKINS

JS

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FILED

APR 2 - 1932

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

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TELEGRAM RECEIVED
DEPARTMENT OF STATE
RECEIVED
MAR 30 1932
DIVISION OF COMMUNICATIONS AND RECORDS

Plain

PEIPING

Dated March 30, 1932

Rec'd 3:00a.m.

Secretary of State,
Washington, D.C.

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

APR 3 1932
Department of State

388, March 30, noon

Following from NIPPON DEMPO, Tokyo, March 28th:

"The peace conference at Shanghai has arrived at a helpless deadlock, though the authorities of the Foreign Office observe as follows:

'Japan accepted the good offices of the three powers for mediation and made concessions to cooperate with them, though the Chinese side has been lacking in sincerity and making unreasonable demands in order to block the progress of the conference. Consequently the Chinese Government must be responsible for leading the conference to a deadlock and the Japanese Government could not make any further concession.'

Thus the Foreign Office arrived at a final decision and they are willing to have some complete change of the situation. In case today's negotiations arrive at a deadlock the Japanese representative will issue a declaration emphasizing the justifiable Japanese position."

For the Minister
PERKINS

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F/LS
793.94/4919

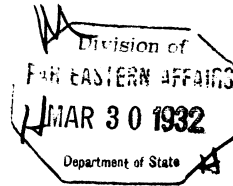
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APR 2 1932

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

793.94
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TELEGRAM RECEIVED



REP

FROM

GRAY

Peiping via N. R.

Dated March 30, 1932

Rec'd 7:23 a. m.



Secretary of State,
 Washington.



390, March 30, 1 p. m.

Following from American Consul General at Mukden:

"March 29, midnight.

It is reliably reported that the Salt Inspectorate at
 Newchwang was closed yesterday and that its functions were
 taken over by the Salt Commissioner."

For the Minister

PERKINS

HPD

F/LS

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APR 8 - 1932

FILED

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

DOCUMENT FILE

NOTE

SEE 893.102.S/1025 FOR desp. #8136

FROM Shanghai (Cunningham.....) DATED Feb. 29, 1932
TO NAME 1-1127 ...

REGARDING: Foreign Settlement - Shanghai, China.

Status of - excerpt from the NORTH CHINA
DAILY NEWS(British) giving opinion of
the Secretary-General of the Shanghai
Municipal Council concerning the -.

793.94/4921

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

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Amoy/51 FOR #21 to Leg'n.
FROM Amoy (Franklin) DATED Mar. 1, 1932.
TO NAME 1-1127 070

~~RECEIVED~~ Japanese Consul General feels relieved over the
situation at Amoy.

793.94/4922

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

POLITICAL SITUATION.

The tenseness of the local political situation, caused by the Sino-Japanese controversy and brought to an acute stage by the publication in the local newspapers attacking the Japanese Emperor (my despatch No. 17, dated February 5, 1932, File No. 800, subject "Article attacking Japanese Emperor"), has somewhat lessened.

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 On Sunday, February 7th, the Japanese Consul informed me that he felt quite relieved over the situation at Amoy and that the difficulties the Japanese had had at Foochow and Swatow convinced him that he and the Chinese officials at Amoy had been more successful than at the two former places in preventing anti-Chinese or anti-Japanese outbreaks. He assured me that it had always been his desire to do all he could to prevent the growth of antagonistic feeling amongst the people and that he felt sure Admiral Lin had been working along those lines also.

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/79 FOR desp.

FROM Mukden (Myers) DATED Mar. 4, 1932
TO NAME 1-1127 ...

REGARDING: Sino-Japanese disturbance.

Demonstrations held at Mukden in support
of the formation of the new state of
Manchuria.

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793.94/4923

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

DOCUMENT FILE

NOTE

SEE 893.77/2448 FOR #-

FROM Mukden (Meyers) DATED March 5, 1932
TO NAME 1-1127 ...

REGARDING:

Japanese Economic Intelligence Commission formed by the South Manchuria Railroad Company with the purpose of aiding the military in matters economic.

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793.94/4924

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

DOCUMENT FILE

NOTE

SEE 894.00 P.R./51 FOR #517

FROM Jean (Forbes) DATED Mar. 10, 1982
TO NAME 1-1127 ...

REGARDING: note to Foreign Office, submitting four proposals for
cessation of acts of violence in China.

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

DOCUMENT FILE

NOTE

SEE 701.94/485 FOR #520

FROM Japan (Torbas) DATED Mar. 10, 1932
 TO NAME 1-1137 ***

REGARDING: Relations between Russia and Japan.

Extensive comment regarding the - including feeling aroused in Russia at Japan's military actions in Manchuria, and the Japanese reaction to Russia's massing of troops in the Maritime Provinces. No immediate action to be taken by Japan on the Non-Aggression Pact proposal by Russia. Japanese intention to dominate the Chinese Eastern Railway and the territory thru which it runs. Also construction of another railway which will take some of the commerce of the port of Vladivostok, by the Japanese.

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793.94/4926

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

DOCUMENT FILE

NOTE

SEE 761.94/486 FOR #174

FROM Moncton, N. B. (Walsh) DATED Mar. 23, 1932
TO NAME 1-1187 ...

REGARDING: Reported interview with Leon Trotsky bearing on the
Russian-Japanese-Chinese situation, with brief
comment by the writer.

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793.94/4927

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

Interview with Leon Trotsky on Russian-Japanese-Chinese situation (from Telegraph Journal of Saint John, New Brunswick, March 22, 1932.)

(World Copyright, 1932, by British United Press)

- a. Istanbul, Turkey, March 21 -
A Japanese war against the Soviet Union probably would unite the overwhelming man-power and resources of Russia and China in a historic struggle against the island empire, in the opinion of Leon Trotsky, the exiled Russian revolutionary and military genius.
- b. In an interview with the British United Press, bearing on the present conflict in the Far East, Trotsky said that Japan is going to stick up to the knees in the "fat soil of Manchuria."
- c. The energetic little revolutionist, who performed a modern military miracle by creating the Soviets' Red Army when he stood beside Lenin at the head of the Bolshevik state, is well qualified to analyze the Russian position in the Orient conflict, which has now spread along the Siberian frontier.
- d. His conclusions on the present situation are:
1-Japan is aiming to colonize China--but she will fail.
2-Many Japanese statesmen and others besides the Japanese are convinced that a conflict with Russia is inevitable.
3-Russia does not want war and it could develop only if Japan, with consent of stronger allies, provoked it.
(His conclusions on the military situation in event of war are:)
1-Japan could strike at Russia only after consolidating her position in Manchuria.
2-While there might be some Japanese successes in an advance westward, the difficulties of Japan would greatly increase with every mile of advance and her successes would be swallowed up.
3-Japan would face the danger of a crisis at home after which the revolutionary party would lift up its head.
4-China, with her millions of men, would fight.
5-With the aid of Russia, China could put 1,000,000 men in the field in 12 to 18 months; and another 1,000,000 in the next six months. They would be as efficient as the Japanese.
6-The Soviets and China would have the advantage in fighting morale.
7-That vital element, "time," is working in favor of Russia.
- e. Trotsky stroked his chin and smiled as he talked of the possibility of arousing the Chinese nation with its 450,000,000 population on "the grand scale."

"The

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

- 2 -

- g. "The objective of such a war (between Russia and Japan) would be infinitely greater than the questions of the Chinese Eastern Railway and Manchuria together," he said. "Certain French newspapers hasten to predict that 'Bolshevism would perish in the steppes of Siberia.'"
- h. "The steppes and forests of Siberia are vast enough for many things to succumb there, but is it so certain that it would be Bolshevism that would perish?"
- i. "The military action of Japan in China," Trotsky said, "is developing according to the system of a spiral, its range is increasing from month to month. This system presents political and diplomatic advantages; it draws into the war little by little first her own people and then the enemy, placing the rest of the world before a succession of accomplished facts. It proves that the military clique is at present obliged to overcome not only external but also internal obstacles. From a purely military point of view such action by 'petite pacquets' is in itself a disadvantage. Evidently the Japanese leaders consider that, in view of the military weakness of China and in view of the insurmountable contradictions in the enemy camp, they can allow themselves at first a certain loss of time by making their advance along a spiral."
- j. "However, after the first phase must evidently come--with or without interruption--the second, that is, the phase of real war. That is Japan's political objective. The leading newspapers of Paris, which carefully transcribe in French the views and suggestions of the Japanese general staff, have been urging all the time that there was no question of a war but only of police measures. This explanation is a necessary part and parcel of the spiral-advance system, and will fall to the ground of itself as soon as the military action has reached its full development and when the attacking forces are brought into correspondence with the objectives aimed at."
- k. "The aim of Japan is--to colonize China. A grandiose aim indeed, but it must be said at once that it is not within Japan's powers. She has come into the field too late. At the moment when Britain is preparing herself to lose India, Japan will not succeed in transforming China into a new India."
- l. "It is not possible that the Tokio oligarchy has also another objective, namely to aim a blow at the U.S.S.R.? To consider such a plan as altogether excluded would be too hasty. But it cannot be a first-line plan. Only after having seized Manchuria and consolidated her position there, would Japan be able to make her objective that of striking a blow northwestwards. But as the Soviet Government does not, and cannot, want war, Japan on her side will probably not decide to undertake directly aggressive action against the U.S.S.R. before having guaranteed and confirmed her position in China and Manchuria."

"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

- 3 -

- m. "There is also another important consideration which tends to the same conclusion. The Japanese oligarchy (whether rightly is another question) considers it possible to conduct the war against China by partial bites. This must also appear more acceptable to the Japanese Finance Minister, whom the whole affair touches closely.
- n. "Every attempt to accuse the Soviet Government of aggressive aims in the Far East, fails to the ground. Owing to its inherent inconsistency war would be a very rude blow to the economic plan, with which the whole future of Russia is firmly bound up.
- o. "If we admit that a military conflict in the Far East is, nevertheless, inevitable--and such is the conviction of many Japanese statesmen and not of the Japanese only--even in that case the Soviet Government has no reason to force the issue. Japan has entered China in pursuance of a grandiose enterprise which will have incalculable consequences. She may have, and will have partial military and diplomatic successes, but they will be transitory, whereas the difficulties will be permanent and will go on increasing.
- p. "In Korea, Japan has her Ireland. In China, she is trying to create her India. Only entirely stupid generals of the feudal type could contemplate the national movement in China with disdain. A huge nation of 450,000,000, awakened to self-consciousness, cannot be kept under by airplanes. Japan is going to attack up to the knees in the fat soil of Manchuria--if not up to the waist!
- q. "And since in Japan itself the economic development has come into absolute contradiction with the feudal structure of society, one may envisage an internal crisis as quite inevitable. First the Seikwai will give place to the Minseito party, which latter will move to the left. Then the Revolutionary party will lift up its head. France lost not a little in financing Czarism. She is mistaken if she thinks that this has assured her against losses in financing the Mikado.
- r. "It is quite clear. In the Far East the Soviet Government has no reason to be in a hurry or to lose its nerve.
- s. "The participation of the U.S.S.R. in the war would open before the Chinese people new perspectives and arouse in it a national movement on the grand scale. To anyone who understands the logic of circumstances and the psychology of popular masses, this admits of no doubt. In China there is no lack of human material. Millions of Chinese have learned to handle a rifle. They do not lack the will to fight but only a regular military education, an organization, a system, and an instructed command.

"The

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

- t. "The Red Army could here give them very effective aid. The better elements of the army of Chiang Kai-shek were formed, as is well-known, under the direction of Soviet instructors.
- u. "How to improve troops out of an awakened and excited human material, this the Bolsheviks have learnt thoroughly, and they have not yet been able to forget it. I have no doubt that in from 12 to 18 months it would be possible to mobilize, equip, arm, train and put into the fighting line the first million combatants, who would yield nothing to the Japanese from the point of view of training. And they have the advantage from the point of view of fighting morale.
- v. "The second million would not even take six months. I am speaking of China. And apart from China, there remains the U.S.S.R.; the Red Army and its colossal reserves--no, really, the leading French newspapers (the most reactionary in the world) are too hasty in burying the Soviets in the steppes of Siberia; blind hatred is usually a bad counsellor, and particularly so when it is a question of historical prediction.
- w. "But (you ask) if the prospects are so favorable, why is the Soviet Government doing its utmost to avoid war? I have already answered this question: In the Far East the factor of time is working against Imperialist Japan, who has passed her culminating point and is now moving toward her decline. Apart from that--and this is not the least important matter--the world does not consist of the Far East only. The key to the world situation is at the present moment, not at Mukden, but at Berlin. The advent of Hitler (the Fascist leader) to power would present for the U.S.S.R. a danger infinitely more direct than the ideas of the military oligarchy at Tokyo.
- x. "However--" Trotsky broke off--"we decided from the first to limit our talk of the Far East, so permit me to put a full stop here."

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

T. J. PRESTON, JR.
PRINCETON, NEW JERSEY

PM 1200

FE

Ans'd

March 29. 1932



The Department of State,
Washington.

Gentlemen:

My attention has been called to a pamphlet entitled "The Memorial of Premier Tanaka". This has been issued by the "World Peace Movement" 108 Park Row, New York City.

It purports to be a reprint of matter from the China Critic, of Shanghai, Vol 4, No.39, September 24, 1931.

I am writing to ask if such a memorial was presented by Premier Tanaka to the Emperor of Japan on July 25. 1927, and if the reprint by the World Peace Movement is an accurate copy of it.

Yours very truly,

T. J. Preston

F/LS 793.94/4928

FILED . .

APR 14 1932

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

April 13 1932.

In reply refer to
 FE F/LS 793.94/4928

T. J. Preston, Jr., Ph.D.,
 Princeton, New Jersey.

Sir:

The receipt is acknowledged of your letter of March 29, 1932, inquiring with regard to a document printed in the CHINA CRITIC of September 24, 1931, purporting to be a Secret Memorial submitted by General Tanaka to the Japanese Emperor in 1927.

Inasmuch as the document to which you refer was originally published in a foreign country under foreign auspices and has become a subject of controversy, the Department does not desire to comment with regard to its authenticity.

Very truly yours,

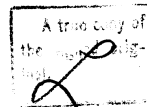
For the Acting Secretary of State:

Maxwell M. Hamilton
 Assistant Chief,
 Division of Far Eastern Affairs.

VGK
 Apr. 18. 1932-FE

69C.
 FE:800

FE



793.94/4928

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

REP

TELEGRAM RECEIVED

43652

GRAY

Heiping via N. R.

Dated March 30, 1932

DEPARTMENT OF STATE

MAR 30 1932

DIVISION OF

COMMUNICATIONS AND RECORDS

Secretary of State

Washington

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

REC'D 9:02 a. m.

MAR 30 1932

Department of State

382, March 30, 7 p. m.

Following from American Consul General at Harbin:

"Number 41, March 30, 11 a. m.

One. Japanese military mission states that bombing

planes left Changchun yesterday to bomb old troops in possession of Mungan just north of Changchun, that new Kirin and Japanese troops had reached Fangcheng on the Sungari River, that Japanese troops from Tunghua had reached Ninguta and that those on eastern line of Chinese Eastern Railway would be shifted to the region southwest of Harbin to cope with the situation there which is threatening to Changchun.

Two. Conditions in region along the eastern line still bad. Private advises from Hailar and Manchuli indicate that situation in and near those places is quiet.

Three. Reports received concerning Siberia indicate that the Soviet army is still continuing to strengthen its position in Priamur Province.

Four.

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A

F/LS

793.94/4929

FILED

793.94
note
893.102 Harbin
861.61311
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861.772.2.

5-4:20
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

REP

2-#392, from Peiping, Mar. 30, 7p.m.

Four. Local customhouse and post office functioning normally without serious interference from the new authorities.

Five. Despite embargo on wheat declared by local authorities Soviet export Hleb succeeded in shipping to Vladivostok four thousand tons of wheat during the past ten days. Agents of export Hleb have arranged at Dairen with Mitsui's to ship to Vladivostok a large quantity of wheat to be delivered last part of April.

Six. Soviet administration of the Chinese Eastern Railway has sent so many freight cars into Siberia that shippers can not secure tenth of their requirements and have been forced to curtail their purchases of beans. This is having a serious effect on the revenue of the railway which is now practically "frozen". This action and the great harm to farmers caused by unpaid Chinese soldiers and brigands made the economic outlook of North Manchuria for 1932 pessimistic."

For the Minister
PERKINS

WSB

HPD

61-61311
693.619

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To
Commerce
For Guarded
Dissemination
M.M.H.

APR 6 1932

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

DOCUMENT FILE

NOTE

SEE 600.A 4/628 FOR MEMO

FROM State Department FE (Dooman) DATED Mar. 30, 1938.
TO NAME 1-1127 ...

REGARDING:

Disturbance of the Political Equilibrium in the Pacific and Far
Eastern Area; American contribution thereto.

G

793.94/4929 1-2

793.94
4929 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

DOCUMENT FILE

NOTE

SEE 893.114 Narcotics/332 FOR letter
FROM National Anti-Opium (Huang) DATED Dec. 16, 1931
TO Association of China NAME 1-1127 ***

REGARDING: Japanese smuggling activities in China: Outline of --

793.94/4930

4000

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

DOCUMENT FILE

NOTE

SEE 893.51-Salt Funds/95 FOR Tel.#390-lpm

FROM China (Perkins) DATED Mar.30,1932
TO NAME 1--1127 ...

REGARDING: Sino-Japanese brawl.
Report that the Salt Inspectorate at Newchwang was closed
yesterday and its functions taken over by the Salt
Commissioner.

tfv

793.94/4931

4931

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

REP

GRAY

Peiping via N. R.

Dated March 30, 1932

Rec'd 7:23 a. m.

Secretary of State,
Washington.

390, March 30, 1 p. m.

Following from American Consul General at Mukden:

"March 29, midnight.

It is reliably reported that the Salt Inspectorate at
Newchwang was closed yesterday and that its functions were
taken over by the Salt Commissioner."

For the Minister

PERKINS

HPD

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS



MAR 25 1932

March 21, 1932.

DIVISION OF

Subject: French press comment - the Paul-Boncour
Proposal.

~~SKB~~

The following are extracts from the Paris press
summaries prepared by the Embassy at Paris (despatch
No. 2325, dated March 4, 1932 - File No. 851.9111/44):

"The official text of both the Paul-Boncour proposal, comprising four articles, and of the Japanese memorandum are given in a HAVAS despatch to this morning's ECHO DE PARIS, which envisage immediate cessation of hostilities, the immediate setting up of a Conference composed of the representatives of the Chinese and Japanese Governments as well as of the interested Powers, the establishment of a neutral zone, the Japanese denial of any political or territorial intentions or the establishment of a Japanese concession at Shanghai or favoritism for the exclusive interests of Japan, the maintenance of the security and integrity of the international and French concessions, a general settlement of the international status of Shanghai, and the reestablishment of peace."
(Page 2 of press summary for March 1)

"While many members will leave the Assembly today disconcerted and anxious, Pertinax points out that the Japanese victory in the Far East is doubtless civilization's victory, and no one can calculate what the far-reaching international consequences might have been if the Japanese had sustained

a

MAR 25 1932

F/L.S

793.94/4932

DECLASSIFIED: E.O. 11652, 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 check at the hands of the Chinese military
forces." (Page 2 of press summary for March 3)

(NOTE: Pertinax writes in the ECHO DE PARIS.)


RPB:KC

DECLASSIFIED: E.O. 11652, 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
note
893-1025
793.94119

TELEGRAM RECEIVED

REP

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

FROM

SHANGHAI

Dated March 31, 1932

Rec'd 3:37 a. m.

Secretary of State,
Washington.

March 31, 1 p. m.

CONFIDENTIAL FOR THE SECRETARY.

My March 29, 5 p. m.

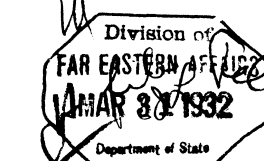
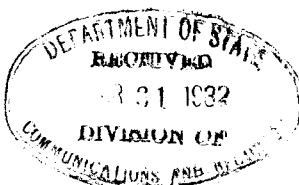
One. Chinese-Japanese negotiators met at 10 a. m. and commenced discussion of article 2 of Draft B, March 27th, which was finally accepted in the general form.

"The Chinese troops will remain in their present positions pending later arrangements upon the reestablishment of normal conditions in the areas dealt with by this agreement. The aforesaid positions are indicated in annex one to this agreement."

While the Chinese delegate recorded with the conference the following official declaration: "It is understood that nothing in this agreement implies any permanent restriction on the movements of Chinese troops in Chinese territory".

Two. Next meeting takes place Saturday, April 2nd.

Three. VERY CONFIDENTIAL. Negotiations threatened to break on the question of date of Japanese withdrawal. It was finally



F/LS

793.94/4933

FILED

APR 4 - 1932

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

REP

2- from Shanghai, Mar.31,3:37a.m.

finally agreed privately between Sir Miles and myself,
Shigemitsu and Quo, to meet informally outside of the con-
ference, Ciano and Lagarde participating, to explore
possibilities of a formula.

JOHNSON

WSB

HPD

0706

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

1-138
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1-138
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 CONFIDENTIAL CODE
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Department of State

This cable was sent in confidential Code.
 It should be carefully paraphrased before
 being communicated to anyone.

Washington,
 March 31, 1932.

3 PM

AMERICAN CONSUL

SHANGHAI (China).

793.94/4933
 m.t.
 893.102-S
 793.94119

124

CONFIDENTIAL FOR THE MINISTER.

Your March 29, 5 p.m., particularly paragraph six,
 and your March 31, 1 p.m., paragraph three.)

One. With regard to the insistence of the Chinese upon a specified time limit for the final retirement of the Japanese troops into the Settlement and extra Settlement Road areas, the Department feels that the all-important point to be kept to the forefront is the urgent and immediate need of reaching a signed agreement relating to the cessation of hostilities at Shanghai in order that at least one step forward, however small, may be made by the peace machinery set in motion for a liquidation of the difficult situation at Shanghai.)

Two. The Department suggests, therefore, that you discuss the matter with Sir Miles Lampson and if he is willing to join with you, that both of you seek to impress upon the Chinese and Japanese representatives at the negotiations the desirability of arriving at some

Enciphered by

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

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

1-138
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Washington,

- 2 -

such arrangement as proposed by Lampson when he suggested the addition of the paragraph referred to in paragraph six of your March 29, 5 p.m. If the Chinese are still insistent upon their point of view, might not the question of the time limit be reserved (a) for consideration at a later conference or (b) QUOTE pending later arrangements upon the reestablishment of normal conditions UNQUOTE, the phraseology used in Article two referred to in paragraph one of your March 31, 1 p.m.? The Department feels that the success of the negotiations which are now in progress at Shanghai will be influenced to an important degree by the personal influence which you and Sir Miles Lampson can bring to bear on both the Chinese and Japanese representatives in persuading them to accept provisions which are reasonable and realistic in the light of all the circumstances.

Carl
Acery

[Signature]
 FE JEL/VDM

[Signature]
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[Signature]
 31, 1962.

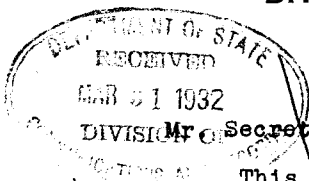
Enciphered by _____

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



March 25, 1932.

SHANGHAI SITUATION

MAR 30 1932

Mr. Secretary:

(attached) 4934

This telegram, in which Colonel Drysdale especially states that the information is "most confidential", gives us something to think about -- as the facts also doubtless do to the Japanese.

Colonel Drysdale gives the estimated "dispositions" of considerable bodies of Chinese troops in the area to the west and south of Shanghai. He points out that the terrain is easily defensible and the defense is organized "in great depth with trench system"; and that the lakes and rivers constitute serious obstacles to an advance (by any attack in force) through that area; and that the Chinese troops are reported as having very good morale and being willing and able to offer serious resistance to any Japanese advance.

What Japan, along with the rest of us, should think about is this: delay in arriving at an agreement for definitive cessation of hostilities, withdrawal of Japanese forces and restoration of conditions of peace keeps this Chinese force in existence, in situ, and on the alert. It also probably causes it constantly to be reenforced. The stronger that force becomes and the longer the delay in reaching an agreement at Shanghai, the more restless that force is likely to become and the greater becomes the possibility that it

may

F/DEW

FW 793.94/4934

CONFIDENTIAL FILE

FILED

MAR 31 1932

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

- 2 -

may take the offensive -- either against the Japanese or against the International Settlement or both. It would seem, therefore, highly desirable that the situation at Shanghai be liquidated at an early date -- so that this concentration of Chinese troops in the immediate hinterland may be dissolved. Neither the Chinese nor the Japanese military authorities seem to be at all anxious to hasten to a settlement.

SKH

FE:SKH/ZMF

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

WAR DEPARTMENT
WAR DEPARTMENT GENERAL STAFF
MILITARY INTELLIGENCE DIVISION, G-2
WASHINGTON

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

THE SECRETARY OF WAR
DIRECTS ANSWERS TO THIS
RADIO AS FOLLOWS:
ADVISE WITHIN 12 HOURS
if answer is unnecessary.
If answer is NOT SENT
WITHIN 7 DAYS REASON
MUST BE STATED.
C. H. BRIDGES,
Major General,
The Adjutant General.

Code - **Confidential File**
RADIOGRAM

BFS Received at the War Department.

19 "VY

March 25

From Shanghai, China.

To The Adjutant General.

Division of
Far Eastern Affairs
MAR 25 1932
Department of State

F/DEW

Copies furnished as noted:

SECRETARY OF STATE
MAR 30 1932

CONFIDENTIAL

SHANGHAI, 37; Mch 24, 7:05 am.

Chinese dispositions present estimated to be as follows-main line of resistance; salt troops organized as independent brigade of 88th Division Sinkiang inclusive to Tsingpu exclusive; Tsingpu inclusive to Taientun inclusive 60th Division 19th Route Army, Taientun exclusive to Lungshan inclusive 61st Division 19th Route Army, Chintang 87th Division 5th Army Reserves, Kasha Kasha Area 2 brigades of 9th Route Army, Weiting 78th Division of 19th Route Army, Changshu 88th Division of 5th Route Army with 47th Division west of Changshu and to Yangtze; Headquarters 19th Route Army Cheni, GH, Soochow the terrain is out with numerous streams and canals and is easily defended Defense is organized in great depth with trench system included barbed wire at Kinshan Cheni Weiting and Soochow, Chintang and Changshu as lakes and rivers constitute serious obstacles to advance through that area all Chinese troops are reported as having very good morale and willing and able to offer serious resistance to any Japanese advance Chinese

CONFIDENTIAL FILE

793.94/4934

Q-2
Sec. GS
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X INDICATES RADIO ROUTED FOR ACTION; / FOR INFORMATION

DECLASSIFIED: E.O. 11652, 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 SECRETARY OF WAR
DIRECTS ANSWERS TO THIS
RADIO AS FOLLOWS:

ADVISE WITHIN 12 HOURS
if answer is unnecessary.

If answer is NOT SENT
WITHIN 7 DAYS REASON
MUST BE STATED.

C. H. BRIDGES,
Major General,
The Adjutant General.

Copies furnished as noted:

RADIOGRAM

BF3

Received at the War Department.

From M.
To

Page 2 of Shanghai No. 352-C.

~~troops~~ are reported as having
seriously lack artillery of all calibers amounts not
now available No change in Japanese disposition.
Negotiations are proceeding to ultimate Japanese
withdrawal with prospects not favorable to complete
or rapid withdrawal. All above information most con-
fidential and reference to this or other similar
messages should be in code.

Drysdale.

Note: Words underlined were badly garbled and above
translation is best one obtainable by decoding officer.

Received in Navy cipher.

DECLASSIFIED: E.O. 11652, 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 SECRETARY OF WAR
DIRECTS ANSWERS TO THIS
RADIO AS FOLLOWS:
ADVISE WITHIN 12 HOURS
If answer is unnecessary,
If answer is NOT SENT
WITHIN 7 DAYS REASON
MUST BE STATED.
C. H. BRIDGES,
Major General,
The Adjutant General.

Copies furnished as noted:

RECEIVED
E.O. 11652, Sec. 3(E) and 5(D) or (E)
This letter May 3, 1972
By CJ NARS Date 3/19/73

C-2
Sec 12
TAG

X
V
V

FORM NO. 6 635-3-A G.O.
ED. MAY 15, 1922.

RADIOGRAM

1443

Division of
FAR EASTERN AFFAIRS
MAR 28 1932
Received at the War Department.

From Adjutant General

12:10 P. M.

To the Adjutant General

4848 350

CONFIDENTIAL

Transmitted per 27th Number 38.

The main line of resistance of present Japanese position extends generally through Liuho-Kaitung-Nansiang-Chenju. 1th line of observation to limit of Shirakawa patrol zone the 14th Division with headquarters near Nansiang occupies this limit disposed as follows: 27th Brigade with headquarters at Liuho has one regiment Infantry and one regiment mountain artillery attached from 2d Division occupying the Liuho sector and one regiment Infantry the divisional regiment of mountain artillery and one observation balloon occupying the Kaitung sector. The 28th Brigade Headquarters at Nansiang with one regiment attached mountain artillery consisting of both 150 millimeter howitzers and 105 millimeter guns amount not known is occupying the Nansiang sector. The 9th Division Headquarters in northeast corner of international settlement has one regiment occupying the Chenju sector with the remainder of the division in general reserve in the area Boosung-Paoshan additional artillery of both calibers is emplaced in the vicinity of Lotien all the above positions were thoroughly prepared for defense.

X INDICATES RADIO ROUTED FOR ACTION; / FOR INFORMATION

F/DEW

793.94/4935

CONFIDENTIAL FILE

0714

DECLASSIFIED: E.O. 11652, 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 SECRETARY OF WAR
DIRECTS ANSWERS TO THIS
RADIO AS FOLLOWS:
ADVISE WITHIN 12 HOURS
if answer is unnecessary.
If answer is NOT SENT
WITHIN 7 DAYS REASON
MUST BE STATED.
C. H. BRIDGES,
Major General,
The Adjutant General.

RADIOGRAM

Received at the War Department.

From M.
To

Copies furnished as noted:

Sheet #8

prior to the recent withdrawal of the 11th Division and the 24th mixed brigade and were occupied by the 14th Division upon the relief of those units. The 14th Division is a mobilized division estimated 20,000 men and the amount of army artillery is carefully guarded as is the number of airplanes and tanks. The air field is located along Huangpu just north of the settlement with about 60 Army and 60 Navy planes remaining Chinese and Japanese troops are in daily contact along the Shirkawa patrol zone and reports of minor though unimportant engagements are frequent. The present negotiations for withdrawal of Japanese are progressing slowly it is not probable that the Chinese will agree to any Japanese troops remaining west of the Shanghai Soosung railway.

Please indicate just where our information seems inadequate to assist our further reports.

Drysdale.

Received in Navy cipher

DECLASSIFIED: E.O. 11652, 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 500. C 1197/514 FOR letter
FROM Moorhead, Helen H. () DATED Mar. 24, 1932.
TO NAME 1-1127 ...

REGARDING:

Advisory Committee. Suggests that the question of the insertion of a clause regarding opium smoking and drugs, in whatever treaty China and Japan may evolve on the Manchurian situation, be brought up and discussed at the meeting of the - on April 15th.

MN

793.94 / 4936

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

DOCUMENT FILE

NOTE

SEE 693.002 Manchuria/28 FOR Tel. 125.5 p.m.

FROM Great Britain (Atherton) DATED Mar. 30, 1932

TO NAME 1-1127 ...

REGARDING: Substances of two references made in conversation at the Foreign Office, concerning Manchurian customs regime. League Commission in Far East was at the specific request of Japan, covering whole field of Sino-Japanese relations and not merely Manchuria.

793.94/4937

4937

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

REP

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

LONDON

Dated March 30, 1932

Rec'd 2 p. m.

Secretary of State,
Washington.

125, March 30, 5 p. m.

CONFIDENTIAL. 121

Supplementing my 122, March 29, 6 p. m., following sub-
stances of two references made in conversation at the Foreign
Office today:

79394
One. Sir John Simon said he saw England's policy in the
Far East as side by side with the policy of the United States,
but England was a member of the League of Nations, and his
endeavor was to fulfill England's obligations to the League
and yet keep in step with the United States. He pointed out
that the League Commission in the Far East today was, at the
specific requests of Japan, covering whole field of Sino-
Japanese relations and not merely Manchuria.

Sir John said he was revolving in his mind that should
the League Commission report objectively and recommend
measures whether, since by declaration the League and the
United States as well had already taken their position in the
Far East they were willing to contemplate any further action.

Two.

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

REF

2-#125, from London, Mar.30, 5 p.m.

Two. An Assistant Secretary of State said he believed the Foreign Office would shortly consult with me as set forth in the last sentence of my No. 111, March 16, 5 p. m. He intimated as his personal views that Soong's instructions to Inspector of Customs Haze to have no dealings with the present Manchurian customs regime appeared to create an impasse. He added that if at the present time official representations were made at Tokyo the probable Japanese reply would not improve the situation since it would presumably be pointed out that the Chinese Government had blocked a settlement with the Manchurian Government and Tokyo was not in a position to interpose.

ATHERTON

WSB

RR

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

7
DEPARTMENT OF STATE

~~18~~: DIVISION OF FAR EASTERN AFFAIRS

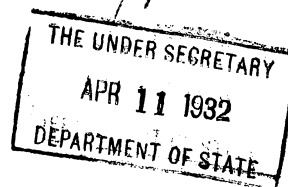
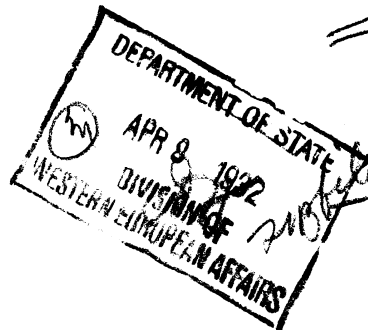
Re: ~~SECRET~~ (No release summary)

This editorial states that "it is the paramount policy of Canada in the realm of foreign affairs to preserve good relations with the US. It reviews Britain's relations with Japan up to the Washington Conference, and concludes with the remark that "Canada, because of her devotion to the cause of peace and justice and what is best in her own interests, believes that the Empire as a whole should throw its weight solidly behind the position taken by the League of Nations and U.S. in the Sino-Japanese dispute.".

WRH

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

VOLUNTARY.



TORONTO EDITORIAL CONCERNING RELATIONS BETWEEN
JAPAN, CANADA AND THE UNITED STATES.

From *Emil Sauer*
Emil Sauer, American Consul General.

Toronto, Canada.

Date of Completion, March 28, 1932.

Date of Mailing, March 29, 1932.

There is enclosed herewith a copy of an editorial which appeared in THE TORONTO STAR WEEKLY, issue of March 26, 1932 which, it is believed, might be of interest to the Department and to the Legation.

800
ES:LC

To the Department in quintuplicate.
Copy to the American Legation, Ottawa.

F/LS
793.94/4938

APR 15 1932

0721

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

(Editorial from THE TORONTO STAR WEEKLY, issue of March 26, 1932).

JAPAN, CANADA AND THE UNITED STATES.

When considering the ultimate settlement of the Manchurian question, which should be sought at once although it is distant enough to be obscure, one ought to remember that the paramount policy of Canada in the realm of foreign affairs is the preservation of good relations with the United States.

The United States probably will veto any settlement that is calculated to separate Manchuria from China. Britain could not agree to Japanese annexation of the area nor recognize, under present conditions, the puppet government set up by Japan, without giving offence to the United States and disregarding the wishes of Canada, Australia and New Zealand. It was partly due to the attitude of Canada, when the Rt. Hon. Arthur Meighen was her spokesman, that the Anglo-Japanese alliance was terminated in 1921.

The alliance between Britain and Japan was consummated in 1902. It was of a defensive character, each country promising to recognize the independence of Korea and to protect the special interests of the other in China, particularly Japan's interests in Manchuria and Britain's interests in the Yangtse valley. Military assistance was to be given in the event of two powers attacking one of the signatories. The effect of the treaty was to stiffen Japan's attitude toward Russia, which led to a war that was fought out in Manchuria. Japan's rights in Manchuria were obtained as a result of the war, the treaty of peace requiring Russia to turn over to Japan the rights she had acquired there.

In 1905 the alliance was renewed and extended. It was made to apply to India and Eastern Asia, recognized Japan's special rights in Korea and provided that if a single power made an unprovoked attack on one of the signatories the other should act in defence of that nation's territorial rights or special interests.

Another renewal of the alliance was recorded in 1911. This time the annexation of Korea by Japan was recognized by Britain but the parties to the alliance were relieved of the necessity of assisting one another as against countries with which they had general arbitration treaties.

The alliance was responsible for Japan entering the great war on the side of the allied nations. Its terms, perhaps, were not in harmony with the obligations assumed by Britain, the other self-governing British countries and Japan when they signed the covenant of the League of Nations.

The United States championed the cause of China as against the coercive policy of Japan, during and following the great war, and direct disputes between the United States and Japan embittered relations between the two countries. The Anglo-Japanese treaty, naturally, was very unpopular in the United States and

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

- 2 -

was looked upon with apprehension by Australasia and Canada. So when the Four Power Treaty and the Nine Power Treaty were signed in 1921, recognizing the integrity of China and pledging the nations to get together in friendly conference whenever trouble loomed up in the Far East, the alliance was definitely brought to an end.

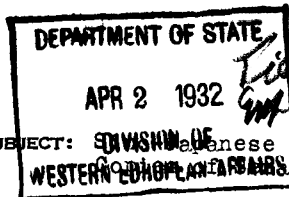
France and Italy, and the British foreign office, seem to be disposed to give Japan a free hand in Manchuria. But the majority of the members of the League of Nations are favorable to the view taken by the United States which appears to hold the key to the situation. Canada, because of her devotion to the cause of peace and justice and her conception of what is best in her own interests, believes that the empire as a whole should throw its weight solidly behind the position taken by the League of Nations and the United States.

772

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

NO. 252.Political.

AMERICAN CONSULATE,
Geneva, Switzerland, March 19, 1932.



MAR 3 - 32



SUBJECT: Japanese Conflict. - Receipt of Additional
SENATE DOCUMENT No. 55.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

793.94

With reference to the Department's telegram No.41 of February 21, 8 A.M., 1932, in answer to the Consulate's request for 25 additional copies of Senate document No.55, as expressed in its telegram No.85, of February 18, 1 P.M., I have the honor to acknowledge receipt of the documents in question.

In response to the interest evinced in official quarters in the first few numbers circulated in accordance with the suggestion contained in the Department's third person instruction of January 29, 1932, and in view of the useful purpose this publication appears to serve in clarifying various elements of the American position in the premises, these additional copies will be placed in the hands of officials in Geneva particularly concerned.

Respectfully yours,

Prentiss B. Gilbert
Prentiss B. Gilbert,
American Consul.

Original and Five copies to Department of State.
One copy to American Legation, Berne, Switzerland.

F/LS

793.94/4939

APR 4 - 1932

FILED

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

AM REC العراق



EDUCATIONAL ENQUIRY COMMISSION.

Chairman: Prof. Paul Monroe, Ph.D.; L.L.D.; etc.

Members: Prof. William C. Bagley, Ph.D.

Prof. Edgar Knight, Ph.D.

Official Attaché: Fadhil Jamali, Ph.D.

MAR 31 32

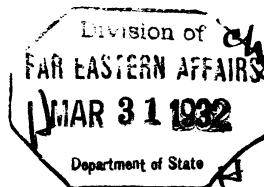
لجنة الكشف التعليمي

الرئيس: البروفيسور بول منرو د. د. الخ

المقرر: البروفيسور وليام سي. باكلي د. د.

المقرر: البروفيسور ادغار نيت د. د.

المرافق الرسمي: الدكتور فاضل الجمالي



April 25 1932

Honorable Henry L. Stimpson
Secretary of State
Washington, D. C.

My dear Mr. Stimpson

To day I received a clipping of your letter to Senator Borah, though I had seen a summary of it in the Manchester Guardian the day before. News reached me very slowly in this isolated spot, but it was very good news indeed.

I wish to express my congratulations to you on this notable State Paper, to record my gratitude as a friend of China, and my pride as an American citizen. The stand is in accord with our long traditions, reasserted in times far more trying than in those in which the original stand was enunciated and renunciated. No finer service could have been rendered China, I trust of assistance in solving her internal troubles as well as the external ones, both of which threaten her very existence as a nation.

My pride as an American is aroused by the notable leadership taken by my country at a time when courage, intelligence, wisdom and justice seemed to be lacking in the indecision shown by all the Western Powers.

Again with my sincere congratulations on this most notable and important declaration on foreign policy for many years.

I am very truly yours

Paul Monroe

March 17, 1932
Baghdad, Iraq

PM:JM

F/LS

793.94/4940

APR 26 1932

LED

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

April 25 1932.

In reply refer to
 FE F/LS 793.94/4940

Professor Paul Monroe, Ph.D., LL.D.,
 Ministry of Education,
 Baghdad, Iraq.

Sir:

The receipt is acknowledged of your letter of March 17, 1932, expressing agreement with the letter addressed by the Secretary of State on February 23, 1932, to Senator Borah in regard to the difficulties presented by the existing situation in the Far East.

Your indorsement of the action taken and the spirit which prompted you to write in this way are appreciated. You are assured that the many problems presented by and the factors involved in this situation are continuing to receive the earnest and solicitous attention of the Department in the light of the treaties to which the United States is a party and to the end that there may be reached by peaceful means solution of the problems presented.

Very truly yours,

For the Secretary of State:

Stanley K. Hornbeck,
 Chief,
 Division of Far Eastern Affairs.



793.94/4940

APR 25 1932

FE:ESC:ENT:SS
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

THE UNDER SECRETARY
APR 11 1932
DEPARTMENT OF STATE
DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

April 5, 1932.

Mr. Miller.

The gist of this article seems to be that France should consider according customs concessions to Japanese trade with Indo-China in return for a Japanese political guarantee of French sovereignty in Indo-China. My conclusion is that the "accommodation" suggested will be in the nature of an ex post facto agreement, which would cover up the fact that French and Japanese policy in Asia, especially with respect to Russia, Communism and native nationalism, is already intimately linked.

JFC

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

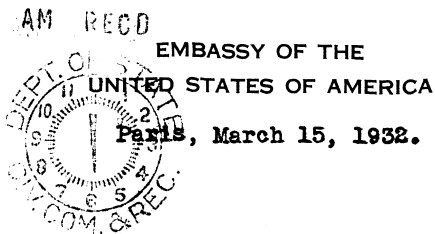
RSM:

The despatch reviews the two French magazine articles. "The Manchurian Volcano" reviews and philosophizes over the Far Eastern situation. Regards conflict of trade interests of US and Japan in China and Pacific pregnant with trouble. Expects US to change from epistolary to warlike activity when American competition is eliminated by Japan in China market.

"The League of Nations in Manchuria" Good article. Points out Japan's steady advance on mainland, which stops temporarily as it meets Western opposition only to resume ~~its march~~ when such opposition weakens; strength of Chinese people and their achievements since Revolution -- "the Chinese Republic advances like a slow but irresistible river" despite unheard of trials; the value of the League and peace pacts.

WDL

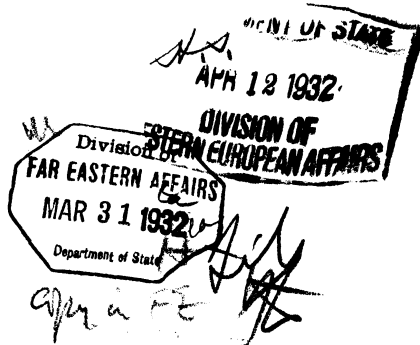
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



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MAR 31 32

SPECIAL REPORT
No. W.D. 1022.



FLS
793.94/4941

793.94

To the Secretary of State,
Washington, D. C.

The American Ambassador forwards herewith
Mr. Warrington Dawson's Special Report No. W.D.
1022, dated March 15, 1932.

APR 12 1932
F.L.S.

WD/DRS

WD

DECLASSIFIED: E.O. 11652, 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

Paris, March 15, 1932.

Serial No. W. D. 1022.

SPECIAL REPORT,

By Warrington Dawson,
 Special Assistant.

SUBJECT: Articles in the French Magazines
 Dealing with Manchuria

In an article by Monsieur Roger Labonne, entitled "The Manchurian Volcano," published in LA REVUE UNIVERSELLE of February 15 and March 1, 1932, the author's attitude is that the Near East and the Far East could both be compared to volcanoes which periodically become active, so that when things are quiet in the Near East, trouble may be expected in the Far East. Just at present, he accepts Manchuria as the chief danger point. His analysis of recent events seems to be based on a superficial acquaintance with facts and his attitude towards the subject as a whole is distinctly metaphysical.

Towards the end of his concluding article, however, the author remarks:

"What is the cause of this economic disappointment (experienced by the United States in China), of this progressive elimination of American merchandise, of this loss of a huge market upon which the Wall Street financiers and the Broadway usurers had counted in their dark

hours

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

-2-

hours? That cause resides partly in the fall of the value of currency and the discomfiture of the former Middle Empire. But Japanese competition lies at the very root of it. By equipping Asia economically and flooding it with Japanese products, Japan has little by little eliminated American business men from this commercial arena and from the Far East in general.

"China, a vast commercial stake between the two great Powers of the Pacific, risks all the more provoking a redoubtable conflict because her industrial territory seems to be seriously damaged. Events will doubtless rush to a head if Japan, hampered by the boycott movement and guerrilla warfare, persists in seeking a solution with the sword, imposing upon Nanking the integral application of the 1915 Treaty. American competition would then be eliminated from the Chinese market just as it was from the Manchurian market by the occupation of Mukden and Chinchow. When that day comes, the reactions in Washington will not be exclusively epistolary. The country of the Quakers and business men, of mysticism and utilitarianism, will then pay more heed to cries of distress emanating from a people who speak as the Allies spoke in 1917. Rising up to defend its true interests, it will have, as during the war in Cuba and in the Philippines, the conviction of entering the lists to protect oppressed

nations

DECLASSIFIED: E.O. 11652, 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-

nations and of becoming the leal champion of suffering humanity."

Another article published in LE MERCURE DE FRANCE of January 15, 1932, entitled "The League of Nations and Manchuria," by Monsieur Florian Delhorbe, is of some retrospective interest because of developments which have since transpired in the debates before the League.

The conclusions of the article are as follows:

"Japan did everything she could to remain in a tête à tête with China. The Council of the League politely ignored this. Next, Japan did what she could to keep the United States out of the debates. The Council ignored this. Finally, Japan did what she could to oppose the sending of a Commission of Inquiry. The Council ignored this. Those are tangible results. Japan, encountering international resistance, was compelled to yield. But there was one point, and in truth the essential point, on which she did not yield. The Council of the League was unable to secure the immediate and unconditional withdrawal of the Japanese troops of occupation...

"There is a lesson for everybody in this Manchurian affair. The example of Japan has shown that a resolute people can to a certain extent brave the Assembly of Nations but that it cannot go beyond a certain limit. The example of China has shown that a people begin to make themselves respected on the day when they are in a position to do something for their own defence. The attitude 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

-4-

League of Nations has shown that its intelligence service is inadequately assured, that public opinion is led astray, that it is difficult to define an aggressor, that Right is a force which must be taken into account but does not suffice for the triumph for a cause, and that there are still secret treaties which partially explain the singular 'lack of resolution' shown by some civilized nations.

"The Sino-Japanese conflict is far from being terminated, since the status of Manchuria is in question. The point of equilibrium between the Chinese and the Japanese resultant has not yet been found. But China has succeeded in interesting the Nations as a whole in her lot. If she justifies the confidence shown to her, then time is working for her."

Very respectfully,

Warrington Dawson

Warrington Dawson,
Special Assistant.

✓
List of Enclosures:

1. Excerpt from LA REVUE UNIVERSSELLE,
February 15, 1932;
2. Excerpt from LA REVUE UNIVERSSELLE,
March 1, 1932;
3. Excerpt from LE MERCURE DE FRANCE,
January 15, 1932.

In quintuplicate

851.9111/6a

WD/DKS

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

Encl. #1 to Special Report #WD 1022, March 15, 1932.

Article from LA REVUE UNIVERSELLE, Feb. 15, 1932.

From American Embassy, Paris.

Le Volcan mandchou

DURANT près d'un siècle, l'attention anxieuse du monde diplomatique demeure concentrée autour de la question d'Orient, ce cratère empanaché de nuages lourds d'où partira l'explosion fatale.

Cette éruption se produit à peu près dans les conditions fixées par les auteurs de manuels, écrivains et sismologues politiques; et depuis, le volcan balkanique paraît assoupi; et si, chroniquement, on perçoit encore des grondements sourds aux frontières yougo-slaves; si, de-ci de-là, on note en Macédoine et en Albanie des fumerolles décelant l'activité sournoise de plusieurs bouches mal éteintes, c'est vers d'autres cieux et d'autres mers que se portent surtout les regards inquiets des peuples.

Sur les rivages du Pacifique, parsemés de tant d'Etnas véritables, le volcan mandchou, en somnolence depuis 1905, donne à nouveau, en effet, des signes de sa menaçante activité. Là se pose dans toute son ampleur cette redoutable question d'Extrême-Orient, infiniment plus complexe et plus mouvante que les anciennes affaires macédoniennes; mettant aux prises des intérêts qui, à l'échelle des précédents, sont à peu près ce qu'est le grand Océan à côté de la Méditerranée; rassemblant un monde de convoitises impérialistes, de rivalités ethniques, et de compétitions particulières qui s'apparentent d'ailleurs de près avec les événements survenus jadis sur le Bosphore et le Vardar, comme si l'Histoire et l'Homme témoignaient une fois de plus de leur impuissance à créer vraiment du nouveau.

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

Encl. #1 to Special Report #WD 1022, March 15, 1932.

Article from LA REVUE UNIVERSELLE, Feb. 15, 1932.

From American Embassy, Paris.

406

LA REVUE UNIVERSELLE

L'enjeu, d'abord, ressemble curieusement à celui d'autrefois, sauf qu'il est par rapport à lui comme un est à cinquante. Tel l'Empire d'Othman, l'Empire des Célestes est en effet une sorte de corps demi-décomposé, une proie fascinante, dont les relents font accourir à tire-d'ailes, de tous les coins de l'Univers, les gypaètes grands et petits.

Mais ce demi-cadavre a des réactions; il fait parfois effort pour reprendre vie et se débarrasser des becs et des serres attachés à son cou et à ses membres. Pareille à la Turquie d'avant guerre, la Chine contemporaine essaie confusément de se rénover, de sortir du chaos sans nom où elle est enlisée, de quitter le marais pestilentiel de sa corruption, de son apathie, de ses préjugés, de ses zizanies internes; d'échapper aux griffes de ses médecins bénévoles, qui, comme ceux de la Sublime Porte, s'empresent autour d'elle, lui proposant sous l'étiquette de toniques des remèdes destinés en réalité à prolonger sa profitable anesthésie; intervenant dans ses propres discordes, dans les conflits entre généraux, clans et comités; équipant ses comitadjis; avivant l'esprit régionaliste de ses provinces, pour l'opposer à l'esprit centralisateur du Kuo-Min-Tang; tout comme autrefois, les Puissances intéressées au décès de l'Homme malade faisaient appel au sentiment ethnique des Bulgares, des Serbes, des Grecs et des Albanais pour contrecarrer les efforts du parti de rénovation représenté par l'unionisme salonicien.

Mais ces pseudo-médecins et héritiers présomptifs ne s'entendent pas plus aujourd'hui que naguère; ils s'agitent autour du patient, partisans les uns du régime de la Porte ouverte, les autres des concessions et zones d'influence, masquant leurs intentions sous les bannières du désintéressement, du respect aux traités, et de la propagande humanitaire; capables de s'entendre un instant, tels Vienne et Pétersbourg au traité de Mürzteg pour partager les enjeux lors des affaires de l'Est chinois, mais pour reprendre bientôt le duel interrompu, pendant que la S. D. N. s'affaire, inquiète, cherchant à parer les mauvais coups et à prévenir un nouveau Serajevo.

Trois partenaires principaux se détachent dans ce groupe de concurrents: la Russie, le Japon, les États-Unis, fidèles d'ailleurs tous les trois à leurs principes et à leurs points de vue, esquissés théoriquement et pratiquement à la fin du siècle dernier. Le premier, en dépit des révolutions et des

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guerres, poursuit la réalisation du programme tsariste dans la Mandchourie du Nord avec l'âpreté jalouse d'un propriétaire de chasse gardée, intervenant bruyamment en faveur des Célestes, dans l'espoir de les ranger sous les plis de ses étendards rouges, de les entraîner dans l'avalanche de la révolution mondiale. En attendant, il n'omet pas de leur réclamer les courtages de ses appuis et interventions comme en 1860 quand il obtint la « province maritime », comme en 1896 quand il acquit l'Est-chinois; rétributions substantielles de ses plaidoyers en faveur de la politique d'intégrité, frais de transport onéreux du bouclier d'Oleg à la porte de l'Empire du Milieu.

Le Japon, avec une ténacité diligente, profite des circonstances favorables pour achever l'entreprise commencée en 1895 avec la première guerre du Petchili, continuée dix ans plus tard à Tsoushima et Moukden, entravée par les traités de Simonosaki et de Portsmouth, et en bonne voie de réalisation avec la prise de King-Tchéou le 2 janvier 1932; c'est-à-dire l'annexion sous une forme plus ou moins déguisée de la Mandchourie du Sud.

Enfin, le troisième partenaire, les États-Unis, avec une arrière-pensée analogue à celle des Soviets, prend lui aussi la défense de la Chine, et s'il s'oppose à son démembrement, si, depuis le milieu du dix-neuvième siècle, il demeure résolument hostile au système des enclaves et des territoires à bail, c'est dans l'espoir non déguisé d'obtenir une sorte de monopole du commerce extérieur en cette terre de Chanaan, aux ressources multiples, et d'accaparer ce débouché immense et précieux par son industrie en mal de clients.

Par ses soubresauts, la peau d'ours autour de laquelle s'agitent tant de convoitises trouble et embrouille le jeu déjà si complexe de ces rivalités. Le réveil de la Chine! D'innombrables études ont déjà paru sur cette énigme; mais des Œdipes sans nombre n'ont pu se mettre d'accord sur sa solution. Pour beaucoup, les tentatives des Célestes pour hisser leur pays au niveau du Japon ne sont que gestes lents et gauches de dormeur en proie à des cauchemars, mais bien des lotus fleuriront encore au bord du Fleuve Bleu, avant qu'il se dresse sur sa couche, prenne conscience de sa personnalité et se crée un gouvernement à l'image de ceux d'Europe.

Prophéties peut-être hasardées: le nationalisme moderne

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dispense à ses élus un élan et une exaltation capables d'enfanter de vrais miracles. Après l'armistice, il touche la Turquie exsangue de sa baguette magique, et lui fait aussitôt recouvrer santé et vigueur, assurant la victoire de quelques poignées de bachi-bouzouks mal armés, sur les divisions helléniques et les forces d'occupation de deux grandes Puissances. Est-il capable d'accomplir un exploit aussi incroyable dans l'Asie extrême, après l'Asie mineure? Peut-il ressusciter un État, après cinq mille ans de léthargie? Lui donner confiance en ses forces et foi en ses destinées? C'est cette question primordiale qu'on cherchera tout d'abord à examiner ici.

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La Chine est un sujet de controverses inépuisables pour les économistes, sociologues et écrivains. Il y a en effet des Chinois comme il y a des Indes. Les types humains sont aussi variés, les dialectes aussi divers de Pékin à Canton que de Peschawar à Madras et d'Oslo à Lisbonne, et les annales des Célestes ressemblent par bien des traits à celles des continents européen et hindou; elles offrent la même alternance d'empires qui se bâtissent et s'écroulent, de dynasties qui naissent et meurent, de migrations ouralo-altaïques qui infusent un sang nouveau aux races anémiées, créant de nouvelles sociétés appelées à se perdre, elles aussi, après un temps plus ou moins long, dans le cortège indéfini des choses passées et des choses mortes.

Toutefois, la Chine offre cette caractéristique essentielle d'avoir conservé invariable à travers les âges un ensemble de rites, de mœurs et d'institutions qui font d'elle une civilisation plutôt qu'un État, mais lui assurent aussi au cours des âges une certaine unité.

La religion est la poutre maîtresse de cet échafaudage politique, la solive faîtière qui en maintient l'armature, comme dans la cité de Fustel de Coulanges, et lui donne du dehors son aspect homogène, en dépit des innombrables guerres et révolutions du palais, des querelles entre mandarins et empereurs, entre mercenaires et barbares, brigands et hors la loi.

Or, fait capital: cette charpente cinquante fois centenaire vient de se briser, faisant crouler l'immense édifice;

et, à sa place se dressent les madriers d'un culte nouveau: le nationalisme, que des légions d'universitaires, étudiants, avocats, architectes improvisés s'appliquent à consolider de leur mieux en substituant l'idéal ethnique à la mystique de Bouddha, de Confucius et de Laotseu.

Toute la tragédie morale de la Chine contemporaine semble tenir dans cet effondrement de sa vénérable métaphysique et son remplacement graduel par les doctrines empruntées à la mystique occidentale. Tragédie pareille à celle des peuples qui, accaparés spirituellement par l'Islam et privés soudain de leur culte, s'en vont titubant le cerveau vide, avant de retrouver leur équilibre moral. On dit bien qu'ici la métamorphose n'est qu'apparente, et que limité à l'élite le mouvement ne touche pas les masses, enlisées tels les buffles des rizières, dans la vase de leurs traditions et préjugés. Bien des indices donnent à supposer que l'immense troupeau des Célestes ne résiste pas à l'aiguillon de ses bergers, et les suit lentement dans les chemins nouveaux. La récente profanation des tombes impériales en un pays où le respect des morts et des ancêtres constitue la base même de l'existence spirituelle et matérielle, montre les changements accomplis déjà dans les esprits.

Notre époque a déjà vu enfanter bien des prodiges chez les nations orientales, telles ces réformes kémalistes, considérées avant guerre comme des utopies de pachas en goguette, par tous les spécialistes et historiens. Rien n'est impossible de la part de foules entraînées depuis des dizaines de générations à obéir passivement aux impulsions de leurs maîtres et plus qu'ailleurs, disposées à laisser s'accomplir les révolutions sociales ou politiques par des minorités infimes parlant en leur nom.

Ce qui fait défaut ici, c'est justement la volonté agissante des chefs, la présence de fortes individualités comme les agitateurs d'Occident sachant se plier à des disciplines et faire taire leurs préférences personnelles. Et puis, il faut du temps pour retremper les ressorts de cette masse d'hommes agglutinés les uns aux autres, difficilement perméable, amollie par des siècles et des siècles de paix; pour changer les décors de cette scène immense, que les machinistes ne peuvent enlever en un tournemain comme sur les minuscules théâtres d'Europe.

N'importe, les coups de marteau se multiplient et la

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rumeur monte grandissante des coulisses chinoises indiquant l'ampleur des transformations en cours. Suivant la règle ordinaire, le sentiment national a comme origine la réaction contre l'emprise de l'étranger, l'instinct xénophobe qui se manifeste un peu comme en France, pendant la guerre de Cent ans.

La sanglante et énigmatique révolte des Taïpings apparaît, avec le recul du temps, comme le premier geste de révolte instinctive contre cette intrusion. Anodine au début, caractérisée par la fondation de comptoirs commerciaux, celle-ci se précise en 1840 avec la guerre de l'opium quand la Grande-Bretagne impose à l'Empire du Milieu l'importation de la drogue toxique et donne aux Puissances le signal de l'hallali, en se faisant concéder des enclaves à Hong-Kong, Changhaï, Foutchéou, Ning Po, etc... La Vieille Chine réagit alors à sa façon, confuse, étrange, sanguinaire, avec ses accès de fureur hystérique; mais la prise de Pékin et l'incendie du palais d'été en 1860, sanctionnent durement ses velléités d'insubordination; et son territoire va se rétrécissant comme une peau de chagrin du Yunnan à l'Amour et du Thibet au Chantoung, avec les cessions que bon gré mal gré elle doit consentir à ses amis ou adversaires.

Chroniquement, elle proteste par des massacres et des émeutes; elle assassine le consul français de Tientsin en 1870; elle arrête l'envoi de coolies en Amérique du Sud; elle fomenté des bagarres tumultueuses lors de l'installation d'un service de bateaux à vapeur sur le Yang Tsé et de la construction du chemin de fer de Changhaï...; et quand elle voit un nouvel aigle, venu cette fois d'un pays jaune, décrire des orbes dans son ciel et s'abattre sur la Corée, elle décroche les armes de sa panoplie vétuste, et court chasser l'intrus. Mais, battue au Yalou et à Pinyang, elle doit capituler à Simonosaki en 1895, verser au Japon des millions de taëls et lui céder en outre Séoul, Formose et les Pescadores; et si, grâce à l'appui des Russes, elle réussit à lui faire lâcher prise en Mandchourie, c'est pour voir ses protecteurs prendre à Dalny la place de ses adversaires et construire sur son sol le Kharbine-Vladivostock et le Kharbine-Port-Arthur; puis l'Allemagne se fait céder à bail Kiao-Tcheou, l'Angleterre Wei Haï Wei, la France Kouang Tcheou Wan et l'Italie, l'Espagne, la Hollande, le Danemark même réclament des privilèges, des droits, des options.

Devant cette curée, l'indignation des patriotes se manifeste comme celle des Deunmés unionistes, devant l'hallali sonné par tous les chasseurs du globe, autour de l'Empire d'Othman, aux abois; et Canton joue le rôle assumé là-bas par Salonique; des associations secrètes se fondent pour « libérer » le pays et leur chef Kang Yeou Wei intéresse à leur cause le jeune et débonnaire Empereur. Durant une courte période, appelée les Cent-Jours, on essaie de mettre un peu d'ordre dans la vénérable demeure des Fils du Ciel, de réparer et peindre ses murs décrépits, d'y percer des fenêtres donnant accès à la lumière du progrès occidental, d'étayer ses cloisons branlantes en réformant les examens, en épurant les cadres, en fondant des écoles, des bibliothèques, des journaux..., etc., et les jeunes architectes s'adonnent à leur tâche avec cette ardeur sereine des novateurs sans expérience, persuadés que la justice et la bonté d'une cause doivent infailliblement en assurer le succès.

Ils sont au reste largement secondés par les riches Chinois établis à l'étranger, par les émigrés pareils aux Evergètes grecs; enthousiasmés comme eux par la résurrection d'une patrie lointaine, et romantiquement aimée. Mais, malgré cette aide, leurs efforts se brisent contre le mur d'argent des prébendes, des sinécures et des intérêts particuliers. Mandarins, fonctionnaires, lettrés, bonzes de Bouddha ou de la finance, Vieux-Turbans de tous âges et de toutes provinces, tous ceux que les réformes atteignent dans leurs convictions, leurs habitudes ou leurs intérêts, fondent une ligue du Bien public pour résister aux sacrilèges et aux trouble-fêtes. Ils trouvent des appuis nombreux auprès de la cour et de la vieille Impératrice elle-même, s'assurent le concours des soldats mandchous, ces Stréltitz et Janissaires de la Chine moderne, et avec leur aide s'emparent du Palais, obligeant le jeune empereur à abdiquer.

La réaction triomphe, suivant le poncif électoral, faute de trouver en face d'elle un novateur à la poigne énergique comme Pierre le Grand ou le sultan Mahmoud. Son chef Yuan-Chi-Kai, premier ministre, abolit d'un trait de plume les réformes, exile ou emprisonne les disciples de Kang Yeou Wei, obligeant le pays à reprendre sur la couche de ses rites et traditions, son rêve millénaire un instant interrompu. Mais le narcotique est impuissant à endormir les élites nouvelles. Des complots se trament dans différentes villes.

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La révolte gronde contre la dynastie impopulaire, et des incidents bruyants marquent le mécontentement des foules. Tsou-Hi la rusée souveraine détourne l'orage en fomentant des troubles xénophobes; ils débutent comme on sait le 13 juin 1900 par l'assassinat de M. Von Ketteler, ministre d'Allemagne à Pékin et s'achèvent le 14 août avec la prise de la capitale par le corps expéditionnaire du maréchal Waldersee, après de longues semaines de pillages, d'incendies et de massacres, accompagnés du siège des légations étrangères.

Enigmatique comme l'insurrection des Taïpings, le mouvement des Boxers a le même épilogue. La Chine expie son nouvel accès de barbare indignation et d'inconscient patriotisme par des aliénations supplémentaires de territoires et droits de souveraineté. Par le protocole du 7 septembre 1901, elle s'engage à verser une forte indemnité à ses vainqueurs, à ne pas importer d'armes et de matériel de guerre durant deux ans, à suspendre les examens de ses lettrés dans les théâtres des troubles... Mais, en signant ces clauses humiliantes, elle a au moins la satisfaction sourde de voir les discordes s'aggraver dans le camp d'Agramant des coalisés; elle assiste au duel russo-nippon, pendant le partage de ses propres dépouilles; et malgré ses rancunes contre Tokio, elle applaudit avec l'Asie entière à la victoire des frères jaunes sur les Barbares blancs, aux triomphes de Moukden et de Tsoushima et à la signature de la paix de Portsmouth le 5 septembre 1905.

Il en résulte un renouveau d'enthousiasme pour la cause des Cantonais. Leurs plus farouches adversaires sentent la nécessité d'examiner leurs doctrines, de faire quelques pas sur les chemins magnifiquement tracés par le pays du Soleil Levant. Sous la pression de l'opinion publique, Tsouhi et Yuan-Chi-Kai doivent lâcher du lest, consentir à quelques réformes; et, dans le Sud, terre classique des révoltes et des idéologies se fonde le Kuo-Min-Tang, vaste association où comme il est d'usage dans les groupements de ce genre on cultive à la fois les bleuets de la paix universelle et les tulipes flamboyantes du chauvinisme exacerbé.

Son chef, Sun Yat Sen, en un discours célèbre trace le programme du nouveau parti. Renversement de la dynastie mandchoue, fondation d'une République à base collectiviste, transformation des us et coutumes, d'après les lois

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en vigueur chez les peuples modernes, etc...; bref, la double Révolution à la fois politique et sociale, rêvée depuis un siècle par tous les agitateurs et guides des mouvements d'indépendance, des Carbonari aux Garibaldiens et des Ukrainiens de Petlura aux Mencheviks de Géorgie.

La mort opportune et simultanée de Tsou-Hi et de Kouang Sin en 1908, favorise les Cantonais. Ils déjouent les embûches tendues par le régent, soutenu par Yuan-Chi-Kai. Les Assemblées provinciales se réunissent. La loi électorale est publiée en juin 1911 et le 29 décembre de la même année, le Sud proclame la République en faisant choix de Sun-Yat-Sen comme président.

Mais, dans le Nord, Yuan-Chi-Kai n'abandonne pas la partie. Devant l'ampleur du mouvement antidynastique, le ministre madré, l'homme-lige des Vieux Turbans, après avoir endigué tant de fois le courant réformateur se découvre soudain une âme de démocrate et des goûts libéraux; il invite l'empereur Sinan Tong à abdiquer et, le 12 janvier 1912, il institue le régime républicain dans les provinces septentrionales, en ayant soin de se faire attribuer la première place; puis, après cette volte-face, surprenante même en pays céleste, il engage avec le Sud des négociations subtiles où les taëls jouent, comme à l'ordinaire, un rôle prépondérant, et il obtient le désistement en sa faveur de son rival Sun Yat-Sen.

Devenu ainsi président unique de la république chinoise, il s'empresse d'éluder en période favorable les engagements conclus en temps difficile. Une émeute opportune lui fournit prétexte à ne pas fixer sa résidence à Nankin, comme il a été convenu; d'autres incidents, aussi fortuits, l'amènent à transformer la démocratie des Célestes en une satrapie de bon aloi; à changer le Parlement en un Diwan docile à ses ordres; à jeter en prison une partie des chefs de l'opposition et à contraindre les autres comme Sun Yat Sen à gagner prestement le chemin de l'exil. Devenu seul maître de la nef chinoise après Bouddha et Confucius, il dissout le Kuo-Min-Tang et il se fait élire président à vie le 6 octobre 1913, puis président héréditaire le 1^{er} mai 1914.

Bref, la monarchie se trouve rétablie de fait, au pays de Laotseu, avec à sa tête un grand vizir heureux. Mais dans le fond des provinces, les agitateurs et partisans des idées nouvelles s'insurgent contre cet escamotage; et des mou-

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vements séparatistes se produisent un peu partout. Des bâtisseurs surgissent parmi les plâtras et décombres de l'édifice de vingt-six dynasties, prétendant chacun reconstruire des pavillons particuliers comme en France à la chute de la royauté, comme en Espagne après le départ d'Alphonse XIII; et cette crise de « girondisme » sévit particulièrement grave, comme toujours, dans les contrées peuplées d'éléments étrangers à la race dominante et situées à la périphérie de l'Empire; en Mongolie, au Thibet, au Turkestan, etc...

Ainsi, les tenants de l'idée nationaliste aboutissent aux résultats inverses du programme poursuivi; et les Puissances intéressées aux affaires des Célestes n'ont garde d'enrayer cet heureux prélude de démembrement. Elles témoignent leurs sympathies à la pseudo-république chinoise un peu de la même manière qu'à la pseudo-république turque, c'est-à-dire en multipliant leurs zones d'influence et leurs demandes de gages. La part de chacun est même si belle que les malentendus cessent. Les Japonais peuvent, sans soulever d'objections, incorporer définitivement la Corée en 1910; la Russie et l'Angleterre, réconciliées, s'attribuer l'une le Si Kiang, l'autre le pays des Lamas, l'Allemagne, l'Italie et la France retenir leurs places dans les théâtres du Chantoung, du Yunnan etc...; et les petits États se préparer à recueillir les miettes laissées par l'appétit des grands, quand éclate la guerre de 1914.

De nouveau l'Empire du Milieu entend gronder le canon sur son territoire et voit aux prises ses médecins et héritiers. Il assiste à la prise de l'enclave allemande de Kiao-Tchéou par les soldats du mikado. Instruit par l'expérience, il a soin cette fois, au lieu de se réjouir bruyamment du succès de ses frères de couleur, de leur réclamer la restitution des territoires enlevés aux diables d'Occident.

Mais le temps passe, et il n'obtient pas cette satisfaction, symbole du retour tant souhaité à la politique dite d'intégrité. Après bien des notes sans résultat, il se lance dans une campagne d'agitation antinipponne, accompagnée de menaces et de brimades contre ses adversaires. Et le Japon, libre de ses actes au milieu de la tourmente mondiale, répond par le brutal ultimatum dit des vingt et une demandes, tant discutées de nos jours.

La Chine est une fois de plus contrainte d'amener le

pavillon de l'indépendance timidement hissé au mât de sa jonque, et de passer par les fourches caudines de son belliqueux voisin. Elle doit, le 25 mai 1915, souscrire à toutes ses exigences (Extension du bail du Sud-Mandchourien, transfert au Japon de tous les privilèges allemands, obligation de passer chez lui 50 pour 100 des commandes militaires, etc...). Tirant de cette humiliation nouvelle une conséquence pratique mais inattendue, Yuan Chi Kai se fait proclamer empereur le 3 décembre 1915; mais il meurt quelques mois plus tard, sans fonder de dynastie, car la république est aussitôt proclamée et Li Yuan Hong élu président, à l'instigation du Kuo-Min-Tang, de nouveau tout puissant.

Le pays devient alors le théâtre de luttes sourdes entre les apôtres de la neutralité et les partisans de la guerre avec les Puissances Centrales. Sun Yat Sen donne à ce propos une fine leçon de psychologie orientale dans une lettre au Premier anglais: « L'intervention de mon pays, dit-il, n'apporterait pas de sérieux atouts au jeu des coalisés; elle aurait au contraire le grave inconvénient d'amoindrir leur prestige aux yeux de toute l'Asie en lui représentant l'Allemagne comme invincible... »

Ces conseils ne sont pas suivis. La propagande alliée redouble de zèle et finit par entraîner la chute du cabinet Touan-tsi-Youei hostile à l'intervention. Le nouveau ministre déclare la guerre aux Centraux; et après de longues tergiversations et subtiles palabres, le Kuo-Min-Tang et le Sud, d'abord hostiles à cette mesure, finissent par s'y rallier le 15 août 1917.

Comme le prévoyait Sun-Yat-Sen, cette entrée en ligne des Célestes n'apporte aucune aide effective à l'Entente. Elle a pour principale conséquence d'accroître encore, si c'est possible, l'anarchie et le désarroi au sein du pays. Le jeune empereur Suan Tonng reparait un instant sur le trône. Mais la république est rétablie treize jours plus tard. Le maréchal Fong remplace le président Li Yuan Hong démissionnaire, etc...; et la déliquescence de l'autorité centrale favorise l'éclosion de grandes compagnies et d'aventuriers au nom désormais fameux comme Feng-Yu-Siang.

Au milieu de ces eaux troubles, débarrassé de toute surveillance, y compris celle des Yankees, depuis l'accord Lansing-Ishii, le pêcheur japonais jette en silence son éper-

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vier et s'assure une pêche fructueuse dans les places amorcées avec le contrat de 1915. Il se fait adjudger des concessions minières et des commandes de matériel; il entreprend la construction de trois voies ferrées dans la vallée du Yang Tse, bâtit des écoles, des hôpitaux, des usines en Mandchourie, surveille la police et l'administration des provinces limitrophes, etc... Bref il met habilement à profit le temps passé par les États européens à se battre les uns contre les autres.

Le pays des Célestes ne réagit guère, en proie à un de ces accès d'apathie mélancolique qui alternent curieusement depuis cinquante ans avec ses manifestations de fureur sombre; quand, à l'armistice, il retrouve soudain courage et confiance, galvanisé comme tant d'autres par le clairon des déclarations wilsoniennes et les refrains alliés sur le droit des peuples. A l'exemple de la Turquie, de la Perse, de l'Afghanistan, de l'Arabie, etc., il réclame son indépendance effective, la suppression des sphères d'influence, des territoires à bail, des enclaves, des concessions, des forces de police, des douanes, postes, juridictions spéciales, etc., de tout ce que l'étranger détient ou dirige sur son territoire, sans nul souci de ses droits les plus évidents; et comme l'aéropage genevois fait la sourde oreille à ses revendications, il refuse d'apposer sa signature au traité de Versailles en 1919.

L'auteur de cet acte d'humeur agressive, le Kuo Min tang réussit par la suite en dépit de constantes secousses et d'innombrables coups, à faire avancer l'esquif dont il tient la barre; et tout en louvoyant, il arrive à doubler presque chaque année un nouveau promontoire.

Grâce à son action tenace, le 6 février 1922, le Japon, traité presque en accusé à Washington, abandonne quelques-uns des gages de ses vingt et une demandes; et sur ses instances, les États-Unis font prévaloir enfin le célèbre principe de l'intégrité (art. I^{er}); l'abolition des monopoles et traitements préférentiels (art. II), la suppression des zones d'influence (art. IV). En 1923, il obtient la fermeture des bureaux des postes étrangers; en 1924, l'apport de restriction au régime des douanes; en 1931, la rétrocession de l'enclave anglaise de Wei Hai Wei et de la Concession belge de Tientsin, etc...



Ainsi paraît se dégager lentement et confusément de son cocon le nationalisme chinois, chrysalide à demi engourdie dont la métamorphose demeure le principal point d'interrogation des affaires extrême-orientales. Ayant pris un rapide contact avec ce problème psychique, trop souvent négligé, nous pouvons maintenant jeter un regard sur les éléments purement matériels de la question et observer ainsi l'aspect des événements de Mandchourie.

Deux artères principales, pièces maîtresses de l'échiquier, occupent ici l'attention. L'une russe, l'autre japonaise. L'Est chinois et le Sud mandchourien. La première, longue de quelque 1 500 kilomètres, se détache du Transsibérien à Mandchouli pour le rejoindre à Pogranichnaya, en évitant ainsi aux voyageurs et aux marchandises, par ce parcours en pays céleste, l'interminable détour de Khabarovsk. Elle comprend plusieurs embranchements et tronçons dont le principal unit Kharbin à Changsoun sur une distance de 250 kilomètres.

Construite après le contrat du 8 septembre 1896, passé entre Li Hung Chang et le gouvernement russe, cette ligne fut achevée en 1903. Elle connut depuis, diverses vicissitudes. Le traité de Portsmouth la laisse à la société concessionnaire (à capitaux d'ailleurs français) et elle continue d'être exploitée dans les conditions fixées, c'est-à-dire : bail de quatre-vingts ans, droit de construire des bâtiments, des usines, dans un certain périmètre le long des voies, d'y prospecter, d'y exploiter des mines... à condition de faire participer le gouvernement chinois aux bénéfices des entreprises, et d'élire un Céleste à la présidence du Conseil d'administration. Après la révolution de 1917, elle demeure quelque temps entre les mains des Blancs et d'une commission interalliée. Puis elle passe sous le contrôle des Soviets qui modifient ses statuts par les conventions du 31 mai et du 30 septembre 1924 et le protocole de Khabarovsk du 22 décembre 1929. Sa gérance est par suite confiée à un citoyen de l'U. R. S. S. assisté d'un conseil comprenant cinq Russes et cinq Célestes et la durée du bail ramenée de quatre-vingts à soixante ans; quant aux bénéfices, suivant l'habitude, le gouvernement soviétique se les adjuge, au détriment des propriétaires légitimes; mais

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libéral, il consent à en abandonner la moitié au gouvernement chinois, et à le laisser seul chargé de la police des voies et stations, bien décidé d'ailleurs, à remplacer les garnisons rouges absentes par une armée de propagandistes.

Deuxième système de voies ferrées : le Sud mandchourien nippon. Le principal tronçon prolonge jusqu'à Dairen la ligne russe Kharbine-Chansoun (les Soviets seraient dit-on disposés à le céder aux Nippons moyennant une honnête indemnité). Achievé en 1903, il fait alors partie de l'Est chinois et passe sous le contrôle du Japon au traité de Portsmouth en 1905. Complété par le Moukden-Antoung et des voies locales du réseau actuel (au total 1 200 kilomètres), il est géré depuis 1910 par la société du South-Manchuria et complété par deux autres lignes construites par les ingénieurs japonais pour le compte du gouvernement de Moukden le Changchoun-Tonghoua et le Supingkaï-Tsit-sikar (750 kilomètres).

Des conventions secrètes et âprement discutées de nos jours, servent de statut juridique à ce système ferroviaire. Contrairement à Moscou, Tokio est autorisé à faire garder ses rails et ses stations en Mandchourie du Sud par des détachements et gardes d'un effectif maximum de 15 000 hommes, et à Portsmouth il a obtenu de la Chine l'engagement de ne pas construire de voies parallèles à ses propres lignes et susceptibles de les concurrencer; depuis, utilisant comme canevas le lacs de ses railways, il a brodé, avec l'agilité silencieuse de ses tisserands, sa tapisserie nouvelle, dans les provinces de Moukden et du Kirin.

Il bâtit des entrepôts, des ateliers, des usines de locomotives à Ting Keou, Antoung et Dairen (l'ex-Dalny, devenu le port le plus important de l'Asie). Il exploite les houillères du Yentaï et de Fou-Choun, d'où chaque année dix millions de tonnes de charbon passent la mer à destination de Simonosaki ou de Yokohama. Il fait prospector les immenses gisements de schistes bitumineux (5 milliards de tonnes dit-on) qui lui fournissent déjà annuellement 10 000 tonnes de mazout et sous peu mettront sa flotte en mesure de se passer du pétrole américain ou malais; il utilise le fer de Anshan (700 millions de tonnes) et des dizaines de minerais divers traités à Chang-Choun, Dairen, Antoung où l'on recueille 300 000 tonnes de sulfate d'ammoniaque, 8 000 tonnes de paraffine, etc.

Par ses soins, s'élèvent un peu partout des hôpitaux, des hôtels, des écoles, des laboratoires, des filatures, des brasseries, des tuileries, des établissements financiers, succursales de la Banque de Corée et de la Yokohama Special Bank. En même temps, le pays se transforme. Les immensités incultes et désolées où se déroulèrent les batailles de 1905 se convertissent en campagnes peuplées où les plantations de sorgho (32 millions d'hectares) alternent avec les rizières et les champs de blé, d'avoine et d'orge; où paissent 20 millions de moutons, chèvres, bœufs; où, sur les fleuves du Liao-Ho et du Yalou, immenses canaux naturels, flottables sur presque tout leur cours, des dizaines de vapeurs drainent les produits locaux et amènent les marchandises du dehors...

Abandonner pareille contrée quand on y a, en si peu d'années, obtenu de si merveilleux résultats, quand on l'a soustraite au gâchis des Célestes pour la transformer en une mine d'or économique, en un Canada de l'Asie, quand on s'assure 50 pour 100 des importations et 40 pour 100 des exportations totales, et qu'on y a investi, les uns disent un milliard, les autres trois milliards de yens, pas un Nippon, fût-il l'adepte le plus modéré du Minseito, ne s'y résignera jamais; et, en cas de contrainte, il serait d'accord avec les plus chauvins des Seiyukai pour mener la lutte tant qu'il resterait un sen dans les caisses et un obus dans les arsenaux, convaincu de son bon droit, de l'importance exceptionnelle de la Mandchourie pour son pays, de l'obligation morale d'avoir à veiller au bien-être et à la sécurité des populations, suivant les termes mêmes de la réponse du 16 janvier 1932 à Washington.

Mais, ici comme aux Indes, en Indo-Chine et en Afrique du Nord, il y a un point noir dans cette argumentation, dans cette affirmation des droits et des devoirs d'un pays protecteur vis-à-vis de ses protégés : la loi du nombre.

Malgré ses efforts, malgré sa main-d'œuvre surabondante, malgré la proximité d'un pays qui semble le prolongement continental de son archipel, le Japon n'a pu y faire œuvre démographique et transformer en terre de peuplement la magnifique colonie d'exploitation créée par ses soins au fond du Petchili. C'est à peine si deux cent mille de ses nationaux, d'humeur pourtant vagabonde, ont consenti à s'y installer, pendant que des millions et des millions de

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Chinois y accouraient, attirés par le bon ordre régnant dans cet oasis administratif. Le gouvernement de Moukden, pour favoriser leur venue et faire échec à Tokio, lève d'ailleurs discrètement les vannes et édits interdisant depuis des siècles aux Célestes l'accès de la terre des Rois et, de la sorte, un flot de coolies ne cesse d'y déferler, faisant passer de 4 à quelque 30 millions le chiffre de la population totale. A défaut de ses nationaux, le Japon tente bien de faire appel aux Coréens, mais ceux-ci, au nombre de 1 500 000, ne résistent pas davantage aux criquets humains, venus de tous les coins de l'Empire du Milieu, prolifiques, vigoureux, tenaces, adaptés au pays, vivant chichement et ne répugnant à aucune besogne; perdus dans cette masse, en butte à mille vexations et brimades, ils doivent se faire naturaliser pour exercer un commerce ou trouver du travail.

Cette réaction démographique du pays céleste sous la menace d'amputation du chirurgien nippon, évoque les phénomènes physiologiques d'un organisme quand un membre est atteint de gangrène. Elle s'accompagne d'autres manœuvres, officielles celles-là, et destinées à favoriser la lutte des globules rouges du sang chinois.

Sans se laisser arrêter par le traité de Portsmouth, le gouvernement de Pékin entreprend en effet de couper court à l'offensive ferroviaire de Tokio, en construisant des lignes destinées à paralyser le trafic du Changsoun-Dairen et des voies annexes. En observant sur une carte leur lacs ingénieux et compliqué, on évoque l'idée d'un faisceau de fils tissés par une araignée autour d'une proie imprudente. Certains rails chinois courent parallèlement au rail japonais, permettant déjà de se rendre de Pékin en Europe sans emprunter sur aucun point du parcours un tracé étranger; d'autres comme le tronçon Tahushan-Payintala se préparent à drainer vers le port en construction d'Hulutao les exportations de Moukden et d'Heilung Kiang, en ruinant ainsi le commerce du Dairen, tandis qu'à l'est une coupure bizarre interrompt les communications entre Tengkoua et les lignes coréennes, guettées elles aussi par l'ataxie commerciale.

Tôt ou tard, cette résistance souterraine mais obstinée aux projets de Tokio devait aboutir à un conflit, si le Japon tenait à conserver son protectorat et recueillir le légitime

bénéfice de ses efforts. Le gouvernement du mikado fait pourtant preuve d'une grande longanimité, se contentant d'adresser de fréquents mais infructueux rappels à l'ordre à Tchang Tso Lin, le tout-puissant proconsul, et il entretient même des relations très amicales avec lui jusqu'en 1927. Puis il se lasse devant les récriminations de ses commerçants et, cédant aux remontrances bruyamment exposées à ce moment par le baron Tanaka, il inaugure une politique plus active. A la suite d'incidents, il fait occuper Tsinan-Fou dans le Chantoung (3 mai 1928) et rompt en visière avec le Seigneur du Nord.

Celui-ci se rapproche officiellement de Nankin et fait hisser sur son palais de Moukden le gonfalon du Kuo-Ming-Tang; puis il donne une impulsion nouvelle à la campagne antinipponne et se livre à des préparatifs belliqueux. Mais le 4 juin 1928 son train particulier est l'objet d'un attentat près de la station de Kuotan, et il est mortellement blessé dans la catastrophe.

Meurtre bizarre et opportun, attribué par les journaux de Tokio au parti communiste qui aurait fourni l'engin de marque russe, trouvé sur les lieux; mais cette thèse rencontre nombre de sceptiques en pays céleste où, suivant les gazettes, l'adage latin « is fecit »... eût servi utilement à orienter les recherches et arrêter les assassins jamais découverts.

Dans le désarroi qui règne, on n'a point le temps du reste de se livrer à une enquête approfondie. La bataille fait rage entre les Nordistes et Sudistes; et, le 8 juin, l'avant-garde des Méridionaux commandée par Feng Yu Siang entre à Pékin. La vénérable métropole, la cité des khans, se voit dépossédée de son titre de capitale, au profit d'une rivale, moins exposée au contact impur des étrangers et des infidèles: Nankin, la ville des Mings. Dans la bagarre réformatrice, elle perd elle-même son nom antique de Péking, « la reine du Nord », pour devenir simplement Peïping, « la paix du Septentrion ».

La bourrasque d'anarchie semble alors plonger tout le pays dans cette brume rougeâtre qui enveloppe le Gobi les jours de tornade. L'étranger n'y discerne rien sauf des ombres qui passent et repassent, toujours les mêmes, obsédantes comme des fantômes: Chang Kai Shek, Feng Yu Siang, Sun Fo, Yen Si Chan, Hou Han Min, Tchang Sue

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Liang... gouverneurs de province, généraux, ministres, chefs de clan accaparant l'attention avec leurs conflits personnels, ou tels le jeune fils de Tchang tso Lin, abandonnant à leur entourage le soin des affaires pour se consacrer aux stupéfiants et aux femmes; et dans le sillage de ces personnages de premier plan, plus indistincts encore, les mille dirigeants secondaires du Kuo-Min-Tang, en lutte eux aussi les uns contre les autres, se disputant avec avidité les reliefs des grands fauves.

Mais, par un paradoxe toujours étrange aux yeux de l'Occidental, les guides de ce singulier pays s'y reconnaissent au milieu de cet imbroglio; avec un sens de l'orientation comparable à celui du Bédouin au milieu du simoun, ils assurent à la politique extérieure du pays une certaine continuité, suivant à tâtons les traces laissées par leurs prédécesseurs, et montrant comme eux un certain dévouement à la chose publique.

Avec eux, la lutte se poursuit tenace et variée contre les empiétements nippons. Des discours font le procès du voisin astucieux qui, « au nom d'une prétendue solidarité des peuples jaunes, cherche à leur faire subir le même sort qu'aux Coréens ». On arrête à Moukden les membres du parti japonophile et l'on exécute leur chef Yang Yu Ting, on organise un jour de deuil pour l'anniversaire de « l'humiliation nationale du 9 mai 1915 ». Et quand les soldats du mikado débarquent à Longkeou au début de 1929, un cri de fureur répond à ce nouvel attentat contre la « souveraineté » du pays. Le Sud surtout, exaspéré par l'appui prodigué par Tokio aux chefs nordistes, fait montre d'une bouillante colère et demande la rupture des relations avec Tokio. L'antagonisme sino-japonais est sur le point de provoquer une guerre de forme larvée comme aujourd'hui, quand les incidents de la province d'Heilung Kiang viennent détourner du côté des Soviets la colère des Célestes et retarder de trois ans l'éclosion du conflit en Mandchourie méridionale.

ROGER LABONNE.

(A suivre.)

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Le Volcan mandchou⁽¹⁾

Si le Japon, dans sa zone, fait du rail la trame de sa tapisserie impérialiste, la Russie dans la sienne l'emploie à des fins semblables, mais en utilisant des sujets de broderie différents; et au lieu de mettre le pays en valeur, de créer des richesses et de favoriser la production, elle fait de ses chemins de fer des instruments de propagande et des routes d'invasion marxistes; elle convertit chaque station de l'Est-Chinois en place d'armes, en centre actif de révolte et installe dans les moindres locaux administratifs, y compris les kiosques à journaux, des succursales du « Profintern », des unions professionnelles de cheminots avec leurs « dorkoms », « metzkoms », « otmols », leurs sections de femmes « Jenotdels » et leurs sections d'étude « Cultprosviets ».

Ces agissements donnent naturellement lieu du côté chinois à maintes récriminations; et le Kuo-Ming-Tang, cerbère de l'intégrité nationale, intervient dans le nord de Mandchourie contre l'embrigadement des consciences, comme dans le sud contre les empiètements territoriaux. En attendant d'y créer des lignes concurrentes et de paralyser comme au Nord de Moukden le trafic des voies gênantes, il a recours à divers artifices qui, les uns après les autres, donnent lieu à des chocs en retour à Moscou: saisie de la batellerie du chemin de fer, sévices et brimades contre les employés

(1) Voir la Revue universelle du 15 février 1932.

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des organisations rouges, transport obligatoire et gratuit des troupes mandchoues, occupation des stations téléphoniques. Enfin, au début de 1929, il s'enhardit et par le truchement de Tchang Sue Liang, il procède à des perquisitions au consulat soviétique de Kharbine, où sa police fait une édifiante moisson de tracts, plans de rébellion, appels à la révolte, listes de sympathisants, consignes en cas d'alerte révolutionnaire, etc...

Une éloquente protestation suit ce coup de force. En des termes que ne désavouerait pas la plus bourgeoise des chancelleries, Moscou s'insurge contre une action si contraire aux usages diplomatiques des peuples civilisés; mais durant de longs mois, il se garde de toutes représailles et témoigne d'une patience évangélique. L'incident se serait sans doute aplani, comme en 1927 après la saisie de la Dalbank à Pékin et les émeutes bolchevistes de Canton, si Moukden ne s'était avisé d'imiter le Kremlin dans ses procédés financiers et de faire main basse sur les recettes du chemin de fer: précieux pactole pour les œuvres de la propagande rouge et un budget toujours « impécunieux ».

Atteint dans ses œuvres vives, Moscou réagit avec énergie; et, le 14 juillet 1929, il lance un ordre de grève à tous les ingénieurs, employés et ouvriers de son chemin de fer. Il invite en même temps par ultimatum Moukden à rétablir le *statu quo ante*, à libérer les camarades emprisonnés et à restituer les recettes confisquées; puis après quelques mois de pourparlers infructueux et de manœuvres dilatoires, au cours desquels le trafic de la ligne est interrompu, au mécontentement général, il se décide à passer à l'action directe.

Ses divisions, sous la conduite du général Blücher, franchissent simultanément la frontière mandchoue, aux deux points d'aboutissement de l'Est-Chinois, à Manchouli et Pogradichnaya; elles bousculent sans peine les contingents hâtivement rassemblés par Tchang Sue Liang, s'emparent de Haïlar à l'ouest et de Mouline à l'est, et leurs avions accompagnent les fuyards, en faisant pleuvoir sur eux des bombes portant l'écusson de la fraternité universelle.

Nankin, impressionné comme l'est toujours un gouvernement asiatique, devant un acte d'énergie, une manifestation de la Force divine, multiplie les appels S. O. S. Nulle réponse ne parvient à ses messages éperdus. La seule

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note d'encouragement est fournie par Washington qui propose, sans insister, l'envoi d'une Commission d'enquête. Partout ailleurs plane un silence de mauvais aloi. Tokio, satisfait de la tournure des choses, et anticipant les événements de 1931, marque son approbation discrète pour la façon dont les Soviets font respecter leurs droits, réels ou prétendus. L'aréopage genevois, sollicité d'intervenir, se réserve, marquant sa réprobation de l'incorrection diplomatique commise à Kharbine; porté comme après Corfou à sanctionner le fait accompli et à mettre sa conscience internationale au repos au moyen de dissertations académiques; indigné de la saisie de l'Est-Chinois par un faible, tandis qu'il excusait fort bien naguère la saisie des chemins de fer d'Asie Mineure par un fort.

Cette manifestation de solidarité des grands États, capitalistes et prolétariens, évoque sans doute à la Chine certains gestes de l'ancien Concert des puissances; elle trouve dans sa sereine philosophie orientale des sujets de consolation à ce nouveau déboire et elle se résout à négocier. Son représentant M. Tsai se rencontre avec M. Melnikoff délégué des Soviets et, le 22 décembre 1929, elle signe le protocole de Khabarovsk en acquiesçant aux demandes de Moscou: elle rétablit l'ancien condominium du chemin de fer, réintègre ses directeurs russes: MM. Roudyi et Denisoff, libère les bolchevistes arrêtés, et consent pratiquement à fermer les yeux sur l'activité des cellules et des rayons dans la province d'Hei Long Kiang.

Le Japon voit avec un contentement discret signer cette capitulation totale. Il en augure des avantages pour ses propres affaires en Mandchourie du Sud et il favorise indirectement les Soviets en s'opposant aux projets de médiation de Washington et en dernier lieu en refusant de s'associer à une ultime démarche des Puissances; pareille tentative devant, suivant ses délégués, être interprétée par Nankin: comme un encouragement à la résistance. Il se tient au reste, dit-on, prêt à agir militairement, pour le cas où Chang Kai Shek, appelé dans le Kouang Si, par une extension de la révolte rouge, aurait entièrement dégarni de troupes le nord du pays.

La Chine, humiliée une fois de plus, par la faute de son ennemi insulaire, se borne à ajouter ces nouveaux griefs à la liste déjà longue de ses motifs de rancune. Elle demeure

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après Khabarovsk en aussi complet désarroi qu'après le traité des vingt et une demandes; incapable de tirer la leçon de ses malheurs, perdue dans des querelles plus embrouillées, plus paradoxales, plus « chinoises » que jamais. Chang Kai Shek, rendu responsable des nouveaux déboires, est l'objet d'une conjuration. Mais l'entreprise échoue et on annonce le suicide de son chef Chang Fat Kouei, commandant la division de fer. Deux mois plus tard le prétendu mort reparait : tel ces héros de romans interminables qu'un Ponson du Terrail perdu dans le labyrinthe de ses propres intrigues fait périr la dague au poing pour les ressusciter à l'in-folio suivant.

Les batailles entre généraux continuent à participer de l'opérette et du drame avec leurs négociations burlesques, leurs faux combats et leurs vraies têtes coupées; les « chefs gris » du Midi à imiter les dirigeants du Marais conventionnel par la versatilité de leurs opinions; et les partis de toutes nuances à s'accuser mutuellement de concession, de trahison et de démagogie.

Ainsi se déroule l'année 1930 pareille aux précédentes, marquée au début par la victoire de Chang Kai Shek sur les « Collines de l'Ouest » et le triumvirat Feng Yu Siang, Yen Si Shan, Wang Ching Wei. Mais un complot est à peine déjoué qu'un autre lui succède; si bien que le président, nouvel Héraclès, désespérant vaincre l'hydre de l'anarchie céleste, cherche à lui trancher ses têtes d'un coup en revenant à l'absolutisme du bon vieux temps. Il arrête définitivement le vote longtemps retardé de la Constitution, emprisonne ou exile les principaux membres du Conseil législatif, Hou han Min, Sun Fo, fils de Sun Yat Sen, etc... et tente de gouverner seul à l'exemple de son prédécesseur Yuan-Chi-Kai.

Mais les temps sont changés et avec l'évolution des esprits souffle la moisson fâcheuse de l'insubordination, au lieu des tièdes et anesthésiants alizés de l'apathie. Les proscrits et dissidents rallient Canton et, le 27 mai 1931, ils y constituent un nouveau gouvernement avec une sorte de directoire où figurent Wang Ching Wei, Sun Fo, Eugène Chen; de sorte qu'avec les généraux et gouverneurs plus ou moins indépendants Tchang Sue Liang, Yen Si Chan, Feng Yu Siang et les chefs communistes du Sud, la Chine se trouve soumise à quelques douzaines d'autorités différentes.

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Toutefois le Kuo-Ming-Tangin comparable machiniste et metteur en scène, tient toujours les fils du scénario, continuant à donner au monde le spectacle de sa propre incohérence et d'une certaine uniformité dans la politique extérieure du pays. Divisés sur toutes les questions d'ordre intérieur, Canton et Nankin, en pourparlers incessants d'ailleurs, se trouvent d'accord pour mener à l'impérialisme japonais en Mandchourie la guérilla interrompue par les événements de l'Est-Chinois. Grâce à la baisse de l'argent, les nationalistes accélèrent la concurrence faite par leurs voies ferrées au South Manchuria; sur leur ordre le directeur des communications passe des marchés pour l'équipement rapide de nouvelles voies; enfin, le 3 juillet 1931, ils inaugurent solennellement les travaux entrepris par la Netherland's Harbour Works dans le port d'Hulutao. Encore quelques années et les chemins de fer nippons, avec leurs innombrables entreprises annexes, se trouveront hors d'état de fonctionner, aussi vides de voyageurs, de marchandises, de coolies et d'employés que certains chantiers ou villes d'Amérique du Sud, après un cyclone économique ou un cataclysme caoutchoutier.

Cette situation intenable pour Tokio est à retenir, car elle est à la base des événements actuels. Devant la reprise de cette lutte sans armes mais sans merci, menée par le Kuo-Min-Tang contre son œuvre, le pays du Mikado s'émue et le baron Shidehara déclare : « Le Japon n'a pas l'intention de s'immiscer dans des affaires qui ne sont pas les siennes, mais il ne saurait envisager de sang-froid la ruine de ses entreprises sur le continent asiatique. » M. Yamamoto, membre influent du Seiyukai, est nommé directeur du South Manchuria; et le baron Tanaka, le vrai chef des « activistes », prononce un important discours où il déclare : « L'heure est venue d'abandonner la politique passive à Moukden et au Kirin. »

Dès ce moment, l'intervention est virtuellement décidée, tout au moins dans les cercles militaires et les milieux chauvins de l'Archipel. Les incidents sino-coréens en fournissent le prétexte. Peut-être fortuits, ils arrivent à point nommé pour attiser la tension entre Nankin et Tokio et fournir à l'état-major nippon l'occasion de monter une offensive fiévreusement attendue et minutieusement préparée.

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Brimés et molestés, comme on l'a vu, en Mandchourie, les immigrants coréens en appellent à leurs compatriotes; et ceux-ci procèdent à Pinyang et Séoul aux représailles de règle en pareil cas, c'est-à-dire à des massacres, agrémentés de mains et de nez coupés.

Ces atrocités soulèvent la bourdonnante indignation des étudiants célestes. La presse du Kuo-Min-Tang commente ces actes de sauvagerie en les exagérant encore; et M. Wang, ministre des Affaires étrangères, profite de la protestation officielle envoyée à ce sujet à Tokio, pour faire une fois de plus le procès de la domination nipponne, cause indirecte de tous ces drames.

L'affaire s'envenime. Le gouvernement du Mikado montre en apparence du moins un louable esprit de conciliation. Il offre d'indemniser les familles des victimes des Coréens. Il invite Eugène Chen, par le truchement des lignes pan-asiatiques, à se rendre dans l'Archipel pour y traiter des problèmes intéressant la race jaune. Mais en même temps, il accroît la tension nerveuse entre les pays du Matin Calme et des Célestes, en faisant publier par ses journaux les récits de cruautés commises cette fois par les coolies en Mandchourie; de plus, il se livre à des préparatifs militaires évidents et envoie ses éclaireurs sonder le terrain dans l'Heilong Kiang, au nord des antennes de ses railways.

Nankin exaspéré se décide alors à faire usage de l'arme suprême des Chinois dans les périodes de grande tension politique et les corps à corps économiques, c'est-à-dire le boycottage. Des piquets de garde installés sur les quais, dans les docks, entrepôts, magasins et gares, éliminent avec une minutie toute mongole les moindres produits nippons; d'autres équipes surveillent les bureaux de douane et de statistique, pénètrent dans les boutiques, ouvrent les ballots suspects, bâtonnent les délinquants, les promènent la cangue au cou, sous les huées de la populace... Bref en ce pays, prototype du laisser aller, de l'incurie, de l'insouciance, et du désarroi s'affirment par un paradoxe nouveau entre tant de paradoxes, le sens de la discipline, l'esprit de solidarité, l'instinct de la fourmi dans sa république, le goût de la précision et de l'exactitude comme dans les anciens tomons de Gengis; et on pense que si ce peuple montrait à le gouverner une faible part des aptitudes ainsi déployées dans l'art de nuire à ses adversaires, il serait au

point de vue politique et administratif le plus fortuné de l'Univers.

En deux mois, sous l'effet de ce régime, les importations nipponnes dans les ports célestes tombent des quatre cinquièmes; toutes les entreprises fondées par les sujets du Mikado périssent; leurs usines se vident; leurs filatures deviennent silencieuses, leurs docks déserts; et les négociants et industriels se voient privés de leurs lettres, télégrammes, journaux, coupés de leurs communications téléphoniques, dès que résonne dans l'appareil le parler de Mme Chrysanthème.

Aux représentations de Tokio, Nankin répond comme Moscou aux plaintes des chancelleries concernant les méfaits de la III^e Internationale. Il prétend n'être pour rien dans les machinations ourdies par le Kuo-Min-Tang, c'est-à-dire par un parti dont il est l'émanation. Il use des mêmes artifices dilatoires, quand on assassine près de Hong-Kong les sujets du Mikado, et au nord de Moukden le capitaine Nakamura, un des missi-dominici de l'état-major nippon.

Ce dernier incident suscite une grande émotion dans tout l'Archipel et achève de préparer l'opinion à la nécessité de l'intervention militaire. Les commerçants et exportateurs, atteints dans leurs intérêts particuliers en Mandchourie, et menacés de ruine générale avec le boycottage de leurs produits dans le reste de l'Empire, ne sont pas les derniers à demander qu'on débride l'abcès.

Prenant prétexte de l'attaque, réelle ou simulée, d'une gare par des « bandits » dans le Kirin, les soldats nippons procèdent, le 18 septembre 1931, à l'offensive brusquée chère à leur commandement depuis les torpillages du *Retvisan* et du *Pallada* à Port-Arthur, dans la nuit du 8 au 9 février 1904. Ils occupent Moukden et Changsoun, désarment la garnison, arborent leur drapeau sur les édifices publics, et obligent les autorités, Tchang Sue Liang en tête, à prendre précipitamment le train de Pékin. Puis ils vont de l'avant, sans grand souci du tocsin genevois, des notes de rappel plus ou moins sincères de leur propre gouvernement, se hâtant de le mettre en présence du fait accompli et d'initiatives qu'il ne se sent pas le cœur de désavouer; tels les coloniaux français et anglais durant la conquête des Indes et du Soudan. Ils refoulent sans peine quelques contingents mandchous opposés à leur marche, et progressant le long des voies

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ferrées, atteignent rapidement la province d'Heilong Kiang à quelques centaines de kilomètres de leurs bases de départ.

La S. D. N. pressée d'agir par M. Alfred Sze au nom de l'article 11 du Covenant adresse appels sur appels aux belligérants; mais, comme l'avance nipponne et les escarmouches se poursuivent, le Conseil des Treize prend le 30 septembre la résolution de... se réunir le 14 octobre, en convoquant le représentant d'une Puissance étrangère à la Société, celle dont chaque geste est suivi à Tokio avec une attention sourcilieuse, c'est-à-dire les États-Unis.

Cette mesure, comme on pouvait s'y attendre, aboutit à jeter un peu plus d'huile sur le feu. Le Japon, piqué au vif dans son amour-propre par l'arrivée insolite d'un juge américain dans le tribunal chargé d'examiner ses propres affaires, ne peut désormais, sous peine de perdre la face, replier ses troupes et se ranger aux avis du Conseil, même si, cas improbable, il en avait jamais eu l'intention. Son représentant, M. Yoshizawa, traduit en style genevois la bouillante excitation des milieux militaires, à la suite de la convocation de M. Prentiss Gilbert; il « se demande si l'action de procéder précipitamment à cette décision par majorité est juridiquement correcte... »; et pendant tout le cours des longs débats, il fait preuve de la souplesse féline et de l'esprit d'adaptation prodigieux, qui caractérisent sa race. Psychologue hors de pair, connaissant à merveille la puissance actuelle des mots et la vertu magique des formules, sachant l'aéropage international résigné d'avance à l'inévitable si l'on sauvegarde l'apparence et l'on respecte ses idées chères, il ne manque jamais d'affirmer avec force la volonté pacifique de son pays, son amour du droit, ses intentions conciliantes, son désir d'aplanir les incidents — cédant toujours dans les questions de forme, sans jamais reculer d'une semelle dans les questions de fond.

L'effectif du corps expéditionnaire nippon? Il ne dépasse pas le quantum de 15 000 hommes fixé par les accords. Exactement 14 000 soldats pour surveiller 1 200 kilomètres de voies ferrées. Les combats livrés? Simples escarmouches contre des « bandits ». Il ne saurait être question d'une guerre entre mon pays et la Chine. La date d'évacuation? Le retrait de nos troupes aura lieu dès que Nankin adoptera à notre égard une attitude de paix.

Derrière le gant de velours de ses réponses, les rayons

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cathodiques de ses agences font transparaître la main de fer de ses actes. Le 29^e régiment d'infanterie parti de Szupinkaï en avant-garde, arrive au début de novembre sur les bords de la Nonni, à 600 kilomètres de son ancienne garnison. Il y trouve les ponts détruits et entreprend de les réparer. Mais, sur l'autre rive, les Chinois se rassemblent sous les ordres du général Ma Chan Shan, gouverneur du Heilong-Kiang: éléments disparates manquant et de matériel et de conviction; car l'arsenal de Moukden est aux mains de l'adversaire, et les ordres relatifs à la conduite à tenir font défaut, malgré la rencontre à Changhaï le 22 octobre des représentants de Canton et de Nankin, et la décision prise de former un front commun contre l'envahisseur.

Dans la masse hétérogène des contingents mandchous, les troupes du général Honjo font irruption comme une barre de fer dans des plâtras disjoints. Au prix de pertes minimes (36 tués et 144 blessés d'après les chiffres officiels), elles établissent le 6 novembre une solide tête de pont à Tashing sur la rive est de la Nonni, et se préparent à poursuivre leur marche sur Anganchi. Ces actes de rigueur déchaînent l'enthousiasme dans tout l'Archipel; le bruit court que l'Empereur a renoncé à se rendre aux manœuvres, et des renforts comprenant au moins une brigade d'infanterie et plusieurs escadrons s'embarquent à Hirosaki à destination du front.

Comme Ma Chan Shan fait mine de résister et de regrouper ses forces, un ultimatum en cinq points lui enjoint de se retirer, et de mettre fin au brigandage et à la guérilla le long des voies ferrées avant le 25 novembre. En contrepartie, pour ne pas heurter de front l'opinion occidentale par la publication de cette note impérative, Tokio s'engage à donner l'ordre de retraite à son corps expéditionnaire, si les conditions sont remplies; et, pour achever de donner le change il fait annoncer par l'agence Rengo que Ma Chan Shan est armé et ravitaillé par les Soviets. La ruse réussit et nombre de gazettes européennes discutent gravement de l'éventualité d'un prochain conflit russo-japonais, caressant l'espoir d'assister à la chute prochaine de la barbarie bolcheviste sous les coups du bélier nippon.

Ayant ainsi tâté le pouls de l'opinion mondiale, et jugeant sans doute les circonstances favorables, Tokio donne l'ordre de poursuivre les opérations au delà de la Nonni. Sans attendre la date limite fixée par son ultimatum, le général

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Honjo culbute le 18 novembre l'armée de Ma Shan Chan, le poursuit au delà du railway de l'Est-Chinois, atteint Anganchi et pousse le même jour une avant-garde sur Tsitsikar.

Après ce bond, l'offensive nipponne marque un léger temps d'arrêt pour apaiser les clameurs bruyantes de Moscou, de Washington et de Genève.

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Dans ce concert, les feuilles bolchevistes se distinguent par l'ampleur de leurs vociférations. A les entendre, il y aurait menace imminente de guerre en Extrême-Orient. « Les officiers du Mikado ont bien choisi leur moment pour mettre la main sur une deuxième Corée, avec les krachs financiers d'Europe, le malaise américain, etc... » écrit la Pravda : « Ils veulent devancer dans le Kirin les capitalistes anglo-saxons, et ils attisent en sous-main, les conflits entre généraux pour perpétuer une anarchie propice à leur dessein... » écrit la même feuille quelques jours plus tard. Enfin, après avoir proclamé la veillée des armes au nom du prolétariat en danger, *l'Humanité* publie en manchette la déclaration de Staline au XVI^e congrès : « Nous ne voulons pas un pouce de terre étrangère, mais nous ne laisserons pas toucher à un pouce de notre territoire. »

Cette nervosité s'explique. D'abord par la déconvenue qu'a causée l'avance nipponne, dans une zone considérée comme une chasse gardée. Deux ans auparavant, les Soviets y avaient procédé à des opérations militaires avec l'agrément tacite de Tokio : ils avaient à cette époque aidé les Nippons et comptaient bien les voir agréer la lettre de change tirée sur eux à cette occasion. A cette déception s'ajoutait leur inquiétude habituelle et morbide quand des mouvements de troupes se produisent à leurs frontières d'Europe ou d'Asie. Malgré leurs rodomontades, ils savent que leur Empire, colosse aux pieds d'argile, comme celui du tsar, est susceptible de s'effondrer au moindre contact avec l'armée d'une grande puissance, avec ses 80 millions d'allongés : Ukrainiens, Caucasiens, Tartares, Turkestanais, prêts à passer de la révolte latente à la rébellion ouverte au premier coup de canon.

Tokio connaît aujourd'hui l'état réel de la Russie bol-

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cheviste, comme il connaissait hier l'état réel de la Russie tsariste avant de l'attaquer à Sasebo. Aussi ne s'inquiète-t-il point de ses moulinets et répond-il avec désinvolture aux demandes d'explication de M. Litvinoff ; et Moscou s'empresse de se déclarer satisfait de la réponse de M. Hirota, estimant seulement « que les opérations entreprises par l'armée nipponne dépassent un peu le cadre des mesures habituelles de police ».

Par contre, le gouvernement du Mikado jette feu et flamme, le 20 novembre, au reçu d'un avertissement de Washington, attirant son attention sur le pacte Kellogg, à la suite de la prise de Tsitsikar ; il se décide pourtant à arrêter les opérations de ce côté. Mais il les laisse se poursuivre dans le Sud, ce qui va engendrer cette fois avec l'Amérique un violent incident peu commenté par la presse mais bien significatif aux yeux de ceux que préoccupe le problème du Pacifique.

Ses troupes, après quelques jours de répit, ont franchi en effet le Liao Ho et entreprennent la conquête méthodique du réseau ferré qui longe la côte. Leur but est de refouler les Célestes jusqu'à la grande muraille et d'occuper le port d'Hulutao pour en finir radicalement avec la concurrence économique chinoise en Mandchourie. L'état-major pense aussi, en agissant en direction de Tientsin, impressionner le gouvernement céleste et les bandes d'émeutiers qui pressent assez vivement la concession japonaise. En conséquence, des combats se livrent le 24 novembre autour de Simnin ; le 27, l'embranchement de Taoushan est occupé et des convois précédés de trains blindés partent pour Koupangtsé et Tchintchéou, principal centre ferroviaire et stratégique.

Aux nouveaux cris d'alarme de Nankin, M. Stimson répond en adressant un deuxième avertissement au baron Shidehara, et l'« Associated Press » lui prête le propos suivant : « Cette marche sur Tchintchéou me donne à penser que l'armée japonaise est devenue folle. »

Sous cet outrage supposé, l'Archipel frémit. De l'homme de la rue aux salles de rédaction, c'est la même colère à l'endroit de l'ennemi exécré, la même amertume qui monte aux lèvres de tout un peuple remâchant, comme du bétail, les rancunes et humiliations accumulées depuis le gentleman's agreement de 1908, les incidents et les lois de Cali-

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fornie, la rupture de l'alliance anglaise, les stipulations de la Conférence de Washington, les appuis financiers et moraux prodigués à Nankin, etc... La main sur la garde de son grand sabre, le descendant des Samourais défie son ennemi par delà les mers, sans grand souci des pactes internationaux, prêt, semble-t-il, à passer de la menace aux actes si son code de l'honneur lui en crée l'obligation; et dans une note officielle, il réplique: « Nous nous demandons si M. Stimson s'est rendu un compte exact de la signification de ses paroles avant de les prononcer... Le Japon n'a ni à exprimer des regrets au sujet de l'avance de ses troupes, ni à rendre compte à personne des mesures auxquelles il doit recourir par pure nécessité de légitime défense... »

Les explications fournies, le lendemain, par la Maison Blanche, ramènent l'incident à ses vraies proportions et font s'évanouir ces cliquetis d'acier. Satisfait d'avoir sauvé la face par cette protestation violente, le Japon remet l'épée au fourreau et revenue à la froide raison, il réfléchit aux conséquences de sa nouvelle offensive et de l'émotion provoquée à Genève. Il donne l'ordre de suspendre l'avance sur Tchin Tchou, et dans cette atmosphère un peu rassérénée, le Conseil des Treize hâte la rédaction du compromis, en chantier depuis deux mois.

L'histoire de ces pourparlers ne peut être retracée ici. Elle remplirait de gros in-folios. La Société des Nations fut à cette occasion l'objet d'âpres critiques, souvent justifiées. Mais pouvait-elle faire mieux? Dès le début, elle apparaît mal outillée pour trancher le litige soumis à sa juridiction. Comme en 1923 à propos du bombardement de Corfou, comme en 1929 lors des affaires de l'Est-Chinois, elle doit se résigner à transformer l'examen des faits concrets en discussions académiques, à étudier les événements dans l'abstrait, comme si les combats sur la Nonni n'existaient qu'à titre de problème doctrinal. Renonçant à se prononcer sur sa propre compétence, elle ne met pas en application les articles qui servirent au règlement heureux des conflits suédo-finlandais, hongro-tchèque, gréco-bulgare, etc..., et après avoir fait mine d'admonester Tokio, elle bat en retraite, dans la crainte visible de perdre un des membres influents de son conseil, obligée encore une fois de s'incliner devant les événements, bornant son rôle à multiplier les exhortations, à essayer de rapprocher les points de vue, à

écouter les plaintes véhémentes du docteur Sze et les explications subtiles de M. Yoshizawa.

Des pâquerettes d'un humour oriental émaillèrent la prairie morose de ces discussions interminables où, vainement, les délégués de l'Occident tentèrent de l'emporter en byzantinisme sur les représentants de l'Asie, ces maîtres dans l'art de tordre la queue du lion. Pressé de questions lors de la prise de Tsitsikar, M. Yoshirawa donne l'assurance que la ville va être incessamment évacuée... à moins de « développements inattendus ». De fait, les troupes nippones s'en vont camper à 4 kilomètres des murs où elles sont encore. Quelques jours plus tard, assailli de demandes de renseignements sur les combats de Tashing, le délégué du Mikado répond que le télégraphe du général Honjo ne fonctionne plus depuis la veille. Interrogé à son tour sur le boycottage, le représentant de la Chine déclare que « cette manifestation dans le domaine commercial » ne saurait être imputable à son gouvernement. Et pour ne pas demeurer en reste d'euphémismes, le Conseil lui-même propose d'appeler Commission d'études, la Commission d'enquête chargée de se rendre au Petdili, car une telle appellation risquera moins d'éveiller les susceptibilités des Célestes.

En dehors de ces jeux innocents autour du tapis vert, de louables efforts sont tentés pour essayer de concilier les exigences des deux adversaires. Mais c'est en vain. Chacun d'eux reste obstinément accroché à sa thèse. L'un exige le retrait immédiat et sans conditions des troupes nippones. L'autre fait dépendre cette évacuation de promesses fermes concernant la fin du boycottage et des brimades économiques. Le premier demande qu'on limite à la Mandchourie les investigations de la future Commission, l'autre veut les étendre à tous les territoires des Célestes. Sur la moindre question, le désaccord est ainsi total et l'antinomie absolue. Chaque plénipotentiaire, en butte à la surveillance attentive de ses compatriotes extrémistes, doit sous peine de « perdre la face » s'accrocher à la position prise et la défendre sans esquiver un geste réel de conciliation.

Cette guerre d'usure apparaissant sans issue, le Conseil des Douze se réunit le 29 novembre et prend le parti d'élaborer un projet de recommandations à l'usage des deux partis, pendant que les étudiants de Nankin, assemblés en meetings tumultueux, réclament la déclaration de guerre

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immédiate à Tokio et que les troupes du général Honjo procèdent à des expéditions « punitives » contre réguliers et irréguliers célestes, uniformément englobés dans l'expression péjorative de « bandits ».

Si anodins que soient les termes du projet, il ne satisfait aucun des partenaires, chacun s'évertuant à l'emporter sur l'autre dans l'art de la restriction mentale, le Chinois persistant à demander le départ sans délai des troupes nippones, le Japonais insistant sur la nécessité de « maintenir... provisoirement ses forces en Mandchourie et même d'étendre l'occupation... dans le cas imprévu de circonstances sérieuses et urgentes. »

Petit chef-d'œuvre diplomatique, le nouveau protocole est enfin rédigé le 9 décembre sur ces bases inconciliables. D'après l'article I^{er}, « les deux gouvernements adverses sont priés de prendre toutes les mesures nécessaires pour que le départ des troupes nippones s'effectue le plus rapidement possible ». D'après l'article III, « le Conseil considérant que depuis le 24 octobre les événements se sont encore aggravés prend acte de l'engagement des deux parties d'éviter toute nouvelle extension de conflit et de s'abstenir de toute initiative susceptible d'entraîner de nouvelles rencontres ». On ne pouvait trouver formules plus souples et termes plus évasifs pour essayer de sortir de l'impasse où l'on s'était imprudemment engagé. Affirmatif seulement dans la négation, le compromis précise que la Commission d'études n'aura pas qualité pour intervenir dans les négociations et les dispositions d'ordre militaire; il passe sous silence la création d'une zone neutre, laisse dans l'ombre tous les sujets brûlants dont on a tant discuté; et malgré tout il ne satisfait encore personne.

Dans leurs réserves verbales, les deux partenaires achèvent de jeter au vent les débris de l'édifice diplomatique si laborieusement échaffaudé. Le docteur Sze estime que son pays interprète le texte comme signifiant le retrait des troupes nippones à brève échéance, et M. Yoshizawa toujours souriant déclare : « Je suis heureux d'accepter l'article II, car il n'est pas de nature à empêcher nos soldats de prendre les mesures susceptibles de protéger nos ressortissants contre les méfaits des éléments hors la loi qui pullulent en Mandchourie. »

Le Conseil qui siégeait à Paris depuis trois semaines se

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hâte d'entériner ces amendements inopportuns, et après quelques observations de lord Cecil et de M. de Madariaga, il tire le rideau juridique sur le nouvel acte de la tragédie asiatique qui, après s'être intitulée dans un grand quotidien officieux : « Le conflit sino-japonais », devient le 10 décembre : « Le règlement sino-japonais », pour figurer trois semaines après, sous la rubrique plus prudente : « Chine et Japon », quand les hostilités recommencent et de la Mandchourie gagnent Shanghai.

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Ce dénouement bâtarde n'a en effet satisfait personne; et au cours de l'entr'acte, des coups sourds se font entendre sur la scène et dans les coulisses, indiquant aux spectateurs d'Occident que le drame va se poursuivre à bref délai.

A Nankin comme à Tokio, les éléments nationalistes profondément déçus de ne pas voir triompher intégralement leurs thèses, manifestent leur mauvaise humeur en exigeant le départ de leurs dirigeants; et le 14 décembre, on apprend simultanément la démission de Chang-Kai-Shek en Chine et du ministère Wakatsuki au Japon.

A leur place se constituent des gouvernements de nuance chauvine et d'union nationale sous l'égide du Kuo-Min-Tang et du Seiyukai; ici avec le baron Inukai comme président et M. Yoshizawa comme ministre des Affaires étrangères; là avec Lin Sen comme premier ministre, Eugène Chen aux Affaires étrangères et un comité permanent de contrôle composé de l'ancien dictateur, de Hou Han Min, et de Wang Ching Wei.

Mais tandis qu'en Chine tout se borne à des palabres et discussions stériles sur les moyens de bouter l'ennemi hors du territoire, au Japon le parti militaire redevenu tout-puissant agit sans dire mot.

Le 19 décembre, le général Minami, ex-ministre de la Guerre, se rend en Mandchourie pour « passer en revue, dit l'agence Rengo, les problèmes intéressant le nouveau gouvernement ». Le même jour, on annonce la construction d'un aéroport « provisoire » à Kharbine et l'embarquement pour le front des 1^{re} 10^e, 12^e D. I. et d'une partie de la 5^e « afin, dit le communiqué, d'assurer la relève des troupes fatiguées ». Le surlendemain, le prince Kanin est nommé

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chef d'état-major général du corps expéditionnaire; et comme les « bandits » multiplient opportunément leurs agressions autour de Tchén-Tchéou, où s'est installé Tchang Sue Liang, l'armée japonaise reprend de ce côté la promenade militaire interrompue après l'incident Stimson.

L'état-major nourrit même, dit-on, la patriotique pensée d'offrir le quartier général mandchou au pays, le jour du premier de l'an. Plus circonspects, les milieux diplomatiques annoncent seulement que les troupes procéderont à des opérations de police autour de la cité sans y entrer. Des combats assez sérieux entre Tchenkiatoum et Payintala paraissent retarder la marche des brigades japonaises le 27 décembre, et le 29 autour de Simnin. Elles occupent, le 30, les embranchements de Tahushan et de Koupangtsé; et le 2 janvier 1932, c'est-à-dire avec un jour de retard sur l'horaire fixé, le général Kamura occupe Tchén-Tchéou, que Tchang Sue Liang évacue sans combat, après avoir laissé ses partisans proclamer leur intention de se défendre jusqu'à leur dernière goutte de sang.

La partie militaire du plan nippon, c'est-à-dire l'occupation effective de la Mandchourie, est complétée de ce côté comme il fallait s'y attendre, par la prise simultanée d'Hulutao, le rival chinois de Dairen, et de Zhang Hai Kwan au pied de la grande muraille, le 8 janvier 1932. Il reste à poursuivre l'œuvre dans le nord, en s'établissant à Kharbine, malgré les protestations moscouitaires, et à la parachever par des mesures de nettoyage générales et des opérations contre ces « bandits », proches parents des bachibouzouks enrégimentés en 1919 par Mustapha-Kemal pour défendre l'indépendance de l'Anatolie.

A cette tâche s'en ajoute une autre, aussi méthodiquement entreprise : la sécession politique des trois provinces d'Heilung Kiang, du Kirin et de Moukden. Dès son entrée en scène, le général Honjo s'est attelé à cette besogne, en cherchant à gagner quelques généraux et à faire d'eux comme Ma Kai Pieng, rival de Ma Chan Shan, des gouverneurs à sa dévotion. Puis Tokio tente d'éveiller les sentiments particularistes des Mandchous en aidant Pou Y, descendant de l'ancienne dynastie, à remonter sur le trône. Le 15 novembre, on apprend son arrivée à Yinkow, en compagnie de Koung, oncle de l'ex-empereur; et le comte Uchida annonce l'imminence de la Restauration — ce qui suscite une plainte

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véhémement du docteur Sze auprès du conseil de la S. D. N. pendant les débats de clôture. Puis, ce mode de sécession semble abandonné, en raison peut-être de ses réactions possibles sur le nationalisme chinois, et le Sei-Yu-Kai à son arrivée au pouvoir se rallie à une autre formule plus conforme à ses goûts. Il proclame le 2 janvier, jour de la prise de Tchén-Tchéou, l'indépendance pure et simple d'un État mandchou; il le pourvoit d'une bannière rouge, bleu et jaune, et assure son autonomie administrative par diverses mesures d'ordre pratique concernant les douanes maritimes, les revenus de la gabelle, les emprunts étrangers, etc...

Ainsi le détachement de la Mandchourie est d'ores et déjà un fait accompli; et la note américaine du 8 janvier a beau faire appel au traité des neuf puissances (février 1922), à l'engagement pris par les signataires de ne pas s'assurer dans le Liao-Ning et le Kirin des droits spéciaux au détriment des autres, elle ne change rien à une situation de *facto* qui, à une époque déliquescence, est préférable à la meilleure des situations juridiques. Le Japon achève patiemment de détruire les derniers vestiges de l'autorité chinoise, de couper les fils reliant encore les trois provinces au reste du pays céleste. Il les administre et les contrôle déjà comme bon lui semble; et il ne lui reste plus qu'à prendre à leur égard une mesure analogue à celle de 1910, au sujet de la Corée, pour changer ce protectorat en annexion, et rattacher purement et simplement la Mandchourie au territoire national.

Cette solution de force s'appuie sur la présence de divisions solides et la volonté d'un pays bien déterminé à ne pas lâcher prise dans les régions où flottent ses couleurs. Elle correspond aux nécessités démographiques d'un peuple emprisonné dans son Archipel, où il prolifère fabuleusement, et où il doit coûte que coûte travailler sur place, développer son industrie et par suite se créer des débouchés, puisque les Anglo-Saxons le pourchassent de tous les coins du Pacifique où il pourrait fonder des colonies de peuplement; et, dans l'état actuel de ses forces militaires, la Chine ne semble pas prête à s'opposer ouvertement à la réalisation de ce plan.

Sachant ce qu'il veut et le voulant bien, le Japon apparaît à première vue en bonne posture dans ses nouveaux domaines, sans autres soucis que de les pacifier et de tirer

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parti de leurs merveilleuses ressources; et la situation semble fort claire désormais dans ce coin du Pacifique où s'est installé un peuple de guerriers, conscient de sa puissance et aussi de la justice de sa cause, représentant, comme les Puissances coloniales dans leurs possessions, les droits de l'élite en face des droits de la masse.

Mais si l'on se reporte aux réactions psychiques de cette même masse, aux progrès constants de ce sentiment nationaliste dont on a précédemment esquissé l'évolution, on découvre un monde d'écueils autour de la nef nippone, tout pareil aux récifs qui guettent la domination anglaise aux Indes et la domination française en Indo-Chine.

L'attentat dirigé contre le Mikado, le 8 janvier 1932, par un Coréen, délégué des comités d'indépendance de Changhaï, décèle une fois de plus l'état d'esprit dominant dans les milieux intellectuels des peuples soumis à la domination d'un autre. Que ce soit à Séoul ou à Moukden, les apôtres de l'idéal patriotique : étudiants, universitaires, avocats, rallient sans cesse plus de néophytes sous les oriflammes d'un culte enthousiasmant comme l'Islam aux premiers âges. Au nom de la même mystique, le pays du Matin Calme et les habitants des provinces mandchoues, réclament leur émancipation, le droit de s'administrer à leur guise, ou de s'unir à leurs compatriotes voisins. Insensibles aux théories panasiatiques, peu leur importe que le maître soit un Jaune ou un Blanc : ils s'insurgent contre le Japon comme les Gandhistes contre l'Angleterre et les Malais du Sarekat Hedjo contre la Hollande.

Peut-être au fond d'eux-mêmes, les paysans coréens et les 25 millions de coolies chinois émigrés en Mandchourie, apprécient-ils les bienfaits de l'administration étrangère; peut-être préfèrent-ils *in petto* cette tutelle bienfaisante au coûteux bonheur d'être libres, c'est-à-dire livrés à l'arbitraire de leurs propres frères; mais comme les Nyakhoués du Tonkin et les Soudras du Bengale, cette plèbe suit aveuglément ses meneurs; et seule compte en définitive, l'opinion de ceux qui s'arrogent le droit de parler en son nom et s'en vont répétant le refrain de Manin sur l'administration des Autrichiens : « Nous ne leur demandons pas qu'ils gouvernent bien, nous leur demandons qu'ils s'en aillent. »

A Moukden et aux environs, l'ébullition des esprits est fatale, car la chaudière mandchoue est au contact d'un

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vaste brasier, fiévreusement tisonné par le Kuo-Min-Tang, si l'on en juge par le genre de directives expédiées par ses soins aux Facultés et aux écoles : « Commenter plusieurs heures par semaine l'histoire de la politique agressive de l'impérialisme japonais en Chine »; si l'on se reporte aux questions posées aux jeunes Célestes à leur arrivée en classe : « Où se trouvent Port-Arthur et Dairen? — Dans la province de Moukden. — Par qui nous ont-ils été volés? — Par les Japonais. — Que dois-tu faire en conséquence? — Si même il me fallait mourir, je n'achèterais pas de marchandises aux Japonais; si même il me fallait mourir, je ne leur vendrais pas de vivres. »

Quand un pays nourrit de sucs semblables ses jeunes générations, on peut aisément présumer ce qui se passera dans un proche avenir. En attendant que le moral ainsi affermi de ses futures troupes la mette à même d'affronter en rase campagne son puissant adversaire, la Chine continue à lui mener une dure guérilla sur l'arène commerciale avec les mêmes armes qui lui servirent à triompher en 1919, à propos du Chantoung, et en 1924 dans l'affaire de Tsinanfou. Dans sa situation particulière, elle peut, durant des années, poursuivre aux frontières de ses trois provinces, la lutte militaire au moyen de détachements d'irréguliers, la guerre larvée autorisée par les protocoles de Genève.

De la sorte, le Japon risque de se trouver dans la position de la France, aux premières années de l'occupation de l'Algérie, avec à ses portes un Maroc immense, vingt fois plus grand et cent fois plus peuplé que le Maghreb au temps de Bugeaud, un pays donnant asile et armant tous les djirouchs et toutes les bandes qui infesteront ses territoires frontières, sans pouvoir cette fois en terminer d'un coup avec un nouveau Mogador ou un nouvel Isly. Sa dramatique intervention à Shanghai, à la fin de janvier 1932, s'explique par les mêmes considérations qui dictèrent la conduite du gouvernement de Louis-Philippe, il y a près d'un siècle : mettre fin à la guerre larvée que lui mène un État anarchique, en occupant ses ports et menaçant sa capitale. Elle a pour but de mettre un terme à la situation sans issue où il se trouve depuis la ruine de ses entreprises commerciales en Extrême-Orient et le développement du boycottage qui lui a déjà fait perdre, dit-on, plus de 15 millions de sterlings.

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Mais, engagé dans cette aventure, il dut en supputer toutes les conséquences, et au premier rang l'éventualité d'une intervention américaine. Cette hypothèse, maintes fois évoquée par les spécialistes des affaires extrême-orientales, paraît bien avoir pris corps depuis les derniers événements; et les affaires de Tchén-Tchéou et de Shanghai évoquent ces tornades avortées qui, sous les tropiques, laissent l'atmosphère trouble et sillonnée d'éclairs lointains.

Jusqu'ici la Grande République, aux prises avec de très graves difficultés intérieures, a reçu avec sang-froid les réponses à la fois agressives et humoristiques du Japon à ses notes en faveur de Nankin et de la « porte ouverte »; et elle n'a relevé aucun des défis inclus dans chacune de ces fins de non-recevoir, très courtoises mais fermes. Son pacifisme raisonné peut toutefois faire place à d'autres sentiments; car chez elle aussi, existe un parti chauvin, celui de la ligue maritime Gardiner, analogue au Kuo-Ming-Tang chinois et au Seiyukai japonais et capable de provoquer un accès de fièvre nationale, à la faveur d'un des mille, sujets de conflits résultant de la situation paradoxale où se trouvent deux États qui se font la guerre sans déclaration. Et si elle se décide à prêter l'oreille aux adjurations répétées des Célestes, elle obéira vraisemblablement, comme toujours, à deux genres de mobiles, sentimentaux et pratiques, chevaleresques et intéressés, les premiers servant principalement de prétexte et de paravent aux seconds.

Sa sympathie pour la cause des opprimés, pour cette Chine dont elle aime les mœurs et les idées, dont, en dépit de ses préventions ethniques, elle accueille avec faveur les philosophes comme Hu Shih, s'accompagne en effet de considérations utilitaires. En préconisant cette politique de la porte ouverte, défendue avec obstination depuis ses premiers accords de 1860 avec Pékin, elle a toujours en vue la conquête de l'immense champ d'épandage industriel du pays céleste; et si elle s'attache à maintenir son intégrité, si, au nom du droit des gens, elle s'oppose au régime des enclaves, zones d'influence et territoires à bail, c'est avec l'arrière-pensée que les biens temporels viendront récompenser son geste évangélique.

Jusqu'ici ses conjectures ne se sont pas réalisées. Ses exportations dans l'ex-Empire du Milieu, qui atteignaient en 1920 54 pour 100 du chiffre total des importations chinoises,

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sont depuis lors en constante régression; et leur valeur a baissé de 172 millions de dollars en 1924 à 135 millions en 1930: préjudice grave à une époque de crise suraiguë, où la perte du moindre débouché équivalait à une catastrophe pour un pays surindustrialisé aux stocks regorgeant de stocks invendus.

La cause de cette déception économique, de cette élimination progressive des marchandises américaines, de cette perte d'un marché prodigieux dont l'accaparement escompté illumine d'espoirs dans leurs heures sombres les financiers de Wall Street et les usiniers de Broadway? Sans doute réside-t-elle en partie dans la baisse de l'argent et la déconfiture de l'ex-Empire du Milieu. Mais la concurrence japonaise en est à la base. En équipant industriellement l'Asie, en l'inondant de ses produits, le pays du Mikado a peu à peu éliminé de cette arène commerciale les négociants des États-Unis et de l'Occident, intensifié sinon provoqué le désordre mondial. Partout, les hommes d'affaires yankees ont dû plier bagage devant l'invasion de ces courtiers jaunes, de ces redoutables petits hommes que l'Angleterre rencontre à chaque pas dans ses domaines, aux Indes où le métrage de leurs tissus a centuplé en quinze ans, au Lancashire même, dans la citadelle du coton, où ils offrent aux ouvriers des chemises de toile à raie bleue, à un prix de vente inférieur au prix de revient britannique! Spectacle insensé qui, au fond de leurs tombes, doit faire applaudir les mânes de John Bright et de Richard Cobden aux dernières mesures des tarifs protecteurs!

L'histoire ne varie guère. On le voit encore, et en dépit du progrès et des discours, la lutte pour l'existence en constitue toujours la vraie trame. Entre pays exportateurs, la bataille pour les marchés revêt le même caractère d'acharnement que naguère, entre tribus nomades, la bataille pour les pâturages. Elle correspond aux mêmes nécessités vitales en période de disette économique qu'autrefois en période de disette véritable.

Le Chine, formidable enjeu commercial entre les deux grands riverains du Pacifique, risque d'autant plus de provoquer le conflit redouté que les terrains de pacage industriel semblent ailleurs rongés jusqu'à la craie; et sans doute verra-t-on les événements se précipiter, si le Japon, empêtré dans les rêts célestes de la guérilla et du boycottage, per-

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siste à les trancher avec le sabre ancestral... et impose à Nankin l'application intégrale du traité de 1915. Du coup, la concurrence américaine se trouverait éliminée de l'arène chinoise, comme elle est pratiquement évincée de l'arène mandchoue par l'occupation de Moukden et de Tchintchéou. Ce jour-là, les réactions de Washington ne seront pas exclusivement épistolaires, et le pays des quakers et des businessmen, du mysticisme et du sens utilitaire, écouterait davantage les appels de détresse d'un peuple parlant le langage des Alliés en 1917; et, se levant pour défendre ses intérêts véritables, il aura, comme pendant la guerre de Cuba et des Philippines, la conviction d'entrer en lice pour protéger les nations opprimées et devenir le féal champion de l'humanité souffrante.

Qu'advierait-il? Aux augures et aux statèges en chambre d'en discuter. Comme en 1905, des flottes et leurs points d'appui joueraient le grand premier rôle dans cette tragédie. On admet communément que les forces s'équivalent, la qualité et l'entraînement des équipages nippons compensant, dit-on, l'infériorité numérique de leurs croiseurs et capital ships. Mais peut-être aussi est-on porté à surestimer la valeur d'une armée et d'une marine, dont les magnifiques vertus guerrières sont données en modèle depuis les triomphes de Moukden et de Tsoushima. L'impéritie extraordinaire de leur adversaire d'alors apparaît à chaque page, quand on étudie d'un peu près cette curieuse guerre de Mandchourie; et l'on va de surprise en surprise, en le voyant disperser ses forces sur le Yalou, sans savoir s'il doit livrer bataille ou se replier, donner l'ordre de retraite devant Port-Arthur, quand les troupes nipponnes, clouées sur place, s'apprêtent à plier bagage; et surtout abandonner la partie à Liao Yang, quand il lui suffit de rester inerte pour consommer la déroute définitive de ses assaillants. En face de soldats et marins aussi braves mais mieux commandés, les forces du Mikado joueraient une partie autrement rude, et les escadres nipponnes n'auraient point affaire aux obus décalibrés et aux douilles chargées de sciure de l'infortuné Rodjewensky. Et puis, dans cette partie, l'Australie et le Canada auraient sans doute leur mot à dire; et Albion elle-même, depuis la dénonciation de l'alliance, risquerait d'être entraînée dans la bagarre par ses Dominions et ses cousins anglo-saxons, de même qu'elle les a entraînés dans la mêlée

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de 1914; heureux peut-être, comme ses amiraux l'ont laissé entendre à la conférence de Williamstown, de participer à la croisade contre l'archipel nippon, ce nid de corsaires économiques, plus redoutable à sa flotte commerciale que naguère les pirates malouins et les corsaires barbaresques. Enfin, si à Moscou dominant maintenant les prudents réalistes, soucieux de ne pas exposer les résultats acquis aux aléas d'un conflit avec Tokio, avec les Sancho Panças du marxisme, pour qui les bénéfices de l'Est-Chinois valent bien une entorse aux principes collectivistes, il y a aussi le parti chauvin et grand russe, succédané du Kuo-Min-Tang et du Seiyukai, les matamores de la Révolution mondiale qui verraient avec enthousiasme s'ouvrir devant eux l'arène mandchoue, pour peu que le Japon se trouvât entraîné dans des complications graves avec de grandes puissances militaires.

Le champ des conjectures est infini. On s'essoufflerait vite à vouloir en faire le tour, et sans doute commencerait-on par se perdre, comme il en arrive quand on cherche à examiner en détail la moindre question asiatique, à démêler les motifs auxquels obéissent les Orientaux et à pénétrer dans le labyrinthe inextricable de la politique chinoise ou les dédales sans fin des intentions nipponnes.

Pour éviter cet écueil et s'y reconnaître dans cet imbroglio, le mieux semble de s'en tenir aux généralités et aux faits, de s'élever le plus possible au-dessus de cet océan tumultueux, d'y observer, tel l'aviateur du haut de sa carlingue, les courants sous-marins qui y circulent, les vagues de fond qui le soulèvent. Alors dans les eaux moins troubles, où les brisants apparaissent plus nets, on note l'ampleur continue de cette marée nationaliste qui, malgré ses flux et reflux, submerge peu à peu les digues artificielles opposées à ses flots. Gagnant sans cesse, elle affleure la base du volcan mandchou, frangeant d'écume les lèvres du cratère, où sous le ciel lourd et zébré d'éclairs du Petchili, dans un ciel de séisme et d'orage, le moindre paquet de mer risque d'agir à la façon d'un caillou jeté dans un geyser somnolent, et de provoquer l'éruption redoutée de ce Krakatoa politique, capable de balayer comme un mur de pierres sèches le rempart des tribunaux d'arbitrage et des pactes Kellogg, pieusement dressé contre la fureur de ses laves incandescentes.

ROGER LABONNE.

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La Réponse du Seigneur⁽¹⁾

QUELQUES jours s'écoulèrent encore à Mauvert après cette soirée passée chez la vieille châtelaine : puis ce fut au déjeuner, un matin, à la fin du repas, comme nous étions assis chacun à notre place, la fenêtre grande ouverte à un magnifique soleil qui venait inonder de sa lumière les incrustations d'ivoire des grands buffets espagnols, que je lui dis : « Monsieur, cela va me faire certainement beaucoup de peine, mais mon rôle est, je crois, terminé à Mauvert, et il faut maintenant me disposer à prendre congé de vos bontés. Je garderai le plus profond souvenir de mon séjour près de vous, et ma pensée et ma reconnaissance ne vous quitteront jamais ».

Il baissa la tête sans répondre, et je vis sa main, avec laquelle il remuait de la pointe de son couteau de vermeil les débris de son dessert, se mettre à trembler comme s'il était saisi d'un grand froid. A ce moment, le main entra et son regard dirigé sur nos deux personnes eut aussitôt l'expression d'angoisse que je lui avais vu le soir du clair de lune. Il s'était aperçu tout de suite d'une petite déplaisance entre nous et sur-le-champ en avait pénétré la raison. Un instant, il resta là sur place à tourner autour du tiroir à l'argenterie, mais voyant que notre silence en se prolongeant rendait vaine sa faction, il se décida tout de même à s'en aller, mais non sans que j'eusse vu, avant qu'il n'eût fermé la porte, son regard fixé sur moi luire anxieux dans l'entre-bâillement.

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LA SOCIÉTÉ DES NATIONS EN MANDCHOURIE

I

La Chine et le Japon viennent de rendre au monde un grand service. A l'heure où tout est mis en question, le conflit de Mandchourie offre à chacun l'occasion de réviser sa doctrine et de soumettre les grands principes de morale, de droit, de politique à une vérification salutaire. Il s'agit, en effet, d'un cas non hypothétique, mais concret qui ramène les esprits à la considération des choses vraies. La Mandchourie n'est pas seulement une province où s'affrontent des armées, elle est un champ de manœuvres où se poursuit une vaste expérience de laboratoire.

Depuis dix semaines que le Conseil de la Société des Nations discute et négocie, que les journaux sont pleins de dépêches contradictoires, tendancieuses et mensongères, et que l'opinion publique interroge, raille ou s'énervé, et n'y comprend rien, on finit par croire que cette affaire de Mandchourie est terriblement compliquée. Si l'on s'en tient aux grandes lignes, elle est très simple.

Le Japon, la Chine, la Société des Nations sont de beaux noms propres qui expriment et résument des forces diverses, numériques, économiques, financières, morales et au total spirituelles et politiques. Il s'agit de comprendre quelque chose au jeu des forces en présence, sans préoccupation de blâme et d'éloge, de vice et de vertu. A la question : « qui a tort, qui a raison », nous

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voudrions répondre en montrant un mobile qui se déplace tantôt dans un sens, tantôt dans l'autre, décrivant une ligne courbe avec des hauts et des bas.

Pour voir les choses dans leur simplicité, il faut laisser résolument de côté toutes les petites anecdotes sur l'assassinat d'un garde-voie ou la démolition d'un mètre de voie ferrée. De ce point de vue désintéressé et très général, il importe peu d'ignorer beaucoup de choses qui sont tenues cachées dans les archives des ministères. Nous laissons aux chancelleries leurs traités secrets, leurs manœuvres de grande diplomatie, les combinaisons d'argent. Nous n'avons reçu de confidences de personne et nous en passons très bien. Ce qu'on voit suffit. Ce que tout le monde sait ou peut savoir suffit. Les faits connus sont suffisamment parlants.

Depuis une quarantaine d'années, le Japon a pris pied sur le continent asiatique. On ne dit pas qu'il ait eu tort ou raison. On constate qu'après avoir pris Formose il a pris la Corée et qu'ensuite il a pénétré en Mandchourie. Le Japon le dit lui-même : en 1894, il n'avait pas de rapports directs avec la Mandchourie, il s'agissait d'empêcher quelqu'un d'autre de s'y installer. Les années passent, la poussée en avant continue. Hier, c'était la possession de la Corée; maintenant, c'est l'établissement en Mandchourie qui est, pour le Japon, une affaire vitale. Cette marche en avant peut déplaire, inquiéter, gêner, ce n'est pas la question, pour le moment. Le Japon est seul juge de ce qui est pour lui une affaire vitale, et il ne faut pas perdre de vue qu'il a, chaque année, de 800.000 à un million de bouches de plus à nourrir. Mais cette expression : « une affaire vitale », prête à contestation et à équivoque. Que signifie cette marche en avant, cette poussée progressive, systématique, continue? Elle est la traduction territoriale d'un principe vieux comme le monde, d'après lequel le pouvoir est à qui l'exerce, une terre à qui la prend et l'occupe. Ce prin-

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cipe est peut-être condamnable et on n'a pas manqué de le condamner au nom de la morale et de la raison, il a résisté à tous les anathèmes. Mais, dira-t-on, c'est le droit de la force. Encore une expression à éviter, car elle prête, elle aussi, à contestation et à équivoque. L'avance, en Mandchourie, est une résultante des forces japonaises. Tous les systèmes qui se construisent à Genève et ailleurs, sans tenir compte des postulats de la mécanique, sont en partie irréels, c'est-à-dire caducs.

Mais on constate que l'avance japonaise sur le continent asiatique est marquée de temps d'arrêt. Après la victoire sur la Chine et le traité de Simonoseki (1895), le Japon est obligé, sous la pression des Puissances, de rétrocéder à la Chine la péninsule de Liao-tong. En 1904, profitant de la division des Puissances et après s'être assuré l'amitié de l'Angleterre par un traité d'alliance, le Japon déclare la guerre à la Russie qui lui barre la route en Mandchourie. Le Japon s'installe en Mandchourie et y déploie une grande activité ferroviaire, industrielle, minière. Puis c'est la grande guerre qui éclate en 1914. Le monde entier a les yeux fixés sur le Rhin. Le Japon comprend que l'heure est favorable, car il sait profiter des occasions. Il s'empare de Kiao-tcheou et bientôt dicte les 21 demandes qui font de la Chine un protectorat japonais. La Chine proteste, le Japon lui envoie un ultimatum. Mais le gouvernement des États-Unis d'Amérique prend la défense de l'intégrité politique et territoriale de la Chine; alors l'étreinte japonaise se relâche. Et quand le gouvernement américain convoque la Conférence de Washington de 1922, le Japon est obligé de faire machine en arrière, de renoncer à une partie de ses 21 demandes et de rendre Kiao-tcheou. Mais il ne renonce pas à ses visées sur la Mandchourie qui est devenue, maintenant que la Corée est digérée, absolument nécessaire à son appétit. Cette série d'événements révèle une politique à deux temps qui permet de formuler la règle

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suivante : chaque fois que le moment est favorable, le Japon reprend sa marche en avant; chaque fois qu'il se heurte à une résistance internationale, il fait machine arrière et marque un temps d'arrêt. Lorsque des forces sont capables de maintenir un corps en repos, on dit qu'elles sont en équilibre. Pour que deux forces soient en équilibre sur un point, en Mandchourie par exemple, il faut et il suffit qu'elles soient égales et directement opposées. Or, dès 1922, la Chine a déclaré aux neuf Puissances que si les traités et accords sino-japonais de 1915 n'étaient pas abrogés, « ils aboutiront nécessairement dans l'avenir à troubler les relations amicales entre les deux pays ». C'est précisément ce qui arrive aujourd'hui. Les troubles prédits par la Chine, il y a neuf ans, ont éclaté le 18 septembre 1931. Cela signifie qu'en Mandchourie, depuis neuf ans, l'équilibre est précaire.

Du point de vue très général que nous avons choisi, les événements du 18 septembre 1931 ont peu d'importance. C'est pourquoi nous ne nous laissons pas impressionner par la question: qui a commencé? Et nous avons d'autant plus le droit de négliger cet aspect épisodique de l'affaire que le Japon lui-même, après avoir affirmé à la table du Conseil qu'il s'agissait d'un « incident local », a posé le problème de la Mandchourie, accusé la Chine de manquer à ses engagements contractuels et de violer depuis des années les traités existants. Il est fort possible qu'il y ait du vrai dans ces accusations, mais il n'y a pas lieu (pour nous) de perdre beaucoup de temps à examiner la question juridique. Ce serait un métier de dupes. En effet, au cours des séances du Conseil de septembre et d'octobre 1931, il a été question de traités et de « principes fondamentaux », mais sans citation de textes : c'est parler dans le vague et la nuit. Et d'après tout ce qui a été dit et écrit là-dessus, nous sommes fondé à considérer, jusqu'à preuve du contraire, un de ces textes, le protocole secret de 1915, comme inexistant.

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D'autre part, quand on a reproché à l'une des Parties d'avoir, « sous prétexte de légitime défense », envahi le territoire de l'adversaire, le Japon a pu répondre qu'il n'avait fait que suivre la pratique constante des Puissances en Chine. Ainsi, après avoir invoqué des traités sans fournir de précision, on invoque une pratique constante qui n'a rien à voir avec le droit. Pour justifier cette pratique constante et les mesures de légitime défense, le représentant du Japon a dit :

Lorsqu'il s'agit de trouver une solution pour une question de cette envergure, on ne peut ni ne doit attacher une trop grande importance aux considérations doctrinales et à des possibilités théoriques. Il faut tenir le plus large compte de la réalité pratique et politique de la situation.

Cela veut dire qu'il ne faut pas s'en tenir à la lettre du Pacte. Cependant, deux jours plus tard, le représentant du Japon combat sa propre thèse et, invoquant la lettre du Pacte, soulève toute espèce d'objections juridiques et constitutionnelles à la participation des Etats-Unis d'Amérique aux travaux du Conseil... Enfin, on peut se demander ce que vaut une discussion juridique pendant que dure et se prolonge une occupation militaire qui viole les articles mêmes du Pacte en discussion. Laissons donc de côté les vaines contestations juridiques pour considérer le jeu des forces et les faits connus.

Le Japon a rendu en Mandchourie des services incontestés, qu'il s'est fait payer un bon prix, comme il est naturel. Des millions de Chinois viennent chercher leur pain dans cette région, naguère encore peu peuplée, que le Japon a largement contribué à mettre en valeur. Mais le Japon a constaté que, contrairement à son attente, la Mandchourie n'était pas une terre de peuplement pour son excédent de population, que sa politique de séparatisme avait échoué, que les immigrants chinois affluaient de plus en plus nombreux et que la Chine cher-

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chait à revenir sur les concessions qui lui avaient été arrachées pendant la longue et trouble période de résolution. C'est l'échec de la Conférence avec Tchang Hsue Liang, en janvier 1931, qui semble avoir définitivement montré qu'il fallait renoncer à voir la Mandchourie se détacher de la Chine et proclamer son indépendance. Le Japon va-t-il perdre le bénéfice d'efforts persévérants et d'une situation acquise? Si la Chine est forte, elle revendique l'intégrité de ses droits souverains; si elle est faible, elle risque d'entraîner la Mandchourie dans son chaos. Pour le moment elle semble épuisée par la guerre civile et le désastre de l'inondation, et l'attention des gouvernements est accaparée par la crise mondiale: le moment est favorable. Au cours de l'été, un général à poigne est nommé gouverneur en Corée, un ancien ministre des Affaires étrangères est placé à la tête du Sud-Mandchourien. Les dispositions sont prises. A l'heure mathématique, le 18 septembre 1931, l'offensive se déclenche.

II

Les composantes japonaises ont donc cette résultante. Quelles forces chinoises et autres lui sont opposées? Les gens qui passent pour compétents ne sont pas d'accord sur la Chine. Les experts et techniciens donnent des avis contradictoires. Les voyageurs rapportent des impressions de voyage, des récits tragiques ou pittoresques. Les uns et les autres entraînent le lecteur à leur suite dans le dédale des provinces désorganisées par la guerre civile. On n'y comprend rien. Tel témoin est prisonnier d'intérêts financiers, tel autre d'intérêts religieux. On se perd dans une infinité de détails. Les vues d'ensemble échappent complètement.

Le mot qui revient le plus souvent sous la plume des auteurs est le mot décomposition. La Chine, dit-on, est

en pleine décomposition. Elle est incapable de mettre de l'ordre dans ses affaires et de se gouverner elle-même. Tel est aussi l'avis des gouvernements qui ont sur place des représentants officiels et des mandataires officieux. En conséquence, chacun cherche à tirer profit du chaos chinois pour obtenir des concessions et des privilèges, faire des affaires fructueuses et, dans ce dessein, soutient tel parti momentanément au pouvoir ou tel parti d'opposition, tel ou tel général. On sait comment les choses se passent, bien que les tractations ne se fassent pas au grand jour et puissent à tout moment être démenties. Les gouvernements étrangers payent. En effet, on a vu souvent, depuis vingt ans, des généraux chinois lever des armées, les entretenir, leur fournir des armes et des munitions: il faut bien que l'argent vienne de quelque part et, au total, c'est toujours la Chine qui fait les frais de ces aventures. Dans un cas typique, les représentants des gouvernements ont été pris la main dans le sac. Ils avaient institué un Consortium pour réorganiser la Chine. Une des conditions posées par le Consortium, c'est que la Chine achèterait des armes, ce qui en dit long sur l'esprit qui animait les Puissances. Le Parlement chinois refusa de signer l'emprunt qu'on voulait lui imposer, mais l'homme qui avait su gagner la confiance de la dynastie moribonde et des Puissances, et qui devait dans la suite trahir tout le monde, signa et empocha l'argent. Yuen Che Kai était un aventurier de grand style. Avec l'argent du Consortium, c'est-à-dire des Puissances, il acheta des généraux et fit massacrer quelque 30.000 patriotes: on les appelait alors, dans les légations, des rebelles.

Dans ce grand et sanglant désordre de la Chine on n'oubliait qu'une chose, c'est qu'il y avait eu une Révolution. Par intérêt, par aveuglement, ou parce qu'ils étaient trop mêlés aux événements, les gens des légations, les hommes d'affaires, les touristes et même les

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missionnaires ne voyaient pas le grand fait nouveau, à savoir qu'une République chinoise venait de succéder à un Empire aussi vieux que le monde. Or, le monde ne s'est pas fait en un jour. Il semble qu'on ait oublié combien de temps il fallut à la Révolution française pour émerger du chaos et comment s'est faite la Révolution russe. Il semble aussi qu'on perde de vue les dimensions de la Chine.

La Révolution chinoise a commencé dans des sociétés secrètes. Elle a éclaté en 1911 à propos d'une concession de chemin de fer à des étrangers. La puissance du mouvement est prouvée par le fait que quinze provinces sur dix-huit entrèrent en révolte. Le mouvement partit du grand port de Canton, comme la Révolution allemande puis la russe commencèrent chez les marins de la Mer du Nord et de la Baltique. Le mouvement s'étendit rapidement du Sud au Nord. Les élections donnèrent une majorité écrasante au Kuo Ming Tang, contrairement à toutes les prévisions des légations, des hommes d'affaires et des gouvernements étrangers. Depuis 1912 jusqu'à aujourd'hui, à travers des vicissitudes inouïes, à travers les épidémies de typhus, les tremblements de terre, la famine, l'inondation et la guerre civile, la République chinoise avance comme un fleuve lent irrésistible. Elle a eu ses héros, ses profiteurs, ses martyrs et sa canaille. Elle a commis des erreurs et des crimes. Elle a été arrêtée, refoulée, elle s'est toujours remise en marche avec une ténacité, une continuité et une foi qui lui ouvrent toutes grandes les perspectives de l'avenir.

L'Europe, le Japon, l'Amérique, le monde entier a misé contre la Révolution nationale, partie de Canton, croyant ou feignant de croire qu'elle était un vaste épisode asiatique de la Révolution russe, qu'elle était xénophobe et bolchéviste. C'était une erreur, peut-être volontaire en partie, fondée sur des apparences trompeuses. Des actes de violence ont été commis contre des étrangers, mais

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d'une manière générale on peut dire que ce fut souvent, sinon presque toujours, en réponse à des provocations. Si la Révolution chinoise avait été xénophobe, pourquoi aurait-elle fait des distinctions, pourquoi s'en serait-elle prise à l'Angleterre et jamais à la France? A-t-on oublié en France que les xénophobes chinois ont acclamé M. de Martel? Quant aux Soviets, ils ont naturellement utilisé les mouvements d'hostilité contre les étrangers, surtout contre les Britanniques, pour leur propagande. De son côté, abandonné par tout le monde, Sun Yat Sen a utilisé le concours soviétique pour organiser et instruire son armée. Mais quand les Soviets voulurent pousser leur avantage et fomenter des troubles, le gouvernement révolutionnaire chinois rompit avec eux. Il n'y eut jamais de parti communiste chinois. Les bolchévisants chinois ne formèrent jamais que l'aile extrême du Kuo Ming Tang. Considérée dans son ensemble, la Révolution chinoise n'a jamais eu un caractère de revendication prolétarienne et sociale. Quelques épisodes bolchévistes ne l'ont pas fait dévier de sa ligne nationale. En pleine guerre civile, la sagesse chinoise l'a emporté.

Pendant une dizaine d'années, de 1915 à 1928, on a pu douter de l'issue de la Révolution. La guerre civile dévastait les provinces et le parti national révolutionnaire, faute d'armée, en était réduit à passer des accords avec des généraux suspects. C'est le moment qu'a choisi le Japon pour envoyer son ultimatum du 7 mai 1915, le moment dont profitèrent les Puissances pour dépecer le corps de la Chine par l'intermédiaire du Consortium. Car, personne à l'heure décisive où un peuple cherchait à se dégager de l'étreinte étrangère et à renaitre à la vie nationale, personne en Europe ne croyait en lui. Les diplomates, les ministres et leurs conseillers, les gens informés, ceux qui ont mission de savoir, de comprendre, de prévoir, tous ces gens ne comprenaient rien ou ne voulaient rien comprendre au grand fait nouveau et les

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hommes de la Révolution nationale faisaient dans le monde figure de rebelles et de bandits. Mais, dès que la Révolution nationale eut son armée qui se mit en marche vers le Nord, l'étranger commença à ouvrir les yeux. L'Angleterre avoua qu'elle s'était trompée. On vit alors le front commun des Puissances se disloquer : avance des Japonais et des Soviets en Mongolie, en Mandchourie. Les quatre années qui vont de 1926 à 1930 sont l'histoire de l'unification. Une à une les provinces se rallient. La Révolution a repris son cours national vers l'unité. Suivant l'exemple de son père, le jeune Tchang Hsue Liang repousse les offres japonaises et fait rentrer la Mandchourie dans la cause commune. En septembre 1931, la Chine est élue membre du Conseil de la Société des Nations par 48 voix sur 50 votants.

Telle est la force chinoise qui s'oppose à la force japonaise. Les deux forces cherchent en Mandchourie leur point d'équilibre. Que va-t-il se passer maintenant? Il ne faut pas permettre aux souvenirs du passé d'obscurcir l'avenir. Beaucoup de gens s'imaginent que la Chine est à jamais incapable de faire respecter l'autorité d'un gouvernement central sur un territoire vaste comme un continent, qu'elle doit nécessairement subir une influence étrangère, qu'elle sera japonisée ou bolchévisée, et suivant leurs préférences ou leurs intérêts ils penchent dans un sens ou dans l'autre. C'est sur ces imaginations compliquées de calculs d'intérêt à courte vue que s'échafaude toute espèce de systèmes politiques. Or, le peuple chinois vient, pendant vingt années de révolution, de montrer de quel métal il est fait. Une tâche énorme d'organisation intérieure l'attend. Il pourra y avoir des divisions, des dissidences, des hauts et des bas; une chose semble désormais assurée, c'est que la Chine sera chinoise. Mais, si le temps travaille pour elle, elle est présentement engagée dans un conflit qui, dans l'état actuel des choses, rappelle la lutte du pot de terre contre le

pot de fer. C'est en ce point qu'intervient la Société des Nations.

III

La plupart des hommes sont ainsi faits que, brûlant les étapes, ils sautent aux conclusions. Leur siège est fait d'avance. D'avance ils disent que la S. D. N. n'est bonne à rien ou, au contraire, que sans son intervention les choses eussent tourné beaucoup plus mal. Ces contestations présentent peu d'intérêt et sont sans issue. Il vaut mieux tâcher de voir comment les choses se passent en s'en tenant à ce qu'on voit, à ce qu'on sait. Or, à diverses reprises, depuis une quarantaine d'années, les Puissances ont eu à prendre des décisions en commun à l'égard de la Chine, du Japon et de l'Extrême-Orient. La S. D. N. n'existait pas encore, du moins dans sa forme actuelle. Il existait déjà, cependant, des associations de Puissances qui s'entendaient pour une action commune et ces associations obéissaient aux mêmes mobiles, poursuivaient le même dessein que la S. D. N. d'aujourd'hui. Alors, comme aujourd'hui il s'agissait de maintenir ou de rétablir l'équilibre compromis ou menacé sur un point du globe. C'est ainsi que le Japon, à diverses reprises, comme on a vu, s'étant heurté à une résistance internationale, a été obligé de faire machine en arrière et de marquer un temps d'arrêt. Ce qui vient de se passer par l'intermédiaire de la S. D. N. est donc déjà arrivé alors que la S. D. N. n'existait pas encore.

Il y a cependant un fait nouveau : c'est que les Puissances ne forment plus à la seule convenance de quelques-unes des associations passagères, mais qu'elles sont liées entre elles par un Pacte. Oh! le Pacte, dit-on, on sait bien qu'il est en papier. Nous ne disons pas qu'on ne s'est jamais assis dessus, ni qu'on ne s'assiéra jamais dessus à l'avenir. Mais, en attendant, il existe et il gêne beaucoup d'ambitions envahissantes, car il est plus dif-

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facile aujourd'hui pour les Puissances de se dérober à l'application du Pacte qu'autrefois de faire cavalier seul ou bande à part. Bon gré mal gré il faut s'asseoir à la table du Conseil, exprimer un avis et voter. Et il est symétriquement plus facile pour un Etat de faire entendre sa voix quand il appelle au secours, quoique la S. D. N. ait traversé des crises de surdité alarmantes. Ces choses doivent être dites parce qu'elles sont vraies, mais cette assez belle médaille a un revers qu'on cherche souvent à escamoter : une association de Puissances qui se forme pour une action concertée manifeste sa volonté avec plus d'énergie qu'une société très nombreuse qui se met en mouvement avec lenteur, parfois avec répugnance.

Dans le cas présent, l'appel de la Chine a été entendu. Le Japon a fait tout ce qu'il a pu pour rester en tête à tête avec la Chine. Poliment le Conseil a passé outre. Ensuite, le Japon a fait ce qu'il a pu pour écarter les Etats-Unis du débat. Le Conseil a passé outre. Enfin, le Japon a fait ce qu'il a pu pour s'opposer à l'envoi d'une Commission d'enquête. Le Conseil a passé outre. Ce sont là des résultats tangibles. Le Japon s'est heurté à une résistance internationale, il a dû s'incliner. Mais sur un point, à vrai dire essentiel, il n'a pas cédé. En effet, le Conseil de la S. D. N. n'a pas pu obtenir le retrait immédiat et sans condition des troupes d'occupation japonaises, ce qui a permis au représentant de la Chine de prononcer les paroles suivantes :

Si les efforts combinés des Etats-Unis et des Membres de la Société des Nations ne suffisent pas, au bout de cinq semaines, à libérer le territoire d'un Etat membre, également signataire du Pacte de Paris, c'est qu'il y a peut-être un défaut insoupçonné jusqu'ici dans les rouages de la paix ou, de la part des nations civilisées, un manque de détermination de rendre ces rouages efficaces. Point n'est besoin de signaler que si un tel soupçon prenait racine, il en résulterait,

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en ce qui concerne l'œuvre future du désarmement et la coopération américaine avec la Société des Nations, des conséquences que nous déplorerions tous.

Il y a un enseignement pour tout le monde dans cette affaire de Mandchourie. L'exemple du Japon a montré qu'un peuple résolu peut braver dans une certaine mesure l'assemblée des nations, mais qu'il ne peut pas pousser sa force au delà d'une certaine limite. L'exemple de la Chine a montré qu'un peuple commence à se faire respecter le jour où il est en mesure de faire lui-même quelque chose pour sa propre défense. L'attitude de la S. D. N. a montré que son service d'information est mal fait, que l'opinion publique est facile à égarer, qu'il est difficile de définir l'agresseur, que le bon droit est une force avec laquelle il faut compter mais ne suffit pas à faire triompher une cause, qu'il y a encore des traités secrets qui expliquent en partie le « manque de résolution » des nations civilisées.

Le conflit sino-japonais est loin d'être terminé, puisque c'est le statut de la Mandchourie qui est en question. Le point d'équilibre n'est pas encore trouvé entre les résultats chinoise et japonaise. Mais la Chine a réussi à intéresser à son sort la communauté des nations. Si elle justifie la confiance qu'on lui a témoignée, le temps travaille pour elle.

FLORIAN DELHORBE.

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UN DISPENSATEUR DE L'ABSOLU

JOSEPH MARIA HOENE-WRONSKI

Le 1^{er} août 1834 Balzac écrit à Mme Hanska :

Je dois voir ce soir un illustre Polonais, Wronski, grand mathématicien, grand mystique, grand mécanicien, mais dont la conduite a des irrégularités que les gens de justice nomment des friponneries et qui, vues de près, sont les effets d'une misère épouvantable et d'un génie si supérieur qu'on ne saurait lui en vouloir. C'est, dit-on, la plus forte tête de l'Europe (1).

Cette formule à la fois sévère et généreuse semble bien résumer, non seulement l'opinion de Balzac sur le fondateur du nouveau messianisme, mais aussi celle des lecteurs français du philosophe-mathématicien. La personnalité de Wronski a laissé d'ailleurs d'autres traces dans la correspondance et dans l'œuvre de Balzac. Sans parler de la *Recherche de l'Absolu* (1834), si manifestement influencée sinon inspirée par le souvenir de Wronski (2), on trouve dans les *Martyrs ignorés* (3) une sorte de notation impressionniste sur la personnalité du philosophe :

Lithuanien, lieu de naissance et âge inconnus, Mathématicien, chimiste et inventeur, sans domicile connu, consommant beaucoup. Un air grave qui prête au sournois, un front beau comme celui qu'on prête à Homère, à Hippocrate, à Rabelais, à Shakespeare, à tous les grands hommes desquels il

(1) H. de Balzac, *Lettres à l'Etrangère*.

(2) Cf. Fernand Baldensperger, *Orientations étrangères chez Honoré de Balzac*, Paris, Champion 1927, pp. 243-245.

(3) H. de Balzac, *Œuvres complètes*, Paris, Calmann-Lévy, vol. XX, pp. 352 et suivantes.

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7/12-9d

MEXICO
POLITICAL

3360-2

Foreign Relations:
Status of Relations with Foreign Countries
Mexican Relations with Japan, Etc.

F/L5

753.94/4942

Report No. 3847. Date: March 18, 1932.

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

1-2 Report

3-8-75

Mexico City	789
Coahuila	475
Aguascalientes	3
Colima	49
Guilapas	339
Chihuahua	396
Durango	23
Guerrero	28
Guamajuato	23
Hidalgo	48
Jalisco	143
Morelos	38
Nuevo Leon	60
Oaxaca	25
San Luis Potosi ...	127
Tamaulipas	179
Veracruz	457
Yonora	786
Sinaloa	496
Nayarit	49
Lower California.	1,446
	5,927

The Consul-General, when questioned as to why the States bordering on the United States-Mexico frontier should show the largest number of Japanese residents, replied that he did not know, but that possibly in the State of Coahuila there was a large group of Japanese due to the fact that previously many Japanese were employed in the coke mines of that State.

When asked whether or not the Japanese had a tendency to closely associate themselves together in Mexico, he said he could not give a positive answer, but that as a matter of course it was logical for foreigners to seek the company of their own nationals, proof of which lay in the fact that there are Japanese social centers in those cities where the Japanese colony is most numerous, such as Mexico City, Matille, Piedras Negras, etc. However, he said that in Mexico City the Japanese social center called "Sociedad Japonesa" had only 100 members, out of approximately 800 residents.

The Consul General also admitted that the Mexicans seem to exert a strong influence upon the Japanese immigrants, as shown by the fact that some fifty per cent of the Japanese men coming to Mexico have actually married Mexicans and have seemingly settled here permanently. Also that many Japanese are becoming Catholics, due to the influence of Mexicans, and that his own sons had already been baptized into the Catholic Church.

When asked concerning the reason for Japanese engineers landing in Sonora recently, he replied that so far as he knew it was a commercial expedition travelling from south to north, through Central and South America, looking for future markets for Japan, and for raw materials and manufactured articles which Japan needs. He said that there had been no unusual flow of Japanese into Mexico during the last six months.

When questioned concerning the value of exports from Mexico to Japan during 1931, he stated that 1931 figures were not yet available, but that in 1930 Mexico exported to Japan the following articles, having a total value of 808,924 Mexican pesos:

From: M. A. Mexico.

Report No. 3943.

Date: March 18, 1932.

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

G-2 Report

3650-2

<u>Specification</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (pesos)</u>
Coffee	Kilogram	5,289	2,233.00
/ Wood	Cubic meter	679	9,308.00
Wood	Linear meter	108	838.00
Zinc in concentrates	Kilogram	3,122,662	561,843.00
Zinc "refined" (finished)	"	987,590	197,977.00
Other articles			33,979.00
			806,924.00

He also gave as follows the figures for importations into Mexico from Japan, during 1930: Total value, 1,095,153.00 pesos.

<u>Article</u>	<u>Value (pesos)</u>
Fish and shellfish	20,676.00
Pearl shell, and shell articles, all kinds	101,175.00
Animal products	143,286.00
Vegetable products	15,435.00

The rest is accounted for by importations of celluloid, rubber articles, silk cloth, handkerchiefs, glass, china of all kinds, mirrors decorated with gold/silver, etc.; pensils of all kinds; shell articles.

When told that it was reported by the Mexican immigration authorities that some 300 Japanese subjects had landed in Mazatlan, Sonora, during the latter part of 1931, the Consul-General stated that he thought it was impossible for such a large number to have come to Mexico during the last six months, due to several reasons, the main one being that, although there are no Mexican restrictions to Japanese immigration in particular, all foreigners coming to Mexico are subject to the regulations of the Labor Law which provides that no foreigners are allowed to enter the country as workers; that he himself, in all his reports to Japan, had strongly advised his Government to warn all Japanese that they would have difficulty in staying over six months unless they could produce a stated capital before entering. He said that since the Mexican Labor Law required that ninety per cent of the employees of all businesses, etc. must be Mexican, the Japanese would not like to come here as they prefer employing their own nationals.

He further stated that since the early part of last year there had been only one boat a month from Japan to the west coast of Mexico, and that each of these boats had never carried over 20 Japanese subjects; that in November of last year, 37 Japanese had entered the country with permits for a six months visit, and 17 had entered to remain permanently.

5. In regard to the numerous newspaper articles which have appeared recently concerning the large number of Japanese on the west coast of Mexico for the purpose of purchasing large quantities of foodstuffs for exports to Japan, a report has just been received by the Embassy from the American Consul at Mazatlan, Sinaloa, in which he states that he has investigated this, and found that the rumors are without foundation, and that no unusual quantities of foodstuffs, etc. have been purchased by buyers for firms in the United States for shipment to Japan.

This American Consul states that it might be possible that these reports were circulated through Japanese sources

From: M.A.Mexico.

Report No. 3643.

Date: March 10, 1932.

076

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

C-4 Report

~~12/18/75~~
~~12/18/75~~

as propaganda, or that they may have originated from the fact that the "Martha Buchner", a Japanese tender owned by a Japanese firm in Los Angeles, California, equipped with special refrigerating machinery and special containers for fresh shrimp, and three fishing vessels, all under the Mexican flag, have been at the port of Topolebampo for almost a month. These vessels called at this port for a cargo of fresh shrimps, and upon arrival there, some difficulty arose between the owners of the vessels and the customs authorities over the duties on the shrimp containers, and the owner of the vessels came to Mexico City in an attempt to adjust the matter.

6. A contact of this office also reported that 4 Japanese recently registered at the Hotel Regia, in Mexico City, and called upon President Ortiz Rubio to pay their respects and to inform him that they were in Mexico City for the purpose of negotiating for 600,000 pesos worth of steel, and 60,000 barrels of oil daily. This office has not yet been able to ascertain whether this steel, or oil, were actually purchased.

Robert E. Cummings,
Captain, Infantry, DOL
Acting Military Attaché.

Source: As stated.

And confidential.

C/p

From: M. A. Mexico.

Report No. 3845.

Date: March 18, 1938.

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

VERACRUZ AND SHANGHAI

Mexico must not forget that Japan, in its intervention in China, is doing no more than what Uncle Sam, pretending to protect the lives and interests of his nationals, has done in Mexico, Nicaragua and the other weak countries who also resented his undesirable presence. Japan invades Manchuria and other parts of China, with the same pretaxs and with the same greediness that our very dear cousins have shown in the past and will probably show again.

It must not be forgotten that in both interventions, asiatic or occidental (American) the same reasons have been given to excuse impudent outrages against the sovereign of the invaded country. It is very interesting for us Mexicans commenting on the cabled news items from China, to contrast the Yankee intervention that was completed with the violent and bloody occupation of Veracruz during the pretorian government with the occupation of Shanghai, which the Japanese have also entered by force of arms. The main difference is that in Mexico all the people fought against the invaders, not caring who was the head of state.

The Chinese government cannot count, as did the government of General Huerta, on the support of the people, and has had to stand alone against the invaders, who, as shown by newspaper pictures from some towns, have been cheerfully received by the inhabitants.

We foolishly applaud and consent favorably upon the Japanese advance without studying the case and without measuring the consequences that will result to the world, due to the connivance of France and Russia with Japan in dividing China and making that nation a spoil of war divided among stronger nations. This will be the result of the Japanese intervention unless the Chinese people now split by internal politics, do not rally together and, forgetting all personal prejudices, drive out the Japanese invaders, the exco-outors of the inspired trickery of gold hoarding France coupled with Russian strength.

Mexico, as at present China, played into the hands of the Yankee invaders in 1914 for the simple reason that General Huerta was President of Mexico, and the people in order to depose him, bowed under the humiliation of the invasion of their country, and accepted from the invaders hands as a gift, the city of Veracruz, once they had defeated their president.

The ambitions of politicians are so great all over the world that they are willing to forget for the time the interests of their own country if, through foreign intervention they are able to secure the reins of government for themselves.

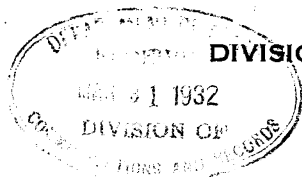
Veracruz and Shanghai — two very cruel but revealing examples of this failing!

Chinese boys are now fighting at the front against the Japanese as did the youth of Mexico against the Yankee invader of Veracruz. This sacrifice of youth against the invaders does not strengthen the support by the people of China of their government because, as we know so well here in Mexico, governments who rely on the "levy" do not last long.

China must make a prompt readjustment and forget all internal discord, in order to successfully confront her present situation, if she does not want to be divided as a spoil of war and disappear forever, ambushed by pirates.

DECLASSIFIED: E.O. 11652, 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

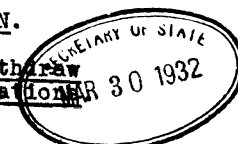


DIVISION OF FAR EASTERN AFFAIRS

March 28, 1932.

CHINA-JAPAN SITUATION.

Japan's Threat to Withdraw
from the League of Nations



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F/LS

793.94/4943

In connection with the talk which is reported to be going on in Japan of possible withdrawal from the League of Nations, --

It should be remembered that, at Paris, at the Peace Conference, while the Covenant of the League of Nations was in the making, the Japanese talked of an intention on their part to refuse to join the League -- and even to withdraw from the Peace Conference itself -- if their demands with regard to Shantung were not met by the Conference. It was believed at the time that this threat of theirs had considerable effect on President Wilson and some of his colleagues. It was, however, and it has continued to be the opinion of a good many students of international relations that the threat was merely a bluff.

Whether the Japanese are now making up another threat and whether they are or are not bluffing, it is of course necessary to take cognizance of the possibilities.

It is the belief of the undersigned that the authorities in control in Japan would not arrive at a decision to withdraw from the League without first downing the tremendous

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MAR 31 1932

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

- 2 -

dous opposition on the part of leaders who would oppose such a proposal. If in final event a decision were arrived at to take that step and Japan did withdraw from the League, the net result would be simply that Japan's feudal aristocracy would have led the Japanese State a little further toward making itself in fact an international outlaw. It would not hurt the League; it would not hurt the United States. It would not add to Japan's political or military strength. It would further crystallize the opinion of the world in disapproval of Japan's actions and in skepticism with regard to Japan's political acumen. It would give a new impetus to the tendency of world opinion now to sympathize with the Chinese. It would increase the likelihood of the world's giving serious consideration to the possibility of inaugurating an economic boycott for the purpose of bringing pressure to bear toward restraining Japan from her course of military aggression.

The soundest course for the League or for anyone interested in the League to pursue in the face of a threat from Japan to withdraw from the League would be to reply that Japan's withdrawal would cause the League no pain ~~or regret~~ whatever.

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



No. 2677

AM RECD

EMBASSY OF THE

UNITED STATES OF AMERICA



London, March 16, 1932.

MAR 31 1932

*file
Personal letter filed
in Secretary's Safe
E.H.*

F/LS

793.94/4944

793.94

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to refer to the Department's tele-
graphic instruction No. 90, March 12, 2 p. m., transmitting
the text of a note for Sir John Simon from the Secretary of
State, and to forward herewith, at the request of the
Secretary of State for Foreign Affairs, a personal letter
addressed to Mr. Stimson.

Respectfully yours,

Ray Atherton

Chargé d'Affaires ad interim.

Enclosure:

Letter addressed to
Colonel the Honourable Henry L. Stimson.

sealed

*CABLE
ATTACHED*

APR 2 1932

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

DUPLICATE

No. 2677

London, March 16, 1932.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

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Respectfully yours,

Ray Atherton
Chargé d'Affaires ad interim.

Enclosure:

Letter addressed to
Colonel the Honourable Henry L. Stimson.

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

TRIPPLICATE

No. 2677

London, March 16, 1932.

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

I have the honor to refer to the Department's telegraphic instruction No. 90, March 12, 2 p. m., transmitting the text of a note for Sir John Simon from the Secretary of State, and to forward herewith, at the request of the Secretary of State for Foreign Affairs, a personal letter addressed to Mr. Stimson.

Respectfully yours,

Ray Atherton
Chargé d'Affaires ad interim.

Enclosure:

Letter addressed to
Colonel the Honourable Henry L. Stimson.

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

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TELEGRAM SENT

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

March 12, 1932

2 p.m.

AMEMBASSY

LONDON

90

STRICTLY CONFIDENTIAL FOR ATHERTON FROM THE SECRETARY.

I request that you deliver the following personal
letter from me to Sir John Simon:

QUOTE My dear Sir John: I want you to know how
sincerely I appreciate your constant and effective ef-
forts for the incorporation by the Assembly of the League
of Nations in Part One of its resolution of a proclama-
tion which aligns the members of the League of Nations
so harmoniously with the position taken by my Government
in its note to China and Japan of January 7, 1932. The
reference to the Kellogg Pact in the resolution is most
gratifying evidence of a desire on the part of the mem-
bers of the League who are also signatories of that treaty
to find a common basis for action with the United States.
I cannot but feel that the close cooperation of our Gov-
ernments has resulted, with your assistance in Geneva,
in an important contribution to the cause of peace. It
has

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

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2-1790, to London, March 12, 1932

has created a precedent of international practice which will, I believe, go far to effectuate the purposes which are common to both the Pact of Paris and the Covenant of the League of Nations. I can only assure you that it is my earnest hope and desire that our two Governments shall continue their efforts in the same spirit of constructive cooperation. Believe me, Yours very sincerely,
HENRY L. STIMSON. UNQUOTE.

STIMSON

SA:ATK:VGN

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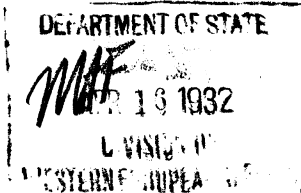
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



EMBASSY OF THE
UNITED STATES OF AMERICA
Rome, March 17, 1932.

No. 1323.

Subject: Sino-Japanese Conflict.



PM RECD



MAR 31 1932



F/LS

793.94/4945

The Honorable
The Secretary of State,
Washington.

793.94

Sir:

With reference to my despatch No. 1293 of 4622
February 25, 1932, regarding Italian public opinion
and the Sino-Japanese conflict, I have the honor to
inform the Department that the newspapers continue
to follow with attention and interest the most
recent phases of the difficulties.

APR 18 1932

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The GIORNALE D'ITALIA welcomes the news of a
settlement in principle on March 16th as a definite
transfer of the dispute around Shanghai from a mili-
tary to a diplomatic battleground. The newspaper

feels

271

DECLASSIFIED: E.O. 11652, 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-

feels that the preliminary agreement is a moral victory for the policy of the four major powers, the United States, Great Britain, France, and Italy. The MESSAGGERO, while warning its readers that the agreement is in effect only a military truce and not a final settlement, hopes for a definite solution with the participation of the four major powers of the many problems at issue.

I am enclosing a summary of the pertinent parts of an article which appeared in the AZIONE COLONIALE, a semi-official organ of the Ministry of Colonies, on the "Island of Hainan and the Present Moment in the Orient." This article, which is imperialistic and chauvinistic to an extent rarely seen in the public print, calls frankly for a descent by force of arms upon the Island of Hainan and its forcible annexation to the Italian Kingdom. While the writer, Signor Vasto Malacchini, is unknown, the article acquires a certain importance chiefly because of the unusually close censorship exercised over semi-official government organs.

Respectfully yours,


John W. Garrett.

Enclosures: Copy and summary
of article.
Clippings.

Copies to E.I.C. Paris.

SC/eh

710.

AZIONE COLONIALE,
March 13, 1932.
Page 4.

Despatch No. 1323.

L'isola di Haï-Nan e il momento attuale in Oriente

Ci eravamo già occupati di questa isola nel periodo 1926-1927 quando il travaglio interno di gestazione toccava l'acme da cui doveva nascere il definitivo evento che fissava il quadro cinese nell'aspetto che tuttodì conserva.

Allora gli eserciti cantonesi marciavano con sicurezza su Sciang-hai, ricacciando, animati da una grande volontà di combattere, gli eserciti degli altri Capi, ed erano i vari dei tanti tra cui spiccavano le grandi ombre defunte di una Cina defunta di Wu-Pei-Fù, e di Cian-Tso-Lin. A quegli eserciti guardava il mondo con la smarrita meraviglia dei presentimenti delle cose fatali. E agli eserciti del Sud marciava in testa il piccolo Napoleone d'Oriente, il valoroso Chiang-Kai-Sek, circondato dai membri arditi del Cuo-Min-Tang, e sotto l'aureola fatidica di Sun-Yat-Sen.

Il movimento xenofobo contro le « Concessioni » assumeva via via all'avvicinarsi di quella marcia un crescendo impressionante; e gli Europei, e tutte le potenze interessate si accordavano e si stringevano l'un l'altra vicine. E anche l'Italia, pur troppo almeno interessata, vi collaborava disinteressatamente come sempre, e pur come sempre ingenuamente.

E inviava unità navali nel lontano oriente, su un tragitto lungo cui nessuna base esisteva per noi di possessori di concessioni, in zone minacciate in cui pure, tolto l'asilo dell'« hortus conclusus » internazionale di Sciang-hai nessun libero porto, nessuna libera sponda si offrivano alle nostre navi.

La partecipazione dell'Italia in Oriente era vista di buon grado ovviamente, come quella di chi si affianca e vincola nei rischi di una azione in comune. America, Giappone, Inghilterra e Francia ben accoglievano l'intervento e la compartecipazione dell'Italia.

L'occasione propizia di una certa occupazione proprio allora a noi si offriva spontanea. E il gioco di tre elementi a ciò concorreva.

1.) L'esistenza avanti tutto di una grande isola nel Golfo del Tonchino, nell'estremo Sud Cinese, di una grande Isola, teorico possesso della Cina: l'Isola di Haï-Nan.

2.) L'autentico caos in che proprio allora in via di fatto ribolliva la Cina; e il contemporaneo determinarsi dell'orientamento xenofobo nel boicottaggio alle merci di certe grandi potenze da gran tempo ai cinesi assai note o esclusivamente note, e

rente ormai vincitrice (Kuo-Ming-Tang, Kuo-Min-Chung), una grave ed efficace ostilità non avrebbe potuto condurre in nostro riguardo, qualora se pur con annunciati propositi di breve sosta ci si fosse un po' fermati alla remota Haï-Nan. Un'isola così lontana al sud e così poco e mal tenuta non avrebbe certo significato se occupata la genuinità di una grave offesa ai diritti nazionali e al sentimento della nazione e del governo Cinese.

Noi uno sbarco non si sarebbe allora potuto giustificare se non con una necessità di appoggio a chi una base alcuna non possiede in quei mari meridionali della Cina; e presentarla nell'aspetto di una misura temporanea. E il tutto poi mostrato in una atmosfera di favorevole buona disposizione e comprensione nei riguardi dei travagli e delle aspirazioni della grande nazione dell'est asiatico. In ciò noi non avremmo avuto sicuramente motivi nascosti a una insincerità o ad una menzogna. Vi si opponevano allora come sempre i nostri interessi e il nostro spirito. Ben altrimenti che come quello degli anglosassoni è sentito lo spirito dei latini e quello degli Italiani in particolar modo fra le genti dell'estremo Oriente cinese.

Ed ecco che l'occasione ci si ripresenta non meno propizia nel quadro generale. Il motivo ne appare chiaro. La Cina violentata in modo sì inusitato dall'antistante Giappone ha ben mutato il suo atteggiamento nei riguardi delle potenze occidentali. Anzi apertamente ne implora l'aiuto a gran voce e il suo grido sale fra il rombo e le fiamme di Sciang-hai. Non solo, ma sul quadro d'Oriente vediamo ormai fatale un dramma — che speriamo estremamente tragico che significherà lo schieramento a fianco della Cina violentata dalle Potenze.

Siamo sicuri che alla fin fine, noi pure con tutti gli altri si dovrà scendere in armi laggiù.

Non si dimentichi perciò che sulla rotta alle navi d'Italia si presenta la silente selvaggia remota abbandonata, vasta minerramente ricchissima isola di Haï-Nan.

I vincoli dei precedenti disposti internazionali non ci si presentano troppo rigidi in riguardo a quanto qui da noi si vagheggia. Anzi.

Per il che si guardi e si consideri se invece di starcene immoti alle rade del Fiume Azzurro, qualche nostra unità non possa eventualmente, il più presto che ci sia concesso, trovar pretesto a un cheto ma solido diversivo all'« Isola delle Palme »; chè così

Globe-Trotter ed esploratore, Antonio Zetto, da poco tornato in patria dopo un peregrinare di quasi sette anni sotto tutte le latitudini della terra la Patria sempre onorando col verbo e coll'opera. E' stato pure or è qualche anno in Haï-Nan, e l'ha visitata bene. La sua relazione onesta e sobria, coincide mirabilmente con quello che la Geografia ufficialmente ci dà a sapere; e integra i dati di questa, specialmente per quel che concerne i minerali, di cui l'isola, ci afferma il suddetto, è straordinariamente ricca. E aggiungiamo volentieri, come la sua addolorata meraviglia superasse la nostra, allorché che di Haï-Nan gli accennavamo, e soprattutto in riguardo agli interessi nostri.

Vasto Malacchini

(1) Ove trovassi Tsuan-Tchen, la Zeytun di Marco Polo.

DECLASSIFIED: E.O. 11652, 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. 1323 of March 17, 1932,
from the Embassy at Rome.

AZIONE COLONIALE, Rome,
March 13, 1932.

The Island of Hainan and the Present
Moment in the Orient.

(Summary)

The AZIONE COLONIALE recalls that during the Chinese disturbances in 1926-27 it brought up the question of the suitability of the Island of Hainan as a naval base for Italy, who "although collaborating disinterestedly as always and at the same time, as always, ingenuously" with the other European powers, possessed no concessions or special privileges in that region. It deemed that that occasion was propitious for such a move, since France might have been willing, relatively speaking, to have Italian aims turned from North Africa to this other sphere despite the Island's proximity to French Indo-China, and since all the powers in general stood in a more than usually tangled maze of interests and antagonisms which would have permitted Italy to slip into the game without great difficulty. As to China, the review points out that "the occupation of an island so far to the south and so poorly organized would certainly not seriously have offended national rights and the sentiments of the nation and the Chinese government."

The

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

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The present situation, the review then affirms, is no less propitious than that of 1926-27. China, menaced by Japan, has experienced a change of heart as regards the western powers and is loudly imploring their assistance. "Moreover, we are witnessing an inevitably fatal drama in the Orient -- which let us hope will be extremely tragic since this will mean that the powers will array themselves by the side of violated China. We are certain that eventually we along with all the rest will be obliged to take up arms in that region. Let it not be forgotten, therefore, that along the route of Italian ships lies the silent, wild, remote, abandoned, vast, and mineral-abounding island of Hainan.

"The bonds of international precedents do not appear too rigid as regards our desire. On the contrary! Hence let us reflect seriously whether instead of standing idly at the mouth of the Blue River a few of our units cannot eventually, as soon as the opportunity presents itself -- find a pretext for a quiet but effective digression to Hainan."

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

IL GIORNALE D'ITALIA, Rome.
 March 17, 1932.

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Despatch No 1323

L'azione utile

Buone notizie ci giungono oggi da Sciangai. Il conflitto cino-giapponese, in seguito ad un accordo diretto fra le parti raggiunto questa mattina, è definitivamente trasferito dalla sua inquietante fase militare combattiva in una fase diplomatica che consentirà più calme, se pure più lente, trattazioni. Questa prima conclusione degli avvenimenti di Sciangai, che sarà salutata con vivo compiacimento da tutti i governi responsabili del mondo, conferma le nostre previsioni alquanto ottimistiche espresse nelle settimane scorse e conferma soprattutto la fondatezza dell'affermazione, già espressa, sulla necessità di un intervento delle quattro grandi Potenze quale unico mezzo utile per arginare il pericoloso conflitto e riportarlo sul campo delle pacifiche trattazioni diplomatiche, avviandolo verso una soddisfacente soluzione. Le grandi Potenze infatti erano i soli fattori, di sufficiente autorità politica e adeguata competenza tecnica per la loro presenza sul luogo e le loro informazioni dirette, che potessero operare con energia effettiva e con conoscenza di causa, ossia nelle forme adeguate alla realtà dei casi e non soltanto in forme generiche.

L'accordo oggi raggiunto fra Tokio e Nanchino non significa certo ancora la fine del conflitto fra i due Paesi. Si tratta però già di qualche cosa più che un semplice armistizio. Si tratta di una cessazione di ostilità che si accompagna con il ritiro delle truppe da parte dell'invasore. Il trapasso dalla fase militare alla fase diplomatica del conflitto avviene dunque già in forme notevoli che potrebbero indicare un avviamento verso meno esasperate conversazioni durante le quali — è bene rilevarlo — il Giappone rimane tuttavia con l'arma al piede in territorio cinese.

Constatata questa nuova fase più serena degli avvenimenti di Sciangai, ci asterremo dal tentare precisi pronostici sul loro ulteriore sviluppo. Si ha l'impressione che anche le conversazioni diplomatiche, le quali si svolgeranno certamente con la continuata assistenza e partecipazione delle quattro grandi Potenze, dopo la buona prova data con il loro intervento, siano avviate sulla buona strada. I problemi da chiarire e sistemare sono numerosi e complessi perché agli interessi cinesi e giapponesi, in essi dominanti, si aggiungono evidenti interessi delle grandi Potenze per quei rapporti generali che essi hanno con le esigenze della civiltà e della vita internazionale. Vogliamo confidare nel buon volere di tutti i governi e con tale fiducia seguiremo i nuovi avvenimenti.

IL LAVORO FASCISTA, Rome
March 10, 1942. page 5 -.

Despatch No. 1323

Nulla di nuovo all'est?

Quando sembrava che una risoluzione della lotta attorno a Sciangai non dovesse aversi che tra alcuni giorni, con l'intervento di nuovi, ingenti rinforzi giapponesi, la situazione è improvvisamente precipitata. Dopo il vano tentativo giapponese di sfondare la linea cinese a Kiang-Uan, per cadere sul tergo dello schieramento nemico e determinarne il cedimento per manovra, i due avversari si erano immobilizzati nelle trincee fangose, e la lotta sembrava dovesse continuare nel suo carattere di logoramento, come quasi sempre avviene, quando non si dispone dei mezzi necessari per superare l'equilibrio delle forze. E qui l'equilibrio era venuto a stabilirsi, realmente, in modo nuovo: quello, cioè, che ai Cinesi mancava di mezzi meccanici, era compensato dalla preponderanza numerica.

Al Comando giapponese, quindi, due vie si presentavano per cercare una decisione: o aumentare di gran lunga le forze fronteggianti l'avversario, oppure tentare, da altra direzione, la manovra alle spalle dell'avversario, che non era riuscita negli ultimi giorni di febbraio.

Fu quest'ultima la via prescelta dal generale Uyeda. La notte dal 29 febbraio al 1.º marzo, una nuova divisione imperiale (la 10.ª) sbarcava sulla sponda destra del Fiume Azzurro, tra Wu-Sung ed il forte Sci-Tse-hin, precedentemente bombardato. La mattina del 1.º, poi, la 9.ª divisione, opportunamente rinforzata, sferrava un nuovo violentissimo attacco frontale, sostenuto da un fuoco formidabile di artiglieria e dal solito micidiale bombardamento aereo.

Sono questi — notiamo ancora una volta — gli elementi precipui del successo giapponese: la superiorità del fuoco e l'azione dell'aviazione da bombardamento, la quale ultima, in particolar modo, può svolgere la sua opera di morte e di distruzione pressochè indisturbata, non disponendo i Cinesi di aviazione da caccia e non avendo un'organizzazione difensiva antierea se non rudimentale.

Tuttavia, anche all'attacco del 1.º marzo i tenaci Cantonesi resistettero col consueto vigore; furono costretti, sì, ad abbandonare le linee avanzate, ma per aggrapparsi al terreno tre o quattro chilometri più indietro ed iniziare pronti, sanguinosi contrattacchi.

La situazione, però, si presentava sempre più grave: mentre i Giapponesi seguitavano a premere inesorabilmente la linea cinese, fortemente inflessa verso Ta-Zang, la 10.ª divisione iniziava i suoi movimenti alle spalle dell'ala sinistra cinese. La valorosa 19.ª armata rischiava di essere serrata in una morsa.

Tutta la notte sul 2 fu un inferno di scoppi e di rombi; quando il nuovo giorno spuntò, tra i bagliori sinistri degli incendi, i Giapponesi poterono constatare che i Cinesi si erano ritirati, silenziosamente, durante la notte, portandosi su posizioni distanti da Sciangai quei venti chilometri, che il generale Uyeda aveva indicati nel noto *ultimatum*.

Ritirata imposta, o ritirata spontanea? Nel complesso, anche se i Cinesi vogliono far credere il contrario, è da ritenere che la ritirata si fosse ormai resa inevitabile; sembra, anzi, che la 19.ª armata cantonese avesse, negli ultimi giorni, concentrato dietro alle sue linee tutti i mezzi di trasporto disponibili, allo scopo, evidentemente, di salvare tutto il materiale possibile.

Il fatto, piuttosto, che la ritirata abbia potuto svolgersi quasi indisturbata verrebbe a comprovare quello che già si era osservato nelle precedenti operazioni: il difetto, cioè, del servizio d'informazioni giapponese. Sarà bene, prima di pronunciare giudizi definitivi, attendere notizie più precise; certo, lo scarso numero di prigionieri catturati dai Giapponesi denoterebbe che il ripiegamento è stato eseguito senza eccessiva pressione da parte avversaria e senza neppure un pronto e rapido inseguimento.

Sembrerebbe, così, chiusa anche questa seconda fase del conflitto cino-giapponese. Molti, anzi, si domandano

della guerra». Guerra, dunque, e non «operazioni di polizia», secondo il poco sincero eufemismo finora adottato.

Tuttavia, dopo agitata discussione sulla forma e sulla sostanza, si è riusciti a fare accettare ad entrambi i contendenti la risoluzione, proposta dalla Commissione. Tutto sta a vedere, ora, se essa sarà rispettata, e se non avverranno nuove complicazioni sulle linee di battaglia, che sono molto lontane da Ginevra.

Intanto, da Sciangai giungono notizie di frenetiche dimostrazioni nazionaliste, mentre da Nanchino si preparerebbe l'invio di altri 50 mila uomini a Sciangai. A Mosca, poi, la *Izvestia*, commentando gli ultimi avvenimenti in Estremo Oriente, scrive: «Lo sviluppo del conflitto cino-giapponese obbliga l'U. R. S. S. a procedere al rafforzamento delle sue difese e ad un adeguato aumento delle guarnigioni militari di confine. Il minimo che possa fare il Governo Sovietico è di prepararsi alla difesa dei suoi confini, se vi sarà costretto».

Ci sembra troppo presto, quindi, per poter sperare con fondamento che la nuova fase del conflitto rimanga circoscritta al campo politico-diplomatico. Bisogna guardare ancora, con molta attenzione, all'est.

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* * *

Sembrerebbe, così, chiusa anche questa seconda fase del conflitto cino-giapponese. Molti, anzi, si domandano se con l'episodio di Sciangai non possa ritenersi, addirittura, prossima la soluzione della controversia. Non hanno, forse, dichiarato le autorità navali e militari giapponesi che «essendo stati raggiunti gli obiettivi di proteggere la vita e le proprietà dei residenti giapponesi, è stata ordinata la cessazione di tutte le operazioni militari...»?

Nulla di nuovo, dunque, vi dovrebbe più essere all'est. Ma è da ritenere che una tale credenza possa esser confermata dai fatti? O non piuttosto, come le cannonate di Sciangai vennero a turbare molti sogni più o meno idilliaci, così rischierebbero, ora, di venir presto dileguate le facili illusioni di chi si ostinasse a dare a quanto è accaduto in Manciuria ed a Sciangai il semplice valore di un episodio, e nulla più.

La situazione, invece, permane più che mai torbida. Da una parte i Cinesi dichiarano che sulle nuove posizioni essi son decisi ad opporre resistenza ad oltranza, se venissero nuovamente attaccati; e sembra anche che non siano disposti ad accettare supinamente le condizioni imposte dai Giapponesi, per una tregua d'armi duratura ed effettiva. Dall'altra, sembra — come ha esposto il delegato cinese all'Assemblea della Società delle Nazioni — che i Giapponesi seguitino a fare affluire forze sul teatro della lotta e che non desistano anche dal combattere. Si tratta — hanno risposto i Giapponesi — di scaramucce senza importanza; certo è che essi hanno seguitato a premere sui pochi e valorosi difensori di Wu-Sung, i quali avevano rifiutato di arrendersi, e che hanno preferito immolarsi fino all'ultimo uomo.

Comunque, i Cinesi non vogliono, accettando le condizioni imposte dagli avversari, riconoscersi vinti; e ad onor del vero, bisogna riconoscere che il colpo inflitto ad essi non è stato quello che i Giapponesi speravano e volevano.

Lo spirito, quindi, col quale i rappresentanti dei due paesi in lotta si sono presentati, venerdì, all'Assemblea della Società delle Nazioni, non è stato il più conciliante. La discussione, come i lettori sanno, ha avuto momenti veramente drammatici, specialmente quando il delegato giapponese ha dovuto ammettere che l'arrivo dei rinforzi, denunziato dal dottor Yen, esisteva effettivamente, ma che essi «erano già in viaggio, per lo sviluppo

LA STAMPA, Turin.
March 6, 1962.

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Despatch No. 1323

L'America non vuole la guerra

New York, 5 notte.

Il conflitto cino-giapponese ha per un momento distolta l'attenzione del pubblico dalla crisi, dalle « bread lines », dalla disoccupazione incalzante, dall'esodo degli affamati dalle campagne deserte verso le città sovraccariche di miseria spasmante per un aiuto immediato. La reazione della popolazione americana verso la tempesta che si addensa in Asia si divide nettamente in due categorie distinte e irreconciliabili. Da una parte c'è Wall Street dichiaratosi apertamente, per mezzo dei suoi portavoce più autorevoli, in favore del Giappone e dell'azione da questi intrapresa in Manciuria e nel resto della Cina. C'è tanto grano, tanto petrolio, tanto acciaio da vendere, tanto oro ozioso accumulato nelle volte blindate delle grandi banche che una guerra, sia pure una piccola guerra, una guerra limitata, sarebbe la benvenuta. Forse è l'unica maniera per rompere lo « slump » e provocare la caduta degli ostacoli che causano l'ingorgo di materiali e di capitali da cui è soffocata la nazione americana, una specie di nazione-Mida che corre rischio di perire di fame e di stenti in mezzo all'abbondanza di ogni cosa. Insomma, i rappresentanti del capitalismo di qui, accoglierebbero con un senso di liberazione da condizioni intollerabili la notizia della rottura definitiva fra i due paesi orientali e la remissione delle loro differenze alla decisione delle armi. Quello che occorre loro è un po' d'inflazione che accompagna ogni guerra, dopo un lungo periodo di ristagno produttivo e di paralisi d'ogni scambio. Inoltre, perché il commercio si possa svolgere liberamente, occorre ordine e tranquillità e chiunque li ristabilisca in Manciuria e nel resto della Cina sia il benvenuto. Sulla giustizia teorica dell'intervento giapponese nel continente asiatico gli esponenti del « big business » non perdono molto tempo e cervello in considerazioni vane. Si sa che in ogni epoca le nazioni in fiacchite, deboli, in preda al disordine, incapaci di mantenere relazioni appena tollerabili con i paesi esteri, debbono rassegnarsi a cadere sotto il dominio, sia pur temporaneo, di un vicino più potente che vi rimetta l'ordine e le riorganizzi su basi di esistenza civile. Ne possono nutrir molti scrupoli proprio essi che hanno spinto il Governo americano ad intervenire nelle faccende interne delle nazioni al di sotto del Rio Grande ogni volta che occasioni o pretesti sufficienti sembravano giustificare azioni simili.

L'opinione del pubblico

Solo così gli Stati Uniti hanno potuto estendere il loro impero economico dai laghi del Canada alla Terra del Fuoco. Radicalmente contrastante con le simpatie e i desideri dei baroni della finanza è l'opinione di tutto il resto del pubblico, del grande pubblico che compone la Nazione americana. Il quale, a suo onore, non ha tardato a scoprire il sofisma nascosto sotto il ragionamento dei grandi finanzieri e « businessmen », un sofisma assai brillante col quale si cerca di aprire il campo al libero gioco d'interessi egoistici. E' vero che momentaneamente una guerra in Oriente potrebbe giovare all'economia americana come un colpo di frusta all'industria ed al commercio quasi del tutto arenati. Ma dopo qualche anno o solo pochi mesi di « boom », le cose ritornerebbero in uno stato peggiore di quello attuale. La presente depressione a più di un decennio di distanza, è la conseguenza diretta di anni di guerra mondiale.

E' questa, con l'inflazione susseguente, che si sta scontando adesso.

guerra perché non c'è stata una dichiarazione formale, e dove ci sono delle tregue che non son tregue, perché nessuno dei belligeranti le osserva.

Per evitare la guerra

E tutti si domandano ansiosamente quando avrà termine questo scoppio di demenza augurandosi che ciò avvenga prima che Shanghai « la polveriera del mondo », col suo scoppio formidabile sospinga gli Stati Uniti e le altre potenze in un nuovo colossale conflitto. Si domanda che gli interessi degli americani in Cina siano protetti, ma nello stesso tempo si consiglia Washington di trattare la delicatissima situazione con la massima cautela. Mentre stampa e opinione pubblica sono unanimi nel denunciare quella che vien qui chiamata la « brutalità » del Giappone in Shanghai, esse sono altrettanto ferme nel richiedere che l'America rimanga fuori da una qualsiasi guerra. I fautori degli armamenti, come i giornali di Hearst, richiamano l'attenzione sulla « follia di aver fiducia nei trattati » e colgono l'occasione per insistere che il Congresso voti i fondi sufficienti per più vasti e completi armamenti. Che l'America non si culli in sentimenti pacifisti, dicono costoro, né restino soddisfatti delle affermazioni troppo spesso ripetute che questo paese non tollerebbe un'altra guerra per il fatto che la conflagrazione mondiale è troppo vicina a noi. Nessuna illusione è più pericolosa di questa. In un momento si vedrebbero le bandiere sventolare, i tamburi rullerebbero, la propaganda si diffonderebbe come un gas venefico, l'odio di razza sarebbe invocato e la famosa frase americana « my country, right or wrong » sarebbe stampata a grosse lettere su ogni giornale. E, in una settimana, colui che oggi può protestare impunemente contro la guerra, sarebbe chiamato traditore ammenocché non si dichiarasse disposto a distruggere fin l'« ultimo dei nemici asiatici ».

Per evitare la guerra non c'è altro che esser preparati. Ma tanto i fautori degli armamenti quanto coloro che agli armamenti non pensano, sono fermi nella determinazione e nella richiesta che il popolo americano non debba essere coinvolto in una guerra. E parlano in maniera esplicita: il Giappone cerca d'impadronirsi della Cina settentrionale? Ebbene agli americani non importa un fico secco chi controlla la Cina Settentrionale. Inoltre mettono in guardia il Governo: ammenocché il Governo degli Stati Uniti non dimostri molto tatto e prudenza è probabile si trovi da un momento all'altro compromesso in qualche azione irreparabile che gli interessi della Nazione non giustificano e che il pubblico non potrebbe approvare.

Il popolo americano non intende esser trascinato in nessuna guerra che possa essere evitata con mezzi onorevoli. Esso ha imparato che essa è tanto disastrosa al vincitore quanto al vinto. E' consapevole inoltre esser l'epoca presente la meno propizia ai conflitti guerreschi. Quali che possano essere i sentimenti personali sulla controversia nipponica o gli interessi materiali coinvolti nel caso, lo sforzo maggiore bisogna dirigerlo al mantenimento della pace. Per gli Stati Uniti entrare in guerra col Giappone con l'intento di impedire la conquista di una parte del territorio cinese, sarebbe una mostruosa ingiustizia verso il popolo americano, un sacrificio di ricchezza e di vite assolutamente ingiustificabile. La guerra mondiale con le sue conseguenze rappresenta una dura lezione per l'America: un conflitto col Giappone o con qualsiasi altra Nazione è una possibilità che dovrebbe essere evitata fino a quando gli Stati Uniti siano al caso di farlo compatibilmente col rispetto di se stessi.

Mantenersi freddi

E si consiglia di mantenersi il più possibile freddi ed equilibrati. Un atto imprudente potrebbe iniziare da un giorno all'altro lo stamburamento e l'agitare delle sciabole. Condannare il Giappone è perfetto.

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Condannare il Giappone è perfetta-
mente giustificabile, ma estendere
la condanna fino al punto di provo-
care una guerra è cosa che ogni
buon cittadino è nel dovere di evi-
tare.

Certo la condanna del Giappone
e dei suoi metodi è universale nella
stampa americana. Il suo agire vien
qualificato di « imperialismo insa-
no » e di « campagna di brutalità ».
Il bombardamento di sezioni resi-
denziali che hanno prodotto la stra-
ge di non combattenti, specialmente
donne e bambini hanno fatto quali-
ficare il Giappone come una nazione
che s'è messa al bando delle con-
venzioni civili. Di molta parte di
quanto avviene è stato incolpato il
partito militare che ha preso la ma-
no al governo civile dell'Impero
Orientale. E' notevole però, che fi-
nora gli americani non si siano la-
sciati trasportare da scoppi di fu-
rore gingoista e guerresco. Se que-
sta calma e maturità di giudizio del
popolo degli Stati Uniti riuscirà ad
evitare un conflitto non può per ora
prevedersi. Molto diventerà da una
pronta soluzione della crisi orien-
tale. Finché la situazione rimane ro-
vente ogni minimo incidente potreb-
be precipitare una catastrofe.

A. R.

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fisma nascosto sotto il ragionamen-
to dei grandi finanzieri e « business-
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guerra in Oriente potrebbe giovare
all'economia americana come un
colpo di frusta all'industria ed al
commercio quasi del tutto arenati.
Ma dopo qualche anno o solo pochi
mesi di « boom », le cose ritornereb-
bero in uno stato peggiore di quello
attuale. La presente depressione a
più di un decennio di distanza, è la
conseguenza diretta di anni di guer-
ra mondiale.

E' questa, con l'inflazione susse-
guente, che si sta scontando adesso.
Senza contare che il Giappone inse-
diatosi definitivamente in una par-
te della Cina, finirebbe col diventar
economicamente il padrone assoluto
dell'immenso paese da cui tutte le
altre nazioni sarebbero escluse. E
addio porta aperta. Ma, a parte il
colpo mortale che il commercio de-
gli Stati Uniti, soffrirebbe in Orien-
te a causa della conquista giappone-
se, quello che preoccupa seriamente
il popolo americano è la certezza che
il conflitto, prolungandosi, non ri-
marrebbe circoscritto. E' il timore
di una nuova conflagrazione gene-
rale che lo tiene sospeso. La nota di
allarme risuona in tutta la stampa,
in conferenze, in dibattiti pubblici,
in discussioni private.

Si esaminano nervosamente, con-
citatamente i possibili terrificanti
sviluppi di una situazione che cam-
bia continuamente a vista d'occhio.
Quando questi accessi d'insanità da
cui è stato preso il Giappone avran-
no termine? Sarà l'America trascin-
ata in una guerra nell'Estremo
Oriente? Anche se un accordo mo-
mentaneo viene raggiunto, sarà que-
sto mantenuto? Ecco gli interrogativi
che si pongono gli americani, per-
plessi soprattutto dallo svolgimento
pazzesco di una guerra che non è

IL LAVORO FASCISTA, Rome.
March. 5. 1932.

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Despatch No. 1323.

I due linguaggi

Sono cinque mesi che la Società delle Nazioni è stata investita del conflitto cino-giapponese. Nello scorso settembre, a dir la verità, il Consiglio fece tutto il possibile per evitar d'occuparsene. A forza di appelli e di insistenze fu costretto ad intervenire. Appena messoci il dito, fu irrimediabilmente trascinato con tutte e due le braccia nel meccanismo.

Non restava che l'Assemblea. E' stata convocata. Si è riunita. Così, oggi, la Società delle Nazioni s'è impegnata fino al collo nell'ingranaggio. Sarà stritolata?

Intanto, durante questi cinque mesi, il conflitto in estremo oriente si è esteso, approfondito, moltiplicato. Da un contrasto è divenuto una guerra: da una regione circoscritta si è diffuso a due interi paesi.

Complicandosi tra Cina e Giappone, ha complicato tutta la situazione in estremo oriente. Minaccia di complicare ben più vasti problemi internazionali.

Insomma: la questione che, secondo le tradizionali forme d'altri tempi, si sarebbe sviluppata e mantenuta in una sola sfera politica, pel fatto di essersi frazionata in due aspetti e in due sedi, ha sempre più peggiorato. Se cinesi e giapponesi avessero continuato a parlarsi da una sponda all'altra del Mar Giallo (sia pure con i rispettivi gruppi di consiglieri e mediatori a fianco) avrebbero dovuto impiegare la stessa lingua: invece parlando da Ginevra a Tokio ognuno ha adoperato una lingua diversa. Non solo non si sono più intesi, ma ognuno è andato avanti per conto proprio.

I cinesi hanno usato il nuovo vocabolario del diritto democratico e dei principi wilsoniani: i giapponesi si sono attenuti ai vecchi prontuari delle note diplomatiche e dei regolamenti militari. L'incomprensione e gli equivoci erano inevitabili. A ogni botta di articoli societari è scoccata una risposta di misure pratiche.

Da un lato, *articolo undici*: dall'altro, occupazione della Manciuria. *Articolo quindici*: sbarco a Sciangai. Convocazione dell'Assemblea di Ginevra: spedizione di 100.000 uomini e battaglia. Riunione dell'Assemblea: ripresa dell'offensiva in Manciuria. Con queste botte e risposte, a che casa si arriva?

Ora le curiosità si appuntano sulla riunione ginevrina. Ma anche ieri, nella prima seduta, i rappresentanti delle Nazioni si sono trovati di fronte allo stesso dialogo fra i due contendenti, alla medesima confusione di lingue.

Il dott. Yen ha detto: « *Potete negare che vi sia aggressione e aggressore? No: dunque agite* ». E il dott. Yen aveva ragione.

Il signor Matsudaira ha ribattuto: « *Potete negare le provocazioni e le violazioni subite? No: dunque lasciate agire* ». E il signor Matsudaira non aveva torto.

Il dott. Yen ha denunciato: « *I giapponesi rompono il Patto della S. d. N. siano obbligati a rispettare i trattati* ». E Matsudaira pronto: « *I cinesi rompono i trattati. Siano obbligati a rispettare i patti* ».

E allora? Allora è evidente che, se dopo cinque mesi di dispute, di scontri e di guerra, si sta ancora a questo punto e su questo tono, bisogna abbandonare la speranza che sia possibile dirimere il conflitto con mezzi di questa specie. Bisogna che governi e uomini politici lascino la sfera delle interpretazioni dottrinarie e del puro diritto: tornino a quelle norme d'opportunità, di equità, di senso pratico, che occorrono per disciplinare le contingenze politiche.

La S. d. N. è una bellissima cosa. D'accordo. Può essere magari utilissima. Sia pure. Ma oggi quali rimedi può portare al caso che le è sottoposto?

Diciamolo piano, fra noi di questa parte del mondo: è poi certo che, se i cinesi non avessero creduto e i giapponesi temuto la S. d. N. il conflitto attuale si sarebbe tanto invelenito?

Ecco una responsabilità che pesa su molte spalle. Serva, almeno, a impedire nuovi equivoci, come quelli delinearisi nuovamente alla Conferenza del Disarmo.

Se Ginevra, come si è chiesto, potesse disporre addirittura di eserciti e flotte, a che si giungerebbe?

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

March 14, 1932.

Mr. Secretary:

You may be interested to
know that we have this summary,
and to look over the covering
memo (first two pages).

RECEIVED

MAR 14 1932

SECRETARY'S OFFICE

SKH

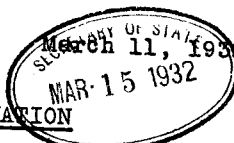
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By Milton D. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

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MANCHURIA SITUATION

Russian-Japanese Relations
During the Past Six Months.

SECRETARY'S OFFICE

and statements

F/HS

The memorandum hereunder is a summary of events, prepared by Mr. Carter.

By way of estimate, it is my feeling that:

1. In relation to Japan's movements against and in China, there has been a working understanding, probably informal, between Japanese and Russian authorities. (It has always been my feeling that, in relation to Russian movements in 1929, there was a similar understanding.) In what manner and to what degree any specific engagements may have been entered into, it is impossible to make any definite statement or assumption.

2. It has been Russia's policy not to obstruct Japan, but rather to encourage Japan to extend herself at China's expense and in defiance of the other powers. Russia is intent upon the solving of internal problems and does not wish to risk an external conflict -- which would be expensive and hazardous. She can afford with complaisance to watch Japan and China wearing themselves out on each other; and she can hope to profit herself in the long run by whatever damage Japan does to and whatever Japan takes from China.

3.

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

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3. The reported movements of Russian troops in areas adjacent to the North Manchuria frontier may be measures of precaution, but it is quite likely that they are made on the basis of an understanding with Japan and for the purpose of throwing dust in the eyes of everybody else.

4. Whatever may be their understandings, neither Russia nor Japan trust each other and each will "do the other in" whenever it considers that the opportune moment for so doing has arrived.

5. The theories of the two countries coincide with regard to the efficacy of force rather than of persuasion in settling controversies with China; but, in relation to the underlying principles of the Nine-Power Treaty, Russia may be assumed to be more in sympathy with those principles as a guide to policy than can Japan.

6. For any real solution of the Manchuria problem, Russian rights and interests must be given consideration; and it would be worth the effort of the other powers to gain the adherence of Russia to the theories and plans of the powers, as expressed in the Nine-Power Treaty and the various resolutions of the League of Nations, rather than have Russia either stand as an outsider or align herself more and more with the theories and objectives of Japan.

*Mr. Miller +
Mr. Hamilton
Cover. 5444*

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

March 4, 1932.

MANCHURIA SITUATION

RUSSIAN-JAPANESE RELATIONS FROM
September 16, 1931 to March 1, 1932.

Russia's General Political Position.

As soon as it became apparent that the Japanese military operations in Manchuria went beyond the scope of temporary police measures and tended to subvert China's administrative integrity in that region, the attitude of Soviet Russia became a cardinal element in the situation. For the same reason, the Russian policy appears to have been studiously reserved, with the result that there were many speculations with regard to the real character of Russia's political position in the Far East.

For example, the Secretary-General of the League of Nations confidentially advised the American Minister to Switzerland on September 30, 1931, that the Chinese had threatened that if the League did not get results they might conclude an alliance with the U.S.S.R., while the Japanese had also been holding conversations with the Soviet Government (Geneva Consulate. Telegram No. 151, October 1, 10 A.M., 1931). It was apparent that little if any active Russian aid had been given to any Chinese faction during the period preceding these events.

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events. (Canton Consulate-General. Despatch No. 264, September 10, 1931). In fact, reports from Harbin indicated bitter feeling against Russia on the part of local Chinese, on the basis of a suspected Soviet-Japanese agreement for the cession to Japan of the Changchun-Harbin branch of the Chinese Eastern Railway, in return for financial aid and compensation in North Manchuria (Peiping Legation. Telegram No. 635, September 23, 4 p.m., 1931). Moreover, the Russian Government sent the Commissar of War to the Manchuria frontier and reenforced the Red Army in the Far East, which led French Government circles to voice a suspicion of a Soviet-Japanese agreement for the partition of Manchuria (Geneva Consulate. Telegram No. 132, September 23, 3 p.m.). This led to the assertion in Chinese Government circles that Russia was contemplating intervention and it was argued that a Russian move on behalf of China would strengthen subversive influences throughout Asia. (Peiping Legation. Telegram No. 647, September 24, 3 p.m., 1931).

The subsequent events in Manchuria caused a revulsion of feeling in China favorable to the resumption of Sino-Soviet official relations (Peiping Legation. Telegram No. 836, October 29, 5 p.m., 1931). At the same time, rumors in Mukden intimated that Soviet military authorities at Manchuli were supplying arms and ammunition to General Ma Chan Shan of Heilungkiang, to resist the Japanese advance against Tsitsihar (Peiping Legation. Telegram No. 854, November 2, 8 a.m., 1931). This was denied, however, by responsible Chinese officials at Harbin

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Harbin and Tsitsihar, and the American Consul General at Harbin concluded that these and similar stories were simply propaganda designed to enlist outside sympathy for Japan and to ascertain Soviet Russia's attitude and policy (Peiping Legation. Telegram No. 873, November 5, 10 a.m., 1931). The Chinese representative at Geneva, Dr. Sze, called the Secretariat's attention to the possibility of serious difficulties between the Russians and the Japanese (Geneva Consulate. Telegram No. 276, November 3, 10 a.m., 1931). It appeared, however, that the Soviet officials were merely taking advantage of the situation to demand the removal from Chinese Government services in Manchuria of certain Russian "Whites".

The obvious conclusion was reached, and was stated by Karakhan, that Russia would not allow herself to become involved in the Sino-Japanese controversy, provided that her own interests in Manchuria were respected (Peiping Legation. Telegram No. 1071, December 11, 8 p.m., 1931). On this point at least, there seems to have been some understanding between Japan and Russia. Nevertheless, it was apparent that the events in Manchuria were subjecting Russo-Japanese relations to an increasingly serious strain (Tokyo Embassy. Despatch No. 410, December 5, 1931), in which Russia's actual impotence was a major element in determining Japan's forward policy (Peiping Legation. Telegram No. 65, January 13, 6 p.m., 1932), while Chinese newspaper opinion regarded the Japanese

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Japanese activities as designed to provoke a Russo-Japanese War (Peiping Legation. Telegram No. 622, September 22, 1 p.m., 1931).

That this was possible appeared in the Japanese military operations late in January and early in February, 1932, in seizing rolling stock of the Chinese Eastern Railway and advancing against Harbin and, subsequently, against Pogradichnaya. This led M. Karakhan to state to the Japanese Ambassador at Moscow that the conduct of the Japanese authorities in the Harbin region had led to the very misunderstanding which the Japanese Government had wished to avoid (Riga Consulate. Telegram No. 19, February 1, 6 p.m., 1932), and the Consul-General at Harbin reported that the Japanese military apparently desired to extend their activities to the Khingan Mountains, which they could fortify and use as a barrier against possible future military action on the part of the Red Army (Peiping Legation. Telegram No. 186, February 3, 1 p.m., 1932). When the Japanese took Harbin, the Soviet General Manager of the Chinese Eastern ordered all locomotives to Pogradichnaya (Peiping Legation. Telegram No. 201, February 6, 11 a.m., 1932).

The plain fact has been that during the entire crisis the Soviet Government has attempted to reserve its general diplomatic position. It obviously could not be indifferent to events in Manchuria and yet it equally obviously has not wished to interrupt its economic program with the danger or the fact of war.

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of war. From the very outset there have been rumors, both inside and outside of Russia, that the Japanese advance is a prelude to a fresh intervention against Russia, and it was reliably reported in January that the Red Army commanders at Manchuli expected a positive action of the Japanese Army against the Soviets within three months (Peiping Legation. Telegram No. 77, January 16, 10 a.m., 1932). At that time the notorious "White" leader, Semenoff, began to recruit an army of "Whites" and Mongols, with the support of the Japanese authorities at Mukden, while the Japanese began to complain of Soviet propaganda in North Manchuria (Peiping Legation. Telegram No. 109, January 22, 5 p.m., 1932). Russia became uneasy at the collaboration between the "Whites" and the Japanese, and on February 10, Karakhan informed the Japanese Ambassador that the Japanese occupation of Harbin could not be viewed with equanimity by the Soviet Union (Peiping Legation Telegram No. 224, February 15, noon, 1932), while on February 25, Karakhan requested a general explanation of Japanese actions and intentions in North Manchuria (Peiping Legation Telegram No. 281, February 27, 2 p.m., 1932).

Rumors of a Soviet-Japanese Alliance.

At the outbreak of Japanese hostilities against local Chinese authorities in Manchuria, in September, 1931, it was freely rumored that there was a prior understanding between the Japanese and Soviet Governments and that the Soviet

Government

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Government had agreed to maintain a "hands-off" policy, especially since the Japanese Government had adopted an attitude of benevolent neutrality during the Russo-Chinese incidents in Northern Manchuria in the summer and autumn of 1929.

For example, an unnamed official of the German Foreign Office (which is usually well posted on Russian affairs) privately informed a member of the staff of the American Embassy early in January, 1932, that the Sino-Japanese conflict had been developed on the basis of an understanding between Moscow and Tokyo. Both the Japanese and the Russians had been careful to refrain from treading on each other's toes. The Japanese intended to establish a large sphere of influence in Manchuria but would carefully observe all the outward forms of Chinese sovereignty. As for Manchurian provinces contiguous to the proposed sphere of influence, the Japanese would be satisfied with the appointment of governors who were persona grata to the Soviet Government, provided they were not anti-Japanese. The conclusion was that there exists an agreement between Soviet Russia and Japan to divide Manchuria into two spheres of influence (Berlin Embassy. Strictly Confidential Despatch No. 1391. January 7, 1932). However, the action of the Japanese military in promoting the formation of a self-determinant Manchurian State, through the Changchun Conference of February 21, 1932, casts doubt upon the validity of this presumed agreement.

Proposal

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Proposal of a Soviet-Japanese Non-Aggression Pact.

The basis for these rumors appears to have been the Soviet-Japanese discussions of a non-aggression agreement. As early as November, 1929, there had been discussion of a treaty of non-aggression and arbitration between Russia and Japan, when the Soviet Ambassador to France, Bessedovsky, secured from the Japanese Foreign Minister who was then in Paris, a verbal accord of non-aggression (Paris Embassy. Despatch No. 9986, November 12, 1929). On December 31, 1931, M. Litvinov proposed to Mr. Yoshizawa, the newly appointed Japanese Minister for Foreign Affairs, on the occasion of the latter's visit to Moscow en route to the Far East, a formal non-aggression pact between the two countries. On January 12, 1932, M. Troyanovsky, Soviet Ambassador at Tokyo, held a conversation with Mr. Inukai, the Japanese Prime Minister, and is understood to have renewed and elaborated the proposal for a non-aggression pact or for a Russo-Japanese "entente" similar to those which had been concluded by Russia with Persia, Afghanistan and Lithuania or which were under discussion with France, Poland, Rumania and the Baltic States (Riga Consulate. Despatch No. 8441).

The Japanese Government made no definite commitments, on the ground that: "There are many matters now pending between the two nations, such as the Kamchatka fisheries problem and the pressing need for a revision of the fisheries treaties.

Until

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Until these problems have been settled, the Japanese Government prefers to have a free hand, unhampered by any non-aggression treaty". Moreover, an official of the Japanese Foreign Office informed a member of the staff of the American Embassy at Tokyo, that there was a potentially dangerous situation in Northern Manchuria and that "in playing any game with the Russians, the Japanese Government prefers to keep the one joker in reserve until the outcome of the game is surer than at present" - i.e. the right to use force. (Tokyo Embassy. Despatch No. 476, January 30, 1932). Finally, great opposition against the Russian project was abandoned at least for the time being. (Tokyo Embassy. Telegram No. 14, January 18, 1932).

Russo-Japanese Friction in Northern Manchuria.

At an early stage in the Manchuria situation, friction developed between Soviet and Japanese officials in Manchuria with respect to the Chinese Eastern Railway (Peiping Legation. Despatch No. 1266, November 17, 1931). Soviet press opinion supported the view that French and American industrial and banking circles were inciting Japan to a collision with the Soviet Union and seeking thus to involve the latter in the Manchuria controversy, at the time of the Japanese advance against Tsitsihar (Helsingfors Legation. Despatch No. 556, November 28, 1931). On January 31, 1932, IZVESTIA quoted Mr. Molotov as saying that Russia must be prepared for unexpected eventualities in the Far East, where under foreign protection

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protection the White Russians were preparing to create a separate buffer state (Riga Consulate. Telegram No. 21, February 2, 6 p.m., 1932). On the other hand, the Japanese Military Attaché at Peiping had informed the American Legation that the Soviet Siberian Army had been mobilized near Manchuli since September (Peiping Legation. Telegram No. 638, September 23, 6 p.m., 1931), while three months later it was reported from Warsaw that Poland and Japan had discussed an agreement for the former's intervention in the event of a Soviet-Japanese conflict, and that the possibility of such intervention was an element in Russia's desire to negotiate a non-aggression treaty with Poland (Warsaw Embassy. Strictly Confidential Telegram No. 116, December 4, 1 p.m., 1931). At this time it was also reported from Riga that Russia and Japan had come to an agreement to array the world against the United States (Riga Consulate. Telegram No. 53, November 27, 3 p.m., 1931).

The Chinese Eastern Railway was reported ready to cede the Harbin-Changchun branch to Japan, which evoked an academic protest from the President of the Banque Russo-Asiatique in Paris; but the report was categorically denied in Moscow, and Molotov informed the Central Executive Committee that "we must again emphasize our fundamental principle: we do not need foreign territory, but we shall not cede a single foot of our own territory" (Riga Consulate. Telegram No. 64,

December 29,

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December 29, 10 a.m., 1931). Late in January, 1932, Japanese forces advanced against Harbin and, following diplomatic interchanges at Moscow, the Russian Government on February 1 gave permission to the Russian staff of the Chinese Eastern to transport Japanese troops. On February 5, Japanese troops entered Harbin, deep in the Russian "zone", and seized control of all Chinese institutions in that city. On February 21, Manchurian leaders met at Changchun for discussion of a new Manchuria-Mongolian Government under the Presidency of Henry Pu-Yi, the deposed "boy Emperor" of China.

Concurrently with this political maneuver, Japanese military forces advanced along the Chinese Eastern Railway in the direction of Vladivostok, avowedly to protect Japanese nationals from Chinese insurgent forces. The Russian officials concentrated all available rolling stock at the eastern and western termini of the Chinese Eastern and prepared for a possible Japanese-White Russian attack. On February 25, M. Karakhan, the Soviet Acting Foreign Commissar requested the Japanese Ambassador, Mr. Hirota, to ask his Government for information on the following points, relative to a request from the Japanese commander at Harbin for seventeen trains to transport Japanese troops to Imienpo and Pogranichnaya:

1) The request was outside the jurisdiction of the directorate of the Chinese Eastern; was the Japanese Government aware of the Japanese commander's request?

2)

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2) Reduced fares had been requested for the transport of Japanese troops and free rides for all Japanese employed in guarding the railway. This proposal was of a political nature, affecting agreements existing between China and Russia and between Japan and Russia. (Article 7 of the Portsmouth Treaty, prohibiting strategic use of the railway, was said to be involved.)

3) Japanese assistance to the "White" Russians in Manchuria required explanation.

4) Information regarding the new Manchurian Government and its character was also requested (Peiping Legation. Telegram No. 281, February 27, 2 p.m., 1932, and Walter Duranty, "New York Times", February 27, 1932.)

The existence of serious alarm in Moscow as to the possible Japanese designs against Vladivostok was at this moment confirmed by a competent official of the Berlin Foreign Office who stated that considerable Soviet military material, including aircraft and tanks, was being sent eastward, together with three co-operating staffs of officers, while reserves east of Lake Baikal were being kept in active service. The German official in question expressed the opinion that Russian anxiety was unfounded, as the Japanese would be content to extend their sphere of influence in Manchuria and Mongolia, without risking hostilities with Russia. (Berlin Embassy's confidential telegram No. 46, February 29, 4 p.m.)


On March 1, the Foreign Affairs Commission of the National
Government

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Government at Nanking decided to resume diplomatic relations with Soviet Russia, which had been broken off in 1929 at the time of the fighting between China and the Soviets in North Manchuria (Peiping Legation. Telegram No. 289, March 1, noon, 1932). A Reuter despatch from Tokyo reported that the Japanese Consul at Vladivostok had reported to the Foreign Office that two Russian Army Corps were concentrated around Vladivostok and about 100,000 men in the Ussuri district; supplies of food and munitions being rushed to the frontier, new forts being constructed, an iodine factory converted into a poison gas factory, etc., in expectation of a Russo-Japanese clash. (Peiping Legation. Telegram No. 290, March 1, 1 p.m., 1932)

Reports from Harbin, however, were more reassuring. The railway was functioning normally on the eastern line, despite Japanese air-raids and military exactions by the Chinese troops, although much of the Chinese Eastern rolling stock was being sent into Siberia, via Pogradichnaya (Peiping Legation. Telegram No. 288, March 1, 11 a.m., 1932). Moreover, the Moscow Government authorized the Chinese Eastern to furnish a small amount of rolling stock for the transportation of Japanese troops as far as Imienpo and, in case of extreme urgency, to Hailin; the railway administration agreed to supply three trains to the Japanese military. (Peiping Legation. Telegram No. 287, March 1, 10 a.m., 1932)


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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

~~ASM:~~

Substance of address of
Foreign Minister Zaleski before League
Assembly March 7:

Poland has no immediate inter-
ests in the Far East, but is keenly
interested in peace in that region
and considers that the League has
sacred responsibilities in safe-
guarding the peace. The idea is
suggested that Poland hopes that the
League will be more efficacious
than it has been in the Far Eastern
dispute should Poland be involved
in conflict.

WRH

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

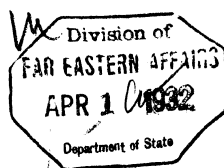
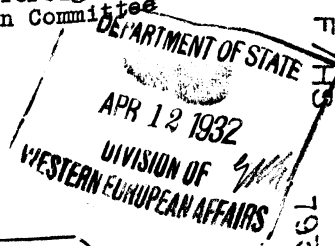
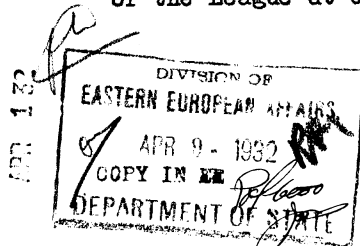
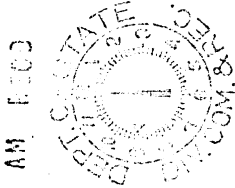


EMBASSY OF THE
 UNITED STATES OF AMERICA

Warsaw, March 14, 1932.

No. 1373

Subject: Poland's attitude toward events in the
 Far East, as expressed by Foreign Minister
 Zaleski before the Main Committee
 of the League at Geneva.



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M. V. D. - EE (with and)			

The Honorable
 The Secretary of State,
 Washington.

Sir:

1/2 I have the honor to enclose a copy, with English translation, of an article which appeared in the ECHO DE VARSOVIE of March 9, 1932, summarizing an address made by Foreign Minister Zaleski before the Main Committee of the League at Geneva on Monday, March 7. M. Zaleski made public Poland's attitude toward the conflict in the Far East, revealing that Poland considers that the League has sacred responsibilities in the safeguarding of peace, and that while Poland has no immediate interest in the Far East on account of its geographic position, it is keenly

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

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keenly interested in the maintenance of peace in that region. M. Zaleski's remarks are no doubt tinged with hope that should Poland find itself involved in conflict, the League's action would be more efficacious than has been the case to date in the Far East.

The speech was not published in its entirety in any Polish newspaper, and the enclosed summary is the fullest account noted in Poland.

Respectfully yours,


John N. Willys.

✓
Enclosures:

1/2 Copy and translation
from ECHO DE VARSOVIE.

500.

JF:BJD

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

Enclosure No. to Despatch No. 1373
 of March 14, 1932.

American Embassy,
 Warsaw, Poland.

L'ECOLO DE VARSOVIE of March 9, 1932.

LA POLOGNE ET LES EVENEMENTS D'EXTREME ORIENT

Discours de M. Zaleski prononcé à la séance de la Commission
 Principale de la S. D. N.

A la séance de lundi après-midi de la Commission Principale de la S. D. N., M. Zaleski, ministre des Affaires étrangères, a fait connaître l'attitude de la Pologne à l'égard du conflit sino-japonais et a précisé, à cette occasion, quels étaient, à son avis, les devoirs qui incombaient à la S. D. N. en présence du conflit surgi. Le gouvernement polonais, a dit en substance le ministre, considère que le caractère particulier du litige dont l'Assemblée a à s'occuper présentement ne décharge nullement la S. D. N. de l'obligation de faire tout son possible pour la sauvegarde de la paix, car c'est là son devoir le plus sacré.

La Pologne n'a pas d'intérêts immédiats en Extrême Orient, mais, par sa situation géographique, elle est vivement intéressée au maintien de la paix dans cette région. La Pologne désire que soient écartées définitivement les causes du conflit surgi entre deux grandes nations auxquelles celle-ci est unie par une sincère amitié. La Pologne désire également le maintien intégral de toutes les stipulations des traités en tant qu'armature de toutes relations réciproques entre nations civilisées.

M. Zaleski a exprimé ensuite l'assurance que les efforts conjugués de tous les membres de la S. D. N. auxquels viendront se joindre ceux des pays intéressés aboutiront aux résultats désirés qui est d'écarter une fois pour toutes les causes qui obscurcissent l'horizon politique en Asie.

M. Zaleski a dit ensuite considérer de son devoir de rappeler à cette occasion que la S. D. N. risquera toujours de s'exposer à de grandes difficultés, dans des cas analogues à celui dont elle a à s'occuper actuellement, aussi longtemps que les droits qui consti-

tuent son instrument d'action ne seront pas suffisamment complétés et concrétisés. La Pologne a toujours été du nombre des partisans les plus convaincus du renforcement des droits de la S. D. N., qui pourraient lui permettre d'influer d'une manière décisive sur le maintien de la paix et d'obliger les membres faisant partie de l'Institution de Genève au respect du droit. La Pologne a toujours soutenu le projet d'une entraide entre Etats, elle n'a jamais cessé de défendre les principes du protocole de Genève et a toujours été d'avis qu'il ne saurait y avoir un état intermédiaire entre la guerre et la paix.

Déjà au cours de la dernière session de septembre de l'Assemblée, la Pologne a présenté une thèse dans ce sens.

Malgré tout, la S. D. N. n'a su encore s'assurer le fonctionnement d'un mécanisme capable de régler les relations entre peuples, c'est pourquoi les difficultés auxquelles elle se heurte, dans le cas actuel du conflit sino-japonais, devraient servir d'enseignement pour tous les membres de la S. D. N. qui, sans perdre de temps, devraient entreprendre le perfectionnement de leur organisation internationale. C'est en complétant les stipulations du pacte sur la S. D. N. et en perfectionnant son mécanisme qu'on pourra travailler à l'organisation de la paix, pour éviter de se trouver une fois de plus dans une situation analogue à celle d'à présent.

Le discours de M. Zaleski a été accueilli par de très vifs applaudissements de toute la salle, et ce sont surtout les délégués des Etats qui se sont prononcés pour le renforcement de la S. D. N. qui ont manifesté le plus chaudement leur approbation.

1808

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

Enclosure No. 2 to despatch No. 1373 American Embassy,
March 14, 1932. Warsaw, Poland.

POLAND AND THE EVENTS OF THE EXTREME ORIENT.

Discourse of Mr. Zaleski delivered at the meeting of
the principal Commission of the League of Nations.

At the meeting of the Main Committee of the League of Nations Monday afternoon, Mr. Zaleski, Minister of Foreign Affairs, made public the attitude of Poland in regard to the Sino-Japanese conflict and precised, on this occasion what he considered to be the duties of the League of Nations in the presence of the existing conflict. The Minister said, in substance, that the Polish Government considered that the special character of the dispute with which the Assembly has to occupy itself at present does not discharge the League of Nations at all from the obligation of doing everything in its power to safeguard peace, because that is its most sacred duty.

Poland has no immediate interests in the extreme Orient, but, on account of its geographical position, she is keenly interested in the maintenance of peace in the region. Poland desires that the causes of the conflict which has arisen between these two great nations to which she is allied by a sincere friendship be definitely set aside. Poland equally desires the integral maintenance of all the stipulations of the treaties as buttresses for the reciprocal relations between civilized nations.

Mr.

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

-2-

Mr. Zaleski then expressed the assurance that the combined efforts of all the members of the League of Nations, to which will be joined those of the interested countries, will end with the desired results which are to set aside once and for all the causes which obscure the political horizon in Asia.

Mr. Zaleski then said he considered it his duty to recall on this occasion, that the League of Nations will always risk exposing itself to great difficulties in cases similar to the one with which it is at present occupied, as long as the rights which constitute its means of action are not sufficiently complete and concrete. Poland has always been among the number of the most convinced partisans for the reenforcement of the rights of the League of Nations, which could permit it to influence in a decisive manner the maintenance of peace and oblige the members who are part of the Institution of Geneva to respect the law. Poland has always upheld the project of a mutual aid between States, she has never ceased defending the principles of the protocol of Geneva and has always been of the opinion that there could not be an intermediary state between war and peace.

Even during the course of the last session in September of the Assembly, Poland presented a proposal in this sense.

In spite of everything the League of Nations has not been able to assure the functioning of a mechanism capable of regulating relations between peoples, this is why the difficulties against which she bumps in the case

of

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

-3-

of the present conflict, Sino-Japanese, ought to serve as a lesson for all the members of the League of Nations who, without losing time, ought to undertake the perfectionment of their international organization. It is in completing the stipulations of the covenant of the League of Nations and in perfecting its mechanism that one could work for the organization of peace, to avoid finding ones self once more in a situation similar to the present one.

Mr Zaleski's speech was received with very lively applause from the entire hall, and especially the delegates of the States which have pronounced themselves in favor of the reenforcement of the League of Nations, manifested hearty approbation.

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

DOCUMENT FILE

NOTE

SEE 858.00 P.R./110 FOR desp. #455

FROM Sweden (Morehead) DATED Mar. 18, 1932
TO NAME 1-1157 ...

REGARDING: Sino-Japanese Conflict.

Statement by one of the Swedish delegates to the special assembly of the League of Nations concerning the opinion of the Swedish Government regarding the action of the Japanese in landing troops for military operations on the territory of another power.

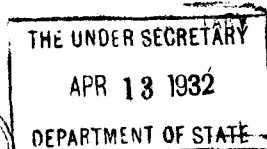
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DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

One of the Swedish delegates to the special assembly of the League of Nations, Judge Eliel Löfgren, former Minister for Foreign Affairs, pointed out in a speech before that body on March 5, that it was the opinion of the Swedish Government that the landing of troops by Japan and their use for military operations on the territory of another power were measures incompatible with the Covenant of the League of Nations and the Kellogg Pact. This point of view is quite generally held throughout Sweden, and the fact that the League did not adopt a sterner attitude toward Japan as the smaller nations desired was looked upon with disfavor in Sweden and was regarded as a failure on the part of the League. It was believed by some that it would have been better had a strong stand been taken even though it had led to the withdrawal of Japan from the League.

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



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file
DAS*
(Personal)

Geneva, March 30, 1932.

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APR 13 1932

SECRETARY'S OFFICE

Dear Mr. Secretary,

The last few days, some of which were spent in the snows of the mountains with Hugh Gibson, have given me an opportunity to get a perspective on the situation here relating to the Far Eastern question. Inasmuch as it looks at the present moment as if a happy solution to the Shanghai incident has been effected, perhaps more thanks to your initiative than you realize, one's thoughts turn to the next phase which this question will in all probability present.

When we begin to deal with Manchuria I have the feeling, which is rather deeply rooted and based on innumerable conversations regarding the subject, that the States of the League will not feel that the question is as clear-cut and definite as it was regarding Shanghai. Manchuria is more remote from their conception and foreign lives, settlements and property seem less immediately involved. ...

The Honorable

Henry L. Stimson,

Secretary of State,

Washington, D. C.

793.94/4948-1/2

MAR 2 - 2 1933

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

involved. Furthermore, many of them feel that there was a certain measure of justification for Japan to end what was obviously an intolerable nuisance in Manchuria, and whether they did it with or without a strict regard for legal niceties leaves them relatively unmoved. Therefore, whereas in the Shanghai question they were looking for a definite and vigorous leadership when it was proclaimed, in the case of the Manchurian action I doubt whether there will be anything approaching unanimity of purpose or any similar conviction that the very existence of the League is jeopardized by the question. They feel that they have achieved their purpose as regards Shanghai. You know how difficult it is for a large body of men to remain keyed to an emotional pitch, and having achieved what they consider their purpose, both as regards the League itself and as regards a useful precedent for the future of the several countries involved, the sag will probably set in and a certain degree of apathy regarding Manchuria will probably make itself felt.

Fortunately for us, they realize that whereas we
were immediately ...

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

were immediately, politically and financially, interested in Shanghai, we are not to the same extent involved in Manchuria, and that they themselves are definitely faced with the problem, having been seized therewith by the Chinese themselves, and however uncomfortable the feeling may be, they realize that it is up to them to produce such leadership as may be required in this case.

Please don't trouble to answer this letter, as it is sent merely in the endeavor to give you a picture of what the state of mind is at this point.

Very sincerely yours,



DECLASSIFIED: E.O. 11652, 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

REF

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

FROM

SHANGHAI

Dated April 2, 1932

Rec'd 4:28 a. m.

Secretary of State,
Washington.

April 2, 2 p. m.

In meetings of military sub-committee which Drysdale has been attending on my behalf Japanese are now insisting that Chinese indicate position of their troops east of Whangpoo River. (END GRAY) Yesterday afternoon Lampson and I took this question up with Shigemitsu and pointed out that we were somewhat surprised at this demand as we had all along considered that Chinese positions in question were those north and west of Soochow Creek and immediately facing Japanese lines. Chinese lines south of Soochow Creek are in front of British and French troops who are not interested in their positions and there has been no attack by Chinese from south of the Whangpoo. We hope Shigemitsu is going to be able to persuade his military to drop this request.

JOHNSON

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APR 8 - 1932

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

DOCUMENT FILE

NOTE

SEE 841.00 P.R./223 FOR resp. #2675

FROM Great Britain Atherton) DATED Mar. 14, 1932
 TO NAME 1-1127 ***

REGARDING: Settlement of the Far Eastern dispute.
 Resolution adopted by the Assembly of
 the League of Nations for the -.
 Discussion of -.

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

All shades of opinion in England appear to be greatly satisfied with the resolution adopted by the Assembly of the League of Nations for the settlement of the Far Eastern dispute. Whatever the facts may be, the British press credits both the text and the substance of the resolution largely to the patience and statesmanship of Sir John Simon, the Foreign Minister. It is believed here that it was Sir John who, by emphasizing the first duty of the League, which he conceives to be to mediate between the disputants, succeeded in staving off the demand of the smaller Powers for an immediate application of the sanctions provided by the Covenant against Japan as the aggressor. It is pointed out by the Conservative press that an acceptance by the Assembly of this demand would have precipitated another war; while the Liberal press, which has been insistent upon the use of stringent measures against Japan, seems to be satisfied that for the present a reaffirmation of the principles of the League will serve to remind Japan that the League is in no mood to compromise. There is great satisfaction that the Foreign Secretary, by securing the affirmation of the principle that there shall be no recognition of any situation brought about by force, has materially

helped in the establishment of the new principle in international law first enunciated by the Secretary of State. Whatever may have been the reasons for the adoption by the British Government of a different line of approach to the problem - a difference which it may be mentioned was causing no little anxiety for fear that it might prevent co-operation between England and the United States in other fields of international relations - general satisfaction is felt that the two countries stand in respect of this point on common ground.

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

REP

TELEGRAM RECEIVED

GRAY

Shanghai via N. R.

Dated April 2, 1932

Rec'd 6:10 a. m.

Secretary of State,
Washington.

April 2, 1 p. m.

CONFIDENTIAL FOR THE SECRETARY.

My March 31, 1 p. m. /4933

One. Negotiators met this morning at 10 a. m. and within a short time adopted last paragraph of annex one to read: "In the event of doubt arising in regard thereto the positions in question will be ascertained upon the request of the joint commission by representatives of the participating friendly powers members of the joint high commission."

Two. Last paragraph of paragraph three also accepted in the same wording.

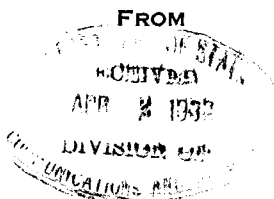
Three. Last paragraph of annex four accepted to read: "The commission will in accordance with its decision watch in such manner as it deems best the carrying out of the provisions of Articles one, two and three, of this agreement."

Four. Discussion then proceeded to taking up Article three and that two and it was agreed to carry this question over until next meeting as the Japanese were awaiting instructions from Tokyo.

Five. Meeting adjourned until Monday, April 4th, at 3 p.m.
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A portion of this telegram must be closely paraphrased before being communicated to anyone.

SHANGHAI

Dated April 2, 1932

Rec'd 7:40 a. m.

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DIVISION OF
COMMUNICATIONS AND

April 2, 3 p. m.

(GRAY) Your 124, March 31, 3 p. m

One. My British colleague and I are constantly in consultation between ourselves, and with Quo and Shigemitsu, with a view to finding some way of turning the very difficult corner which has developed in connection with Article three draft B and annex three. (END GRAY) We invited Shigemitsu and Quo to have tea with us last evening and for an hour or more explored the possibilities of a compromise. British Minister and I ^{pled}~~planned~~ with both sides to consider facts and psychology of the situation and to bear in mind that it was most important that we do not adjourn without some kind of an agreement even if agreement must be to disagree on this particular point leaving other matters to stand in a signed and agreed document. I suggested that Sir Miles draft the amendment to read "The further withdrawal of the Japanese forces to the areas mentioned in the first sentence of Article number three will be completed as soon as possible in accordance with the spirit of the resolution

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

REP

2- from Shanghai, April 2, 3 p.m.

resolution of March 4th and the discussion which preceded its adoption" in order to avoid the use of the words "conditions of local security" to which the Chinese object as being so vague as to permit of too wide an interpretation. And further to omit Chinese desire for a time table and to reduce objection to a time table specified in the agreement I suggested that Japanese consider whether it would not be possible for them ^{independently} ~~in the benefit~~ of this conference but simultaneously with signing of the agreement to issue either as orders to the army or as a proclamation to the Japanese community at Shanghai a statement by General Shirakawa ^{an indication of} ~~welcoming the conclusion of negotiations as indicated and~~ return to conditions of local security announcing accomplishment of the mission of the Japanese expeditionary forces and a program for its immediate withdrawal. Shigemitsu indicated a desire to discuss this suggestion with General Shirakawa.

(GRAY) We met again this morning and the Department will note my April 2, 1 p.m. made considerable progress. This leaves every question settled except the very important points of (a) fixing the Chinese positions, (b) fixing the localities to which Japanese troops will be withdrawn and reaching some understanding regarding withdrawal of Japanese forces. Shigemitsu informed us that his Government was now considering the Lampson paragraph. We therefore adjourned to meet

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

REF

3- from Shanghai, April 2, 3 p.m.

to meet Monday. Both Lampson and I hope that a way will be found as both sides appear to want to find a way. (END GRAY)

STRICTLY CONFIDENTIAL. Quo told me last night that he was in a most difficult position in regard to this matter and felt that there was nothing left for him to do but resign and make a statement as he did not feel that he could assume the responsibility of signing an agreement that did not contain some definite time limit upon the retention of Japanese forces here. I urged him not to take this step until all possible courses had been explored but I feel convinced that public feeling among Chinese is such that it will be difficult for Chinese Government to support any understanding that will result in retention of Japanese forces here. Chinese public is not going to reason in regard to this matter. There are too many hotheads involved both inside and outside the Government.

Lampson and I have as a final suggestion, which we will not make until it is evident that no other suggestion will serve, that both sides as indicated above agree to disagree on this point leaving rest of agreement stand, Chinese to sign with a statement to the effect that they will not consider agreement to have been implemented until first sentence of Article 3 of draft B has been carried out.

JOHNSON

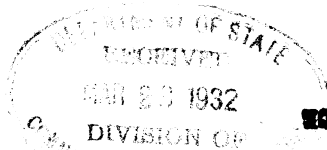
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

23 Wall Street
New York



March 18, 1932.



WILLIAM S. EVANS

MAR 21 1932



Dear Mr. Secretary:

Last week I sent you copy of my letter to Mr. Sonoda of the Yokohama Specie Bank for transmission within his discretion to the Japanese Finance Minister. Mr. Sonoda told me yesterday that my message had been transmitted by cable and gave me a copy of Mr. Takahashi's reply. I hand you a copy herewith.

This, of course, as you will see when you read it, amounts to nothing at all, being simply the routine defense of Japanese action. I shall not attempt to draft an acknowledgment of it for transmission by cable, but will write a letter to Mr. Takahashi in due course, explaining the situation more fully.

Sincerely yours,
Norman W. Laurent

Honorable Henry L. Stimson,
Department of State,
Washington, D. C.

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

March 17, 1932.

Copy of cable received this morning from Tokyo
from H. E., K. Takahashi for Mr. T. W. Lamont:

I tender you my best cordial thanks for your illuminating message transmitted through Mr. Sonoda, and cannot say how highly I appreciate your generous attitude. We know that whoever else misjudge us, you will always preserve a clear head. When once the facts are known from tenacious reports, I am sure your anxieties will be allayed. Everyone is naturally and properly horrified and distressed by the destruction of the suburb of Shanghai called Chapei, and the consequent loss of life and properties. But the alternative was the sackage of Shanghai by ruthless Chinese soldiery. One of the objectives of the great Chinese campaign for the so-called "Recovery of rights" was known to be the capture of Shanghai. Encamped immediately outside Shanghai lay the powerful Nineteenth Chinese Army, recruited from Canton and composing a considerable mixture of Communist elements and burning with the ambition to carry out the "rights recovery" programme. The imminence of the danger to the International Settlement was such that at 4 P.M. on the 28th of January, its international municipality proclaimed a state of siege, called out the volunteers, and assigned each of the national forces there a sector of the settlement to defend. While a force of Japanese marines were proceeding late that night to their allotted station, they were met by a sharp fire from the direction of Chapei. They were there to defend the settlement - and they defended it in the only way possible to a vastly inferior force, by bombing their assailants out of Chapei - that is the whole story, and deeply as we must all lament the terrific events which supervened, we cannot say that they could in any way have been avoided. Had the Chinese seen fit to direct their attacks against the American or British sectors, I cannot see what the

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

Copy of cable from H. E., K. Takahashi for Mr. Lamont.

2

foreign troops could have done but repel the attack and save the settlement at the cost of Chapei in the same way as the Japanese in fact did. Absurd stories have been circulated attributing to Japan schemes for the conquest of China. I trust the above plain unvarnished account is enough to show that no such wildcat idea, but the simple duty of protecting Shanghai and the Japanese population there against an aggressive and irresponsible Chinese soldiery, was the cause of the Japanese action. If further proofs were wanted, it is to be found in the fact that now that the Nineteenth Army has been pushed back to a safe distance, almost the half of our forces have been ordered to withdraw, and they will embark for Japan in a few days. As soon as the necessary arrangements can be completed, the other reinforcements will be withdrawn, reducing our forces to their normal level. I am confident that when the circumstances are fully appreciated in America, the harsh construction you allude to will no longer be placed on our actions.

Signed - K. Takahashi.

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

March 24, 1932.

Dear Mr. Lamont:

I wish to acknowledge the receipt of your letter of March eighteenth and to thank you for your courtesy in sending to me a copy of the cable you received from Mr. Takahashi. I have read it with very much interest.

Sincerely yours,

HENRY L. STIMSON

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Thomas W. Lamont, Esquire
23 Wall Street,
New York City

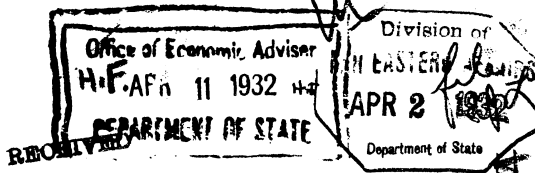
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

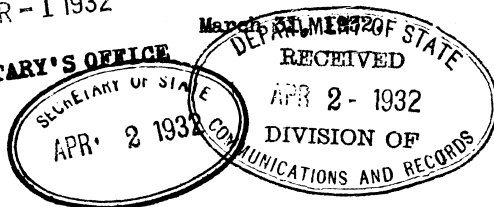
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APR - 1 1932

SECRETARY'S OFFICE



Dear Mr. Secretary:

As a closing chapter of my correspondence with the Japanese Finance Minister I attach herewith copy of a personal letter which I have had transmitted to him by post through the Yokohama Specie Bank here. I don't suppose that these communications will have very much effect, but on the other hand I am quite sincere in thinking that we have justification in explaining our views in a friendly way to the Finance Minister at this time.

Sincerely yours,

M. L. Stimson

Honorable Henry L. Stimson,
Department of State,
Washington, D. C.

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APR 12 1932

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

March 30, 1952

PERSONAL

Dear Mr. Minister:

I have to thank you for your kind cable message which I recently received through the good offices of the Yokohama Specie Bank and Mr. Sonoda, their New York Agent. I note the additional facts which you set forth for my information, and I am glad to have them. In my letter of March tenth to Mr. Sonoda, which he was good enough to transmit to you, I made quite clear, I think, my own belief that the situation at Shanghai had not been fully or fairly presented to the public.

Nevertheless, the important fact for us all to remember is that, whether justified or not, the effect of Japanese action in and around Shanghai has been most unfortunate, so far as American feeling is concerned. You and I should be cherishing nothing but illusions, if we permitted ourselves to believe that these impressions which have been thus unfortunately created will be readily dissipated. I am by no means attempting to pass judgment on the whole matter. But so far as the general so-called Western public is concerned, nothing will ever convince it that the Japanese military and naval forces at Shanghai have acted with prudence and restraint. It has been a very bad mess, and I should prove myself a poor friend to your country if I did not say so plainly; so that you and your associates would clearly understand not what you might wish the situation to be, but what it actually is.

It will take all the efforts of our friends on both sides of the water, and a very considerable space of time, to restore the better feeling that manifestly had begun to exist in this country on all matters Japanese. We must address ourselves to the rebuilding of that good feeling. If, however, we are to have any chance of success, you on your side of the water must give us tools to work with. Only a few weeks ago, after the worst of the Shanghai incident was apparently over, a report which seemed to emanate from your Foreign Office indicated that your government had some idea of taking several ports in China and establishing around them neutral zones, so to speak. As soon as it was seen how aroused public opinion here and elsewhere was to this suggestion, the idea was promptly withdrawn. But even the broaching of it made things more difficult.

It is very necessary that Japan should put herself clearly before the world in the light of a just and humane nation. I am not prepared to discuss your government's policies in South Manchuria, but you will readily see that your government would have had far more chance to work out fair and equitable policies in South Manchuria without undue criticism, if it had not handled the Shanghai adventure with such lack of caution, to say no worse.

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

- 2 -

You must not think, my dear Mr. Minister, that I am trying to read you a lecture. I know full well that the complexities of the Japanese situation are very great. You, in turn, will realize that in writing you I am animated by the liveliest desire for the welfare of your people and of your government. Even though you were not in office at the time, you have undoubtedly been fully informed as to the active co-operation which our firm have in the past rendered to you; beginning with the great international Reconstruction Loan of 1924, the American share of which was \$150,000,000. (with the lesser British share hanging in the balance until we had declared our own firm purpose to proceed); that operation was followed by the two loans to Yokohama and Tokyo, aggregating \$40,380,000. You may know of my activity in London in the spring of 1930 in helping to arrange the Toho Electric Loan at a very critical stage of negotiation; you will recall our loan to the Taiwan Electric Company of \$23,000,000. only nine months ago.

These operations, all highly successful at the time, are tangible evidence of what we have endeavored to do in the fostering of international trade between America and Japan, in the upbuilding of Japanese Government credit and in tangible assistance to your own people in time of distress. You can, therefore, well understand with what anxiety I have viewed recent developments in the Far East. There will come a time in the future when the Japanese Government perhaps, and certainly some of your public utility or industrial corporations, will again desire to arrange credits in the American markets. But naturally for any such future development there will have to be a great change in the picture. It is my earnest hope that you will be able to bring about such a change, so that at some time our investment markets and our people generally will be able once more to evince that confidence in the Japanese people which has recently been so sadly shaken.

With great respect and regard, I am

Sincerely yours,

(Signed) Thomas W. Lamont

His Excellency K. Takahashi,
 Department of Finance,
 Tokyo,
 Japan.

TWL:LC

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

REP

TELEGRAM RECEIVED
CORRECTED COPY

This telegram must be
closely paraphrased be- FROM
fore being communicated
to anyone.

LONDON

Dated April 2, 1932

Rec'd 1:33 p.m.

Secretary of State,
Washington.

RUSH

130, April 2, 5 p.m.

SECRET AND STRICTLY CONFIDENTIAL FOR THE SECRETARY
OR ACTING SECRETARY OF STATE.

I was informed for my "strictly confidential and personal information only" from source mentioned in my 129, April 2, 4 p.m., that Ambassador Matsudaira late yesterday afternoon informed the Foreign Secretary "in substance" that if League of Nations took action indicating interference in the Manchurian situation Japan would regard it as an unfriendly act and withdraw abruptly from the League.

My informant added there might conceivably follow from the statement of Japanese Ambassador a situation suggesting the need of invocation of Article 16 of the Covenant, with a maturer reflection by England of her far flung undented Far Eastern possessions and her policy of naval disarmament in recent years.

Further



FW 793.94/4955

Confidential File

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

REP

2-#130, from London, Apr. 2, 5p.m.

Further reflections were made along the line
indicated in the last sentence of paragraph number one
of my confidential telegram 125.

ATHERTON

FW

DECLASSIFIED: E.O. 11652, 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

mam

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

FROM

LONDON

Dated April 2, 1932

Secretary of State

Washington

RUSH

130, April 2, 5 p.m.

SECRET AND STRICTLY CONFIDENTIAL FOR THE SECRETARY
 OR ACTING SECRETARY OF STATE.

I was informed for my "strictly confidential and personal information only" from source mentioned in my 129, April 2, 4 p.m., that Ambassador Matsudaira late yesterday afternoon informed the Foreign Secretary "in substance" that if League of Nations took action indicating interference in the Manchurian situation Japan would regard it as an unfriendly act and withdraw abruptly from the League.

My informant added there might conceivably follow from the statement of Japanese Ambassador a situation suggesting the need of the American representatives to rejoin of Article 16 of the Covenant, with a maturer reflection by England of her far flung undefended Far Eastern

793.94
 note
 5-00.2001

DEPARTMENT OF STATE
 RECEIVED
 DIVISION OF
 COMMUNICATIONS AND RECORDS

DEPARTMENT OF STATE
 APR 11 1932
 DIVISION OF
 WESTERN AFFAIRS

REC'D 1:33 p.m.
 Division of
 FAR EASTERN AFFAIRS
 APR 4 1932

Telegram to London.

F/LS

793.94/4955

Confidential File

FE
 WE

MAF

APR 11 1932

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

mam

2- #130, from London, April 2, 1932

Eastern possessions and her policy of naval disarmament
in recent years.

Further reflections were made along the line indicated
in the last sentence of paragraph Number one of my confi-
dential telegram 125. ^{693 or manuscript 128}

ATHERTON

FW

0832

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

1-138
PREPARING OFFICE
WILL INDICATE WHETHER

Collect
Charge Department
OR

Charge to
\$

PM REC'D
TELEGRAM SENT

Department of State

1-138

TO BE TRANSMITTED
CONFIDENTIAL CODE
NONCONFIDENTIAL CODE
PLAIN

Washington,

April 3, 1932.
8pm

CONFIDENTIAL FOR AHERTON FROM SECRETARY OF STATE (

792.94/4955
AMEMBASSY,

LONDON (ENGLAND).

108 / 4955
Your 130, April 2, 5 p.m.

I should like to have, if possible, without further reference to source, some elaboration of the substance of the second and third paragraphs and your own estimate of the purport.

Stinson

FE:SKH:MK

Enciphered by _____

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

Index Bu.—No. 50.

U. S. GOVERNMENT PRINTING OFFICE: 1928 1-138

793.94/4955

DECLASSIFIED: E.O. 11652, 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

REF

FROM

SHANGHAI

Dated April 4, 1932

Rec'd 9:50 a. m.

Secretary of State,
 Washington.

April 4, 7 p. m.

(GRAY) CONFIDENTIAL FOR THE SECRETARY.

One. Conference convened at 3 p. m. today and Japanese at once brought up question of Chinese positions in Potung as indicated in my April 2, 2 p. m. (END GRAY) They argue that they cannot withdraw any troops and leave their rear unprotected. Matter was reserved for further consideration by the Japanese.

Two. Discussion then turned to the question of Japanese withdrawal the Japanese offering the following in substitution for Sir Miles' suggestion for a paragraph in annex two:

(GRAY) "The Japanese Government take this opportunity to declare that as soon as the local conditions in and around Shanghai so improve as to afford a sense of security to the Japanese nationals as regards the protection of their lives, property and lawful pursuits, the Japanese troops will be further withdrawn to the International Settlement and the Extra Settlement Roads in the Hongkew district as before

F/LS 793.94/4956

FILED

APR 6 - 1932



RECEIVED
 APR 4 1932

DIVISION OF
 RELATIONS AND

793.94
 893.1025
 893.94114
 893.0146
 893.22

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

REF

2- From Shanghai, Apr. 4, 7 p.m.

as before the incident of January 28th, 1932." (END GRAY)
This to be issued as a voluntary statement or declaration
by the Japanese.

Three. The Chinese said this was unacceptable to
them as it did not complete the program for withdrawal by
setting a time table. Quo suggested adding to following
effect at the end of Japanese proposal:

- (a)- "Which they expect to be completed
before (blank) or not later than (blank)" or
- (b)- "They expect to be able to complete
final withdrawal within a period of (blank)"

Four. After much discussion it was agreed that the
Japanese would refer the Chinese suggestion to Tokyo while
the Chinese would refer the Japanese proposal to Nanking
and that we would meet again.

JOHNSON

WSB

HPD

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

TELEGRAM RECEIVED

RECEIVED

APR 5 - 1932

REP

FROM

SECRETARY'S OFFICE

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

NANKING

Dated April 4, 1932

Rec'd 9:35 a. m.

RECEIVED
APR 4 1932

DIVISION OF

Secretary of State,
Washington.

Division of
FAR EASTERN AFFAIRS

APR 4 1932

Department of State

75, April 4, 2 p. m.

SECRETARY OF STATE
APR 5 - 1932
Noted
HLS

H. H. Kung who is in the innermost Government and party councils called April 4, 11 a. m. to tell me very confidentially that Chiang Kai Shek and others in the Chinese Government wished to ascertain whether the American Government would make available to the Chinese Government for use against Japan surplus stocks of war material. Kung expressed the belief of the Chinese Government that unless the present attempt of Japan to acquire control of Manchuria were foiled war between Japan and the United States in the immediate future would be inevitable. He insisted that in respect to the violation of international law and covenants and in provocation to a world war the present invasion of Manchuria and the invasion of Belgium by Germany were exactly parallel. He said that China was both willing and able to expel Japan from Manchuria but was without the necessary military equipment and would be obliged to acquire such equipment on credit. The Chinese Government therefore

F/DEW

793.94/4957

FILED

APR 6 - 1932

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

REP

2-#75, from Nanking, Apr. 4, 2p.m.

therefore was very anxious to know, he said, whether the American Government would supply equipment on credit either directly or through private American firms in order that China might wage warfare which would be equally in defense of China and of your ideals as opposed to Japanese imperialism. He regretted that the urgency of the matter did not permit him to await his return to Shanghai to place this inquiry with the American Government.

Repeat to the American Minister only.

PECK

WWC

HPD

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

1-138
 PREPARING OFFICE
 WILL INDICATE WHETHER

TELEGRAM SENT

1-138 TO BE TRANSMITTED
 CONFIDENTIAL CODE ✓
 NONCONFIDENTIAL CODE
 PLAIN

Collect
 Charge Department
 OR

Charge to
 \$

Department of State

This cable was sent in ~~Confidential Code~~
 It should be carefully paraphrased before
 being communicated to anyone.

Washington,

April 4, 1932.

AMERICAN CONSUL,

APR 5 32

NANKING (China).

35- 793.94/4957
 Your 75, April 4, 2 p.m.

One. It is the policy of this Government to refrain from disposing to foreign powers of arms, ammunition and implements of war. This of course applies to the sale by this Government of surplus stocks of war material not only to China but to other countries as well. This policy necessarily precludes favorable consideration of the inquiry made of you by Kung.

Two. You will recall the reluctance with which the administration has on certain occasions assented to the sale by the War Department to private American firms of certain equipment in small amounts necessary as accessories to make possible fulfillment of contracts with the Chinese Government for delivery of airplanes. These cases have constituted exceptions and it has been specified in connection with each that it should not be regarded as establishing a precedent.

Three. The Executive Departments of the Government

have

Enciphered by _____

Sent by operator _____ M., _____, 19____, _____

Index Bu.—No. 50.

U. S. GOVERNMENT PRINTING OFFICE: 1928 1-138

793.94/4957

0838

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

1-138
 PREPARING OFFICE
 WILL INDICATE WHETHER

TELEGRAM SENT

1-138

TO BE TRANSMITTED
 CONFIDENTIAL CODE
 NONCONFIDENTIAL CODE
 PLAIN

Collect
 Charge Department
 OR

Department of State

Charge to
 \$

Washington,

- 2 -

have no authority to sell any goods on credit, and it would
 be impossible for them to do so without first having
 legislation giving such authority.

Four. You should explain the above and you should
 state that the American Government continues to hope that
 the extremity of war between China and Japan ^{will} ~~may still~~ be
 averted and the rights of all the powers concerned and
 the confidence which the world has reposed in treaties
 be vindicated by peaceful means.

SKH

Repeat to the Minister.

Castle
 Acting

FE: SKH: CLS

RAM
 FE
 264

DISTRIBUTED

A.B.
 14.7.73.

Apr. 5, 1962. +

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

DOCUMENT FILE

NOTE

SEE 693,002 Manchuria/34 FOR Tel. # 125, 5 p.m.

TO Shanghai () DATED April 1, 1932
TO NAME 1-1127 070

REGARDING: Manchurian customs regime;- It is believed that an objection to the dismemberment of the Chinese Customs Administration and a reservation of our rights, if registered, should be registered with Japanese Government as well as with Chinese at Nanking and in Manchuria.

793.94 / 4958

4958

184
DECLASSIFIED: E.O. 11652, 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 693.002 Manchuria/32 FOR Tel. #126,5 p.m.

FROM Great Britain (Atherton) DATED April 1, 1932
TO NAME 1-1127 ...

REGARDING: Viewpoints expressed by Foreign Office answering
representations made in conformity with Department's
telegraphic instruction No. 88.

733.94/4959

495-9

184
DECLASSIFIED: E.O. 11652, 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 693.002 Manchuria/33 FOR Tel. #127, noon

FROM Great Britain (Atherton) DATED April 2, 1932
TO NAME 1-1127 o.p.o.

REGARDING: Manchurian customs regime;-
In view of British Government's opinion
expressed in telegram # 126, no action
shall be taken on Department's 105, without
further instructions.

753.94/4960

4960

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

REP

GRAY

London

Dated April 2, 1932

Rec'd 8 a. m.

Secretary of State,
Washington.

127, April 2, noon.

In view of British Government's opinion expressed in
my telegram 126, April 1, 5 p. m., I shall take no action on
Department's 105, April 1, 4 p. m. without further instruc-
tions.

ATHERTON

Re Manchuria
WSB

*note
793.94*

693.002 Manchuria/33

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

DOCUMENT FILE

NOTE

SEE 893.71/113 FOR Tel 399 Noon

FROM China (Perkins) DATED April 2, 1932
TO NAME 1-1127 ***

REGARDING:

The New Government's attempt, with the aid of the Japanese, to take over the Postal service in Manchuria.

ok

793.94 / 4961

4961

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

CIB

GRAY

Peiping via NR

Dated April 2, 1932

Recd 2:23 a.m.

Secretary of State

Washington.

399, April 2, noon.

Following from American Consul General, Harbin:

"April 1, 1 p.m.

One. A Chinese accompanied by a Japanese adviser named Tanaka (representative of the new government) this morning called with a police escort upon the local post office to commissioner Smith, handed/him a communication from the Department of Foreign Affairs at Changchun stating that on April 1st the new government was taking over the postal service in Manchuria, and demanded that Smith hand over charge of his office to the visitors. Smith replied that he must receive instructions from the directorate before taking any action, but that the visitors could look at his stamp balance. He is to confer with them again this afternoon.

Two. This action on the part of the new government will have

184

DECLASSIFIED: E.O. 11652, 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- # 399 from Peiping, April 1,
1932.

will have grave consequences and the latter should be called
to the attention of the Japanese Government whose agents have
instigated the new state officials to take this action."

For the Minister

PERKINS

CIB JS

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/91 FOR Tel. #402.2pm

FROM China (Perkins) DATED Apr. 3, 1932
TO NAME 1-1127 o r o

REGARDING: continued resistance of Chinese troops near Fangcheng.
New Kirin and Japanese troops find it difficult to de-
feat irregular Chinese forces operating at and near
Nungan.

1s

793.94/4962

4962.

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

MP

GRAY

Peiping via N.R.

Dated April 3, 1932

Rec'd 4:15 a.m.

Secretary of State,

Washington.

402, April 3, 2 p.m.

Following from American Consul General at

Harbin:

"April 2, 11 a.m.

One. Postal Commissioner informed me that post office is carrying on as usual and would do so until instructions received from Nanking, that negotiations regarding post office were being conducted at Mukden and that all the representative of the new government did here was to audit the accounts of the post office.

Two. Customs Commissioner informed me that the Bank of China is still holding customs revenue subject to orders of new government, that he is expecting a demand that customs be handed over and that his instructions are only to yield in case of force majeure.

Three.

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

MP

2-#402 From Peiping April 3, 1932

Three. New Kirin, supported by Japanese troops still engaged in battles with Ting Chao's and Lius' troops, who are offering stubborn resistance near Fangoheng. New Kirin troops apparently useless unless aided by Japanese forces. I believe situation here will become worse as summer advances.

Four. New Kirin and Japanese troops find it difficult to defeat irregular Chinese forces operating at and near Nungan. These latter forces recently captured four motor trucks laden with several hundred thousand rounds of rifle ammunition and several thousand mortar shells intended for new Kirin."

For the Minister.

PERKINS

KLP

1849

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

DOCUMENT FILE

NOTE

SEE 852.00 P. R./233 FOR Dispatch #553
FROM Spain (Laughlin) DATED March 21, 1933
TO NAME 1-1127

REGARDING: Spain and Sino-Japanese conflict.

Spain and the Sino-Japanese Conflict.

Returning from Geneva on Saturday, Señor Zulueta, in a press interview on the same day made special reference to the participation of Spain in the Extraordinary Conference of the League of Nations for the discussion of the Sino-Japanese conflict.

He stated that Spain's friendship for both nations was well known and that the only effort of the Spanish Government was made in connection with the maintenance of the principles of the Pact of the League of Nations and the strengthening of the authority of the League itself, together with a desire to put an end to the destruction of human life involved in the war in the East.

793.94/4963

4963

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

mam

GRAY

FE

TELEGRAM RECEIVED

NANKING

Dated April 4, 1932

793.94
notes
893.102
793.94119
793.94-Commission

Secretary of State
Washington

FROM
DEPARTMENT OF STATE
RECEIVED
APR 5 1932
DIVISION OF

Rec'd 7:12 p.m.

Division of
FAR EASTERN AFFAIRS
APR 5 - 1932
Department of State
COPIES SENT TO
O.N.I. AND M.I.D.

F/LS

793.94/4964

76. April 4, 3 p.m.

Chinese military officers in Nanking in conversation have unofficially warned the Consulate General that hostilities may break out again after April 7 the day on which the League Commission passes through Nanking for Peiping. I am reliably informed that General Li Chai Sum, Military Affairs Committee, told Chinese newspaper correspondents today that unless the Japanese withdraw their troops from the occupied areas within two weeks China will have no recourse but to fight to the finish. A responsible Chinese civilian official explained to me that the Government has reason to think that the Japanese intend to resume hostilities after the League Commission has proceeded northward. He asserted ardently that the Government will adhere to its announced policy of resisting attack and of refraining from taking the initiative in fighting. Repeated to the American Legation and the American Consulate General at Hankow. Mailed in plain to the American Minister at Shanghai.
FW OX PECK

DECLASSIFIED: E.O. 11652, 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
WE

TELEGRAM RECEIVED

REP

This telegram must be
closely paraphrased be- FROM
fore being communicated
to anyone.

LONDON

Dated April 4, 1932

793.94

Secretary of State,

Washington,

RUSH.

133, April 4, 3 p. m.

STRICTLY CONFIDENTIAL FOR THE SECRETARY.

I venture for a more complete explanation
ing background to my conversation with the Prime Minister
reported ^{hereinafter} ~~that~~, of which I had prepared a memorandum for
delivery to you.

After the Prime Minister dictated the reply contained
in my 129, April 2, 4 p. m. he expressed his very deep
satisfaction that with your European visit he was to
renew the personal consultations with you interrupted by
his recent illness. I reminded him I had not seen him
since I visited him in the hospital and was happy to see
him looking so well. He replied that the delay had,
however, upset his nervous system and he could not use
his eyes so much nor rely on his memory to the same
extent as formerly. I told him I hoped he was saving
himself for the big tasks of his office and letting every-
thing else go, and he replied that he had trusted me with
very

DEPARTMENT OF STATE
APR 8 1932
DIVISION OF
WESTERN EUROPEAN AFFAIRS

Rec'd 2:10 p. m.
Division of
FAR EASTERN AFFAIRS
APR 5 1932
Department of State

DEPARTMENT OF STATE
APR 8 1932
DIVISION OF
WESTERN EUROPEAN AFFAIRS

F/LS 793.94/4965

APR 11 1932

Confidential File

185

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

REP

2-#133, from London, Apr. 4, 3 p.m.

very frank discussions of problems in the past and then continued for my personal confidence in some three quarters of an hour's conversation.

One. He explained a possible rift in the British Cabinet lute over the forthcoming budget appropriations, with the attendant possible desertion of one or two non-conservative Cabinet members.

Two. He referred to Tardieu's visit, as reported in my 128, April 2, 1 p. m., and amplified in my 131, April 2, 6 p. m.

Three. He reported the information contained in ^{792.94/495-6-} my 130, April 2, 5 p. m., to which subject I returned, after his digressions as to conditions, suitability, et cetera, as often as the conversation permitted.

In substance the Prime Minister said that it was foreseen some time ago by critics of the League that members might well be actually in a state of war, without a formal declaration of war, in order to escape the penalties placed upon war by the Covenant. This was in fact what had happened in the present instance, although the Chinese had almost "put the fat in the fire". During the last Far East discussions in Geneva the Chinese had drawn up a resolution which a League representative agreed formally to present. This resolution declared that

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

REP

3-#133, from London, Apr. 4, 3p.m.

that Japan by her actions was in fact in a state of war
with members of the League.

(END SECTION ONE)

ATHERTON

KLP

HPD

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

MP

TELEGRAM RECEIVED

This telegram must be
 closely paraphrased be-
 fore being communicated
 to anyone

London

FROM

Dated April 4, 1932

Rec'd 2:55 p.m.

Secretary of State,
 Washington.

133, April 4, 3 p.m. (SECTION TWO)

This League representative showed this resolution to
 Sir John Simon who said that he would have nothing to
 do with it and that if it were presented he would
 deny all knowledge of it. Eventually the resolution
 just escaped presentation, but the Prime Minister said
 this showed how near Japan had been to open conflict
 with members of the League. The Prime Minister con-
 tinued in substance that one must realize that Japan
 on her part had probably considered that a situation
 might develop out of the Manchurian crisis where the
 League might invoke Article 16, or that she possibly
 had foreseen a situation where the League might
 direct the use of force against Japan by members of
 the League. The Prime Minister continued that the
 British Government had reason to believe that Japan
 had

785

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

man

2- #133, from London, section two,
April 4, 1932

had studied such possible emergencies. At any rate he was certain that Japan had studied the advantages accruing to her in pursuing her Chinese policy should she at any time occupy by force all of China's treaty ports.

The Prime Minister said that a Japanese Consul in Malaya had asked a British official stationed there "what would be the attitude of the British Government if Japan did extend the use of force in China". I asked the Prime Minister why he attached importance to this possibly casual question of a Japanese Consul and he said that he felt that it was an indication that Japan was systematically seeking information in view of possible contingencies. England had interests not only in Hong Kong and the Malay Peninsula but all through the East. The Prime Minister added "if the Japanese did occupy Hong Kong what could we do? We could put no fleet in the Far East comparable to the strength of Japan. We have lost bases and we have stopped work dramatically. So much for naval disarmament".

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

man

3- #133, from London, section two,
April 4, 1932

he unconsciously included both) was such that England must consider a review of her position under her past naval program. The Prime Minister continued "my whole foreign policy, as you so well know, is based on cooperation with the United States.

(END SECTION TWO)

ATHERTON

KLP HPD

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

man

TELEGRAM RECEIVED

This telegram must be _____
 closely paraphrased be-
 fore being communicated
 to anyone.

LONDON

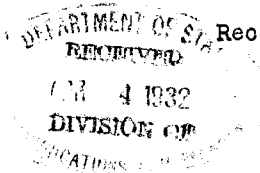
FROM

Dated April 4, 1932

Rec'd 3:22 p.m.

Secretary of State

Washington



133, April 4, 3 p.m. (SECTION THREE)

I have informed Simon to keep in close touch with you while he is in London, and to do nothing while he is in Geneva without consulting Norman Davis and Wilson. Simon tells me that he has followed that instruction although at times he and Davis could not agree. But England, continued the Prime Minister, is a member of the League and must maintain her obligations for each. Fortunately I have succeeded in (*) that the members of the League and the United States are now all leaning on the same fence, and I think the fence is strong enough to support us all.

But, asked the Prime Minister, what is the position in the United States? How far are you ready to take action beyond ^{you,} what/ with the League, have already taken? We all have problems on our hands just now probably severe enough that we would like to avoid attitudes that might lead to actual

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

man

2- #133, from London, section three,
April 4, 1932

actual hostilities in the Far East. The League cannot invoke Article 16 without causing conflict. I said I had no knowledge, personal or official, of my Government's conception of policy in the Far East beyond the expressions already made. The Prime Minister then asked me what I personally thought. I answered that if we considered our present position vis a vis Japan, as made by recent declarations as the status quo, then there were obviously a right and a left. On the liberal left lay the hope that first, natural world economic forces; second, Japan's desire as a proud race to stand well in the eyes of the world; and, third, the large liberal element in Japan itself (which by force of circumstances was understood to be expressionless) might be able to bring Japan back into the vindication of world sanity; on the right lay a policy of coercion made necessary by circumstances. Before adopting this we must be certain that it would accomplish its end and not merely result in intensified Japanese nationalism, liberal element and bringing entirely suppressing the Japanese/economic ruin. The Prime Minister asked me if I had ever been stationed in Japan and

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

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3- #133, from London, section three,
April 4, 1932

and when I said yes he said that my remarks interested him
because they were identical with the observations as pre-
sented from Ambassador Lindley.

(END MESSAGE)

ATHERTON

HPD

(*) 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

REP

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closely paraphrased be-
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to anyone.

LONDON

Dated April 4, 1932

Rec'd 2:10 p. m.

Secretary of State,
Washington.

RUSH.

133, April 4, 3 p. m.

STRICTLY CONFIDENTIAL FOR THE SECRETARY.

I venture for a more complete explanation the follow-
ing background to my conversation with the Prime Minister
reported (?), of which I had prepared a memorandum for
delivery to you.

After the Prime Minister dictated the reply contained
in my 129, April 2, 4 p. m. he expressed his very deep
satisfaction that with your European visit he was to
renew the personal consultations with you interrupted by
his recent illness. I reminded him I had not seen him
since I visited him in the hospital and was happy to see
him looking so well. He replied that the delay had,
however, upset his nervous system and he could not use
his eyes so much nor rely on his memory to the same
extent as formerly. I told him I hoped he was saving
himself for the big tasks of his office and letting every-
thing else go, and he replied that he had trusted me with
very

CONFIDENTIAL FILE

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WE
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793.94/4965

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

REP

2-#133, from London, Apr. 4, 3 p.m.

very frank discussions of problems in the past and then continued for my personal confidence in some three quarters of an hour's conversation.

One. He explained a possible rift in the British Cabinet lute over the forthcoming budget appropriations, with the attendant possible desertion of one or two non-conservative Cabinet members.

Two. He referred to Tardieu's visit, as reported in my 128, April 2, 1 p. m., and amplified in my 131, April 2, 6 p. m.

Three. He reported the information contained in my 130, April 2, 5 p. m., to which subject I returned, after his digressions as to conditions, suitability, et cetera, as often as the conversation permitted. In substance the Prime Minister said that it was foreseen some time ago by critics of the League that members might well be actually in a state of war, without a formal declaration of war, in order to escape the penalties placed upon war by the Covenant. This was in fact what had happened in the present instance, although the Chinese had almost "put the fat in the fire". During the last Far East discussions in Geneva the Chinese had drawn up a resolution which a League representative agreed formally to present. This resolution declared that

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

REP

3-133, from London, Apr. 4, 3p.m.

that Japan by her actions was in fact in a state of war
with members of the League.

(END SECTION ONE)

ATHERTON

KLP

HPD

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

MP

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London

Dated April 4, 1932

Rec'd 2:55 p.m.

Secretary of State,
 Washington.

133, April 4, 3 p.m. (SECTION TWO)

This League representative showed this resolution to Sir John Simon who said that he would have nothing to do with it and that if it were presented he would deny all knowledge of it. Eventually the resolution just escaped presentation, but the Prime Minister said this showed how near Japan had been to open conflict with members of the League. The Prime Minister continued in substance that one must realize that Japan on her part had probably considered that a situation might develop out of the Manchurian crisis where the League might invoke Article 16, or that she possibly had foreseen a situation where the League might direct the use of force against Japan by members of the League. The Prime Minister continued that the British Government had reason to believe that Japan

had

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 April 4, 1932

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(END SECTION TWO)

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

mam

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LONDON

Dated April 4, 1932

Rec'd 3:23 p.m.

Secretary of State

Washington

133, April 4, 3 p.m. (SECTION THREE)

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

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(END MESSAGE)

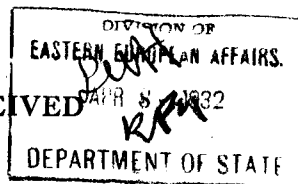
ATHERTON

HPD

(*) apparent omission

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

TELEGRAM RECEIVED



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FROM

GRAY



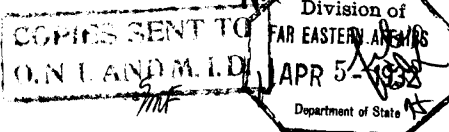
Peiping via NR

Dated April 5, 1932

Recd 12:50 a.m.

Secretary of State

Washington.



405, April 5, 11 a.m.

Following from American Consul General at Harbin:

"April 4, 5 p.m. Reliable reports received from

Hailar state that mobilization has been declared in the Trans Baikal district, Siberia, to include persons up to forty years of age."

For the Minister,

PERKINS

JS CIB

F/LS 793.94/4966

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

REP

TELEGRAM RECEIVED

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A portion of this _____
telegram must be closely
paraphrased before being
communicated to anyone. FROM

SHANGHAI

Dated April 5, 1932

Rec'd 9:40 a. m.

Secretary of State,
Washington.

April 5, 10 p. m.

CONFIDENTIAL FOR THE SECRETARY.

My April 4, 7 p. m.

One. My British colleague and I agree that perhaps
the time may have come when it would help us here if our
Governments could speak to the Japanese Ambassadors at
London and Washington. My British colleague has wired
suggesting this.

(GRAY) Two. It has been our understanding from the
beginning that the conference between Japanese and
Chinese negotiators in our presence has been for the
purpose of bringing about cessation of hostilities here
in Shanghai and the regulation of the withdrawal of
Japanese forces. Chinese forces retired on March third
and except that they were pursued by the Japanese there
has been cessation of hostilities as of that day. (END GRAY)
In the present negotiations the Japanese have from the
beginning dealt with matter as a purely military question
and have made negotiations difficult; (first) because
they insisted on a wide interpretation of word "hostilities";
(second)

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793.94/4967



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

REP

2- from Shanghai, Apr. 5, 10 p.m.

(second) by demanding under the article of draft B calling for designation of Chinese positions that Chinese designate positions of their forces south of Soochow Creek and on other side of Whangpoo; (third) by refusing to give any suggestion as to the time within which the Japanese troops would be withdrawn.

Three. As to the first question, implication of Japanese demands has been that they desired to include in definition of word "hostilities" all anti-Japanese activities. As to point two, Japanese have argued that unless Chinese designate positions of their troops south of Soochow Creek and on other side of Whangpoo Japanese forces cannot be reduced as they will otherwise feel that their rear is exposed to attack from Pootung. In regard to point three the Japanese have all along insisted that they cannot consent to any time table for the reduction of Japanese forces.
(END SECTION ONE).

JOHNSON

WSB

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

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REP

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fore being communicated
to anyone.

SHANGHAI

Dated April 5, 1932

Rec'd 6th 3:55 a. m.

Secretary of State,
Washington.

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APR 6 1932

DIVISION OF
RELATIONS WITH
ASIA



April 5, 10 p. m. (SECTION TWO)

Four. We have had eleven meetings and some thirty-four hours of talk. As a result of this talk we have finally gotten the Japanese to accept Article one of draft B with the words "and every form of" inserted between the words "all" and "hostile act" but the two sides are still far apart in regard to point two relative to Chinese positions south of Soochow Creek and on the other side of the Whangpoo. Sir Miles and I feel that it can serve no useful purpose for the Japanese to insist upon this point. Chinese positions south of Soochow Creek are opposite the French and British sectors of the Shanghai defense perimeter neither the British nor the French are interested in these positions as there has been no threat by the Chinese from that direction nor has there been any attack upon the Settlement nor upon the Japanese forces farther south of Whangpoo; and we are loath to support the Japanese in requesting Chinese to place

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

REP

2-from Shanghai, April 5, 10p.m.
(Section Two).

to place their forces in that direction in the same category with those with which the Japanese forces have been in contact. The Japanese argue that unless they can include these areas among those mentioned in Article two of draft B they will feel unable to withdraw their troops from their present positions or to reduce their number lest they become exposed in their rear. This seems to us an absurd claim unless it covers an intention on the part of the Japanese to obtain through this agreement the demilitarization of this area around Shanghai. The Chinese suspect the latter and we feel that there is reason for their suspicion and we do not wish to be involved in urging Chinese to ^{yield} (*) on this point.

Begin May 21 Five. The Japanese state with regard to the third point that the time within which their troops can be withdrawn from this area is directly related to and contingent upon Chinese willingness to designate the positions of their forces south of Soochow Creek and on the other side of Whangpoo. This attitude on the part of the Japanese tends to confirm our suspicion that Japanese intend to use us for the purpose of obtaining demilitarized area around Shanghai or intend to hold their forces in Shanghai until Chinese are prepared to concede this point.

Six.

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

REP

3- from Shanghai, Apr. 5, 10p.m.
(Section Two)

Six. From the above it will appear that I am of the opinion that the Japanese are proving recalcitrant in the present negotiations; that they are not above attempting to use them for the purpose of attaining ends favorable to Japan.

~~HIGHLY CONFIDENTIAL~~ ^{SEVEN} I therefore wonder whether it would not be possible for you to call in the Japanese Ambassador and endeavor to persuade his Government to be more conciliatory here at Shanghai. I make this suggestion with a considerable amount of diffidence for it has been amply evident all through these strange negotiations that Shigemitsu counts for very little here although he is the representative of the Japanese Government. He defers always to the military delegates who treat all questions from a purely strategical and military angle. I feel fairly sure that the same situation prevails in Japan itself.

Eight. However, I am making the above suggestion for my British colleague and I are at our wits end. Negotiations threaten to go on indefinitely with no progress unless we can persuade the Japanese to limit their demands within the spirit of the League resolution of March 4th.

(END MESSAGE)

JOHNSON

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

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APR 5 - 1932
DIVISION OF
COMMUNICATIONS AND RECORDS
CONFIDENTIAL
DEPARTMENT OF STATE
THE SECRETARY

Division of
FAR EASTERN AFFAIRS
APR 6 - 1932
Department of State

April 4, 1932.

MEMORANDUM OF CONVERSATION BETWEEN SECRETARY STIMSON AND
THE JAPANESE AMBASSADOR, MR. KATSUJI DEBUCHI.

Manchuria and the League of Nations.

The Japanese Ambassador came to say that last Thursday he had received a communication from his Government which was very important but not so urgent as to require immediate delivery; that he therefore waited until I recovered and brought it to me today. The communication was to the effect that if the Assembly of the League of Nations, which he understands is going to meet before May first, should insist upon going into the question of Manchuria further than is already provided by the Council resolutions of September thirtieth and December tenth, Japan will be compelled to withdraw her delegates from the Assembly meeting. He explained that this did not mean that Japan was going to withdraw from the League of Nations; that he recognized that that required two years, but that the present nineteen power commission which had been appointed by the Assembly contained some very radical members. He mentioned Madariaga of Spain and I think Motta of Switzerland, although I was not quite clear of the last, and Japan feared that under these influences steps would be taken to

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

DEPARTMENT OF STATE

THE SECRETARY

- 2 -

to press action in Manchuria which would conflict with Japan's policy. He said that this notice had already been given by Japan to Great Britain, France, Italy, Germany, Czechoslovakia, Greece and Belgium.

He then went on to point out points in Japan's favor: first, that she had been very loyally cooperating with the League in respect to Chinese affairs and in particular had been lending technical assistants to China. He then brought up Japan's peculiar position in regard to Manchuria and her interests in Manchuria and said that this prevented her from permitting outside intrusion into those questions; particularly that Japan could not permit the application of Article XV of the League Covenant to questions in Manchuria.

Then followed a little discussion between us as to what he meant by the Japanese position. I said that I recognized that Japan had always claimed certain important economic interests in Manchuria under certain treaties with China. He corrected me by adding economic and political interests in Manchuria. I denied the latter and asked whether he meant the Japanese claimed to exercise political control over Manchuria. I read him Baron Shidehara's

statement

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

DEPARTMENT OF STATE

THE SECRETARY

- 3 -

statement in his reply to our note of November fifth and called his attention to the demand which was being made by the agents of the new Manchurian state for moneys from the customs and post office, accompanied by Japanese officers, and asked the Ambassador if that could be reconciled with the promise of Baron Shidehara in the third paragraph of page thirty-seven of that note. He admitted it could not. I asked him if Japan's desire not to discuss matters in Manchuria was going to prevent her from fulfilling her obligations under Article VII of the Nine Power Treaty in which she promised to communicate frankly on those subjects, and he said that it would not prevent that, but he was able to give no justification for the difference between that and the attitude of Japan toward Article XV of the Covenant of the League. He finally was reduced to an admission that promises had been broken but said that chauvinist conditions were so acute in Japan that the Government could not take any other position. I pointed out to him the seriousness of the situation when treaty promises began to be broken; I reminded him that the Nine Power Treaty was one of a group of treaties mutually interdependent. He admitted that that was so, saying that he remembered that perfectly well because he was a delegate

here

See sec. 11652

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

DEPARTMENT OF STATE

THE SECRETARY

- 4 -

here in Washington at the time. I asked him what was left on which we could rest for the stability of the world when treaty obligations began to be broken; I reminded him of the many times I had spoken of Japan as a stabilizing influence in the world and asked him if he thought I could do so now. He said he remembered very well the encouraging words I had spoken at the time of the Emperor's birthday, but he could only ask me to be patient with his people and try to think of some constructive view of the situation that they were in in Manchuria; that criticism only further inflamed the situation and played into the hands of the chauvinistic elements.

My purpose was to take a pretty stiff position with him so that he could not report to his government that I had shown any signs of yielding to the step that they were taking or the arguments they were putting up, and I think my object was fully complied with.

HLS.

S HLS:BMS

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

DOCUMENT FILE

NOTE

SEE 611.9412/16 FOR Memorandum
FROM Legal Adviser (Ward) DATED March 9, 1932
TO NAME 1-1127 ***

REGARDING: Comments on letter from P.C. Gibbons, concerning
economic boycott of Japan.

753.94/4969

DECLASSIFIED: E.O. 11652, 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 500. A15 A4/967 FOR Press release

FROM DESCRIPTIVE ENTRY () DATED Mar. 28, 1932.
TO NAME 1-1127 ...

REGARDING:

Comments to the press correspondents by Mr. Davis regarding
the effect of the Sino-Japanese situation on the Disarmament Conference.

793.94 / 4970

MN

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

(NOT FOR THE PRESS)
 (FOR DEPARTMENTAL USE ONLY)

Department of State
 Division of Current Information.

MEMORANDUM OF THE PRESS CONFERENCE, MONDAY, MARCH 28, 1932.

At the press conference this morning Under Secretary Castle said he had no announcement to make except to say that the Secretary had not yet recovered from his recent attack of influenza and was not yet able, therefore, to come down to the Department. Mr. Castle did say, however, that he had just had a two minute talk with Mr. Norman Davis, one of the members of the American delegation to the General Disarmament Conference at Geneva, and that Mr. Davis had agreed, if the correspondents so desired, to talk with the correspondents FOR BACKGROUND ONLY AND NOT FOR ATTRIBUTION. (The conference then adjourned and met in Secretary Stimson's private office to hear Mr. Norman Davis.)

Mr. Davis said that he did not feel like saying anything for publication. With reference to the General Disarmament Conference at Geneva, Mr. Davis said that the conference had been in the preliminary stages, but that the preliminary stages were very important. One of the very impressive facts regarding the conference is that practically every speech made at the opening sessions by the heads of the delegations of the various countries showed considerable thought. Mr. Davis said that there was more real quality in those speeches than he had ever heard before at any international conference. They were not speeches designed purely for home consumption, but showed, on the other hand, a real effort to make some contribution toward the settlement of the enormous problem

before

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

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before the conference. Naturally, every country approaches the problem from its own point of view. Every nation is perfectly willing to discard any weapons of war which it does not need and it wants all other nations to do the same thing and vice versa. After all of the delegations had made their proposals, the proposals were tabulated and it was soon found that there were many important points in common which were steps toward a real agreement. One particularly important point is that there appears to be a general willingness and desire at least to put a limitation upon the expansion of the military establishments in the different countries. If the conference could just finally agree on a line beyond which armaments should not go and should sign a universal treaty to that effect, it would represent very important progress. It would not be all that we want by any means, but it would certainly be worth the conference. The conference hopes to be able to do that because those nations from which the most objection was expected have been the ones that seemed to be willing to consider something along that line. After the various proposals were tabulated they then divided the conference into different commissions which began to deal with the technical problems. These commissions can not go very far, however, until some general principles have been settled. At the last meeting of the conference, therefore, Mr. Gibson proposed that when the conference reconvenes on April 11, the general commission, or bureau, whose duty it is to agree on questions of principle, should get down to work at once and agree upon as many principles as possible, so as to get the technical commissions at work with

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with all the foundations which can possibly be given them on which to build their various structures.

Anotner thing which has impressed the American delegation is that there has been a really sincere effort to avoid taking any position which would bring about an impasse. Mr. Davis here said that some of the newspaper correspondents at Geneva came to him on the afternoon on which he left the conference and observed that the conference did not appear to come to grips with the big problems. Mr. Davis here said that he thought that was a good sign, because if any nation or nations were willing for the conference to fail, they would want to come to grips over problems which would break the conference up. The mere reluctance to do that and the effort on the other hand to avoid anything of that kind is very promising. The American delegation, of course, does not for one moment discount all of the many obstacles that have to be overcome, because, in order to reach an agreement on some of the questions of actual reduction or limitation or elimination of certain weapons of war, some of the matters of political appeasements, which go hand in hand with the disarmament problems, must be solved. For example, at the Washington Arms Conference there developed a chain of agreements of a political nature as well as those which concerned armaments solely. Mr. Davis said that one of the most hopeful signs to him was the real, genuine, effort being made to bring about the confederation of the Danubian countries. Before the World War, the Balkan States were the foot-ball of European politics and the Danubian countries are now in that fix with not only outside nations interfering --

each

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each one trying to tie one of the countries to its kite's tail -- but the Danubian countries got to choking each other and strangled free trade and commerce until it has practically dried up. At the same time, those same countries have a great problem in maintaining their currencies. England and France have got together in a tentative agreement actually to contribute what they can to bring about a real settlement of that problem and to pull the teeth of the large countries out of the Danubian States and to let those States have a chance to survive. If they succeed in these efforts, the four countries that must assist on the outside are England, Germany, France and Italy. The success of these efforts will remove the political tension in Europe and that will be a tremendous contribution toward the settlement of the disarmament problems. Once the Danubian problem is settled, that settlement will help to overcome some of the differences between France and Italy. It will be easier for them to get together, and then they may probably be brought into the framework of the London Naval Treaty of 1930; and once that is accomplished there will be another basis on which to make further progress in other directions.

The German elections and the fact that it appears that Von Hindenburg will be elected on April 10 have helped to create a psychological atmosphere that improves the situation somewhat. So, altogether, they are working in different directions to remove some of the political tension and thereby facilitate agreements about armaments. While there are large obstacles in the way, the necessity for overcoming those obstacles seems to be looming larger as the

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the conference comes to grips with the problems; because, with the distress that exists in all the countries of the world today, the nations are very reluctant to disband without doing something about these problems. We have now reached the point where they estimate that the nations are paying out in doles just about as much as they are paying out for maintaining the largest military establishments in all history, and they are tied together. If they wish to reduce unemployment, they had better make a reduction in the burden and menace of armaments, because world trade is dependent upon credit and credit is dependent upon confidence, and you can not restore confidence without making some headway in the other direction.

A correspondent asked how much influence the Sino-Japanese controversy had on the General Disarmament Conference. Mr. Davis replied that the Far Eastern dispute had worked in two directions. It had a harmful effect in one way and a beneficial effect in another. It was quickly recognized -- not so very quickly, as it took a little while to do that -- that it had a very close bearing on the question of disarmament. The conflict was so far away and the European countries have been so harassed and concerned about the problems right next to them that they did not quite envisage how very closely related the Sino-Japanese controversy was to the sanctity of the Nine Power Treaty, the Kellogg-Briand pact and even the Treaty of Versailles. As soon as that fact began to dawn on them, however, and as soon as they saw how much closer home it was than they had thought, they began to change their attitude. They said, of course, "How can we do anything about reducing
armaments

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armaments when we have this situation in the Far East?" They then realized that, after all, the Far Eastern situation merely accentuated the fact that unless something is done about armaments and the other problems connected therewith, the world will go from bad to worse. They also realized that something just had to be done about it, because Japan is demonstrating, just as the World War demonstrated, that war can not any longer be made to pay. Japan is demonstrating that she can not digest what she has bitten off in the Far East, because you can not force people to trade with you at the mouth of a cannon. Completely aside from ideals and from a purely cold-blooded standpoint, the delegations at Geneva say that they are finding out that this is not the way to settle a question, because the financial credit or economic structure of the world has become so delicately adjusted that it can not stand shocks of that nature without disrupting the whole machinery.

A correspondent asked if Mr. Davis had noticed a tangible influence in favor of holding the conference in session for the purpose of keeping together the men who would be delegates to the Assembly of the League of Nations if the Assembly should again be convened. Mr. Davis replied that there had been some talk in that direction. Of course, for about a week the disarmament conference was practically converted into the Assembly, that is, so far as concerned the members of the League. It was very good for them to have there at the time other nations which were not members of the League, because it made them see, after all, that there are certain questions that are of common concern.

A correspondent asked if Mr. Davis would explain more clearly the Danubian situation, that is, what is hoped to

be

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be built up that will solve their problem of mutual tariff hostilities. Mr. Davis replied that what they want -- their ultimate goal -- is a customs union. This, however, will take a little time, because, after the formation of those countries which were formerly parts of the Austro-Hungarian Empire, they changed from a natural economic union and each of the parts tried to build up its own self sufficiency. It will take some time to work out of the situation they created by doing this, but the hope of the first step is to get them into agreements whereby they will facilitate the exchange of products between themselves. About forty-five per cent. of their trade is with one another. Asked what countries might comprise this Danubian Confederation, Mr. Davis said they were Czechoslovakia, Austria, Hungary, Rumania and Yugoslavia. Asked then, if Bulgaria should make the sixth of this group, Mr. Davis replied in the negative and added that there are political aspects to the situation as well as those of an economic nature. Furthermore, Bulgaria does not have much trade with the five countries above named. Another natural economic union would be Bulgaria, Greece and Turkey; but strange as it may seem, Bulgaria and Greece have not even a commercial treaty between them. So it was recommended that they at least get together; and, after doing that, they will receive some financial assistance. This matter came up first in the Financial Committee of the League of Nations, of which Mr. Davis is a member. Mr. Davis said that the members of that Committee do not represent governments, but act as individuals somewhat like doctors who call to diagnose a case. Mr. Davis here reiterated that he could not speak in the Committee for the United States, but that his own
opinion

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opinion was that it was very desirable if done in the right way, because it would not only give great stimulus to economic recovery in Europe, which would be reflected in other parts of the world, but it would give those five countries their trade free and also improve political conditions by helping to give more confidence. Mr. Davis said he would favor a recommendation by the Committee of a Danubian economic confederation, provided it were taken frankly as a step leading to a customs union, and that the tariff wall around those five countries should be the same height for all the other countries in the world. The real trouble was that Germany, France and Italy would like a hole in the wall, but now France has come around to where she is willing not to have any preference. Furthermore, the German member of the Committee, who had just returned from Berlin the day Mr. Davis came through Paris on his way home, said that the German Government was ready to go along with the plan. That has not yet been published, but the German delegate was satisfied that Germany would agree. The Committee has a little more trouble with Italy, but Mr. Davis said he was of the opinion that, with British influence, Italy would join in the movement. Then, after the big powers agree to let the confederation be formed, the bigger job is to persuade the five nations to get together. As an incentive to avoid future bankruptcy there, it is recommended that England, France, Germany and Italy -- really England and France -- should guarantee a credit for the Danubian countries, not for the expenditure of money, but merely to strengthen their banks of issue so as to maintain the exchange until they get straightened out.

Asked

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Asked if the five countries would have virtual free trade with each other, Mr. Davis replied that they would have preferential agreements among each other leading ultimately to substantial free trade. A correspondent asked how much credit would be needed for this purpose. He was informed that they were talking about the sum of fifty million dollars for the whole group.

A correspondent asked if the old war wounds between Bulgaria and Greece -- Dobruja -- were keeping them from getting together. Mr. Davis replied in the affirmative.

A correspondent observed that the Greek situation appeared to be desperate. Mr. Davis admitted that it was very bad.

A correspondent observed that if the Danubian Confederation is put through, the Austro-German customs union, which was talked about some time back, would be pretty well salted down and asked if that would clear up the political situation in Europe by blocking that project out. Mr. Davis replied in the affirmative.

Asked where Poland comes into the picture, Mr. Davis said that Poland appeared to be off on a limb, and that they will have to try to work out something for Poland, although Poland's trade is not with those five countries. What they ought to do ultimately is to get Poland, East Prussia and Germany proper more together. As a matter of fact, East Prussia has suffered more from being cut off from Poland than from being cut off from Germany, because Poland is really the hinterland to which East Prussia's trade goes.

A correspondent asked if American bankers would have an opportunity to take part in the fifty million dollar

credit

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credit if it should be decided upon. Mr. Davis replied that they would have an opportunity, but he did not know how eager they would be to grasp it.

A correspondent asked if any decision had been reached on whether the limitations established by the Washington and London treaties should be left alone until 1936. Mr. Davis replied that the conference had not yet reached that point and that there is so much to be done before questions of that sort can be reached.

A correspondent asked if there was any evidence in the discussions at Geneva of the effects of the meetings which the Greeks, Turks and Bulgarians have had. Mr. Davis replied that they had met, but that it takes somebody from the outside to help get them together. The correspondents then said that there were no outsiders at Istanbul and Athens. Mr. Davis agreed, but pointed out that the outsiders encouraged those meetings.

Mr. Davis said that he wanted to point out that the American delegates at Geneva were working together most harmoniously as one team, and that he was quite satisfied with their work. A correspondent here asked if Mr. Davis had read the rather optimistic speech made in Paris last night at the American Church by Miss Woolley. Mr. Davis replied that it was best not to predict too much, because one never knows what may happen tomorrow to upset everything.

Asked if he expected to see Secretary Stimson before he comes down to the Department, Mr. Davis said it would all depend on how the Secretary feels.

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A correspondent asked if Mr. Davis expected to be back in Geneva in time for the reopening of the conference. The reply was in the affirmative.

M. J. McDERMOTT.

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DOCUMENT FILE

NOTE

SEE 693.002 Manchuria/36 FOR Tel. #136, 11 a.m.

FROM Geneva (Gilbert) DATED April 5, 1932
TO NAME 1-1127 ...

REGARDING: Letter circulated by Secretary General.
He states that it is entirely untrue that Japanese
authorities have taken measures to seize customs
revenue in Manchuria.

793.94/4971

4971

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

REP

GRAY

Geneva

Dated April 5, 1932

Rec'd 9:05 a. m.

Secretary of State,
 Washington.

136, April 5, 11 a. m.

Consulate's 130, March 24, 10 a. m.

The Secretary General has circulated the following
 letter dated April 2 from Sato:

79924
 "With reference to the communication from the Chinese
 Delegation dated March 22nd I have the honor to inform
 you that it is entirely untrue that the Japanese author-
 ities have taken measures to seize the customs revenue
 in Manchuria or taken steps with a view to this revenue
 being transferred to the Government of the state of
 Manchuria.

It is also untrue that the Japanese authorities are
 insisting on appointments to the customs staff and all
 tariff changes being submitted for the decision of that
 Government.

All these questions are within the competence of the
 Government of Manchuria and not of the Japanese author-
 ities, the Japanese Government being in the position of
 a third

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REF

2-#136, from Geneva, Apr. 5, 11a.m.

a third party with regard to the maritime customs of Manchuria. The news of a proposed customs union between Japan and Manchuria is also inaccurate.

493 51
The Japanese Government is not aware of the intentions of the Government of Manchuria with regard to the payment of the service of foreign loans and other subjects mentioned in the Chinese communication. It does, however, note the assurances given by the Minister for Foreign Affairs of that Government in his telegram of March 12th last addressed to the Ministry for Foreign Affairs of Japan and other powers, to the effect that the Government of Manchuria has decided to respect international undertakings and, in particular, the maintenance of the open door."

GILBERT

RR

WSB

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DOCUMENT FILE

NOTE

SEE 893.01-Manchuria/94 FOR Tel. #408, 4pm

FROM China (Perkins) DATED Apr. 5, 1932
~~XXXX~~ NAME 1-1127 o.p.o.

REGARDING: Shanghai situation. Unless the Chinese attack there is no
fear of hostilities being resumed in the Shanghai area.

dew

793.94/4972

4972

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REP

PLAIN

Feiping via N. R.

Dated April 5, 1932

Rec'd 6:30 a. m.

Secretary of State,
Washington.

408, April 5, 4 p. m.
(Reuter?)

Following from Center, Tokyo, April fourth:

"According to a Japanese consular report from Changchun the Manchurian Government is contemplating communication with Nanking, refusing admission of Dr. Wellington Koo into Manchuria with the League of Nations Commission, owing to the Nanking Government's frequent 'insulting' reference to the new regime, moreover it is feared in Changchun that the presence of a Nanking official might serve to stir up trouble either by malcontents against the Nanking Government or by others against Dr. Koo himself.

Unless the Chinese attack there is no fear of hostilities being resumed in the Shanghai area, declared a Japanese Foreign Office spokesman today commenting on reports foreshadowing a fresh outburst. At the same time he stated that both the Foreign Office and the War Office were receiving numbers of letters from all parts of Japan

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REP

2-#408, from Peiping, Apr. 5, 4p.m.

Japan demanding that no further concession shall be made to China and asserting that Japan has already conceded overmuch.

Diplomatic relations between Nanking and Manchuria will be formally severed when the Manchurian Foreign Minister addresses his first official communication to Nanking, in which he will refuse permission for Dr. Wellington Koo to enter Manchuria with the League Commission, according to dispatches from Mukden. The forthcoming communication will advise China as a foreign country using such words as 'your country' and 'our country' and will officially declare the severance of relationship both in name and substance."

For the Minister

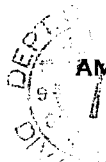
PERKINS

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NO. 235. PH REGD



AMERICAN CONSULATE GENERAL,

Batavia, Java.

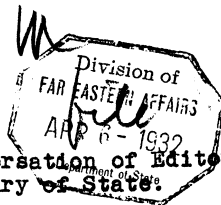
RECEIVED.

February 26, 1932.

APR 1 1932

APR - 6 32

SECRETARY'S OFFICE



APR 11 1932

SUBJECT: Telephonic Conversation of Editor of JAVA BODE
 with the Secretary of State.

F/LS

THE HONORABLE

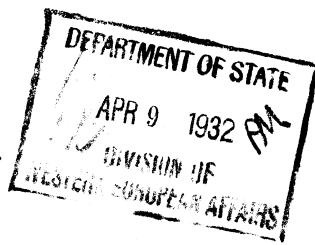
THE SECRETARY OF STATE,
 RECEIVED

WASHINGTON.

SIR:

APR 1 1932

SECRETARY'S OFFICE



793.94/4973

I have the honor to enclose a clipping, translation of which is attached, from the Java Bode, a local daily newspaper, of February 24, 1932, giving an account of the telephonic conversation which the editor, Mr. van Wijk, had with the Secretary of State on the evening (Mid-Java time) of February 22, 1932.

The official reception at the Consulate General in honor of the 200th anniversary of the birth of George Washington prevented me from being present at the interview.

APR 12 1932

FILED

Respectfully yours,

K.S. Patton,
 American Consul General.

711/876
 KSP/teh

Enclosures: Clipping from the JAVA BODE and the translation thereof.

Original and 4 copies to Department;
 One copy to Legation, The Hague.

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JAVA BODE, Feb. 24,
 1932.

Amerika's inzicht in het conflict

De Java-Bode telefoneert met minister Stimson te Washington

„We do our utmost, but nobody can tell.”



Pres. Hoover

De ernst der gebeurtenissen in het Verre Oosten en het steeds gecompliceerder worden van de situatie, de aan zekerheid grenzende waarschijnlijkheid, dat bij de verdere ontwikkeling van het conflict de door de Vereenigde Staten van Noord Amerika aan te nemen houding van beslissend belang kan zijn, brachten de JAVA BODE op het denkbeeld om onmiddellijk contact te zoeken met de leidende figuren van de United States of America, teneinde een persoonlijke indruk te verkrijgen, hoe men in die kringen op het oogenblik den toestand aanvoelt.

Onze onvolprezen radio-dienst was het middel om dit contact op de meest eenvoudige en meest afdoende wijze te verkrijgen.

Allereerst werd getracht een persoonlijk radio-telegrafisch onderhoud te verkrijgen met den President der Vereenigde Staten, Mr. Herbert Hoover.

De nationale feestdag in verband met Washington Day was den President echter aanleiding geweest om, zooals dit in zulke gevallen zijn gewoonte is, voor eenige dagen de atmosfeer van het Witte Huis te ontvlieden en ontspanning te zoeken buiten.

Een telefoongesprek met Mr. Hoover was hierdoor in deze dagen niet mogelijk, doch op een nieuwe aanvraag onzerzijds verklaarde de Secretary of State, Colonel Henry Lewis Stimson zich bereid de hoofdredactie van de „Java Bode“ telefonisch te woord te staan.

Om tien uur Midden Java-tijd had gisteravond het gesprek plaats.

Omtrent het verloop van de verschillende verbindingen geven wij elders een relaas.

Het resulteerde, dat omstreeks half elf door de telefoon een sonore mannenstem klonk: „Halloh, who is speaking there. Here is Stimson, Secretary of State.”

Nadat wij ons hadden geïntroduceerd en kennis hadden gegeven van de medeaanwezigheid van den vertegenwoordiger van General Motors op Java, Mr. Williams, kregen wij gelegenheid tot het stellen van onze eerste vraag.

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Wij stelden den Amerikaanschen Minister ervan op de hoogte, dat de bevolking van Nederlandsch Indië met buitengewoon groote belangstelling het verloop volgt van de gebeurtenissen in het Verre Oosten in verband met het conflict tusschen China en Japan, en dat men er ook hier van overtuigd is, dat de houding welke door de Vereenigde Staten zal worden aangenomen van beslissend belang zal zijn voor de naaste toekomst van de belangen in het Verre Oosten.

In dit verband vroegen wij Mr. Stimson of hij eenige aanduiding kon geven of naar zijn meening op het oogenblik nog een vreedzame oplossing der kwestie waarschijnlijk kan worden geacht, zonder dat andere belangen daarin worden betrokken.

Het antwoord dat door den Minister op deze vraag werd gegeven was inderdaad de afspiegeling welke wij verwacht hadden van het inzicht, dat men op het oogenblik in leidende politieke kringen in Amerika heeft.

Een inzicht, dat steunt op de hoop, dat verdere gewelddaden zullen kunnen worden vermeden, doch dat daarnevens wordt beheerscht door de groote onzekerheid van de factoren waarmede men te maken heeft, en welke de best bedoelde pogingen schipbreuk kunnen doen lijden.

„Amerika zoowel als de andere Mogendheden”, aldus Minister Stimson, „doen op het oogenblik hun uiterste best om tot een oplossing te komen, welke den vrede waarborgt.

Maar voor het oogenblik valt met geen mogelijkheid te zeggen of deze pogingen succes zullen hebben en eenige zekerheid kan zeer zeker niet worden gegeven“.

Onze verdere vragen waren positiever ingesteld op de houding van Amerika in het Pacific-probleem.

De Minister achtte het in verband met het delicate van het onderwerp minder gewenscht daarop telefonisch een antwoord te geven, in verband met misverstanden welke daarvan het gevolg zouden kunnen zijn, doch verzocht ons om deze vragen nader telegrafisch naar Washington te zenden, waarna zoo mogelijk een telegrafisch antwoord van den Minister zou volgen, hetwelk wij bij ontvangst natuurlijk zullen publiceeren.

President Hoover tegen economische boycot

Een heden ontvangen Aneta-Iwaki telegram uit Washington meldt, dat door de adviseurs van President Hoover, die in zijn onmiddellijke omgeving werken, is verklaard, dat hij niet ontvankelijk is voor het verzoek van een aantal voorzitters en professoren van universiteiten om over te gaan tot een economische boycot van Japan, hetzij individueel door Amerika, hetzij in samenwerking met den Volkenbond.

Uit betrouwbare bron wordt vernomen, dat de President zulk een boycot-beweging niet in overweging zal nemen, terwijl bovendien de President ten deze niet kan handelen zonder ratificatie door den Senaat.

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American Consulate General,

Batavia - Java.

Translation

JAVA BODE, February 23,
 1932.

AMERICA'S INTERPRETATION OF THE CONFLICT. THE
 JAVA BODE TELEPHONES TO SECRETARY STIMSON AT
 WASHINGTON.

"We do our utmost but nobody can tell".

The serious events in the Far East and the increasing complexities of the situation, the probability bordering on certainty that with the further development of the conflict the attitude to be observed by the United States of America will be of deciding importance, have induced the Java Bode to try to establish immediate contact with the leading personalities of the United States in order to obtain a personal impression as to how the situation is interpreted in that quarter.

Our excellent radio service was the means of establishing this contact in the simplest and most thorough manner. At first, an effort was made to have a personal radio conversation with the President of the United States, Mr. Herbert Hoover.

The national holiday in connection with Washington Day had induced the President, however, as he is in the habit of doing on such days to leave the atmosphere of the White House and find relaxation for a few days elsewhere.

A telephone conversation with Mr. Hoover was therefore impossible at this time, but upon a new request,

the

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the Secretary of State, Colonel Henry Lewis Stimson stated that he was prepared to talk with the editor of the Java Bode by telephone.

The conversation took place last night at 10 P.M. Mid-Java time. Respecting the establishing of the connections we have given particulars elsewhere (a description in a more or less humorous vein of the various telephone girls and their comment, who established the connection via Bandoeng, Amsterdam, London and New York.

The result was that at about 10.30 the sonorous voice of a man sounded through the phone saying "Hello, who is speaking there? Here is Stimson, Secretary of State."

After having introduced ourselves and informed the Secretary of the presence of the representative of the General Motors in Java, Mr. Williams, we were given an opportunity to put our first question.

We informed the American Secretary that the population of Netherland India is following the development of the incidents in the Far East in connection with the conflict between China and Japan with great interest and that here the public is convinced that the attitude which will be observed by the United States will be of deciding importance in the near future of the interests in the Far East.

In this connection we asked Mr. Stimson if he could give any indication whether in his opinion at this moment a peaceful settlement of the problem may be considered probable without that other interests be harmed.

The

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The reply which the Secretary gave to this question was indeed the expression which we had expected of the interpretation which is now current in the leading political quarters in America.

An interpretation which rests on the hope that further acts of violence may be avoided but which is also dominated by the great uncertainty respecting the factors which have to be dealt with and which may wreck the best intentioned efforts.

"America as well as the other powers", said the Secretary, "are doing at present their utmost to find a solution which guarantees peace". "But for the present it is absolutely impossible to say whether these efforts will have success and no assurance whatever can be given".

Our further questions were more directly connected with the attitude of America in the Pacific problem. The Secretary was of the opinion that it was not desirable in view of the delicate nature of the subject to give a telephonic reply to the query as a misunderstanding might result therefrom but requested us to submit these questions by cable to Washington. If possible the Secretary would then reply to them by telegram, which we will, of course, publish when received.

--O--

An ANETA-IWAKI telegram from Washington received today says that the advisors who are very close to President Hoover have declared that he is not responsive to the request of a number of presidents and professors of universities to start an economical boycott of Japan, either individually

150

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

-4-

individually by America or in cooperation with the
League of Nations. It is learned from a reliable source
that the President is not considering such a boycott
movement, and that the President can not act in this
matter anyhow without ratification by the Senate.

--0--

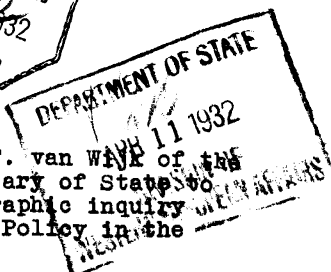
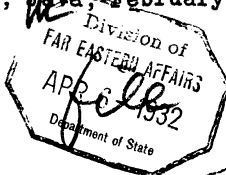
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

NO. 237

AMERICAN CONSULATE GENERAL,

Batavia, Java, February 26, 1932.

APR - 6 32



SUBJECT: Communication to Mr. D.F. van Wijk of the
reply of the Secretary of State to
the former's telegraphic inquiry
regarding Japanese Policy in the
Far East.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON

SIR:

SECRETARY'S OFFICE

793.94/4411

I have the honor to refer to the Department's
cablegram of February 24, 7 P.M. in regard to a
telegram addressed to the Secretary of State on
February 23, 1932 by Mr. D.F. van Wijk on the sub-
ject of the Japanese policy in the Far East and to
state that Mr. van Wijk has to-day been personally
handed a communication from this office embodying
the information contained in the Department's
cablegram under reference. A copy of the communi-
cation delivered to Mr. van Wijk is enclosed.

The Department will be promptly informed of
any article or publication which may appear based
on the information thus furnished to Mr. van Wijk
who, as the Department probably knows, is the
editor of the "Java Bode", one of the important
daily newspapers published in Batavia.

Respectfully

F/LS

793.94/4974

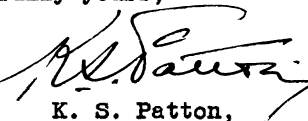
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APR 18 1932

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

-2-

Respectfully yours,


K. S. Patton,
American Consul General.

✓
Enclosure:

1/ Copy of communication delivered
to Mr. D.F. van Wijk.

711
KSP/ktt

Original and four copies to Department.

0907
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

February 26, 1932.

Mr. D.F. van Wijk,
Editor of "Java Bode",
Batavia.

Sir:

The Honorable Henry L. Stimson, Secretary of State of the United States, has instructed me by cable to inform you, in reply to your telegram of February 23, 1932, that while he desires to be as helpful as possible to you, he is not in position to comment upon your questions.

The Secretary of State further authorized me to add that the attitude and policy of the American Government in the Far East have been made known as public documents which he assumes are available to you and that there is now being released to the press of the United States the text of a letter from the Secretary of State to the Chairman of the Committee on Foreign Relations of the United States Senate relating to this subject. It is presumed by the Secretary of State that that letter will be printed in part or in whole by the press of Netherland India.

Yours very

DECLASSIFIED: E.O. 11652, 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-

Yours very respectfully,

K. S. Patton,
American Consul General.

711
KSP/rtt

A true copy of
the signed orig-
inal *MS*

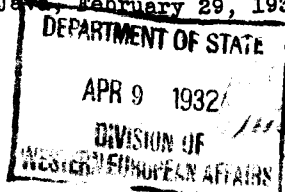
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

NO. 241 PM RECD

AMERICAN CONSULATE GENERAL,

Batavia, Java, February 29, 1932.

APR - 5 32



SUBJECT: Publication of Letter embodying Reply of
Secretary of State to Enquiry of
"Java Bode".

THE HONORABLE

THE SECRETARY OF STATE,
RECEIVED

WASHINGTON.

SIR:

APR 18 1932
SECRETARY'S OFFICE



I have the honor to refer to the Department's
cablegram of February 24, 7 P.M. and to my Despatch
No. 237 dated February 26, 1932, and to enclose a
1/ clipping from the "Java Bode" of February 26, 1932
in which my letter of that date to the editor is
reproduced with comments. A translation of the
Dutch text is attached to the clipping.

It will be noted that the "Java Bode" claims
that the release to the press of Secretary
Stimson's letter to Senator Borah has probably
resulted from the radio-telephonic enquiry which
the editor of the "Java Bode" addressed to the
Secretary of State on February 22, 1932. Since
this is obviously only a move to increase the
local reputation of the "Java Bode", it seems
useless and inadvisable to question the accuracy
of the statement.

Respectfully

F/LS

753.94/4975


FILED

APR 18 1932

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

-2-

Respectfully yours,



K. S. Patton,
American Consul General.

Enclosure:

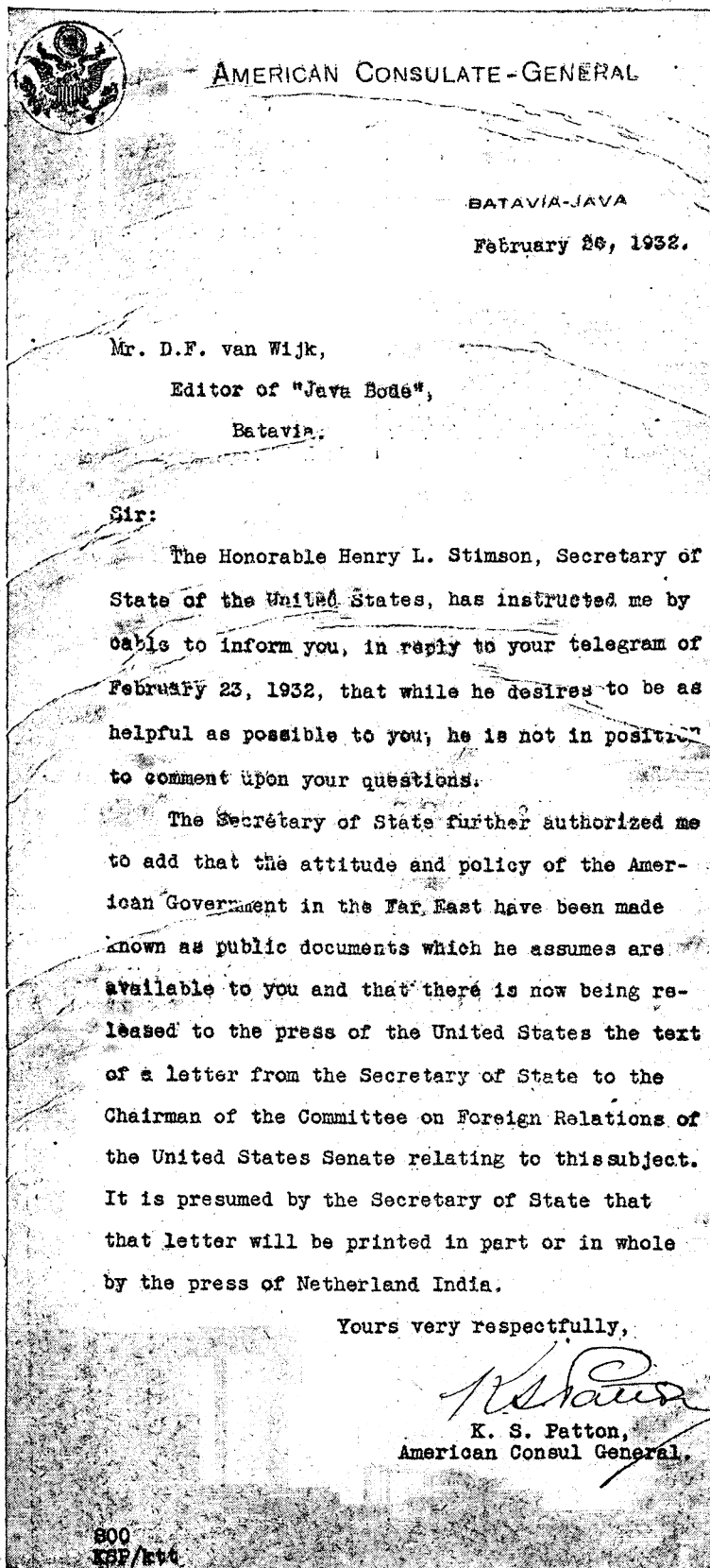
- 1/ Clipping from the "Java Bode" of
February 26, 1932 with
translation of the Dutch
text.

711
KSP/ktt

Original and four copies to Department.

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

Het antwoord van Minister Stimson aan de „Java Bode“ Vervat in publicatie van brief aan Senator Borah



hebben alle ondertekenaars zich verbonden om af te zien van elke politiek van agressie, welke de buitenlandsche belangen zou kunnen schaden. „Indien door de andere regeringen van de wereld hetzelfde standpunt werd ingenomen, dan zou geprotesteerd zijn tegen elke schending van een der verdragen“.

De minister vermijdt om een der partijen de schuld te geven en wijst er op, dat het Negen Mogendheden Verdrag een van de verschillende, onderling samenhangende werktuigen is, tot het bereiken van dit doel.

De bereidwilligheid van Amerika om verder af te zien van den bouw van slagschepen en om de fortificaties op de Philippijnen niet uit te breiden, was gebaseerd op zelfverloochenende verdragen en het Negen Mogendheden Verdrag, dat voorziet in de gelijkelijke gelegenheid voor de naties in den handel in het Verre Oosten en de bescherming tegen militaire agressie door andere mogendheden ten koste van China (Aneta-Reuter).

Den hierboven in facsimilé afgedrukten brief van den Amerikaanschen Consul Generaal Mr. Patton, ontvingen wij heden, in antwoord op ons telegram van Dinsdagavond j.l. aan den Secretary of State van de Vereenigde Staten, Mr. H. L. Stimson.

In vertaling luidt hij:

„De Secretary of State van de Vereenigde Staten van Amerika, de heer Henry L. Stimson heeft mij telegrafisch opgedragen, om U, in antwoord op Uw telegram van 23sten Februari 1932 mede te deelen, dat, hoewel hij U zooveel als mogelijk is van dienst wil

Inderdaad is dit laatste het geval geweest.


De publicatie van den bedoelden brief aan Senator Borah en het aldus kenbaar maken van Amerika's standpunt aan de wereldpers is blijkbaar geschied als uitvloeisel van het radio-telefoongesprek van de Java Bode en de door ons gestelde vragen.

Wij verwijzen daarvoor naar het gisteren door ons gepubliceerde telegram terzake, waarin een gedeeltelijk antwoord wordt gegeven op de door ons gestelde positieve vra-

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

known as public documents which he assumes are available to you and that there is now being released to the press of the United States the text of a letter from the Secretary of State to the Chairman of the Committee on Foreign Relations of the United States Senate relating to this subject. It is presumed by the Secretary of State that that letter will be printed in part or in whole by the press of Netherland India.

Yours very respectfully,


 K. S. Patton,
 American Consul General.

800
 ISF/ktc

Den hierboven in facsimilé afgedrukten brief van den Amerikaanschen Consul Generaal Mr. Patton, ontvingen wij heden in antwoord op ons telegram van Dinsdagavond j.l. aan den Secretary of State van de Vereenigde Staten, Mr. H. L. Stimson.

In vertaling luidt hij:

„De Secretary of State van de Vereenigde Staten van Amerika, de heer Henry L. Stimson heeft mij telegrafisch opgedragen, om U, in antwoord op Uw telegram van 23sten Februari 1932 mede te deelen, dat, hoewel hij U zooveel als mogelijk is van dienst wil zijn, het hem niet mogelijk is een commentaar op Uw vragen te geven.

De Secretary of State machtigde mij verder hieraan toe te voegen, dat de houding en de politiek van de Amerikaansche Regeering in het Verre Oosten in openbare documenten zijn kenbaar gemaakt, welke naar hij aanneemt voor U verkrijgbaar zijn, terwijl er thans aan de Pers der Vereenigde Staten een brief ter publicatie is gegeven van den Secretary of State aan den voorzitter van de commissie voor buitenlandsche zaken van den Senaat (Senator Borah) welke op dit onderwerp betrekking heeft.

De Secretary of State veronderstelt, dat deze brief hetzij gedeeltelijk, hetzij volledig ook zal worden afgedrukt in de Nederlandsch Indische Pers.”

Inderdaad is dit laatste het geval geweest.

De publicatie van den bedoelden brief aan Senator Borah en het aldus kenbaar maken van Amerika's standpunt aan de wereldpers is blijkbaar geschied als uitvloeisel van het radio-telefoongesprek van de Java Bode en de door ons gestelde vragen.

Wij verwijzen daarvoor naar het gisteren door ons gepubliceerde telegram terzake, waarin een gedeeltelijk antwoord wordt gegeven op de door ons gestelde positieve vragen omtrent Amerika's politiek in het Verre Oosten.

Het luidde:

WASHINGTON, 24 Febr. Het officieele standpunt van de Vereenigde Staten in het Verre Oosten kan samengevat worden in de woorden: „Wij steunen volkomen het principe van de open deur en het Negen Mogendheden-verdrag”.

Deze zin komt voor in een schrijven aan Senator Borah van den minister van buitenlandsche zaken, Stimson, die zegt, dat de eerbiediging der verdragen de huidige situatie voorkomen zou hebben.

De Amerikaansche regeering kent geen gevallen, waarbij de handhaving van de verdragen de bescherming van alle wettelijke buitenlandsche rechten in China zou hebben geschaad.

De minister voegt er aan toe, dat het Negen Mogendheden Verdrag zelfs China er toe gebracht heeft om te probeeren vrije instellingen te ontwikkelen. Bij dit verdrag

091

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

American Consulate General
Batavia, Java.

Translation

THE ANSWER OF MINISTER STIMSON TO THE "JAVA BODE"

Contained in Letter to Senator Borah

We have received the copy reproduced above of a letter from the American Consul General, Mr. Patton, in reply to our cable of Tuesday evening last to the Secretary of State of the United States, Mr. H.L. Stimson.

It reads in translation:

(Here follows the Dutch translation of the original English text. The translation is accurate).

Such has indeed been the case.

The publication of the letter to Senator Borah, to which reference is made, and the announcement in this way of America's standpoint to the press of the world are apparently the outcome of the radio-telephone conversation of the "Java Bode" and the question submitted by us.

We refer therefore to the cable concerned published by us yesterday in which a partial reply is given to the positive questions respecting America's policy in the Far East asked by us.

It read:

Washington, 24 February. - The official standpoint of the United States in the Far East may be resumed as follows:

.

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

-2-

follows:

"We support fully the principles of
 the "open door" and the Nine Power Treaty".

This sentence occurred in a letter to Senator Borah
 from the Secretary of State, Stimson, who says that the
 respecting of the treaties would have prevented the pre-
 sent situation.

The American Government does not know of any cases
 in which the maintaining of the treaties would have in-
 jured the protection of all legal foreign rights in China.

The Secretary adds to this that the Nine-Power Treaty
 has even induced China to try to develop free institutions.
 By this treaty all signatories have taken upon themselves
 to refrain from any policy of aggression which may injure
 foreign interests. "Should the same standpoint have been
 taken by the other governments then a protest would have
 been lodged against any violation of any of the treaties".

The Secretary refrains from laying the guilt on any
 of the parties and points out that the Nine Power Treaty
 is one of the several mutually related means of realizing
 this object.

The readiness of America to abandon the building of
 battle ships and not to extend the fortifications in the
 Philippine Islands, has been based on self-sacrificing
 treaties and the Nine Power Treaty which provides for an
 equal opportunity for ~~all~~ ^{any} nations in the trade of the Far
 East and the protection from/military aggression, at the
 expense of China, by other powers (than China).

--0--

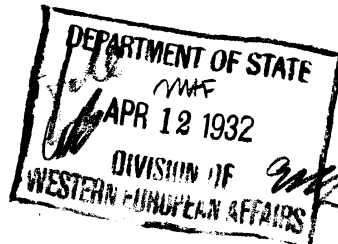
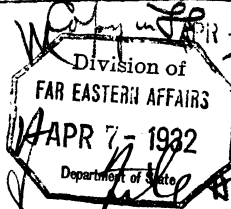
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75



LEGATION OF THE
UNITED STATES OF AMERICA

The Hague, Netherlands,
March 23, 1932.

SUBJECT: THE SINO - JAPANESE CONFLICT.



F/LS

793.94/4976

FILED

JUN 24 1932

The Honorable

The Secretary of State,
Washington.

Sir:

I have the honor to report that in the course of an interview which I had with the Minister for Foreign Affairs yesterday the Sino-Japanese conflict was touched upon in connection with the Special Assembly of the League of Nations, which Mr. Beelaerts had attended and concerning which he gave his general impressions.

He stated that broadly speaking he was satisfied with the outcome of the deliberations. He expressed gratification at the fact that the Assembly had asserted the basic principles...

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

- 2 -

principles of the League and he felt that the criticism of the impotence and futility of that institution, as demonstrated in its mediatory efforts in the controversy under report, had been exaggerated. He felt that the League had succeeded in mobilizing world opinion to such an extent that the two parties to the clash, especially Japan, had gradually realized that a more conciliatory attitude was politic. He said that there had been a consensus of opinion among the delegates to the Special Assembly that the leadership and cooperation of the United States had contributed greatly towards the common adoption of a procedure and policy that was believed to be effective in dealing with this delicate situation. In this connection he made special mention of your letter to Senator Borah, and he pointed out that in the resolution passed by the Special Assembly of March 11th it was declared "that it is incumbent upon the members of the League of Nations not to recognize any situation, treaty, or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris". His Excellency informed me that the Dutch Government had received a formal request for the official recognition of Manchuria as an independent State and said that no reply would be made thereto at present. His views on this matter coincided with those expressed by Sir J. Simon in the following words spoken in House of Commons on the twenty-second instant:

"I would merely point out that in fact the Japanese Government has declared that it is no more likely to recognize that Administration than any other, and does not admit that it is an Ad-

ministration...

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

- 3 -

Administration it has itself set up. I say nothing one way or the other. I am not defending one side or the other, but it really will not do in these matters to accept as gospel information if that information is prejudicial to one side and to refuse to wait for an inquiry if an inquiry is necessary. The right honorable gentleman opposite spoke just now about waiting for a report of the Commission. I do not ask him to wait so far as regards the influence and the advice of the League of Nations, but in these matters of controversial facts it is quite manifest that we ought to wait, and certainly the League of Nations must wait, for the report of its own Commission, which was appointed with the authority and by the vote of both China and Japan. It did not, so far as I know, waste any time in getting to work, and very naturally in the circumstances it has gone to Shanghai first, because its terms of reference cover Shanghai as well as Manchuria. In the meantime the right honorable gentleman may rest perfectly assured that this alleged new Administration in Manchuria is not an Administration which I should think any country is likely prematurely to recognize. In the first place, nobody does recognize a Government which is set up in a portion of an area which has previously been regarded as one, not even in the case of China, without the fullest inquiry as to all the circumstances. We should need to be quite certain that there was a responsible Government, that there was a Government which would really administer the territory, that it was a Government which would really enter into relations with foreign States and which really was the genuine expression of the decisions of the neighbourhood referred to. We are parties to the Nine Power Treaty and it is of the greatest importance that we, as well as every other party to that Treaty, should see to it that we do not encourage or countenance what might be a disregard or a violation of Chinese territorial administration. -At the same time there is no law, and there is no common sense, in saying that in no conceivable circumstance can there ever be a subdivision of an enormous area like China, for, as a matter of fact, the rising up in this province or that of an Administration claiming to have a certain amount of independence is by this time a commonplace in Chinese matters, and I have never heard the matter challenged before."

Very respectfully,



Laurits S. Swenson.

File No. 710
 In quintuplicate
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Department of State letter, August 10, 1972
By Milton D. Hueston NARS, Date 12-18-75

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

April 12, 1932

Dear Allen:

As of possible interest I enclose a copy of a des-
 patch of March 23, 1932, from the Legation at The Hague,
 which quotes on pages two and three certain remarks made
 by Sir John Simon in the House of Commons on March 22
 in connection with the new administration in Manchuria.

I have just received a very interesting letter from
 Sweetser, and I am writing him expressing the hope that
 he will either give you a copy or give you an account
 of the contents.

With all best wishes, I am

Yours cordially,

S. H. Mumford

Enclosures:

Copy of despatch from
 The Hague, March 23,
 1932.

Mr. Allen T. Klots,

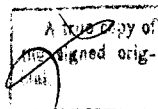
Care of American Delegation,

General Disarmament Conference,

Geneva, Switzerland.

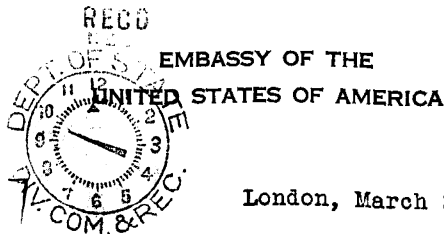
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 Apr. 12. 1932. PM
Mumford

FE:MMH:KC



793.94/4976

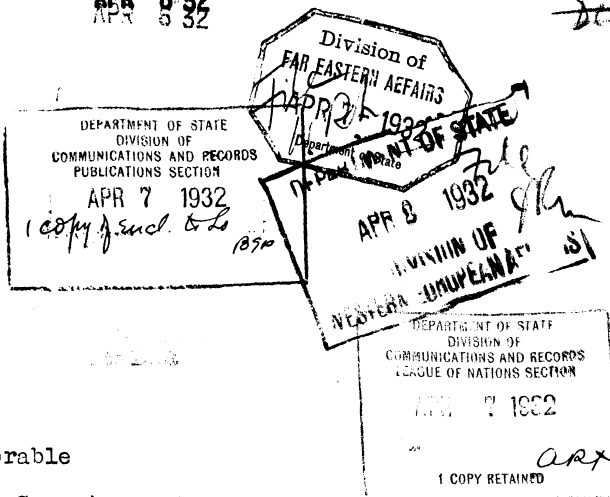
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



FE
WE

No. 2697 London, March 23, 1932.
SUBJECT: Events in Shanghai.

APR 6 32
APR 8 32



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797.94-6
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500/c111

F/LS
793.94/4977

The Honorable
The Secretary of State,
Washington, D.C.

Sir:-

I have the honor to forward herewith, for the information of the Department, copies in quintuplicate, of the publication issued by the British Government, entitled, MISCELLANEOUS NO. 5 (1932) LEAGUE OF NATIONS CORRESPONDENCE AND RESOLUTIONS RESPECTING EVENTS IN SHANGHAI AND NEIGHBOURHOOD.

1/

Respectfully yours

[Signature]
Ray Atherton,
Chargé d'Affaires ad interim.

Enclosure:
5 copies Cmd. 4040.

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



Miscellaneous No. 5 (1932)

LEAGUE OF NATIONS

Correspondence and Resolutions
respecting

EVENTS IN SHANGHAI
AND NEIGHBOURHOOD

February-March, 1932

[In continuation of "Miscellaneous No. 4 (1932)"]

*Presented by the Secretary of State for Foreign Affairs
to Parliament by Command of His Majesty*

LONDON:

PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

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1932

Cmd. 4040

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09
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Department of State letter, Aug
By Milton O. Gustafson NAH

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3(E) and 5(D) or (E)
ust 10, 1972
S, Date 12-18-75

LEAGUE OF NATIONS. CORRESPONDENCE AND RESOLUTIONS
RESPECTING EVENTS IN SHANGHAI AND NEIGHBOURHOOD,
FEBRUARY-MARCH 1932.

No. 1.

*Message from Committee of Enquiry containing communication from
the Consul-General of the United States at Shanghai with regard to
the First Report by the Committee.*

(Telegraphic.)

Shanghai, February 9, 1932.

CONSUL-GENERAL, United States, has communicated officially to
chairman of Shanghai Committee by letter, the 8th February, that he
concurs in general in the first report of the committee,⁽¹⁾ on the
understanding that, as set forth in the first paragraph thereof, it may
require subsequent correction in detail or amplification.—HAAS
(Secretary-General of the Shanghai Committee).

(1) Cmd. 4021, page 3.

No. 2.

Letter from the Representative of China to the Secretary-General.

February 9, 1932.

REFERRING to the first part of the report from your Shanghai
Committee, I have the honour to request you to telegraph to Shanghai
for some supplementary information regarding two items contained
therein.

1. On page 4, paragraph 3, it is stated⁽²⁾ that "Japanese admiral
notified commanders other national defence forces *he proposed to take
action following morning*. . . . Municipal Council of International
Settlement held meeting during the morning and decided that state
of emergency *should be declared as from 4 P.M.* Declaration of state
of emergency is effective notice *to defend their (commanders')
sections.*

It is clear from the above that it was the Japanese who intended to
attack and not the Chinese. Such being the case, what was the motive
for the council to declare a state of emergency, which, as stated above,
is "effective notice to defend"? Was it meant to defend the
settlement against the Japanese, the attacking party, or against the
Chinese troops, the attacked party, which would, of course, be absurd?

2. On page 6, seventh line from the bottom of page, it is stated⁽³⁾
that "the final party of about 100 marines attempted to pass
through gates dividing settlement from Chinese territory but
were prevented by Shanghai Volunteer Corps. . . ."

(2) Cmd. 4021, page 5, paragraph 3.

(3) Cmd. 4021, page 6, paragraph 3.

[6741]

B 2

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

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I should be grateful if you will be kind enough to ascertain in this case why the volunteer corps prevented the Japanese marines, accompanied by armoured cars, from passing through the gates. Did the volunteer corps have orders from the municipal council to do so, and, if in the affirmative, were not these orders based on the notion of neutrality of the International Settlement?

W. W. YEN.

No. 3.

Reply from the Committee of Enquiry to the foregoing (addressed to the League of Nations).

(Telegraphic.)

Shanghai, February 13, 1932.

SHANGHAI Committee has adopted following text in reply to your request for further information regarding two points which you transmitted by your telegram of 12th :—

Reply begins: *Question 1.*—Declaration state of emergency brings into operation defence scheme. Purpose of defence scheme is twofold: (i) To protect foreign area from internal disorder, and (ii) to defend it against external aggression.

When state of emergency was declared Council had in mind that either (a) Chinese would not accept Japanese terms, in which case Japanese would take some action and there might be rushes of excited refugees and possibly of disorganised military elements attempting to enter settlement, or (b) that Chinese would accept Japanese terms, in which case there might be storm of protest on part of Chinese population, resulting in riot and disorder both inside and outside settlement. Mayor himself was apprehensive of this. Therefore, although there was reason to expect trouble, it was not known from what direction it would come, and declaration of state of emergency was merely precautionary measure not directed against any particular party.

Question 2.—Honan Road Gate gives access from settlement to Chinese territory not comprised in defence scheme, and strict instructions, based on principle that the duties of defence force are defensive and not offensive, had been given by Commandant, Shanghai Volunteer Corps, in whose section it is situated, that in no circumstances was it to be opened to permit of either entrance or exit.—CHAO (Chairman), HAAS (Secretary-General).

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No. 4.

Observations of the Japanese Delegation on the Second Report of the Committee.⁽¹⁾

Geneva, February 18, 1932.

1. THE report mentions that the offensive is entirely in the hands of the Japanese. In this connexion it should be borne in mind that the present combats are merely the outcome of the clash between the Chinese forces and the Japanese troops who were proceeding to occupy their line of protection on the 28th January. At first, the Japanese marines numbered only 1,500, and this small force, which subsequently reached some 3,000 men, had to defend a large sector inhabited by some 30,000 Japanese against hostile forces numbering more than 30,000 men. The Japanese delegation has already mentioned the special circumstances in which the XIXth Chinese Army was placed and which explain the violence of its attitude.

Efforts were made to bring about a suspension of hostilities, which was naturally desired by us in view of the disproportion between the conflicting forces. In spite of the truce arranged, a Chinese armoured train opened fire against us on the 30th at about 5.20 A.M. and this firing lasted for an hour and a half. At about 9 A.M. the Chinese opened fire on the Japanese headquarters and on our positions along the railway. On the 31st, at 1.20 and 4.40 P.M., they again violated the truce and by dawn about 100 soldiers were advancing near the Rokusan Garden and opened fire on our headquarters. Moreover, plain-clothes soldiers, whose activities are referred to in the report, continued to invade our lines. The second attempted truce was again violated on the 1st and 2nd February, while the Chinese forces were manoeuvring for the purpose of surrounding us.

It was becoming evident that the Chinese could not be trusted to observe the truce; a pacific attitude on our part led to increasingly greater losses, and the movements of the Chinese forces, who brought up reinforcements and surrounded the salient of the extension, rendered the position of our marines more and more critical. It was on this account that from the 3rd February onwards our forces were compelled to attack the Chinese positions.

2. It is not quite correct to speak of the mobilisation of reservists. No general measure of this kind was adopted. A small number of volunteers armed with pistols was deputed to take action against Chinese snipers and to assist the police. These volunteers were disarmed some time ago and only a few reservists are still employed as interpreters, guides, &c.

3. As regards the slowing down of the municipal activities of the concession authorities, it should be noted that the municipal police forces had at one time abandoned their posts. Their return and co-operation were requested by the Japanese authorities and they have

(¹) Cmd. 4021, page 8.

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now resumed their normal work. As regards the firemen, in particular, their co-operation was requested even for the quarters neighbouring on the concession and the extension. (The normal activity of the municipal council's firemen is in principle confined to the concession and the extension.) The Japanese authorities hope that the other municipal activities will shortly be fully resumed.

The flight of the police forces and the evacuation of schools and hospitals mentioned in the report were certainly due only to the dangers of the situation and were not a consequence of the measures taken in this connexion by the Japanese authorities. It is, however, true that at the commencement of the incidents, in the general disorder, a few Chinese policemen were disarmed by mistake. On the other hand, the co-operation of the Chinese municipal police having proved ineffective in the struggle against soldiers in mufti, these police were on certain occasions temporarily replaced by Japanese forces.

Owing to this struggle, barricades had been built at various points, but they have at present been taken down.

4. The report says that excesses were committed by sailors, reservists and other elements having no official standing. The Japanese delegation feels bound to deny this assertion as regards the sailors and reservists.

The report mentions the attitude which the Japanese authorities adopted with regard to undesirable elements, against whose activities very severe action was taken. Many of these individuals are now in custody at the consulate-general, while others have been deported.

5. As regards the number of Chinese whose fate is unknown, it should be noted that very probably a large number of these have taken refuge in the outskirts of Shanghai and in other towns. (Anyone who knows China will agree how difficult it is to follow the movements of the population in that country, particularly in large inhabited areas like Shanghai.)

6. It is to be regretted that the report has not verified certain facts which, though denied by the Chinese, are indisputable, as, for instance, the firing by the Woosung forts on three Japanese vessels which were leaving Shanghai on the 3rd February. These vessels were taking back to Japan the mortal remains of our sailors killed during the fighting of the previous days, and, that being their mission, they would certainly not have opened fire on the forts. This action, which took place in full daylight, and which the Chinese deny, affords a further example of the value of allegations from Chinese sources.

7. If it is correct that orders were given to the Chinese soldiers regarding the truce, the frequent disregard of those orders by the said soldiers bears eloquent witness to the state of disorder and indiscipline existing in the Chinese forces. As regards the Japanese forces, orders had been issued that they should fire only in the case of hostile acts on

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the part of the Chinese in violation of the truce. The known discipline of the Japanese troops is sufficient guarantee that these orders were obeyed.

No. 5.

Third Report by the Committee.

(Telegraphic.)

Shanghai, February 20, 1932.

In conformity with request contained in your telegram of 19th February I send hereafter Third Report of Shanghai Committee.

(Report begins.)

Through intermediary neutral diplomatic representatives suggestion for meeting of military commanders on both sides was accepted with a view to discussion on the basis of mutual evacuation.

Meeting held morning of 18th February, Chinese and Japanese commanders being represented by their Chiefs of Staff. Japanese representatives presented their terms which Chinese representative declared were unacceptable. After two hours' fruitless discussion Japanese representative said Japanese side would send in written communication of their terms before 9 P.M., and he hoped Chinese would return reply as soon as possible. Meeting then broke up.

About 9 P.M. separate despatch containing Japanese terms was delivered to the mayor and the commander of the Chinese XIXth Army. Terms differing in words, but following is substance:—

Paragraph 1: Chinese forces to cease hostilities and complete evacuation of their first lines by 7 A.M., 20th February, and complete evacuation whole area by 5 P.M. same day to a depth of 20 kilom. north of following lines, including "sketseline" forts, namely, line formed by north border of settlement and the Soochow Creek to Pusungchen and on the east of Whangpoo line from Lannidu to Changchiachiao. This is practically line of the Soochow Creek extended eastward. All fortifications and military works in the evacuated area to be removed and no new ones created.

Paragraph 2: Japanese troops will not attack or pursue, but aeroplanes may be sent off on observation duty. After Chinese evacuation Japanese troops will maintain only the municipal road areas adjacent to Hongkew, including Hongkew Park.

Paragraph 3: Japanese investigator with Japanese military guard and flag to be sent to evacuated area after evacuation of the first line by the Chinese.

Paragraph 4: Chinese to assume responsibility for safety of Japanese lives and property outside evacuated area, failing which Japanese would take necessary steps. Plain-clothes men to be effectively suppressed.

Paragraph 5: Question of the protection of foreigners in vicinity of Shanghai evacuated area to be dealt with subsequently.

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Paragraph 6: As regards anti-Japanese movement, mayor's promises of the 28th January to be strictly enforced and the matter to be dealt with by diplomatic negotiations between Japanese Foreign Office and Chinese civil officials of Shanghai. Failing compliance with above articles Japanese troops will be compelled to take action.

On the following day, namely, 19th February, reply was delivered by mayor to Japanese Consul and by Chinese commander to Japanese commander. Mayor stated that grave situation in Shanghai was due to invasion of Chinese territory and brutal murders of Chinese people by Japanese troops in violation of all international treaties and law. Inasmuch as measures called for in consul-general's letter had direct bearing on general relations between China and Japan, they should be dealt with by diplomatic authorities of the two countries, and he had therefore transmitted consul-general's letter to his Government for consideration and reply to Japanese Minister through Ministry for Foreign Affairs. He pointed out, further, that Chinese indignation had been daily intensified by continued acts of provocation by Japanese troops, and it was natural, therefore, so-called anti-Japanese activities should fail to cease. Chinese commander's reply was to the effect that his troops were part of national forces and subject to directions of National Government, to whom accordingly he had submitted Japanese commander's letter. It is not yet known what reply, if any, has been sent by Chinese Government.

During the night 19th-20th February, Japanese reinforcements were moved from their base in the International Settlement to the Japanese lines, and after preliminary aerial reconnaissance which satisfied Japanese that Chinese had not evacuated their lines in conformity with demand, Japanese opened attack 20th February at 7:30 A.M. in Kiangwan and Woosung areas. Hostilities continued whole day.—CIANO. (Report ends.)—HAAS.

No. 6.

Supplement to the Third Report by the Committee.

(Telegraphic.) *Shanghai, February 24, 1932.*

I AM requested to transmit following supplement to the Third Report of the Shanghai Committee.

In reply to an enquiry whether any answer had been sent by Chinese Government to the Japanese Minister on the subject of Japanese demand, following communication was received by the Secretary-General of the Shanghai Committee from the City Government of Greater Shanghai:—

“Chinese Foreign Minister's reply to Japan despatched on 20th February took the form of vigorous protest lodged with

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Japanese Minister in China against the action of the Japanese commander and the consul-general in delivering their identical note to the commander of the Chinese XIXth Route Army and Mayor of Greater Shanghai.

“The Chinese note stated that ever since their unprovoked attack on Mukden on 18th September Japanese military forces have kept pushing forward and have occupied many important areas in the north-east. Then on 28th January they suddenly shifted the scene of their military adventure to Shanghai and staged a surprise attack on the Chapei district, and for twenty days Japanese army, naval and air forces have carried on a terrific bombardment of the Chapei and Woosung district. Local Chinese garrison forces were constrained to resist their onslaught as a measure of self-defence. As though this were not enough, Japanese commander and Japanese consul-general now present to commander of the Chinese XIXth Route Army and Mayor of Greater Shanghai respectively a set of demands of an impossible nature.

“The note concluded by declaring that should Japanese forces attempt to renew their attack, Chinese troops would not hesitate to resist to the best of their ability, and stating that the Japanese Government would be held entirely responsible all consequences.—
CIANO (Chairman), CHARRÈRE (Secretary).”

No. 7.

Observations by the Japanese Delegation on the Third Report of the Shanghai Commission.

THE text of the demands addressed on the 18th February by the officer commanding the Japanese forces to the officer commanding the XIXth Army does not appear to have been taken from the official communication of the Japanese authorities (text of which is appended), but from a document probably of Chinese origin. It is not in exact accordance with the demands in question, e.g., in the case of the limits of the zone to be evacuated.

2. The last paragraph of the report suggests that all the Japanese forces had made the concession their basis of operations. The report omits to state that a large part of the Japanese forces were stationed outside the concession, and commenced operations from Woosung.

APPENDIX.

Demands made by General Ueda, Commander of the Japanese Troops, to the Commander of the XIXth Army, February 18, 1932.

THE Chinese troops shall withdraw from all the points within a distance of twenty (20) kilom. from the boundary of the International

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Settlement to the north of the following lines, namely, the northern boundary line of the settlement; a line connecting the north-westernmost end of the settlement, Tsoachiatuchen, Chouchia-chiaochen and Pusungchen and running outward from the last-named position and on the right of the Whangpoo River; a line connecting Lannitu and Changchia Louchen and running outward from these positions respectively; the aforesaid withdrawal of the Chinese troops shall be effected by completing the withdrawal of the forefront by 7 A.M. on the 20th February, 1932, and that of the remainder by 5 P.M. on the same day. All the forts and other military equipments of China shall be removed from and shall not be reinstalled or newly erected within the aforesaid distance of 20 kilom. The Shitzulin forts shall be deemed to be within the same distance.

The Chinese authorities shall protect the lives and property of the Japanese subjects in districts around Shanghai other than the aforesaid area evacuated by the Chinese troops; in the event of the protection accorded by the Chinese authorities being unsatisfactory, the Japanese authorities may take such measures as they consider necessary. The Chinese authorities shall completely suppress all the activities of plain-clothes gunmen.

2. Upon having ascertained the withdrawal of the Chinese troops, the Japanese forces will maintain only the Extension Road area in the Hongkew district, including the area around the Hongkew Park. The Japanese forces will not engage in attacks, shooting or bombardments after the commencement of the withdrawal of the Chinese troops, but may carry on reconnoitring flights.

3. After the withdrawal of the forefront of the Chinese troops, the Japanese forces will despatch their representatives accompanied by bodyguards to ascertain the completion of the withdrawal.

4. Further negotiations shall be made with regard to the protection of foreign residents in districts around Shanghai, including the area evacuated by Chinese troops.

No. 8.

Fourth Report by the Committee.

(Telegraphic.)

Shanghai, March 5, 1932.

I AM requested transmit following Fourth Report of the League of Nations Secretary-General's Committee, Shanghai. (Report begins.)

With reference to our Third Report, the hostilities which commenced on 20th February continued without interruption up to 1st March along the line from Woosung to Chapei. Japanese attempting to enforce their demand that the XIXth Route Army should withdraw from the area specified in our previous report.

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The fighting was of a very severe character and caused much destruction among villages and isolated buildings in the area of hostilities.

On 23rd February Japanese aeroplanes bombed and destroyed Hungjao aerodrome and on 26th February bombed the Hangchow aerodrome.

On 29th February Japanese consul-general notified to the Mayor of Greater Shanghai that the Japanese had information that Chinese military were concentrating reinforcements around Shanghai by means of railway. Therefore, if this concentration continued, Japanese forces in self-defence might be compelled to destroy the railway line and military trains between Kashing and Shanghai and between Soochow and Shanghai on and after 2nd March. The period of grace was given to allow Chinese civilians to evacuate these areas.

The mayor at once replied stating that since night of 28th January Japanese forces had repeatedly invaded Chinese territory and murdered Chinese people, committing atrocities in violation of international law and treaties, and offences against humanity. Action of the Chinese troops had, on the other hand, been confined to self-defence, and, if Japanese forces should continue to attack Chinese forces, latter would be compelled to defend themselves, all responsibility in this connexion must rest entirely with Japanese.

The 11th Japanese Division arrived in Chinese waters on 28th and 29th February. Some of these troops were landed at Woosung, but the main body was disembarked near Liu-Ho, on the Yangtze-kiang, after preliminary bombardment of the Shih-tzu-lin forts in that neighbourhood. Some troops were landed in the settlement on 29th February and on preceding day, but the Japanese maintained that these were replacements for the 9th Division and 24th Mixed Brigade.

On 1st March two explosions took place in the Whangpoo, close to Japanese flagship and another Japanese cruiser. Japanese state that these were caused by submerged mines laid by Chinese in (? order to) destroy the vessels.

In the early morning of 2nd March Japanese aeroplanes, in fulfilment of threat made on 29th February, destroyed a portion of Shanghai-Nanking Railway track, near Quinsan.

On the afternoon of 1st March fire broke out in Chapei, which developed into a huge conflagration causing enormous damage. It is not certain which side was responsible.

The landing of the 11th Division near Liu-Ho exposed the flank of the Chinese position. At the same time the Japanese launched a strong offensive in Kiangwan area, and about 4 P.M. on 1st March Chinese military authorities issued orders for general withdrawal from the whole Shanghai area, including Nantao and Lunghua. Japanese followed up retreating Chinese forces and by mid-day 3rd March had occupied the whole area as far west as Kiating and Nanziang. Woosung, which had not been evacuated at the same time as the rest

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of the area, was assaulted and occupied by the Japanese forces on the morning of 3rd March.

Early in the afternoon the Japanese Military Commander issued an announcement that as the Chinese forces had retreated out of the area designated in the Japanese demands dated 18th February, thereby removing the menace to the safety of the Japanese nationals as well as of the International Settlement, he had decided to order the Japanese forces to halt, for the time being, at the points actually held, and to stop fighting, provided the Chinese forces did not resort to further hostile actions. Japanese Naval Commander issued announcement in the same sense. In the evening Chinese Commander also announced he had ordered all Chinese forces to cease hostilities against Japanese troops unless attacked by them.

Important to make clear that all attempts to obtain an agreed armistice have hitherto failed.

Japanese have ceased their advance for the time being, but local fighting nevertheless occurred in outlying districts during the night.

Interference by the Japanese with the police and other municipal functionaries, reported in our second telegram, continued during the whole of the period under review and formed the subject of repeated protests to the Japanese authorities.—(TAXO (President).

No. 9.

Resolution adopted by the Assembly on March 4, 1932.

The Assembly,

Recalling the suggestions made by the Council on the 29th February and without prejudice to the other measures therein envisaged,

1. Calls upon the Governments of China and Japan to take immediately the necessary measures to ensure that the orders which, as it has been informed, have been issued by the military commanders on both sides for the cessation of hostilities, shall be made effective.

2. Requests the other Powers which have special interests in the Shanghai Settlements to inform the Assembly of the manner in which the invitation set out in the previous paragraph is executed.

3. Recommends that negotiations be entered into by the Chinese and Japanese representatives with the assistance of the military, naval and civilian authorities of the Powers mentioned above for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces. The Assembly will be glad to be kept informed by the Powers mentioned above of the development of these negotiations.

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No. 10.

Resolution adopted by the Assembly on March 11, 1932.

I.

The Assembly,

Considering that the provisions of the Covenant are entirely applicable to the present dispute, more particularly as regards:

1. The principle of a scrupulous respect for treaties;
2. The undertaking entered into by members of the League of Nations to respect and preserve as against external aggression the territorial integrity and existing political independence of all the members of the League;
3. Their obligation to submit any dispute which may arise between them to procedures for peaceful settlement;

Adopting the principles laid down by the Acting President of the Council, M. Briand, in his declaration of the 10th December, 1931;

Recalling the fact that twelve members of the Council again invoked those principles in their appeal to the Japanese Government on the 16th February, 1932, when they declared "that no infringement of the territorial integrity and no change in the political independence of any member of the League brought about in disregard of article 10 of the Covenant ought to be recognised as valid and effectual by members of the League of Nations";

Considering that the principles governing international relations and the peaceful settlement of disputes between members of the League above referred to are in full harmony with the Pact of Paris, which is one of the corner-stones of the peace organisation of the world and under article 2 of which "the high contracting parties agree that the settlement or solution of all disputes or conflicts, of whatever nature and whatever origin they may be, which may arise among them shall never be sought except by pacific means;

Pending the steps which it may ultimately take for the settlement of the dispute which has been referred to it;

Proclaims the binding nature of the principles and provisions referred to above and declares that it is incumbent upon the members of the League of Nations not to recognise any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.

II.

The Assembly,

Affirming that it is contrary to the spirit of the Covenant that the settlement of the Sino-Japanese dispute should be sought under the stress of military pressure on the part of either party;

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Recalls the resolutions adopted by the Council on the 20th September and on the 10th December, 1931, in agreement with the parties;

Recalls also its own resolution of the 4th March, 1932, adopted in agreement with the parties, with a view to the definitive cessation of hostilities and the withdrawal of the Japanese forces; notes that the Powers members of the League of Nations having special interests in the Shanghai Settlements are prepared to give every assistance to this end, and requests those Powers, if necessary, to co-operate in maintaining order in the evacuated zone.

III.

The Assembly,

In view of the request formulated on the 29th January by the Chinese Government invoking the application to the dispute of the procedure provided for in article 15 of the Covenant of the League of Nations;

In view of the request formulated on the 12th February by the Chinese Government that the dispute should be referred to the Assembly in conformity with article 15, paragraph 9, of the Covenant, and in view of the Council's decision of the 19th February;

Considering that the whole of the dispute which forms the subject of the Chinese Government's request is referred to it and that it is under an obligation to apply the procedure of conciliation provided for in paragraph 3 of article 15 of the Covenant, and, if necessary, the procedure in regard to recommendations provided for in paragraph 4 of the same article;

Decides to set up a committee of nineteen members, namely, the president of the Assembly, who will act as chairman of the Committee, the members of the Council, other than the parties to the dispute, and six other members to be elected by secret ballot.

This committee, exercising its functions on behalf of and under the supervision of the Assembly, shall be instructed—

1. To report as soon as possible on the cessation of hostilities and the conclusion of arrangements which shall render definitive the said cessation, and shall regulate the withdrawal of the Japanese forces in conformity with the Assembly resolution of the 4th March, 1932.

2. To follow the execution of the resolutions adopted by the Council on the 30th September and the 10th December, 1931.

3. To endeavour to prepare the settlement of the dispute in agreement with the parties, in accordance with article 15, paragraph 3, of the Covenant, and to submit a statement to the Assembly.

4. To propose, if necessary, that the Assembly submit to the Permanent Court of International Justice a request for an advisory opinion.

5. To prepare, if need be, the draft of the report provided for in article 15, paragraph 4, of the Covenant.

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6. To propose any urgent measure which may appear necessary.

7. To submit a first progress report to the Assembly as soon as possible and at latest on the 1st May, 1932.

The Assembly requests the Council to communicate to the committee, together with any observations it may have to make, any documentation that it may think fit to transmit to the Assembly.

The Assembly shall remain in session and its president may convene it as soon as he may deem this necessary.

No. 11.

United States Government Note to the League of Nations on the Assembly Resolutions, March 12, 1932.

I ACKNOWLEDGE the receipt of your letter of the 11th March enclosing for the information of the American Government the text of the resolution relative to the Sino-Japanese dispute which was adopted yesterday afternoon by the Assembly of the League of Nations.

I am instructed by my Government to express to you its gratification at the action taken by the Assembly of the League of Nations. My Government is especially gratified that the nations of the world are united on a policy not to recognise the validity of results attained in violation of the treaties in question. This is a distinct contribution to international law, and offers a constructive basis for peace.

You suggest that I note particularly part 2 of the resolution. In this the Assembly recalls other resolutions, and cites especially its own resolution of the 4th March, 1932, adopted in agreement with the parties with a view to the definite cessation of hostilities and the withdrawal of the Japanese forces. My Government, as one of the Powers which have special interests in the Shanghai Settlement, has already authorised its representatives at Shanghai to assist in co-operation with the representatives of other Powers similarly situated toward the consummation of those objectives.

HUGH R. WILSON.

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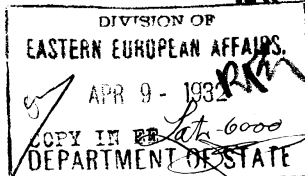


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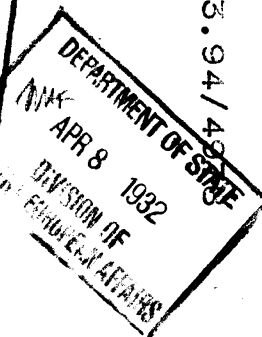
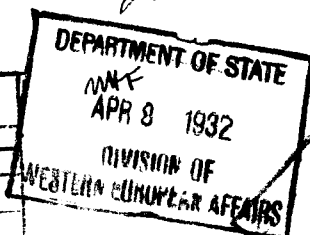
RECD
LEGATION OF THE
UNITED STATES OF AMERICA

Riga, March 23, 1932.

Subject: Speech of Mr. Julius Feldmans at the League
of Nations on the Chinese-Japanese situation.



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The Honorable
The Secretary of State
Washington, D. C.

Sir:

I have the honor to enclose, herewith, a trans-
1/ lation of the speech on the Chinese-Japanese situa-
tion, delivered on March 8, 1932, by the permanent
delegate of Latvia to the League of Nations, Mr.
Julius Feldmans, at the extraordinary session of the
Assembly of the League. Mr. Feldmans stressed the
deep concern with which the people of Latvia are fol-
lowing developments in the Far East and appealed to
the League of Nations to take such action as will

lead

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lead to a restoration and a strengthening of confidence in the League.

Respectfully yours,



ROBERT P. SKINNER.

✓
Enclosure:

1. Speech of Julius Feldmans on Far Eastern Situation.
(Rigasche Rundschau,
March 9, 1932.)

(In quintuplicate.)

Copy sent to E. I. C., Paris.

710 Japan-China.

WFG/mh

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Enclosure No. 1 to despatch No. 180 of MAR 23 1932
 from the Legation at Riga, Latvia.

SOURCE: Rigasche Rundschau,
 March 9, 1932.

SPEECH OF JULIUS FELDMANS ON FAR EASTERN SITUATION,
 DELIVERED DURING EXTRAORDINARY SESSION OF ASSEMBLY
 OF LEAGUE OF NATIONS ON MARCH 8, 1932.

(Translation.)

The people of Latvia have followed developments in the Far East with great interest and deep concern. Even if we admit that these developments and their causes are very complicated, we must nevertheless take notice of the fact that boundaries have been crossed in an inadmissible manner, boundaries which in the course of mutual relations between nations were delimited in international agreements, the League of Nations Covenant and the Paris Pact. We have heard reports on economic boycotts, on a unilateral refusal to fulfill agreements and on hostile propaganda. We have had to witness the application of armed force, and that there was hesitancy to submit the questions under dispute to a peaceful settlement. In a word, we have seen that everything, touching the mutual relations of nations, which we believed had been entirely eliminated, is again appearing. This situation has given rise to great concern among the people of Latvia who do not possess great stores of war material. The Latvian people have placed their trust in

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in the inviolability of international agreements, with faith in the power of just and legal principles whose guardian the League of Nations is.

In this difficult moment the Latvian delegation turns to the Delegations of the two great nations with the request that they participate in the meeting of the League of Nations, so that it may be possible to establish peace and give our respective peoples the desired assurance. It is our duty to renew and strengthen the confidence of the nations in the League of Nations. The Latvian delegation does not consider it to be advisable to look now for the deeper causes of the conflict, nor does it believe that it is proper, at this time, to pass what might be a premature judgment on the actions of one or the other states. The League of Nations' meeting does not, in our opinion, constitute a court of justice, but above all the League is a political institution whose chief object it is to create and assure peace. We welcome the effective curbing of warlike operations but that is not all that our people expect from us.

Our resolutions must be such that our people will become convinced that the present extraordinary session of the League of Nations has been able to carry to victory the fundamental principles of the League of Nations Covenant. We must place ourselves in a position where we can tell the world that both parties involved

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involved in this conflict, guided by the undivided desire to serve the ends of peace, and of their own free-will, have given assurances, in which we believe, that these sad developments cannot again arise. The League of Nations must concern itself with this question until it has been completely settled. In this way, in our opinion, the interests of the two nations, as well as of the League of Nations, can best be served.

0934

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

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WORLD PEACE FOUNDATION

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The activities of the Foundation are focused upon the task of making the facts of international relations available in clear and undistorted form.

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46 MT. VERNON STREET, BOSTON, MASSACHUSETTS

April 2, 1932



My dear Mr. Secretary:

I was exceedingly glad to cooperate in distributing the copies of your letter of February 23 to Senator Borah, for which you express appreciation in yours of March 26.

I have long had it in mind to express to you my gratitude for the very constructive policy which you have assumed in the Sino-Japanese matter. Beginning without any definite mechanism for cooperation, more effective methods of practical concerted action have been devised as events have developed, and the present relation in that regard, though informal, seems to be working satisfactorily. I trust that such a policy will continue in more definite fashion if occasion should arise.

The note addressed to the parties by instruction of the President on January 7 has ever impressed me as a statement of the fundamental peace issue involved. The subsequent general acceptance of its idea as a caveat affords an opportunity for great advance as you have pointed out so clearly in the letter of February 23 and the statement of March 11. I am happy to know that this fruitful principle has met with approval and trust that the educational bodies concerned with the organization of peace will be able to maintain for it effective public support.

I am, Sir,

Very sincerely yours,

Henry P. Myers

Hon. Henry L. Stimson,
 Secretary of State,
 Department of State,
 Washington, D. C.

APR 15 1932
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793.94/4979

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

copy

March 26, 1932.

My dear Mr. Myers:

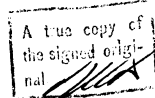
I am writing to tell you how much I appreciate the cooperation which you gave to Mr. Wynne in making available the mailing lists which were used for distributing copies of my letter of February 23, 1932, addressed to Senator Borah.

Sincerely yours,

(Sgd) H. L. Stimson

Mr. Denys P. Myers,
40 Mt. Vernon Street,
Boston, Massachusetts.

HM
HA:HM:EM
3-25-32.



*Miss Christenson (F.E.) informs that
unrecorded blue is filed in H.A.
April 14, 1932
D.R.W.*

F.W. 793.94/4979

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

April 14 1968.

In reply refer to
FE 793.94/4979

Mr. Denys P. Myers,
World Peace Foundation,
40 Mount Vernon Street,
Boston, Massachusetts.

Sir:

The receipt is acknowledged of your letter of April 2, 1932, expressing agreement with this Government's attitude and policy in connection with the existing difficulties between China and Japan.

Your indorsement of the action taken and the spirit which prompted you to write in this way are appreciated.

You are assured that the many problems presented by and the factors involved in the situation in the Far East are continuing to receive the earnest and solicitous attention of the Department in the light of the treaties to which the United States is a party and to the end that there may be reached by peaceful means solution of the problems presented.

Very truly yours,

For the Acting Secretary of State:

Maxwell M. Hamilton,
Assistant Chief,
Division of Far Eastern Affairs.

FE: ~~HC~~ ENT: SS

A true copy of
the signed orig-
inal

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/99 FOR Tel. # 410, 10 am

FROM China (Perkins) DATED April 6, 1932.
 TO NAME 1-1127 070

REGARDING:

Japanese troops sent from Chosen into the
 Chientao region to protect the lives and
 property of Japanese subjects.
 Bandit acts in the Chientao region are on
 the increase.

793.94 / 4980

4980

1938

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

REP

GRAY

Peiping via N. R.

Dated April 6, 1932

Rec'd 2:25 a. m.

Secretary of State,
Washington.

410, April 6, 10 a. m.

Following from American Consul General, Mukden:

"April 5, 6 p. m. Yesterday it was announced by Japanese headquarters that Japanese troops had been sent from Chosen into the Chientao region to protect the lives and property of Japanese subjects. Japanese press reports indicate that an infantry regiment reached Lungchingtsun on April 3rd and 4th.

It is reported that the Kirin Government forces are powerless against the strong following of Wangte(?) and that bandit acts in the Chientao region are on the increase."

For the Minister
PERKINS

WSB
RR

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

DOCUMENT FILE

NOTE

SEE 693.002 Mahenuria/42 FOR Tel. #413, 1 p.m.

FROM China (Perkins) DATED April 6, 1932
TO NAME 1-1127 ...

REGARDING: Decision reached at conference that such portion of customs receipts as to meet the repayment of foreign loans should be marked and that the balance sent in to the new Government. Declaration of the independence of the customs will be issued about the tenth of this month.

793.94/4981

4981

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

W
TELE

REP

TELEGRAM RECEIVED

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

SHANGHAI

Dated April 7, 1932

FROM

Rec'd 4:26 a. m.

793.94
893.102
793.94119
893.20

Secretary of State, RECEIVED
Washington. APR 7 1932



April 7, 1 p. m. (GRAY)

CONFIDENTIAL FOR THE SECRETARY.

F/LS 793.94/4982

One. Negotiations began at 10 a. m. today when Japanese brought up question of position of Chinese troops south of Soochow Creek and east of Whangpoo. Japanese ask whether Chinese position is that troops there are not covered by Article one of draft B or whether they consider them not to have been involved in hostilities. (END GRAY). If first is the case they can not accept Chinese point of view, if second then they are willing to consider the question. Chinese contend in reply that soldiers in these places were not involved in hostilities and therefore do not come within the scope of these discussions. After long discussion during which it was increasingly evident that the Japanese are depending upon this point to obtain demilitarization of area around Shanghai, it was agreed to refer matter to military sub-committee to find some way of meeting Japanese fears as to their rear.

APR 13 1932

FILED

Two. Meeting adjourned until 3 p. m. today to consider annex two.

JOHNSON

HPD

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

FE

TELEGRAM RECEIVED

MET

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

Shanghai

Dated April 7, 1932

Rec'd

Secretary of State,

Washington

April 7, 8 p.m.

(GRAY) CONFIDENTIAL FOR THE SECRETARY.

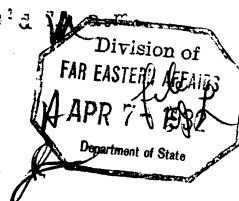
My April 4, 7 p.m., paragraph two; and April 7, 1 p.m., paragraph one.

Negotiators reconvened at 3 p.m. and commenced discussion of annex two and Article Three relative to the withdrawal of Japanese forces. (END GRAY) Chinese state Japanese formula is unsatisfactory as it introduces the element of security while old Article Three was more satisfactory as it specified only physical reasons for retaining troops outside Settlement. Chinese stand on original Article Three and consider that all that remains is the fixing of a time table conformable with physical limitations. They feel that question of security is taken care of by the fact that there has never been any threat against the Settlement and as a special measure they are preparing a special constabulary to take over evacuated areas from Japanese.

793.94
 note
 893.102-S
 793.94119
 500, C111

F/LS 793.94/4983

FILED



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

MET

2-from Shanghai, April 7, 8 p.m.

Japanese.

(GRAY) Two. There appears to be a complete deadlock between the two sides. Lampson summarized situation as presenting three alternatives:

(a) -- Accepting Japanese declaration as quoted in my telegram April 4, 7 p.m. but with the words "and they hope that conditions will have so improved within six months or sooner" inserted between the words "pursuits" and "the Japanese troops".

(b) -- Agreeing to disagree "the Chinese Government in taking note of the declaration of the Japanese Government that: (insert here original Japanese declaration as quoted in my April 4, 7 p.m.) hereby place on record their understanding that the terms of the present agreement for rendering definite cessation of hostilities and regulating withdrawal of the Japanese forces in accordance with the resolution of the Assembly of the League of Nations of March 4th, will not be finally implemented until the Japanese troops have been withdrawn to the International Settlement and the Extra Settlement roads in the Hongkew district

as

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

MET

3-from Shanghai, April 7, 8 p.m.

as before the incident. January 28, 1932, in accordance with the provisions of Article Three of the agreement".

(c) - Have no agreement at all. (END GRAY)

Three. Quo suggested a fourth; namely, that we recognize the deadlock and the two nations report to the League Committee under whose auspices and supervision negotiations were being carried out while representatives of the four friendly powers participating at the request of the League report independently to their several governments. General Uyeda expressed the opinion that it was too soon to take this step and stated that he would refer alternatives one and two to his Government.

(GRAY) Four. Sir Miles then suggested that both sides refer alternatives one, two and two A to their Government's for consideration. Text of two A as follows:

"The Chinese authorities in concluding this agreement for rendering definite cessation of hostilities and regulating withdrawal of the Japanese forces in accordance with the resolution of the Assembly the League of Nations of March 4th hereby place on record their understanding that

the

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

MET

4-Shanghai, April 7, 8 p.m.

the spirit of the said resolution and the terms of the present agreement will not be finally implemented until the Japanese troops have been withdrawn to the areas in the International Settlement and Hongkew district occupied by them before the incident January 28, 1932, in accordance with the provisions of Article three of this agreement".

This was accepted and conference adjourned until April 9, 3 p.m.

JOHNSON

WSB-HPD

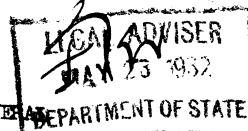
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

NO. 5343



CHINA,

March 9, 1932.



for 793.94 note

SUBJECT: **APR 6 32**
POLITICAL REPORT FOR LATTER PART
OF JANUARY AND FEBRUARY, 1932.

Division of *Far East*
FAR EASTERN AFFAIRS

APR 7 - 1932

Department of State

MAY
THE HONORABLE

THE SECRETARY OF STATE

WASHINGTON

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

SIR:

1/ I have the honor to enclose herewith, for the information
of the Department, a copy of my despatch No. 2330, of even
date, reporting to the Legation on political conditions during
the latter part of January and February, 1932, in this district.

Respectfully yours,

G. C. Hanson
G. C. Hanson
American Consul General.

✓ Enclosure;

Copy of despatch No. 2330 to the Legation.

800
TH/th

F/DEW

793.94/4984

MAY 24 1932

FILED

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

No. 2330

AMERICAN CONSULATE GENERAL

HARBIN CHINA, March 8, 1932

SUBJECT: POLITICAL REPORT FOR LATTER PART OF JANUARY AND
 FEBRUARY, 1932.

The Honorable

Nelson Trusler Johnson

American Minister

Peiping, China

Sir:

I have the honor to report below the outstanding political events which occurred in North Manchuria during the latter part of January and the month of February.

During the latter part of January, General Chang Ching Hui, the pro-Japanese Civil Administrator of the Special Area, successfully persuaded the Kirin military leaders, Ting Chao, Commander of the 23th brigade and of the Chinese Eastern Railway Guards at Harbin, Hsing Chan Hsing, Commander of the 26th brigade, Su Teh Chen, Commander of the 22nd brigade, Li Yu, Defence Commissioner at San Sing, and others, to pledge their allegiance to Hai Chia, head of the new Kirin government. New Kirin officials, such as the manager of the Harbin Electric Company and chiefs of the river police and of police in Fushiatien, took up office. General Yu Hsien Chou, Commander of the new Kirin troops, had been appointed by Hai Chia as assistant commander of the Chinese Eastern Railway guards in place of Ting Chao. Colonel Bohara was due to arrive at Harbin on January 26th and the Japanese Consul General, Mr. C. Chashi, expected to depart the following day for a conference in Tokyo. The Pihnsien government was practically non-existing. To all appearances the whole of Kirin Province had fallen under

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293.01-244
 293.00 P.R.
 Harbin

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the influence of the Japanese military acting through Hsi Ch'ia.

Much to the surprise of everyone, the Japanese consular officers and the members of the local Japanese military mission included, early in the morning of January 26th, a few hundred old Kirin troops headed by Colonel Feng Chan Hui, who had been defeated by the new Kirin troops aided by Japanese bombers near Ashiho on the east line of the Chinese Eastern Railway, and who was acting under orders of Li Tu, entered Fuchiatien and clashed with the police, whose new chief they immediately deposed. Shops in Fuchiatien and in Harbin were immediately closed and measures were taken by Ting Chao to prevent the trouble from spreading to Harbin.

892.012 Harbin
 It soon became evident that the old Kirin leaders, including Chang Ching Hui, had become suspicious of the real intentions of Hsi Ch'ia and Yu Hsien Chou for, despite the former's acceptance of the old Kirin leaders' allegiance, it appeared that Hsi Ch'ia desired his troops to enter Harbin and that Yu wished the job of commander of the railway guards. The local Japanese Consulate General and military mission favored Chang Ching Hui and his efforts to settle the differences between the old and new Kirin military leaders by compromise. Chang was placed in an embarrassing position for it appeared to the old leaders that he had double crossed them and to him that he was liable to be ousted from his position as civil administrator by order of Hsi Ch'ia. The mess was caused by the Japanese advisers at Kirin, who favored Hsi Ch'ia's candidates, and the Japanese advisers here, who favored Chang and his compromising methods whereby he accomplished the peaceful yielding of the old Kirin leaders to the new regime, working at cross purposes. The party at Kirin attempted too quickly to curtail the power of the old Kirin leaders and Yu even demanded that the private property of the latter be confiscated.

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This move on the part of Kirin aroused the ire of Generals Ting and Li and they decided to resist the entry of Yu's troops into Harbin. The new Kirin appointees to offices at Harbin went into hiding and the newly arrived Harbin Chief of Police and Mayor, Pao Kuan Cheng, were not able to take over their new positions. The latter hid. The former Chief of Police, Wang Jui Hua, who had resigned his post to Chin Jung Kuei, who was to have the job temporarily, bobbed up again and grabbed back his old job, receiving in addition the command of Ting Chao's 23th brigade. Consul General Ohashi still had hopes that the new and old Chinese parties would reach a compromise and postponed his departure from Harbin three days, that is, until the 28th.

8/21/02
 The situation had become so confused and the residents of Harbin had become so alarmed that I believed it advisable to request Mr. Ohashi, as senior consul, to call a meeting to be attended by the British Consul General, Mr. Garstin, the French Consul, Mr. Reynaud, and myself at Mr. Ohashi's residence at 4 P. M. on the 28th to discuss the situation. Acting upon my suggestion, the meeting agreed to have Mr. Ohashi telegraph to Hsi Chia and to telephone to Ting Chao with the request that he inform Li Tu that both parties to the dispute should do their utmost to prevent danger to the lives or damage to the property of the foreign community at Harbin.

On January 25th Japanese airplanes began circling over Harbin and dropping leaflets urging submission to the new Kirin Government. Colonel Doihara arrived on the 26th and I believe, despite the denials of Mr. Ohashi, that he immediately took part in the discussions between the two parties. I believe that one of the reasons Colonel Doihara came to Harbin was to attempt to straighten out the situation. On the 27th more old Kirin troops from down the Sungari river and from the region of Pinkalen arrived at Pashiatien, some of them marching through the residential section of Harbin,

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which did not lessen the alarm already felt.

General Yu's advancing forces numbered about 2,000 and to prevent them from entering Harbin, Generals Ting and Li concentrated about 15,000 soldiers at and near this city. On the 26th these two generals issued a proclamation stating that they would support General Chang Ching Kai, who had several thousand newly recruited police under him, in maintaining peace at Harbin. At 10 A. M. on January 27th, a portion of Yu's troops which had reached Old Harbin, an eastern suburb of Harbin, the night before, as they started to march toward Puchintien, clashed with a portion of General Li's forces, which came out from the native city to meet them. During the fighting, which was not severe and which lasted a few hours, three Japanese military airplanes circled over the combatants and dropped bombs among the old Kirin forces. Some houses, one of them occupied by the American manager of the Texas Company, suffered slight damage from pieces of shrapnel and bullets. The casualties on both sides were very slight. The new Kirin forces withdrew and were not pursued by the old.

In the afternoon of the 27th, I sent a telegram to Hsi Ch'ia, stating that there was fighting near Harbin on that day and requesting that all efforts be made to prevent damage to the lives and property of Americans here. Hsi Ch'ia's office replied on the following day that General Yu had been instructed to make all efforts to afford protection, but that he, Hsi Ch'ia, could not be responsible for any damage caused by the other side.

At my suggestion, Mr. Garstin, Mr. Raymond, Mr. Ohashi and I met at 1 P. M. at the residence of the senior consul to consult in regard to what steps might be taken to withdraw our respective places of nationals to safety. It might be mentioned here that in 1929 during the Soviet-Chinese conflict, when there was danger that defeated Chinese soldiers, who had looted Manchouli, Hailar and other places along the western line of the Railway, might hastily

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descend upon Harbin and commit excesses here, I devised a scheme whereby Americans living in the residential section could come to the Consulate and those living in the business section could go to the National City Bank building, in case of danger from mobs. I was prepared to act according to this scheme, but as conditions were different than they were in 1929, and as I was sure that the Japanese troops would pursue the retreating Chinese soldiers so fast that they would have no chance to stop to loot, I did not. Also, if the American residents had been warned by the Consulate General to hold themselves in readiness to take refuge, this warning would have caused additional alarm and panic among the Russian and Chinese community, who were already badly frightened. Japanese and Koreans in Puchiatien were advised by Mr. Ohashi to come to Harbin. The latter informed me at 5 P. M. that one Japanese and seven Koreans were murdered by Chinese in this withdrawal, but it was learned later that the loss of life was three Koreans killed. Neither the British Consul General nor the French Consul had a scheme for withdrawing their respective nationals to places of safety.

On January 27th, a Japanese airplane which had been hit by rifle fire was forced, on account of engine trouble, to land in a field near the Sungari river bank just above Harbin. The pilot went to telephone to the Japanese military headquarters, leaving his companion to guard the machine, which was soon surrounded by a curious crowd and by Chinese police. A small group of Chinese cavalrymen approached, the crowd fled and the Japanese occupant of the machine was killed by rifle fire, either because he threatened the cavalrymen with his revolver or because the latter simply wished to murder him. This incident caused bitter feeling among the Japanese and a group of them, headed by Colonel Noiham, in motor cars, went to the scene where a crowd of curious Russian and Chinese men, women and children had again gathered. This crowd

-fell-

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fell back when the Japanese armed with pistols and a machine gun arrived and took a menacing position near the airplane. When it was noted that the Chinese soldiers and police had disappeared, the tension of the Japanese relaxed and they then set fire to the machine and drove away. The crowd gathered near the airplane again in order to view the fire. Suddenly, a number of bombs which were hanging in plain sight and which the Japanese for unknown reasons had not taken from the airplane, commenced to explode. The explosions killed 15 Russians and Chinese and wounded a large unknown number.

At 3 P. M. of the 27th, my British, French and Japanese colleagues and I called on General Ting Chao, who informed us that General Yu's troops had withdrawn several miles from Harbin, that General Ma Chan Shan had come to Harbin to aid Chang Ching Hui effect a compromise and that the local commercial circles had requested a cessation of hostilities. He asked if we had any objection to his proclaiming martial law in Harbin. We replied that we had none and that we were anxious that there should be no fighting in the city.

The Japanese inspired press for several days had been praising Yu's troops and roundly denouncing those of Ting and Li. The latter were stigmatized as bandits. The Japanese civil and military officials were disappointed on account of Ting's successful opposition to Yu's forces. The plan of the Kirin Japanese military to use Chinese troops to drive out local Chinese officials, who were not desired, had failed. Mr. Ohashi postponed his departure for Tokyo indefinitely. As might have been expected, the local foreign and Chinese communities, including the Soviet consular and railway officials, who refrained from expressing themselves, were alarmed and very much worried.

After our meeting with General Ting, my colleagues and I proceeded to Mr. Ohashi's residence, where he gravely announced

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

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that he had on his own responsibility, on account of the situation which he believed was dangerous for Japanese subjects, telegraphically requested his Government to despatch troops to Harbin to protect them. He declared emphatically that it was and had not been the intention of the Japanese military leaders, whom he had but recently seen at Mukden, Changchun and Yiriu, to send troops to Harbin. I feel certain that he was sincere in this expression of his belief. However, he must have consulted with Colonel Doihara and Colonel Hiakutake of the local Japanese military mission in regard to this serious step. He added that he had not informed the Chinese authorities in this respect and asked us to keep the information he gave as confidential to all except the respective Legations at Peiping. The serious consequences, especially in regard to Japanese relations with Soviet Russia, if this Government would decide to send troops to Harbin, were pointed out to him, but I felt it useless, as he had already acted, to express my opinion that the local Chinese authorities had the situation under such control that the sending of Japanese armed forces to Harbin was unnecessary.

In the morning of January 28th, Mr. Ohashi, through Vice Consul Takigawa, informed my British and French colleagues and myself, but not the Soviet Consul General, that a reply had been received from Tokyo stating that Japanese troops would be despatched north from Changchun.

The news of this decision of the Japanese Government soon spread throughout Harbin and the Soviet General Manager of the Chinese Eastern Railway, Mr. V. Roody, immediately issued orders to stop traffic on the southern line of the railway. This Consulate General received assurances from Mr. Ohashi and the Japanese military mission, which feared there might be some street fighting, that precautions would be taken to prevent danger to Americans and damage to their property at the time of the proposed occupation

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of Harbin by the Japanese troops. The Japanese residents were concentrated in Japanese owned buildings, principally in the Choosen Bank building, and guarded by armed Japanese volunteers. The Japanese military, without requesting the Chinese Eastern Railway Administration, ^{in training} commandeered what available rolling stock there was at Kuanchengtze and as the employees of the railway there refused to work, manned it with Japanese trainmen from the South Manchuria Railway. General Manager Doody and Vice President Kouznetsoff of the Chinese Eastern Railway called the attention of the Chinese authorities to the fact that they considered the railway neutral and should not be permitted to transport troops. The first echelon of Japanese troops left Changchun in the evening of January 28th. The Japanese military, in their customary way, had airplanes circle over Harbin dropping leaflets containing a message from General Hasebe that because several Japanese had been killed at Harbin, he was bringing Japanese troops to Harbin to safeguard the lives and property of not only Japanese but also of foreigners and peaceful Chinese. The local Japanese consular officials believed that the advancing troops would meet with no opposition on the part of the Chinese and would arrive within seven hours, if no bridges were blown up or the roadbed damaged, but the military mission was not so optimistic.

The local office of the Commissioner for Foreign Affairs informed me on January 28th that Generals Chang, Li, Hsing and Ma were forming on their own initiative a "Peace Maintaining Society of North Manchuria", which would operate on the defensive against Yu's troops or the Japanese forces, independent of orders from Nanking, Peiping or Kirin. Ting Chao remarked on the same day to a member of this office's staff that he and Li's troops would resist the Japanese. General Chang, however, stated that he was urging Generals Ting and Li to withdraw from Harbin with their forces, for General Yu had retired with the understanding that they would do so. General Ma returned to Mailun on the 28th.

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

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On the 29th four Japanese airplanes dropped bombs near Chinese troops at Intendantsky station not far from Harbin and circled over the city. General Ma declined to join in the opposition to the Japanese and Generals Ting and Li formed a Kirin protection society and sent out a circular telegram complaining against the Japanese military. General Ting, who signed himself as acting on behalf of General Chang Tso Hsiang, commander of the Chinese Eastern Railway guards, addressed a circular letter to this Consulate General stating that the Japanese had broken their word not to interfere with the Chinese Eastern Railway, had seized Kuanchengtze station, arrested the station master and forced the employees to run trains for their troops and that it was, therefore, necessary for him to defend the railway by stopping such actions on the part of the Japanese, which duty he considered as not hostile to Japan. On January 28th, Chang Ching Hui appointed Pao Kuan Cheng Mayor of Harbin. The latter suggested to the British Consul General that the disinterested Consuls might mediate in such a way as to eliminate Ting Chao. Information was received that Pao had been kept in jail for two years by Marshal Chang Kuang Liang and was released when the Japanese took Mukden. Thereupon he became a protégé of Col. Doihara, who gave him his new job here. He speaks English well and claims that he took part in negotiations regarding the Wine and Tobacco Loan, Chinese-American Bank of Commerce and British-American Tobacco Company taxation.

While Harbin was passing sleepless nights, the Japanese troops were slowly making their way northward. Owing to faulty train handling, two echelons were derailed, one near Kuanchengtze and another near Shuanchengpu. Shortage of rolling stock caused them to use motor and cart transportation. The Chinese resisted in the neighborhood of Shuanchengpu but could do nothing against the Japanese artillery and tanks.

On January 30th, martial law was proclaimed at Harbin with

-General-

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General Chao Chin Lin, formerly chief of staff of Chang Tso Hsiang, as provost marshal. Mr. Ohashi and the Japanese military mission were busily engaged in trying to persuade Ting Chao to give up his idea of resisting the Japanese advance and urged him to depart with his troops from Harbin. They promised to secure for him a good position under the new Kirin Government, but Ting Chao had no faith in their promises. The Yokohama Specie Bank and the Bank of Chosen closed their doors and many foreign and Chinese shops were boarded up.

In the meantime, increasing pressure was brought on the Soviet side here and at Moscow to permit the Russian railway technical staff to aid in the transportation of the Japanese troops. General Manager Moody gave orders to restore traffic on the southern line, but the warlike conditions on the line prevented service trains from proceeding south. Finally Moscow consented to the use of rolling stock and staff, provided the Chinese side of the railway would also agree. This placed the burden of the decision upon the acting President of the Board of Directors, Li Shao Ken, who referred the matter to the Tupan, Mo Teh Rui, who was at that time in Moscow. Mo, evidently not desiring to place himself in the position of receiving censure from Nanking, appointed Li Acting Tupan, resigned and went to the Caucasus, thus "passing the buck" back to Li. The latter was in a difficult position. Doihara threatened him with the wrath of the Japanese army after it had arrived at Harbin. Under the martial law existing at Harbin, Generals Ting and Li might have ordered his execution for taking action that would aid the Japanese against the Chinese military. Komznetsoff, the Soviet Vice President of the Board, agreed, but Li refused to sign an order directing the Soviet General Manager to issue instructions permitting the use of the rolling stock and staff for the transportation of Japanese troops on the southern line. The Board protested to the headquarters

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of the railway guard troops against damage done by other Chinese troops to the railway line and asked it to take the necessary steps to prevent this. This protest was made evidently to prevent criticism that the railway administration had protested only against Japanese activities on the railway.

On January 31st, Chang Ching Hui explained to a gathering of the American, British and Japanese Consuls General and the French, German and Italian Consuls, who had been asked to call at his residence, how he had worked with the Japanese Consul General at Mukden and Harbin to maintain order at Harbin, that he had vainly tried to make peace between the old and new Kirin generals and suggested that the consuls present might take some steps to bring about a peaceful settlement. Chang made a pathetic picture and after he had made his speech, no doubt inspired by the Japanese, looked helplessly around. He was asked a few questions by us, most of which Mr. Ohashi answered. It was soon apparent that the question to be considered was not one concerning the old and new Kirin generals but one concerning the approaching Japanese troops and the old Kirin generals. The discussion then was between Mr. Ohashi and the other consular officers and Chang was completely ignored. Mr. Ohashi finally stated that he could not discuss the matter at this meeting, so I suggested that Mr. Garstin, Mr. Raymond and I should go with Mr. Ohashi to his residence to continue the discussion there. Here Mr. Ohashi stated that the Japanese army was determined to come to Harbin, even if a division was required and reiterated that he had done his best to persuade General Ting to desist from resisting and had offered to abide by any conditions that General Ting desired. I suggested that perhaps if Mr. Garstin, Mr. Raymond and I talked with Ting, he might be willing to compromise to avoid fighting at Harbin, as

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he would not lose so much face by our asking him to compromise than if he yielded to the persuasions of either Mr. Chashi or the Japanese Military Mission.

In the morning of February 1st, by appointment made by me, Mr. Carstin, Mr. Raymond and I called on Ting Chao, who informed us that General Li, who had planned to send his troops back to their posts along the Sungari River, after Yu's troops had been pushed back, had been forced to alter his plans because of the Japanese advance upon Harbin, which he had decided to resist, that he, Ting, could not agree to the Japanese idea of a compromise, which was that the Chinese troops retire and the Japanese troops enter Harbin without opposition, and that he could not trust the Japanese. However, he would be glad to listen to any proposals the consular body would care to make. We assured him that we would be glad to offer our services as mediators, especially at such a time when the Chinese troops ran short of ammunition and desired to retreat, in order that Harbin should be avoided by the retreating troops and order maintained in the city. General Ting later informed me that General Li had agreed on requesting the intercession of the Consular Body in case of necessity.

On February 2nd, it was reported that Japanese troops would be sent to Harbin via Taonan and Anganghul and the Japanese Military Mission demanded from the railway board of directors ten trains to be used to transport these troops over the west line of the railway. The Soviet side agreed but the Chinese side refused to give consent. The Chinese military interfered with the trains and traffic on this line was stopped. General Li Yu assumed command of all the old Kirin troops. Conditions under which the 4,000 Japanese residents were confined under the guard of Japanese volunteers for a week became irksome and Mr. Chashi received a telegram from General

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Honjo, expressing regret that the Japanese army was so slow in reaching Harbin.

On February 4th, in the morning General Ting's Chief of Staff informed me by telephone that the poorly equipped Chinese forces could not fight in the open against Japanese artillery and had fallen back to the last defense line a few miles west and north of Harbin. In the afternoon, he telephoned that Japanese scouts had been seen a few miles from Harbin and that he was confident the retreating Chinese troops could be prevented from entering the city. Reports were received that shooting was taking place near the suburbs of Harbin. Three Japanese airplanes circled over the city and dropped bombs on the Chinese troops outside.

Early in the morning of the 5th, the Acting Commissioner for Foreign Affairs, Mr. Liu Hsing Pei, informed me by telephone that the Chinese troops could no longer hold out and requested some action on the part of the consular body. Mr. Liu replied in the affirmative to my question whether he would care to meet the consuls, with the exception of the Japanese Consul General, at my office. The British Consul General and the French, German and Italian Consuls hastily came to my office at my request and Mr. Liu stated to me that he was acting on behalf of Generals Ting and Li, who had requested that a truce be arranged to allow the Chinese soldiers to withdraw in order. I telephoned this request to Mr. Ohashi, who later replied that his military mission stated that it was extremely difficult for it to communicate with the advancing Japanese troops, that too much time would be consumed to send a message to Mukden and from there to the Japanese front line, and that, even if such a message was sent, it was doubtful if an order could be issued that would reach all parts of the Japanese line which was long in extent. The Mission suggested

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that the best course that the Chinese side could adopt was to retreat as rapidly as possible before the oncoming Japanese troops. Mr. Liu telephoned this message to General Ting's headquarters and went into hiding. Shortly after Generals Ting and Li left in motor cars for the opposite bank of the Sungari where they entrained with a few thousand soldiers on the Hu-Hai Railway and left for Hailun.

Shooting near the western outskirts and northern outskirts of Harbin continued throughout the night of February 4th-5th. Several Japanese shells fell and exploded in Newtown, one in the offices of the Chinese Eastern Railway. Fortunately, no one was seriously injured by these shells and the damage to property was slight. The Soviet Consul General secured photographs of the wreckage caused by the shells at the railway offices which he sent to Moscow. On the 5th, Chinese troops were retreating in fairly good order through Newtown and eastern suburbs toward Puchiatien. A Japanese airplane circled over the city and was fired on from time to time by some of the retiring soldiers. The Soviet General Manager gave orders that all locomotives located on the eastern line be sent to Suifenhe. Later these and others were sent into Siberia. Similar action was taken on the west line, the locomotives being sent beyond Manchali into Siberia. It was evident that the Soviet officials did not wish this rolling stock to come under the control of the Japanese military. The Japanese controlled press commenced to carry items that the Japanese and Korean residents numbering 50 and 20, respectively, at Manchali engaged in petty or illicit trade there, were in danger and demanding that Japanese troops be sent to that place. There has been and there is no danger to Japanese subjects and their trade there. This agitation regarding sending Japanese troops

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to the west was soon replaced by agitation to send troops to the east. During the 24th, most of the shops were closed at Harbin and the Chinese and Russian inhabitants were panic-stricken. Late in the day it was reported that some Chinese soldiers were fleeing in disorder through the eastern suburbs. Some of them passed in slight disorder through the residential section of the city. They could be seen from the windows of the consulate General going by on Bolshoi Prospekt, the street upon which this office is located. Those that passed through the suburbs Mandago and Old Harbin threw away their rifles, other equipment and overcoats which were encumbering their flight. Aside from slight looting in Puchiatien, little damage was done by them.

A few Russians were killed and wounded, mostly accidentally. No Americans nor other non-Russian foreigners were injured and no damage was done to American property, except that several motor cars in which American firms had slight financial interests were commandeered by the retreating officers. It has been impossible to ascertain the number of Chinese soldiers killed and wounded. A rough estimate would place the Chinese casualties at about 1,000, of which about 200 were killed, during the period of the Japanese advance which resulted in the capture of Harbin.

The Japanese troops commenced to enter Harbin at 1:00 P.M. by way of the Old Harbin road without meeting any resistance and immediately went to quarters previously selected by the Japanese Military Mission. Many school buildings were and still are occupied by them. Japanese armored motor cars patrolled the streets as a precaution against stragglers. Puchiatien was occupied at 3:00 P.M. and General Tsuchi with the main force entered at 6:00 P.M. The total Japanese force amounted to about five

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thousand soldiers, mostly infantry, although there was some cavalry, and was fully equipped with tanks, machine guns, artillery, armored motor cars and airplanes. The defeated Chinese force amounted roughly to fifteen thousand poorly trained and equipped soldiers.

When the Chief of Staff of General Ting informed me on the morning of the 4th that the Chinese troops had fallen back to their last line, as mentioned above, I realized that the end was near and sent warnings to the American residents at Harbin to the effect that the Japanese troops might enter Harbin soon and that they should remain indoors after dark on the night of the 4th-5th, which they did. During the morning of the 5th, most of the American businessmen went to their offices, as hardly any Chinese troops retreated through the business section, which was nervous but quiet.

As usual, the Japanese military immediately took over charge of the wireless station and the telegraph and telephone systems. Upon representations made by me, Mr. Ohashi arranged with the Japanese command to permit the filing and despatching of foreign official, press and commercial telegrams. The Japanese military did not and have not as yet interfered with the Chinese postal service. Despite the assurances of Mr. Ohashi that Japanese troops were coming to Harbin solely to protect Japanese and their property, all local Chinese official institutions came under Japanese military control, personified by Colonel Doihara. Traffic was immediately restored on the southern line of the railway and steps taken to repair the damage done to the western line. The attitude of the Chinese populace might be described as sullen and that of some of the white Russians as jubilant. There was a relaxation from the strain of the past week.

- General -

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General Ma's attitude throughout was one of neutrality. He attempted to settle the dispute between the contending generals peaceably. His troops took no part in the fighting. He permitted Generals Ting and Li and part of their forces to retreat into Heilungchiang Province but evidently made it clear that their presence there could only be temporary. They re-entered Kirin Province and established themselves along the Chinese Eastern Railway between Ashiho and Dulacpo. At the end of January, 1900 of General Ma's troops arrived at Tsitsihar ostensibly for operations against bandits. Several hundred Japanese soldiers are still at Tsitsihar.

It soon became evident that the Japanese military had no intention of withdrawing their forces soon from Harbin. After a review of the Japanese troops, during which infantry, cavalry, tanks, artillery, light and heavy, armored motor cars, Red Cross equipment, motor cycles, etc., were paraded on February 8th, some heavy artillery and a few troops were sent south to Changshun. These troops, however, returned to Harbin to be sent later out on the eastern line. Working through Doihara, the Japanese commenced to secure, through the instrumentality of Chinese puppets who were appointed nominally by the Civil Administrator, Chang Ching Hui, as managers and who had Japanese advisers attached to them or through the direct usurpation by Japanese controllers in the more important cases, control of various enterprises at Harbin, such as the Harbin Electrical Works and Trams, the Chinese banks, the Chinese naval administration with several gunboats on the Sungari River, the Northeastern Navigation Company, which owns practically all the steamers and barges on the Sungari River, the Northeastern Shipbuilding Yard, whose manager, Mr. Hsin Che Hsin, a Massachusetts Institute of Technology graduate, appointed by

- Chang -

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Chang Hsueh Liang, was replaced by an actor, Mr. Hsu Pao Min, the brother of the 7th concubine of Chang Ching Hui, as Mr. Hsin described him to me, the wireless station, the telegraph and the local and long distance telephone systems, the municipality, the police administration and similar institutions too numerous to mention. The Mullin Coal Mining Company, a joint Kirin Government-Russian enterprise, was forced to submit to the inspection of its books by Japanese, who were more interested in how many contracts the company had, what amounts of coal were being sold and to whom, and to where the coal was being shipped than they were in the actual financial condition and standing of the firm.

Japanese, largely South Manchuria Railway Company's and Bank of Chosen's agents, in a similar way have secured direct or indirect control of the multifarious enterprises conducted by the former provincial Government and military governors at Tsitsihar and other places in Heilungchiang Province, such as the Kuang Hsin Kuang Ssu or provincial Bank, Huhai Railway, gold mining enterprises, Hokang coal mines. The Chinese officials, who owe their positions to the Japanese military and are controlled by them, in rather indecent haste feted the Japanese conquerors. On February 8th, Chang Ching Hui and on February 14th, General Ma Chan Shan, the universally praised hero who had received large remittances from Chinese living abroad for his fight against the Japanese and who on February 24th allowed himself to be installed by the Japanese at Tsitsihar as the governor of Heilungchiang, gave sumptuous feasts in the banquet hall of the Railway Club to the Japanese generals, their staffs, Military Mission, consular officials and prominent merchants and Chinese officials. Mayor Pao gave a similar banquet at the Hedem e Hotel on February 10th. Indirectly, he asked me whether the local

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consuls would accept invitations to this dinner in honor of the Japanese military and I informed him that I believed that it would hardly be fitting for us to attend such a dinner. Therefore, he did not invite us. Chinese Eastern Railway officials, headed by Li Chao Kuo, the acting Tupan and president of the Board of Directors, who greatly feared that the Japanese would do him harm because he had refused to assent to the transportation of their troops over the railway line, entertained the military visitors with a banquet and elaborate program at the Railway Club.

Mr. Ohashi left Harbin on the 15th for a month's stay in Tokyo, leaving Colonel Doihara to overshadow the Consulate General in efforts to forward Japanese interests here. I have been acting as senior consul since Mr. Ohashi's departure. On February 16th, General Ma, accompanied by Colonel Doihara left Harbin by Japanese airplane for Mukden. He is an inveterate opium smoker and was sick on his trip to Mukden, where he received the appointment of Governor of Heilungshiang Province, and return to Hailun. This gave rise to the incorrect story that he had been poisoned. Chang Ching Hui had left for Mukden by airplane the day before. Both Chinese generals returned to Harbin on February 19th. General Ma immediately left for Hailun where he rested a few days and then proceeded to Tsitsihar to be installed as governor.

On February 19th, thirteen Japanese military airplanes arrived at the Harbin airfield, where there are stored enormous stocks of bombs, and some of them immediately took off for the Pinkien area. On this day and subsequent days extensive bombing operations were conducted against places where it was suspected old Kixin troops and their "volunteer" allies were located. I have been given to understand that the title "volunteers" is a new respectable name for brigands. Formerly, these gentlemen of the road were rather

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ashamed to confess that they were brigands but now that their aim in life is not only to loot but also to fight against the enemies of China under the title of "volunteers", they take more pride in their profession. However, it is difficult to ascertain whether the Japanese airplanes bomb old Kirin troops or "volunteers", because they are all called brigands by the Japanese military.

During February, the situation at Manchuli and Hailar was quiet (Please refer to my despatch No. 2321, dated February 26, 1932, describing a trip I made to Manchuli during February 20th-24th). Residents at Manchuli informed me that they had received no reports of extraordinary movements of Soviet troops near the frontier there and expressed the belief that the Soviet Government would not fight the Japanese, unless the latter actually invaded Soviet territory. At Hailar I learned that the Mongol leaders of Barga were in favor of an independent Government for Manchuria and Mongolia with Pu Yi as its head.

At the end of February, the Moscow Government gave its consent to the use by the Japanese military of three trains of the Chinese Eastern Railway to transport Japanese troops on the east line as far as Duiampo and in case of urgent necessity as far as Mishan. The Japanese claimed that their nationals, 227 Japanese and 20,433 Koreans, living along or near the line were being badly treated by old Kirin troops, under Generals Ting and Li, who had appeared in that vicinity. The railway was functioning normally and its staff was not molested. However, it is true that Japanese nationals suffered from the hands of the Chinese soldiers, who naturally feel that they have been badly treated by the Japanese military. Chinese farmers have also suffered from the soldiers, who depend

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upon the local communities for their support.

Respectfully yours,

G. C. Hanson
American Consul General.

600
GCH/ell

5 copies to the Department of State;
1 copy to the Embassy at Tokyo;
1 copy to the Consulate General at Mukden.

True copy of
the original.

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NO. 220

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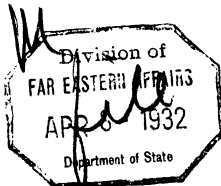
AMERICAN CONSULATE GENERAL,



March 5, 1932.

APR 7 32

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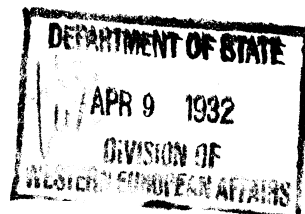
SUBJECT: Rejection of Motion Proposing Recall of Dutch Destroyer VAN GALEN from Shanghai.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



F/LS/
793.94/4986

I have the honor to report, that according to a recent article in the Bataviaasch Nieuwsblad, the motion proposed by Albarda respecting the recall of the destroyer VAN GALEN from Shanghai has been rejected by the second chamber by a vote of 48 to 23.

It was also stated that the Dutch Consul General in Shanghai has been authorized to avail himself of the nearest Java-China-Japan Line steamer for the accommodation of Hollanders in case Shanghai should have to be evacuated. The destroyer VAN GALEN has orders to have the marines on board take charge of the actual evacuation should that be necessary.

APR 9 - 1932

FILED

Respectfully yours,

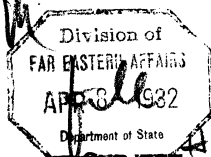
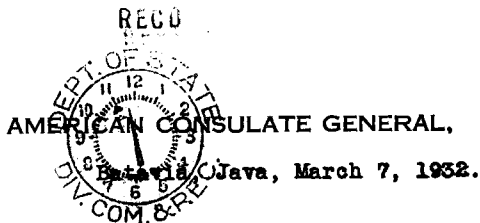
John J. Macdonald
John J. Macdonald,
American Vice Consul.

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JJM/teh

Original and 4 copies to Department.

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NO. 277



APR 7 32

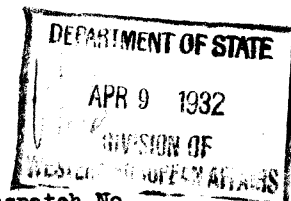
SUBJECT: Statement of Japanese Consul General
respecting the alleged "Tanaka
Memorial".

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



F/LS

793.94/4986

I have the honor to refer to my despatch No.
802 dated December 11, 1931 and to transmit here-

1/ with a copy of a note received to-day from the
Japanese Consul General at Batavia, which is
self-explanatory.

Respectfully yours,

John J. Macdonald
John J. Macdonald,
American Vice Consul.

Enclosure:

Copy of note received from Japanese
Consul General at Batavia.

800
WKA/ktt

Original and four copies to Department.

APR 9 1932

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COPY OF NOTE RECEIVED FROM JAPANESE CONSUL GENERAL
 AT BATAVIA, JAVA.

Several months ago, the Chinese Consul-General in Batavia circulated a pamphlet named "Tanaka Memorial" among a certain number of people in this city. The letters "the Chinese Consulate-General, Batavia" being printed on its cover, the responsibility of the said Consulate-General for the circulation of this pamphlet was made clear.

On this matter, the Japanese Consul-General hereby declares that this document is entirely untrue and no more than a Chinese fabrication. According to the information received lately from the Japanese Government, it was in Autumn of 1929 that the fact of the circulation of this document in China came to their knowledge. In November of the same year the pamphlets were distributed among Europeans and Americans who attended the Pan-Pacific Congress held in Kyoto, Japan. In January of 1930, the Japanese Minister and Consuls in China, under instructions of the Government, requested the Chinese competent authorities to exercise strict control over the circulation of such a pamphlet, laying stress on the ungroundedness of its descriptions, and the evils which might effect upon the good relations between the two nations. After that, the circulation stopped for a while, but the account of the pamphlet again appeared on newspapers in Amoy, Mukden, Shanghai, Canton, etc., in July of 1931. It was shortly afterwards that the China Critic in Shanghai reprinted the whole text of the documents. The Japanese Government was therefore compelled to reiterate the protest to the Chinese Government against this fact. Let us imagine what the Chinese Government intends by letting the Chinese Consulate-General in Batavia circulate this pamphlet as yet on the latter's responsibility, without listening to the repeated protest of the Japanese Government nor paying attention to the honor of the late Prime Minister of Japan.

Let us point out as follows one remarkable instance to show how this document was invented. On Page 4 of the pamphlet it is stated that "It will be recalled that when the Nine Power Treaty was signed which restricted our movements in Manchuria and Mongolia, public opinion was greatly aroused. The late Emperor Taisho called a conference of Yamagata and other high officers of the Army and the Navy to find a way to counteract this new engagement. I was sent to Europe and America to ascertain secretly the attitude of the important statesmen toward it After I had secretly exchanged view with the Powers regarding the development of Manchuria and Mongolia, I returned by way of Shanghai. At the wharf there

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a Chinese attempted to take my life. An American was hurt but I escaped, etc." But the Nine Power Treaty was signed on the 6th of February 1922 and the establishment of the Regency was declared in November of the preceding year owing to the serious illness of H.M. late Emperor Taisho, so that the alleged conference was absolutely impossible at that time. Moreover Prince Yamagata had been in sickbed since October 1921 and was dead before the signature of the Nine Power Treaty. Besides those, Baron Tanaka had not travelled to Europe and America since 1913.

Who can imagine that a personage of the most important position of a civilized country like him would present such an irresponsible memorial to the Sovereign or leave it to posterity?

The people here must have witnessed that, since the outbreak of the present conflict between Japan and China, a considerable number of groundless news of the Chinese fabrication have been distributed in the press-circles. We do not dare to deny those news one by one, as not only it is too weary task for us but also we believe that such fabrication can get nothing but the loss of confidence.

According to the information lately received by the Japanese Consulate-General from the Japanese Association in Bandoeng, another pamphlet containing the same substance as that circulated by the Chinese Consul-General was widely distributed among schools in Bandoeng. The readers of your honorable paper will well know that the Japanese Government attaches great importance to the fact that the Chinese Government has long been instilling the Anti-alien idea among students. The Chinese are now doing here in Java what they have used to do in China. The Japanese Consul-General firmly believes that to agitate the pure heads of the school-teachers and children with dangerous political thought or incorrect knowledge of the international relations will likely spoil the system of the education of a country, and he thinks it his duty to deny the whole descriptions of the above-mentioned pamphlet in order to deliver the teachers and students here in Java from being mistaken by the Chinese agitation, as well as to defend the honor of the late Premier, Baron Tanaka.

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DOCUMENT FILE

NOTE

SEE 693.002 Manchuria/43 FOR Despatch # 2703
FROM Great Britain (Atherton) DATED Mar. 29, 1932
TO NAME 1-1127 ...

REGARDING: Manchurian customs regime;-
Hansard's report of the debate on the
Far Eastern situation in the House of Commons,
during which the Foreign Secretary expressed his
views. Newspaper clippings on the subject.

793.94/4987

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

DUPLICATE

No. 2703

London, March 29, 1932.

Subject: Sino-Japanese Conflict.

The Honorable

The Secretary of State,
Washington, D. C.

Sir:

I have the honor to enclose Hansard's report of the debate on the Far Eastern situation in the House of Commons on March 22nd, during which the Foreign Secretary expressed the views quoted in abbreviated form in my telegram No. 115, March 23rd 1 p.m.

The gradual settlement of conditions at Shanghai has given public opinion in this country some leisure to examine recent developments in Manchuria. As reported in a previous despatch, the press expressed without a dissenting voice its gratification that the League of Nations had embodied in its resolution of March 11th the principle that there shall

be no/

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be no recognition of any situation brought about by military pressure. When, therefore, an independent régime was promulgated in Manchuria, the Liberal press took the position that, as the resolution forbids member-nations of the League to recognize a change of status that is regarded as a direct consequence of Japan's military occupation of Manchuria, a request for the recognition of the régime should afford an opportunity to test the vigor of the principle enunciated in the resolution and to give it shape and form through application.

On several occasions, efforts were made in Parliament by members of the Opposition to obtain a definite statement from the Government on the point raised. On March 14th the Foreign Secretary was asked to state what action would be taken with regard to the recognition of the Manchurian régime, but Sir John Simon confined his answer to the statement that "Our present information would make it premature to take any such action".

If divorced from the seriousness of the subject, the discussion last Tuesday of the Far Eastern conflict is little likely to be ranked with the historic debates of the past. It is unfortunate that the Opposition had no stronger spokesman than the former Commissioner of Works in the Labor Government. Mr. Lansbury affected to assume an attitude of impartiality, but he was armed with the arguments of partizanship on one or two important points, notably in the matter/

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matter of the reported seizure of the Maritime Customs in Manchuria, so that he was easy prey for a man reputed to possess one of the keenest intellects in this country. In fact, the arguments which Mr. Lansbury brought forward seemed only to give Sir John Simon an occasion for displaying all the art of equivocation of which he is -according to Mr. Lloyd George - a master.

Sir John devoted the early part of his reply to an exposition of what he conceived to be the functions of the League. He said that, while Britain is prepared to assume all its obligations as a member of the League, he did not believe that the powers of coercion with which the League is endowed necessarily added to its effective strength as a mediating influence, which he believed to be its first purpose. He thought, therefore, that the League should keep its mediatory and coercive functions apart.

Turning to the question of customs revenue in Manchuria, he said that a certain proportion of the revenues collected by the Maritime Customs is diverted to the fund for the servicing of certain foreign debts and that the remainder is delivered to the Chinese Government. He remarked that he had no information that what is being done in Manchuria differs from past practice, but that Britain and other countries would take "very grave and serious notice indeed of any suggestion that the Customs Service of China was going to be so tampered with as to interfere prejudicially with/

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with the undoubted rights which various foreign interests have over the customs".

With respect to the question of recognizing the new régime in Manchuria, Sir John observed that without being partisan in the matter, he thought that all controversial facts must await the report of the Commission sent out by the League to examine them. He said that Britain, being a signatory of the Nine-Power Treaty, would see to it "that we do not encourage or countenance what might be a disregard or a violation of China's territorial administration. At the same time, there is no law and there is no common sense in saying that in no conceivable circumstance can there ever be a sub-division of an enormous area like China."

I have the honor in conclusion to enclose copies of editorials from the London TIMES, DAILY TELEGRAPH, MORNING POST, NEWS CHRONICLE, and from the MANCHESTER GUARDIAN, dealing with British policy towards the Far Eastern conflict. Of these I desire to invite particular attention to that of the TIMES, whose views I ventured to predict on a previous occasion would eventually reflect the opinion of the greater part of the people of this country. It will be noted that the support which Sir John Simon seeks from the British public for his policy is fairly generously given.

Respectfully yours,

Ray Atherton
 Chargé d'Affaires ad interim.

Enclosures:
 As stated.
 Copy sent to E.I.C., Paris.

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PAPER PARLIAMENTARY DEBATES NUMBER
(House of Commons).
CITY LONDON DATE Mar. 22, 1932.

THE TIMES

LONDON

Mar. 23, 1932.

A VINDICATION OF BRITISH POLICY

SIR JOHN SIMON'S defence of British policy in the Far Eastern crisis will win the commendation of the vast majority of his countrymen. The FOREIGN SECRETARY was able to show that in circumstances of great complexity he had thought out a policy and has held to it unswervingly. Whenever a dispute arises between two nations it is very easy for onlookers to mistake moderation for weakness and partisanship for strength; and there is an organized minority in this country which would have wished the British Government to lead the League of Nations in a crusade against Japan for having acted, both in Manchuria and in Shanghai, in what is admittedly a high-handed manner. Most Englishmen will probably agree with SIR AUSTEN CHAMBERLAIN'S dictum in yesterday's debate that the bayonet is not a good answer to the boycott; but they will also agree with his argument that Japan, in common with other countries, had suffered very long provocation before she took forcible measures. She had in fact a good deal of justice on her side. There were many additional circumstances special to this dispute—such as the fact that the Government of one of the two countries could exercise no executive or administrative authority over the territory which it nominally ruled, and that the spokesman of China in Geneva has never been in a position, from the beginning of the dispute until now, to influence events in Manchuria to the slightest degree. Any undertakings he might give for the protection of foreign lives or property there were therefore admittedly valueless. It may be added incidentally that war has never been declared by either party; and it would have been strange indeed if the League, by pronouncing Japan to be in a state of economic blockade, had transformed warlike operations into an unqualified war involving several nations.

For all these reasons—and most of all because neither in this nor in any other country was public opinion united in believing one party to the dispute to be entirely wrong—the FOREIGN SECRETARY decided from the outset that the proper function of the League in this case was mediatorial and not coercive; and that the policy of Great Britain could be entirely identified with the performance of this function. The middle course is notoriously the most difficult to pursue with distinction; but in the present instance the FOREIGN SECRETARY has deliberately taken the line that the fundamental issues are still in controversy, and that the League should abstain from passing judgment until the Commission which it sent out has had time to report. In the meantime he has led the way in a restatement of the League's principles by the Assembly and in utilizing every possible occasion for conciliatory service. The quietest diplomacy is nearly always the best, and only such a lover of the spectacular as MR. LLOYD GEORGE could mistake consistency and firmness for "hesitation, feebleness, and poltroonery." This country may well feel proud on the contrary that so much of the really helpful work should have been performed by Englishmen. MR. LANSBURY, as well as SIR AUSTEN CHAMBERLAIN, paid a tribute to the conciliatory efforts of SIR JOHN SIMON at Geneva; and no small credit attaches also to the chief intermediaries at Shanghai, SIR MILES LAMPSON and ADMIRAL KELLY. Last night the excellent news was received that more Japanese land and sea forces have been ordered to return home, and that a formal conference is to be opened in Shanghai. The conciliatory efforts appear to be succeeding. But to have judged the proper function of the

Japan should demand some sort of guarantee against what is in effect a form of economic warfare. SIR JOHN SIMON had something to say about Manchuria last night, but before British policy can be clearly defined in that region a full and impartial account of recent events and of the present situation must be awaited. That report can be drawn up only by the League Commission which LORD LYTTON is leading. They are at present at Shanghai after a preliminary visit to Japan, and are expected soon to proceed to Manchuria itself. It is certain that there, as in the rest of China, British policy will be directed towards finding a solution to which all the Powers concerned can agree.

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WORK SHOULD HAVE BEEN PERFORMED BY ENGLISHMEN. MR. LANSBURY, as well as SIR AUSTEN CHAMBERLAIN, paid a tribute to the conciliatory efforts of SIR JOHN SIMON at Geneva ; and no small credit attaches also to the chief intermediaries at Shanghai, SIR MILES LAMPSON and ADMIRAL KELLY. Last night the excellent news was received that more Japanese land and sea forces have been ordered to return home, and that a formal conference is to be opened in Shanghai. The conciliatory efforts appear to be succeeding. But to have judged the proper function of the League in this case to have been conciliation is not to presume, as SIR JOHN SIMON hinted in his speech, that its proper function will never be anything else in any international dispute of the future. The machinery for penalizing action exists without any need to arm the League with the mammoth bomb-throwers which civilized nations should agree to abolish rather than to organize. There have been occasions in the past when the threat of its operation has been most effective, and similar occasions may arise in the future. The Far Eastern dispute has not been one of them.

It would, of course, be absurd to pretend that the trouble in the Far East is nearly over. "There is a great deal of difficult work to do still," SIR JOHN SIMON said yesterday ; indeed the fundamentals of the dispute have scarcely been touched. The immediate object is still to obtain the final and unquestionable cessation of hostilities, so that the negotiations of a settlement can be conducted without the constant threat of armed action from one side or the other. The great merit of British policy has been that it has at once inspired and been reconciled with the collective action of other nations, and that it has won the steady support and cooperation of the United States. A common front towards the problem has been maintained, and good relations with both Japan and China remain unimpaired. The general position is therefore favourable for an authoritative settlement of the remaining difficulties. Nor can the legitimate interests of foreigners in China be forgotten. Bayonets may not be the best way of dealing with boycotts, but it is natural that

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PAPER DAILY TELEGRAPH

NUMBER

CITY LONDON

DATE Mar. 23, 1932.

THE PACIFIST CRY FOR SANCTIONS

Two subjects were raised by Mr. LANSBURY yesterday in opening the debate upon foreign policy in the House of Commons. One was the progress of the Disarmament Conference, the other the situation in the Far East; so that his speech supplied, as was to be expected, a model of that form of militant pacifism which has been so well advertised during the past six months. As to disarmament, Mr. LANSBURY advanced the opinion that "there would be no real peace until the nations gave up reliance upon armaments altogether." Of this proposition all that can be said is that when Mr. LANSBURY has convinced the nations of its wisdom the world will be a very different place. But when it came to the question of Japanese action in China, Mr. LANSBURY appeared to be not so certain that every international difference could be resolved by moral suasion and the spirit of sweet reasonableness. He asked the Foreign Secretary "what he proposed to do, or ask the League of Nations to do, to get the Japanese out of Manchuria."

Commenting on this attitude of mind, Sir AUSTEN CHAMBERLAIN suggested that the pacific settlement of international disputes would not be furthered if Great Britain, having first decided for herself which of two parties to a foreign quarrel was in the wrong, "should take the wrongdoer by the scruff of the neck and oblige him to do right." But those of Mr. LANSBURY's way of thinking would not shrink from that procedure. The British Government, in their view, should begin by arbitrarily taking sides against a friendly Power which claims to have right on its side, and should proceed to attempt to coerce that Power, or at the least to persuade the League to do so. Any other course would be what Mr. LLOYD GEORGE has elegantly called "poltroonery." Sir AUSTEN also cogently pointed out the part played by China's long-continued disregard of treaty rights in the Far Eastern trouble.

Sir JOHN SIMON's account of the discharge of this country's responsibilities in the Far East included as powerful a presentation as has ever been given of the truth that the real authority of the League is "founded on its position as the authorised exponent and interpreter of world opinion"—that it is not increased, but that the position of the League tends to be weakened, by its self-appointed champions' insistence on brandishing the weapon of "sanctions" in and out of season. He claimed—and the claim was supported by the facts he was able to give as to the withdrawal of Japanese forces from Shanghai—that the activity of the League as a purely mediating influence was producing far better results than could have been looked for from any hasty attempt to exercise pressure. Sir JOHN spoke, as Sir AUSTEN CHAMBERLAIN had done, as one setting too

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PAPER NEWS CHRONICLE

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DATE Mar. 23, 1932.

The news from Tokio of the continued political crisis in Japan and the apparent determination of the military party to strengthen the Japanese forces in Manchuria prevent us from saying that all is clear in the Far East. But so far as the Shanghai part of it is concerned, we may be reasonably satisfied with Sir John Simon's statement in the House of Commons yesterday. In a case in which the use of direct sanctions was ruled out, the League has discovered the power and value of the role which remains to it of rallying world opinion to the side of peace. It is undoubtedly the steady pressure of this opinion which has ended the fighting at Shanghai and provided the Japanese with the means of withdrawing from a course of action which otherwise might have landed them in an interminable and devastating war with China. It still remains to find a peaceful settlement of the very difficult Manchurian question, but it should be possible to go ahead with this without the doubts and hesitations which attended the earlier phase.

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MORNING POST

LONDON

Mar. 23, 1938.

CHINA AND JAPAN

It is always a little difficult to gather from what Mr. LANSBURY says what Mr. LANSBURY means; his speech in the House of Commons last night mixed disarmament with the Far East in a fine confusion; it was compounded of advice to "give up reliance on armaments altogether," and exhortations to "get Japan out of Manchuria," although how the one can be done without the other Mr. LANSBURY scorned to explain. We suggest to the Leader of the Opposition that China is being invaded precisely because she follows the course which our Pacificists would have this country follow; she has neglected her armaments and placed her reliance upon the League of Nations. If China had possessed a Navy adequate to her defence she would not now have the invader within her frontiers. It is fair to add that her Government have not only dispensed with the first duty of defence; they have combined weakness in arms with a policy of provocation and prevarication, which have brought upon them the inevitable consequences.

Sir AUSTEN CHAMBERLAIN did good service to the cause of truth last night by pointing out that while China was appealing to the League of Nations to vindicate her rights, she herself "not long ago announced her intention by unilateral action to terminate an international treaty." He might have added that the well-intentioned but weak policy of Great Britain towards China only seems to encourage the forces of disorder in that country to ever more insolent and injurious encroachments. What are the facts in the present case? The Chinese were using against Japan the methods they had formerly used against England. Chinese pickets were raiding shops and seizing goods; beating the merchants, and looting the merchandise. When the offenders were brought before the Chinese courts they were feted as patriots instead of being condemned as robbers. Moreover, the 19th Army, a body of militarised brigands, was advancing on Shanghai, their intention being to squeeze money out of the Chinese merchants and beat up the Japanese. Not the Japanese merely, but the International Settlement was threatened, as is proved by the fact that "a state of emergency" was declared, and that the armed forces of all the nations stood to arms. The Japanese, whatever tactical errors they may or may not have made, were defending not only themselves but the International Settlement. Sir JOHN SIMON testifies to the fact that they are now withdrawing their forces, or as large a part of them as they think safe, and their action throughout is consistent with the view that Japan acted to defend the rights of her subjects, and that what she wants in China is what we all want—fair dealing and stable Government.

The SECRETARY of STATE told the House of Commons last night that Great Britain was co-operating with the other Powers concerned in Shanghai. In that case frank

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LONDON

Mar. 23, 1938.

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PAPER MANCHESTER GUARDIAN

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DATE Mar. 23, 1932.

The Government and the Sino-Japanese Dispute

Sir John Simon's speech in yesterday's debate in the House of Commons on foreign affairs shed a certain amount of light on the position in Shanghai and little or none on the position in Manchuria. He appeared to be very well satisfied with the League's handling of the Sino-Japanese dispute. Its, in his view, outstanding achievement had been to limit itself to mediation and to keep well in the background those "powers of a coercive character lodged in the League by its Constitution." For, argued Sir John with a certain naïveté, "some States might hesitate to join wholeheartedly in a declaration of principles for fear of the ultimate liabilities that might come upon them"; whereas, if there was no danger of the declaration's being put into effect, all States would freely subscribe to it. In this way the League "gathered an immense fund of authority and strength." According to Sir John, the prospects of a settlement, or at least of a stable truce, in Shanghai are good. Japanese naval strength in Chinese waters has been considerably reduced, and orders have been given from Tokio for the withdrawal of some land forces. As to the suggestion that some separate authority has been set up in Manchuria with the support of Japan, "It may be so," Sir John said. "But nobody is entitled to say so except Japan." Since it is improbable that Japan ever will say so, Sir John looks like remaining in perpetual ignorance of a situation that has been described by every newspaper correspondent in Manchuria and that is familiar to the least-informed man in the street. In any case, Sir John pleaded, "our policy, whatever its shortcomings, has kept us in perfectly friendly relations with China and Japan." In the same way a person who had helplessly watched a dog-fight might plead that at least he had not antagonised either animal.

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(No. 1) Bill.

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ORDERS OF THE DAY.

CONSOLIDATED FUND (No. 1) BILL.

Order for Second Reading read.

Motion made, and Question proposed,
"That the Bill be now read a Second
time."

DISARMAMENT—CHINA AND JAPAN.

Mr. LANSBURY: I wish to make a few observations on this Measure in order to get some information from the Foreign Secretary on the present position in Manchuria and Shanghai. The House is aware of the difficult situation which confronted the meeting of the Disarmament Conference when it met some months ago, and found itself faced with the fact that two of its members were at war with one another. The difficulties in connection with the Far Eastern question are very great, but it seems to my friends and myself that, after all the months which have passed during which very little progress has been made towards a settlement of this question, it is necessary that our own country and our Dominions should know and understand exactly what policy the Government are pursuing. I should like the Foreign Secretary, when he comes to speak, to give the House, as far as he is able, the view of the Government in regard to the Disarmament Conference.

During the discussion of the Army and Service Estimates some of us were rather disquieted by the statement which appeared to be paramount in the discussion, that in another year it would possibly be advisable, in view of the advisers of the Government, to increase expenditure, and thereby increase the volume of armaments throughout the world. On this side of the House we think—and most people who have studied the question will agree with us—if that is so, it is rather a disastrous ending, or will be a disastrous ending, to the very high hopes which were entertained of progressive disarmament in the world, hopes which were fostered along the corridor at a famous meeting at which His Majesty spoke a couple of years ago. I disagree with a good many hon. and right hon. Gentlemen in this House on

the question of armaments, and I think that there will be no real peace in the world until the nations give up relying on armaments. On the other hand, if I agreed with armaments, I should not think that it was either wise or desirable that an army should be ill equipped or not perhaps properly manned and so on.

When the Foreign Secretary comes to reply, he might tell the House and tell the world who it is, in his judgment, that the various nations are arming against. During the late War and since a large number of people imagined that as a result of that War we should at least make some progress against the idea of war. We have now, according to the speeches which were made during the Debate on the Service Estimates, the extraordinary spectacle of Members of this House, and I expect of members in the Parliaments of other countries, making speeches which seem to imply that the allies of yesterday, the people who pledged themselves to follow the example of Germany in disarmament, are now arming against each other. I think the question which ought to be debated at the Disarmament Conference quite publicly and openly is against whom do we want these armaments? For what purpose do we want them? Why does France need super-submarines, and why do we need specially fast aeroplanes? Who are these weapons to be used against? On that question, I should like the Foreign Secretary to give us his views.

Who is it that France, Italy, and ourselves are arming against? It cannot be Germany now. If we are arming against any particular nation what are the questions that are going to bring about war between those nations? At the other end of the corridor in the Royal Gallery there is a great picture of Waterloo, and you see the meeting of the Prussian Blücher with the British Wellington. That was in 1815. We were united then with Germany in fighting the French, and one hundred years later, and on practically the same spot, the French and the British united against the Prussians and the Germans. That may be in the natural order of things something to make a good joke about, but it seems to me absurd and ridiculous that we should be going along the same road now. Therefore, in asking the

[Mr. Lansbury.]

Foreign Secretary to deal with that subject I would also like to ask him to deal with another question which, although it was mentioned not long ago and a little discussion took place upon it, we did not get very far with it. What is the attitude of the Government, have they any policy, or will they propose anything at the Disarmament Conference in support of the idea of an internationalisation of aviation, that is to say, the abolition of national aviation?

4.30 p.m. tion and the substitution for it of international aviation?

I ask that question for a specific reason. In the old days, when the sea was said to be our bulwark, Great Britain was obliged to get a chain of coaling stations and ports all round the world into which at all times her ships could enter and be coaled, victualled, and so on. To-day the air routes of the world are of equal importance, and, before each country launches out into a campaign to secure for itself monopolies in regard to landing places, surely it would be well for the nations to come together and discuss whether this new scientific business of flying should not be internationalised, and whether the aerodromes and landing places should not come under international control. Unless that is done, we may find ourselves engaged in war defending some out-of-the-way part of the world merely because it is on the direct route to Australia, India, and so on. There have been questions and answers on the subject in this House, both in the last Parliament and in this. There are difficulties in connection with the route to India—difficulties on which, I understand, negotiations are taking place, and which it is hoped to overcome. It seems to me, and to many other people, that it would be much simpler that these routes should be mapped out and the landing places arranged, and that they should be free and open to the aircraft of the whole world.

That is all that I wish to say at the moment on the broad questions connected with the Disarmament Conference, but, when we come to the Chino-Japanese dispute, I think the House ought to be reminded of the fact that since September last there has been war between Japan and China. This fact was laid down on the 2nd February by the

Dominions Secretary, who, representing the British Government at a Council of the League, said:

"His Majesty's Government in the United Kingdom feels it is impossible that the present position in the Far East should be allowed to continue. Every day brings news of some fresh incident of the utmost gravity. Fighting over a wide area is practically continuous. Shanghai is the scene of a series of conflicts . . . War in everything but name is in progress. To such a state of things the Members of the League of Nations cannot be indifferent."

He continued—and this is the point that I wish to emphasize in all that I am saying—

"If it is allowed to go on, the Covenant, the Pact of Paris, and the Nine Power Treaty must inevitably lose the confidence of the world."

He went on to say:

"It is not without significance to members of the League that the United States Government take entirely the same view of the situation."

If I may be permitted to say so it is something to be very thankful for that the Government of the United States has taken the stand that it has on this subject in connection with the League of Nations. That was in February last but to-day—and I press this point on the right hon. Gentleman—Japan is in military occupation of the three Eastern provinces of China. I am told that the area of territory amounts to 200,000 square miles. Japan has established there a Government of sorts, which owes no allegiance to the Chinese Central Government at Nanking. There can be no question whatsoever that that Government which has been established in Manchuria could not last for 24 hours if it were not for the military support of Japan. That fact, I think, is indisputable.

The further fact to which I would draw the right hon. Gentleman's attention is that this has been done and continued in spite of the protests of China, in spite of the protests of the League of Nations, and, most terrible of all, in spite of the fact that both of these Governments are Members of the League, and both sit as Members of the Council of the League. They are both pledged to certain action in regard to disputes, and yet the Council has first to meet, and then the Assembly has to meet, to discuss what is in effect war brought about by the refusal of one party to the dispute to submit to the terms for the settlement of disputes

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which she herself has signed. Let us never forget that during the Great War this House rang with denunciations of those who refused to honour a scrap of paper. Japan, whatever may be said, has refused to honour what the League of Nations tells her is her duty, and to honour what the United States Government has also called upon her to honour. On the other hand, China from the very first has put her case wholly in the hands of the League. It may be said that there is a truce at Shanghai. I hope very much that the right hon. Gentleman will be able to-night to give us a full explanation of the position at Shanghai—where the Japanese troops are, how many are still there, and how events are moving towards the total evacuation of the Japanese Army. Although it was very late in the day when the League of Nations was able to get something done, I willingly and sincerely congratulate the right hon. Gentleman on whatever hand he took in helping to bring about that result, but I repeat that Manchuria is still held by the Japanese.

I want the right hon. Gentleman to tell us to-night what is the position of the British Government in regard to the new Government that has been installed in Manchuria. Before I proceed further on that subject, I should like to ask the right hon. Gentleman whether any correspondence has passed, I do not mean with the League of Nations or through the League of Nations, but has the British Government made any communications direct to the Japanese Government or to the Chinese Government on this question of the new Manchurian Government; and, if so, will he lay on the Table of the House whatever despatches there may be? The American Government have done so. The American diplomacy in this matter has been very open indeed. I think they have published almost all their documents on the subject. In any case it seems to me that, if our Government has said anything on the subject of the new Government of Manchuria, this House and the country are entitled to know what they have said. This is the position so far as the League of Nations is concerned, and, I think, so far as the American Government is concerned. The League has put it on record, and I think the right hon. Gentleman was present and had something to do with putting it on record, that:

"It is incumbent upon members of the League (this includes Japan and China) not to recognise any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League or to the Pact of Paris."

Nobody can say that what has happened in Manchuria is in conformity with either of those documents, and, therefore, I want to ask categorically of the Foreign Secretary: Does the British Government accept that statement; and, if so, how is it possible that any question can arise as to the recognition of the Government set up by Japan in Manchuria? I ask that question because the right hon. Gentleman said the other day that it was premature to give a decision. I cannot for the life of me see how it can be premature if the right hon. Gentleman agrees with the sentence that I have just read out in the statement by the League on the subject of recognising:

"Any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League or to the Pact of Paris."

I want also to point out that Mr. Stimson, writing to Senator Borah on the 28th February, said practically the same thing, and he went on to expand that on another occasion, on which he wrote as follows:

"If a similar decision should be reached and a similar position be taken by other Governments of the world, a caveat would be placed upon such action"—

that is, action by force—

"which we believe would effectively bar the legality hereafter of any title to right sought by pressure or treaty violation, and which, as has been shown by history, will eventually lead to the restoration to China of the rights and titles of which she may have been deprived."

I should like to know if the right hon. Gentleman agrees with that statement of Mr. Stimson and with the statement made by the League of Nations Council. If he does, I cannot see how there can be any question of recognising the Government set up by the Japanese in Manchuria, and it is very important that we should know the right hon. Gentleman's mind on that subject.

My reason for putting this question so categorically to him is that there is a general feeling—I put a question to him on this subject on a previous occasion—but I am going to repeat it now—an opinion is being expressed abroad—I do not mean outside our own country, but outside this House—that the right hon.

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Gentleman and the British Government are not averse, I will not put it any higher than that, to what is happening in Manchuria; that we are a little half-hearted in the matter, and that what I cannot help feeling are the long delays which are taking place in getting the League of Nations Commission to Manchuria are for the purpose of giving Japan time to consolidate her position in that country. The Commission was appointed months ago. It has visited Tokio on its way to Manchuria, and has been entertained there, and now I think it is somewhere in the neighbourhood of Shanghai, but has not yet reached Manchuria. I want the right hon. Gentleman to believe that I do not think that he himself would give any countenance to the idea that a Government set up in the manner in which the Government in question has been set up should be recognised by this country or by any other of the Treaty Powers. But the Japanese statesmen are not shy or backward in saying what is in their mind. Mr. Sato, speaking at a public meeting of the Council of the League on 19th February, said:

"Our invested capital in Manchuria is too considerable to make it possible for us to accept any system of Government in that country. We cannot acquiesce in an arbitrary system of Government, one that jeopardises this capital, which represents large sums of money. That is why we welcome hopefully the new autonomous regime."

which he knows perfectly well would not last 24 hours but for the Japanese soldiers. He goes on:

"When China has a properly organised and co-ordinated central government, Manchuria will perhaps enter into negotiations with this Government with a view to settling the status of Manchuria."

What right has the Japanese Government of its own sweet will to say it will negotiate to settle the status of Manchuria? Manchuria is part of the Chinese Dominions, and neither Japan nor anyone else has a right to settle that status. It is already settled. He went on:

"But for that we must wait and see."

The statement that is continually inferred from statements like this, that there is no settled Government in China, is to my mind, and I think to the mind of any reasonable person, beside the point. The Government at Nanking is recognised by all the States of the world. I

think there is none which has refused recognition or acceptance of her representatives, or that does not send representatives. That Government is recognised by the League of Nations, and it is on the Assembly and the Council of the League. I cannot for the life of me understand how anyone can for a moment imagine that there can be any question but that there is a settled Government of China recognised by all the States of the world. I have often outside the House—I have very seldom had an opportunity of speaking on foreign affairs inside—made criticism of the right hon. Gentleman the Member for West Birmingham (Sir A. Chamberlain). I have always felt that in the dark days of, I think, 1926, when trouble arose between ourselves and China, and my friends here, led by the present Prime Minister, were taking certain action, and the same sort of statements were being made about the lack of central control in China, the right hon. Gentleman put it on record that the British Government adopts a policy of liberal and friendly co-operation with new China, and in a memorandum he said the principles on which he would act were that we should abandon the idea that the economic and political development of China can only be secured under foreign tutelage, and that it should be the policy of the Powers to endeavour to maintain harmonious relations with China without waiting for or insisting on the prior establishment of a strong central Government. I think that is the proper attitude to a country that is struggling, in the midst of civil disobedience, to maintain its position.

China is not a small nation. We are told it has a population of 400,000,000, and it may very well be that, with the Powers intriguing one against the other, with the bribery and corruption which it is well known the Powers have used against each other in their dealings with the various chiefs in China, there are disorders—[Interruption]. There is nothing to laugh at in that. This country has had troubles with another little country, and may have more, and we are having considerable trouble in India, but those who laugh about that have to remember that even this year, when it is supposed that the Government is not very strong at the centre, it is still true that the trade done with

China, and done under very satisfactory conditions, has increased during the last year. The people who supply China with goods from this country have something to be thankful for to the Chinese Government. It is said that Japan has very great interests in Manchuria. I understand her total capital investments, which are very largely in the State railway, mines and other undertakings, amount to some £200,000,000 and that she has a population in Manchuria of somewhere about 200,000 people. People talk nowadays as if Manchuria was occupied by Japanese. As a matter of fact, I understand the Japanese do not want to live in Manchuria. They are like the Englishman, who does not want to live in the hot parts of Africa. The climate and conditions in Manchuria have not invited the Japanese to colonise there, although it is so near their own home and there is freedom for them to go there. There are only 203,000 of them, while there are 28,000,000 Chinese there. You only have to reckon the small amount per head of the value of the property spread over the whole of this and you will very soon see who has the chief stake in the country. But I maintain that no nation has a right to say that, because it has chosen to invest money in a country, therefore, it has a right to control it.

I may be told that I ought to wait for the Lytton Commission before raising this question of the continued occupation of Manchuria by Japan. I am not at all unmindful of the fact that in certain areas, railway areas, in Manchuria there are treaty rights that Japan possesses, but, even so, the League, when appointing the Lytton Commission, laid it down very clearly, on 10th December, that:

"The appointment and deliberations of the Committee shall not prejudice in any way the undertaking given by the Japanese Government in the resolution of 30th September as regards withdrawal of Japanese troops within the railway zone."

That resolution need never have been passed, because Japan has taken not the slightest notice of it, her troops are just where she wants them to be and she has not withdrawn them, and the appointment of the Lytton Commission has nothing whatever to do with my case in regard to the fact that the Japanese troops have not been withdrawn. To show that the Japanese Government has no intention of withdrawing them you

have only to read the statement of Mr. Sato, the Japanese representative in Geneva, that:

"In 10 years we shall establish order and security in Manchuria and there will have been a great expansion of prosperity."

In these circumstances, I want to ask the Foreign Secretary what the League proposes to do to get the Japanese out of Manchuria. There was a question put to him the other day as to what the Japanese authorities are doing, and I understood his answer to be that he had no information. I should like to ask him in reference to the communications of the Chinese delegates to the Secretary-General of the League of Nations, dated 9th and 10th March, in which it is stated by the Chinese Government that, from information received from the Inspector-General of Customs, the Japanese Consul at Antung, Manchuria, has asked Mr. R. M. Talbot, the Commissioner of Customs, to be prepared to hand over his functions and that Japanese advisers would be appointed to assist in taking over. Will the right hon. Gentleman communicate to the House any information he may have on this matter and, in view of the terms of the resolution of the Assembly of the League, and in view of the fact that British and other foreign loans are secured on the Customs revenue, will he draw the attention of the Japanese Government to the fact that such action as is proposed is injurious to British interests and, what I think is of more importance, contrary to Article 10 of the Covenant and to Article 1, paragraph 1, of the Washington Nine Power Treaty? I have had these questions written out because it is important that the House should understand the attitude and the action of the Chinese Government.

There is another side to this question. There has been bloodshed and slaughter of innocent people and destruction of property. During the Debates on the Air Estimates, hon. Members made our blood curdle by telling us of the horrible things that would happen if London were bombed from aeroplanes, but people living in Manchuria and around Shanghai have had the terrible experience that we only know of by being told what may happen in the next war. No one denies that townships and villages have been wiped out. It is on record. No one at present can say what the material money

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damage may be. It may be £100,000,000. In addition, according to the estimate of the municipal authorities of Shanghai, Chinese civilian casualties resulting from the recent fighting in three places amounts to this—and a Chinese woman or baby is as valuable as an English woman or baby. I do not know that there is anything to laugh about. I should not like my baby to be slaughtered.

Sir AUSTEN CHAMBERLAIN: The right hon. Gentleman is quite mistaken.

Mr. LANSBURY: I can only see what I see through my eyes. I was not looking at the right hon. Gentleman. I feel just a little sick and bad

5.0 p.m. about it, because I have seen children who have suffered in this way. The fact that they are Chinese babies, children, women or men does not make the slightest difference; they are human beings. There have been killed (civilian deaths) 6,080, wounded 2,000, and missing, believed to have been killed, 10,040. There are 160,000 families in the vicinity of Chapei, Kiangwan, and Woosung rendered homeless. Someone has a great bill to pay, not of money, but of mental and moral reparation to these victims of a war about which there was no notice whatever. If hon. Members think that I am saying extreme things about it, I will read what Lord Cecil has said in an interview printed in a newspaper last week. He said:

"A settlement which does not punish unjust aggressions, which does not reject a militarist policy, which does not assure to a loyal member of the League of Nations reparation for a wrong which it has sustained—such a settlement would be a disastrous blow to international moral. It is impossible to justify Japan for having bombarded and occupied Chinese territory before having attempted by all means to make good its claims by mediation and arbitration.

The League of Nations as well as America must decline to pardon and must repudiate formally and openly the action so wrongly undertaken by the Japanese military authorities."

I come to another point. When this question was first raised I described the action of the Japanese Government as an act of international piracy, and I was very severely criticised by some friends for having done so. I was then told—in fact I read it in the newspapers—that if any action was taken on the lines laid

down by the Covenant of the League, that is to say, that if any attempt was made to withdraw credits or to withdraw ambassadors, Japan would in effect go to war with all the world. I cannot believe that. I cannot believe that it would have been possible for that to have happened. But were it to have happened, speaking as one who thinks that it is better to leave nations which want to run amok to do so, I should still have brought our troops, our ships and our nationals away. I think that Japan, or any other nation in those circumstances, would soon have discovered that there are more ways of bringing people to reason than by trying to destroy them by bloodshed.

It may be said of me that I have put the case, or a brief, for China. I am neither pro-Chinese nor pro-Japanese in this matter. I am pro-peace, pro-trade, and pro-co-operation. I am only criticising Japan because I think that she has made a ghastly blunder. I recognise to the full—as much as anyone in this House—the position of Japan. She is very much in the same position as Germany was before the late War. Germany came into the field of commercial capitalism later in the day than ourselves and some other nations. She found herself in a position that she must expand her markets somewhere for her people and find somewhere where she could exchange the goods which, in an ever-increasing amount, she was able to produce. Japan is shut out of Canada, America, and Australia. Japan has learned from us, from the Western world, all there is to know, I think, in the way of production, and is now, like all other capitalist countries, clogged with goods. It is not so much, as I understand it, that Japan wants to send her people abroad. She may want to send her travellers and her agents, but I am told—I have no authority for this—that it is not so much her people as her goods, and that she wants markets and more raw material.

There is China. China has suffered much—no one will deny it—at the hands of the Western world. Almost the first education I received in foreign politics was to read about Canton of 100 years ago and also to read the Debates in this House upon the opium war, and the speech by Mr. Cobden, delivered in February, 1857, about the action of our own Government at that day, which, if the

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speech were made to-day in reference to Japan, would apply equally well. Since that day China has again and again been invaded, but, in spite of what may be said at the moment about disorder and disunity, foreigners have not gone very far into the interior yet. There is a power of passive resistance about the Chinese, who are patient, who suffer and who work hard. Every one who has anything to do with them recognises them as straight-forward, honest and honourable people in the main. They have people who do wrong just as we have.

What is the world going to do with regard to the position in the Far East? What are you going to do with China? America wants the trade, we want the trade, Japan wants the trade, France, to a lesser degree wants the trade, and the Soviet Government wants the trade; and I expect that Germany will want a hand in it too. What are we going to do about it? Up to the present, as far as I am able to judge, the various Governments at times play one another off against each other. It may sound very Utopian to diplomatists and others, but I would suggest, as an ordinary person, that the statesmen of the world who are interested in China should try and look at China, not merely from the point of view of what the West can get out of her, but from the point of view of what the West may be able to give her in the arts of peace as well as in the arts of war.

When I hear things said about the Chinese Government, I cannot help remembering that it is estimated that there have been 40,000,000 people rendered homeless by floods. When I think of what might be done in China and of what might be done to balance trade and industry throughout the world, I ask myself: What is it that the Chinese people want from us and what is it that we want from them? Surely, if we really are in earnest in saying that we are friendly and only want to be friendly with them, there is enough civilisation, Christianity, and real humanity in the Governments of the Western world, including the United States, so that, instead of striving against each other in order to get the better of each other, either with Japan or with China, we may say to Japan, "Come into conference with us, not to share out China and not to get spheres of influence in China, but to agree to take the Chinese at their word and to

abolish all extra-territorial rights, and wisely treat that great country, which has a civilisation much older than any other in the world, as an equal.

We should say to her Government, "We really want to help you. We really want to bring you into the comity of commercial nations, and the only thing which we will ask of you is freedom to carry on business and to trade. If it is help that you want, any advice to help your Government, or help to establish your factories or your life in parts which are now decimated, then we are willing to give you all the help that is possible." There have been great British administrators who have helped the Chinese in the past. About that there is no question. There have been great missionary societies of every sort and kind, dealing with the body as well as with the soul. We have given some hostages in that way of our sincerity, but always overhanging it all there has been the business of mere money making and also the business of competition between the various nations. I should like to plead for a conference of nations interested in China and Japan. I should like to see a conference called, and I should like to see my country call it in a disinterested spirit, and in order, not that we should exploit and dominate the Chinese, but that we might bring to her service in actual deeds the principle of comradeship and brotherhood.

Sir AUSTEN CHAMBERLAIN: If I rise to follow the right hon. Gentleman, it is not because I have any presumption that I can give him that satisfaction which he can receive only from a representative of His Majesty's Government, but I should like to comment on some of the observations which he has made and to make some observations of my own upon the topics that he has raised. I desire, in the first place, to recognise not merely the obvious sincerity of the right hon. Gentleman, but the care which he took to give due recognition to the powerful influence which my right hon. Friend the Secretary of State for Foreign Affairs has exercised in the councils of the League at Geneva, in bringing together nations which at the outset were very widely divided. No less do I desire to recognise his obvious anxiety not to use any language which should make a settlement of the question more difficult

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by causing unforgiveable offence to one or other of the parties. That is very important. Therefore, I regretted all the more one or two harsh statements that the right hon. Gentleman made. He spoke of one or more acts of piracy by one of the parties. Hard words will never settle international conflicts. On the contrary, they are very dangerous. If, in fact, the difficulty has proved beyond peaceful settlement you may speak your mind freely, but when you are trying to secure agreement either between yourselves and another nation or between two other nations, every harsh word, every unduly harsh word, that you use is a further obstacle in your path, needlessly placed there by yourself.

There was one further observation of the right hon. Gentleman which I regretted. It was almost an aside, but he repeated, for the second time this Session, his desire that if trouble breaks out in the great international city of Shanghai, rather than protect our nationals or defend our interests there we should evacuate them from that city. I beg the right hon. Gentleman to think a little more of what the consequences would be. All that we desire in China is to see a strong Government, able to keep order and to protect foreigners going about their lawful avocations within its jurisdiction, and to defend itself and create those conditions in which our one interest, our one selfish interest, that we have there, namely, our trade, can alone thrive. To evacuate Shanghai is to destroy almost the whole of our trade in China. It is to deprive us of any influence in the councils of Asiatic Powers, and to mark us as a people who have forgotten our long traditions, a people who will neither lend help to those who need it, nor protect our own people when they are in danger. It is not in that way that you will spread the peaceful influence of Great Britain. It is not in that way that you will help to develop China or secure the gradual issue of China from her present difficulties, alike domestic and international. A great Empire like ours, with its great traditions and its great history, has obligations everywhere where it has rights. It can justify its rights only by the discharge of its obligation, and if it

forgets the one it will deserve to lose the other.

I turn to a consideration of the actual conflict between Japan and China. May I say, first, a word about our own position in regard to both those countries? We welcomed the new birth of Japan. We were the first of the Powers to agree to the abolition of the extra-territorial rights which before that re-birth we, in common with other foreign Western nations, and the United States of America, enjoyed in the Empire of Japan. If my memory serves me aright, we were the first Power to send an Ambassador to Japan. We have never had any quarrel with Japan. In difficult times, when we had not too many friends in the world and when Japan herself was engaged in a great war, she was our ally, and when the greatest war of all came she played the part of a faithful and loyal ally. She valued that alliance with us not merely for any military assistance that we might give, but because it was an outward and visible sign of our recognition of her position in the world and our acceptance of her as one of the great Powers of the time.

When that Treaty was terminated, not without some hesitation but in the hope of serving the larger interests of peace, it was the wish both of the Japanese and ourselves, above all of ourselves, that although the Alliance ended the friendship should continue in full force. We have had every reason to remember with pride and with satisfaction our association with that Island race, in some of whose circumstances we can see so great a likeness to our own, and although we may, as one of the members of the League of Nations, take our part in judging this case and in bringing the moral influence of the world to bear upon Japan, I hope that in all our actions we shall do nothing to prevent the restoration to the full of the old Anglo-Japanese friendship.

With China our relations have been in recent times far more difficult. We have been in quite recent years the victim of actions by the Chinese Government which are not justifiable on any reading of international law. We showed a great patience and, I think I may say, an amazing moderation. When one of our settlements was invaded, we retired from it rather than fire upon the Chinese, who

we thought were being incited by others into a quarrel with us, so that no more bloodshed should ensue. We were the first of the Powers, by the Note to which the right hon. Gentleman has already alluded—in spite of all the trouble, in spite of the fact that at that time China was the prey of civil war and there was no Government that could pretend to exercise any authority over the whole country—to lay down the liberal policy which we ourselves intended to pursue towards the new China, and which we invited other Powers also to make their own. Without waiting for the restoration of order we proceeded, in so far as the circumstances admitted, to translate our words into deeds and to give up some of the privileges which we enjoyed.

What was our object? A liberal nation like ourselves sympathises with a people trying to create a National Government, and with the rise of national hopes and aspirations. We have no interest in China except the trade which we do with her, a trade which is equally necessary and equally profitable to them as to us. We have no territorial ambition there or elsewhere. We want to see China united, strong and prosperous, and we are prepared to surrender the special position which we and other foreigners enjoy just as fast as China can constitute a Government with sufficient authority and sufficient force behind it to give us the protection which is given by every civilised and organised Government to the foreigner within its gates. Therefore, let us be careful in the language that we use. Let us do nothing to destroy the good feeling that has come back between the Chinese and ourselves, let us be ready, as the right hon. Gentleman says, to abandon the privileged position when our citizens can be secured in the ordinary rights of peaceful traders in a foreign country, and to give China whatever help she requires and asks for in the organisation of her affairs.

Those are the two nations, the two friendly nations, between whom these difficulties have arisen. The matter is brought before the League. Some people in this country, I would even say some of those who most often have the League in their minds, at once seem to forget the League and to think that it is for this country, by separate action, to take whoever is the wrongdoer by the scruff of

the neck and to oblige him to do right. What is the future of the League to be if any nation acts like that? The British policy in China is, I think, based upon the Note which I issued in December, 1926, and has remained so ever since, whatever the fate of the Government. British policy in international affairs is now, as it has been for years past, based upon the League, and our international action, whenever possible, is to be taken with the League and through the League. It is not in this new world, which comprises the League of Nations, for any country to intervene by itself, ignoring the League, and to take the question out of the League's hands.

The right hon. Gentleman thinks that the League has moved too slowly. It has moved slowly, but I would invite the House to consider a little what its difficulties were. I would invite them to think of the immense distance at which these events were taking place and the difficulty, particularly in the early stages, of obtaining any accurate information, and the impossibility of disentangling the truth from the rival and conflicting stories given by the two Powers principally concerned. On the one side you had a very highly organised and very efficient Government; on the other side, the right hon. Gentleman really must not underrate the

5.30 p.m. difficulties presented to every one by the disorganisation which reigned in China. In my earlier years at the Foreign Office armies were marching backwards and forwards in civil war. Peking did not recognise the authority of Nanking. You never knew whether Nanking recognised or agreed with the authority in Canton, and even on the eve of these troubles, when it seemed as if the nationalist Government was gaining strength and beginning to take root, there were new internal troubles arising, new marchings of armies, and threats of civil war and a revolt by Canton against Nanking. To what Government, to what authority, was a nation requiring redress for deep grievances to address itself in China? What authority was there at Nanking, the seat of Government, which could guarantee protection for Japanese life in Manchuria? What authority was there that could bind all China, as our Government can bind the people in this

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[Sir A. Chamberlain.]
 country and as the Japanese Government can bind their own citizens? That disorganisation was much more serious than the right hon. Gentleman seems to suppose. It made the difficulties of a solution much greater, and, if there is any excuse, and I think there was some excuse to be made for the course of action taken by the Japanese, it was to be found partly in the disorganisation of the Government of China and its inability to give protection and satisfaction and partly in the provocation which China had given and was giving at that moment.

I have spoken of the attack on ourselves, and the boycott of our trade. The Japanese Government failed to perceive what was clear to us, in the phrase which I heard used in the Committee room of this House in the interesting address by Sir Frederick Whyte, that the bayonet is not a good answer to the boycott; but do not on that account underrate the provocation of the boycott of the goods of a particular nation by another widespread, persistent, uninterrupted by the Government of that country, nay more, encouraged by the Government of that country—do not underrate the provocation which that gave.

The right hon. Gentleman, in some of his questions and in some of his sentences to-day, seemed to think that before now the Foreign Secretary ought to have moved the League of Nations to put in force Sanctions against Japan. What Sanctions would they have adopted? Would it have been Article 16 of the Covenant? The most powerful is the economic boycott, and it was that weapon out of the armoury of the Covenant which the Chinese were employing and encouraged to do so, by their Government, against Japan, as they had previously employed it against us. I once ventured to say to the representative of a litigant nation, if I might so call him, before the Council of the League that we had a maxim in our courts of equity—I hope the Foreign Secretary will not say that I am inaccurate—that those who came for relief must come with clean hands. China claims fulfilment of the Treaty, and yet it is not so long ago that the Chinese Government announced that by unilateral action they would terminate international treaties and refuse thereafter to recognise rights which they had contracted to give.

Those who come before the League and ask for the enforcement of Treaties ought to be careful to come with clean hands or be careful that they themselves are not open to the same reproaches which they bring against others.

In any international question I suppose it is hardly ever the case, probably never the case, that all the rights are on one side. It is seldom so in any political question. There are always two sides to a question, quite apart from the wrong side. The great difficulties of our domestic life, the great difficulties of international life, arise not because, where right is on one side and wrong on the other, the wrongdoer will not make redress, but where two irreconcilable but equally justifiable rights come into conflict, and that is rather the situation which has happened in the Far East. Do not let us be impatient if the League has taken time. Do not let us be angry and vexed if the League has shown a consideration for both parties which some of us may think a little exaggerated. After all, the League is but 12 years old. It has made astonishing progress. It has already won the respect of the nations. See what happened. When the trouble became acute everyone pointed to the League of Nations as the proper judgment seat to which the quarrel should be taken. No longer was there any talk of a repetition of the old scramble that took place when if one Power obtained a settlement all the other Powers had to be compensated, and, whether the trouble was the fault of the Chinese or not, it was always the Chinese that had to pay. The quarrel has been kept between the two parties, and, with growing assent, other nations of the world have come together to express what is the moral judgment of the world upon the quarrel.

I am no believer in the development of the League of Nations by force. The less we hear of the Sanctions of the League the stronger its moral authority will be, and unless its moral authority be strong whatever the Sanctions are they will not prevent war, but will only come into force as acts of war after war has broken out. If you want to keep the peace you have to rely on the conciliatory procedure provided in the Covenant. The experience of these 12 years shows that the effect, slow perhaps, but sure, of argument before the Council, the forma-

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tion of a world opinion, which requires time, and even a long time, brings a solution of the problem which could not have been reached in any other way.

When I ceased to be the British representative on the Council of the League of Nations I remember saying that I had one great regret. I had been the rapporteur of the Council on the subject of the Hungarian question, and how many hours I had spent listening to the arguments on the one side and the other or attempting to reconcile and bring the two parties together, I would not like to say. That work I had to leave unfinished. The committee of which I was chairman had to report that they had found no settlement, but it was always before them and before the world, and the year after I left this question was settled at The Hague. If we had attempted to risk everything and settle it by force in the early days it would never have been settled at all. Patience, consideration, conciliation, time, those are the weapons of the League and its Sanction is the moral condemnation of the world which gradually finds out which is the party that is unreasonable and brings its condemnation to bear upon that party. That is all I want to say about the Far East situation, except that I hope the Secretary of State will be able to confirm the more hopeful reports which we have been reading in the papers the last few days and tell us that real progress has been made. In spite of all disappointments, and in spite of all that has happened, I still believe that the League will do great service to the world and to the two countries specially engaged in settling this question, and that in so doing it will strengthen its own position and authority for meeting the next crisis which may arise. For that you must give it time, and again time, and you must use no hard or insulting language while the case is before it.

One word about the other subject with which the right hon. Gentleman dealt at the beginning of his speech, namely, the Disarmament Conference, or rather the Disarmament question. The right hon. Gentleman asked my right hon. Friend the Foreign Secretary to tell him against whom the forces of this or that country were directed. That is a rather dangerous question to put across the Floor of the House, and it would be more dangerous for my right hon. Friend to answer it.

Perhaps the Foreign Secretary will agree that I do not exceed the bounds of discretion if I say that it is my confident belief that none of these armies or naval forces are being piled up against us and, indeed, so far from that being the case, that there is not a nation on the Continent of Europe which would not like to see the British Navy stronger, and which would not be glad if we had something like the old Expeditionary Force in existence to-day.

I will try to put it briefly. What is the trouble? Moral disarmament has got to proceed and not to follow effective physical disarmament. Nations do not keep armies for the pleasure of wasting their money. In these days, when wars are every man's and every woman's business, nations do not want war, and if they can be assured they would gladly lessen the contribution which they have to make out of the life of the nation in order to conscript armies under the guise of military expenditure. It is the lack of security which is the curse of our conditions in Europe to-day. It is the lack of security, or rather the lack of a sense of security—it is not quite the same thing, and sometimes it is quite a different thing—that makes the problem so difficult to settle. There was a passage which the right hon. Gentleman quoted from the Resolution adopted by the Assembly on the Far Eastern question on 11th March, and it is specially noticed and emphasised in the American Note which concludes the White Paper:

“The Assembly proclaims the binding nature of the principles and provisions referred to above, and declares that it is incumbent upon the members of the League of Nations not to recognise any situation, treaty or agreement, which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.”

If all nations knew that those from whom danger to them could possibly arise would honour their signature to the Covenant and to the Pact you would have settled disarmament. It would have settled before now questions like Reparations and War Debts, which are held up only because this question is not settled. It is not the least of the services of the League, in connection with the Far Eastern trouble, that it has reaffirmed the sacredness of treaties pledging the members of the League, in association with the United States, which is not a

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[Sir A. Chamberlain.]
member of the League, not to recognise changes brought about by force or forceful pressure. If you can get that into the hearts and minds and practices, if you get that, say, between the two great nations of Europe whose relations with one another are so difficult, so inconvenient for the rest of the world, you would get back to the policy that Herr Stresemann and M. Briand pursued together, which gave Europe four years of peace and progress—the firm sanctity of treaties, only to be changed by the assent of all parties. When that is not merely the spoken word but has the moral conviction of the peoples of all nations, your disarmament will become easy, your troubles will disappear, and you will find that the problems which perplex us so to-day have almost solved themselves before your eyes.

The SECRETARY of STATE for FOREIGN AFFAIRS (Sir John Simon):

Everyone who has been in the House to hear the speech of my right hon. Friend the Member for West Birmingham (Sir A. Chamberlain) will recognise the value of the contribution that he has made, and I must express my personal obligations to him both for the kind references he has made to myself and for the clearness and authority with which he has expounded some of the principles that lie at the very base of British foreign policy, whoever conducts it. I will do my best to limit what I have to say in point of time, for the field is a very large one and I know that there are other Members who would like to take part in the Debate. Therefore, I begin by taking up a certain number of the questions put to me by the Leader of the Opposition, and I will do my best to give a matter-of-fact account of two or three recent occurrences about which he asked me.

First of all about Shanghai. The House will remember that the Special Assembly of the League of Nations on 4th March adopted a Resolution which did this: It recommended that negotiations be entered into by the Chinese and Japanese representatives, with the assistance of the military, naval and civil authorities of Britain, France, Italy, and the United States,

“for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces.”

I think the House will wish to have the latest information which is available about that matter. The first thing to note is, of course, already appreciated. After a few days of doubt the cessation of hostilities was, in fact, established. That, of course, is a very different thing from making the cessation of hostilities fixed and definite, and still further is it removed from regulating the withdrawal of the Japanese forces. There have been a number of meetings and discussions since the date of the resolution at Shanghai, for this purpose. They have been carried out for the most part under the auspices of Sir Miles Lampson and his colleagues representing the other Governments which I have named. I do not wish to speak too hopefully, for one has learned from Rudyard Kipling of the dangers that lie in wait for anyone who tries to hustle the East, but the latest news is quite definitely encouraging, and this is what it is: Sir Miles Lampson reports that last Saturday was occupied in long and friendly meetings both in the morning and afternoon, as a result of which an agreed formula was reached covering the three essential points that were under discussion. This was drawn up and referred to the two Governments. A further meeting was provisionally fixed for yesterday.

Until a few moments ago, when the First Lord gave me some news, I had not received any official news of this further meeting, though I dare say that Members will have noticed in the “Times” this morning indications that the discussions were bearing fruit. But I am now able to say something more. The Japanese Ambassador came to see me this morning. He told me that orders had been given from Tokio to withdraw from Shanghai waters the greater part of the Japanese warships, whether cruisers, or destroyers or aircraft carriers. Orders have already been given from Tokio to withdraw some of the Japanese land forces, and we have definite information that some of the Japanese troops have been re-embarked. I have just received news that, besides the mixed brigade which has been sent back, the 11th Division of the Japanese army has re-embarked. The re-embarkation began yesterday and should be finished to-day.

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The First Lord has been able to inform me now of another matter which is of interest—that the preliminary peace discussions, to which I have just referred, are reported to have closed satisfactorily, and that the formal conference is to take place to-morrow. I should have added, perhaps, that my information is that of the Japanese navy in these waters five cruisers, 16 destroyers and two aircraft carriers are leaving Chinese waters. Japan is reducing her naval forces to something which is not very much greater than what they are in normal times in that part of the world. The First Lord tells me that the First and Third destroyer squadrons and the First aircraft squadron have actually sailed. I am very far from saying that this news, encouraging as it is, is the same thing as having secured the final arrangements which will be necessary before this part of the Far Eastern trouble is at any rate terminated so far as the definite stopping of fighting is concerned. I quite agree with the right hon. Gentleman that that is not the only thing to be considered. Still it is a definite and a satisfactory piece of news. I am very glad that the information has come to hand at this moment.

The British policy in this matter has really been consistent throughout. I am perfectly aware that in some quarters it has been supposed that the action has been too slow. It is the privilege of the critics, and it is quite right that they should exercise it, to point out that there might be, in their view, other and better ways of conducting a very critical subject. But I would define British policy in this way: We have done our utmost, with the invaluable assistance on the spot of our own representatives, diplomatic and consular, naval and military, to hold the scales fairly in a very difficult controversy, and to carry out faithfully the principles of the League of Nations. We have supported and carried out its principles and provisions to the uttermost. It is some satisfaction for a man who has been representing his country at Geneva to know that at every stage when the Council or the Assembly of the League reached a decision which involved the giving of aid on the spot, they never failed to turn to this country, among others, as the country which they knew

was both able and willing to assist them. In the second place, I would say that British policy has consisted in this. We have very earnestly striven to co-operate with the other Powers especially

6.0 p.m. interested in Shanghai. No advantage at all was to be gained if we were to take up a sort of position of priority or special virtue. The duty of a faithful member of the League is to be available and ready to help to carry out the policy and the purposes of the League, as a member of the League. Whereas, some weeks ago I read many criticisms suggesting that British policy had failed to keep step with the United States, there is nothing from which the House of Commons as a whole can take more satisfaction than the last document which is printed in this new White Paper. There, after the Resolution of 11th March, for the carrying of which this country was in a large degree responsible, we have an official communication from the United States Government in which, through their representative, they express their gratification at the action taken by the Assembly of the League. The communication goes on to say:

“My Government as one of the Powers which has special interests in the Shanghai Settlement has already authorised its representatives at Shanghai to assist in co-operation with the representatives of other Powers, similarly situated toward the consummation of those objectives.”

I have the best reason for saying that now, after what I know has seemed to some an unhappily long period, we have reached a point in this matter where we are able to say that the United States are joining with ourselves and other great Powers in the Far East in endeavouring to promote the essential purposes which belong to the League of Nations and the Pact of Paris. The right hon. Gentleman the Member for West Birmingham (Sir A. Chamberlain) said a word or two, and I am very glad he did so, on his view of the way in which the League of Nations can most properly act in a case like this. Patience, time, conciliation—he expounded that philosophy. I wish to associate myself with him in this way. My own view has been, from the time I first studied this question, with all my might and main, that this Far Eastern case was a case where the League of Nations was most likely to be useful as a mediating force. Constant references to the stick

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[Sir J. Simon.]
that the League is supposed to have in the cupboard, is not the very best way to secure compliance with advice, or to exert influence as a great world organisation; and I would say with great respect to those who, for a moment, thought otherwise, that it is, I think, a mistake to assume that the League of Nations necessarily gains in effective strength in a case like this, by constant references to the fact that in its armoury there is the weapon of sanctions.

The authority which the League really exercises is founded upon its position as the authorised exponent and interpreter of world opinion, and that is one of the most terrific forces in nature. As my right hon. Friend has well said, the League has gathered in the last 12 years an immense fund of authority and of strength in that respect. It concentrates and gives expression to the better and calmer judgment of the civilised world in a way which was quite impossible in the days before the Great War. But, if I may speak quite frankly, anybody who has been in close touch with the proceedings and the discussions at Geneva during the last few months must be conscious of this—that the existence in certain events of powers of a coercive character, lodged in the League by its Constitution, does not necessarily add in every instance to the effective strength of the League as a mediating force. Some States may hesitate to join wholeheartedly in a declaration of principle for fear of the ultimate liability that may come upon them in taking action. Other States may feel less inclined to accept the guidance of the League because they resent the suggestion of such intervention.

The truth is that when public opinion, world opinion, is sufficiently strong and unanimous to pronounce a firm moral condemnation, sanctions are not needed. Yet that is the class of case in which sanctions would be most likely to be applied and while, therefore, Britain will stand most firmly by its obligations under every Article of the Covenant—and nothing that I have said in the least degree suggests the opposite—I suggest to all who study this subject that it is best to keep the coercive and the mediatory functions of the League distinct, and that this has been proved to be a case in which the effective action of the League is best applied by mediatory and conciliatory

action. I think there were a great many people some weeks ago who believed that this view, which I have held throughout, might lead to some weakness in the pronouncement which the League would make. Not at all. The Resolution carried by the special Assembly on 11th March—and I am most grateful to the Leader of the Opposition for what he very kindly said about my part in it—contains some extremely strong expressions and they are expressions that this country will stand by, and that every member of the League is bound to stand by. It is a Resolution which

“proclaims the binding nature of the principles and provisions referred to above and declares that it is incumbent upon the members of the League of Nations not to recognise any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.”

I invite the attention of the House to the fact that the Assembly of the League included a reference to the Pact of Paris, and that that reference was deliberately made by the members of the Assembly, and was the circumstance which brought to us the comforting assurance of the strong support and sympathy of the United States. In the same way, this Resolution, passed without a dissentient voice, affirms:

“That it is contrary to the spirit of the Covenant that the settlement of the Sino-Japanese dispute should be sought under the stress of military pressure on the part of either party.”

It is exactly for that reason that I have been very glad to see that, as far as Shanghai is concerned, there is this very considerable withdrawal of Japanese forces at the present time. It is perfectly plain that in this extremely complicated matter no one can pronounce a judgment, in five minutes and without considering all sorts of complications. It is clear that if you are going to reach a fair conclusion, wherever the rights and wrongs may lie, it cannot be reached under the immediate pressure of military force. I agree that this method of procedure which has been followed has been slower, and has been less exciting. I think I noticed that a distinguished critic of it the other day was pleased to describe it as “nothing but feebleness and poltroonery,” but I am prepared to stand here and defend it, and to say that I believe that it is by far the most effective way in which to exert the influence which this country

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rightly exerts, instead of by attempting less practical and I dare say more spectacular methods.

May I say a word about Manchuria—a very, very, difficult question which will require, and I have no doubt, receive, on a later occasion, much more elaborate discussion than is possible to-day in this comparatively short Debate. Let me first say that while I recognise—nobody more sincerely—that the Leader of the Opposition took no side, that he was merely presenting matters as he knew them, and was doing so, certainly, in the fairest spirit, at the same time I am a little surprised that his information should coincide with what is said by one side on this matter, but does not include what is said on the other side. The right hon. Gentleman asked me just now what I had to say with reference to a communication from the Chinese delegation to the Secretary-General of the League of Nations in which it is stated by the Chinese Government that according to information from the Inspector-General of Customs the Japanese Consul at Antung in Manchuria had asked Mr. Talbot, the Commissioner of Customs, to be prepared to hand over his functions and so forth. Obviously the right hon. Gentleman did not know of it, but I have in my hand an equally public document on the other side, which at least ought to be put into the scale. This is a communication which was sent to the Secretary-General of the League of Nations and was circulated to the Assembly three days afterwards, from the Japanese delegation. It refers to this communication from the Chinese delegation. It says:

“I have the honour to inform you that our Consul in that town informed Mr. R. M. Talbot, Customs Commissioner, of the contents of the Chinese communication and that the latter has replied to the following effect: (1) That he had been officially informed by the Superintendent of the arrival of the Japanese adviser; (2) that paragraph (1) of the Chinese communication is incorrect; (3) that the last part of paragraph (2) concerning the declarations of the Consul is also incorrect; (4) that he (Mr. Talbot) in his telegram to Inspector-General Maze had expressed a personal opinion and had reported current rumours but that he had certainly not attributed to the Japanese Consul the statements which Mr. Soong's telegram alleged him to have made.”

I am not more anxious than the right hon. Gentleman to defend one side rather than the other but it is just as well that we

should realise that in this as in so many other matters there is a considerable challenge as to the facts between the two sides.

Mr. LANSBURY: May I remind the right hon. Gentleman that a question was put to him yesterday, and I think his answer was that he had no information on this matter?

Sir J. SIMON: No, I think not. I think I gave the right hon. Gentleman all the information which I could give him.

Mr. LANSBURY: But if the right hon. Gentleman had not the information why should I have it?

Sir J. SIMON: I am not criticising anybody. I am only saying that, in fact, these two documents stand side by side and we must realise that we are in the presence of a clash of statements, for and against. The matter actually stands, as far as I can discover, in this way. The House probably knows that the administration of Chinese maritime Customs is an exceedingly important matter, not only for China, but for others also, because Chinese Customs are, to a certain extent, charged with the liability of paying on foreign loans. There is an Inspector-General of Customs, who is a British subject, and under him are a number of Commissioners, but the actual administration of the Chinese Customs is in Chinese hands. It has happened more than once—it is not very unusual in China—that some section or province announces that it proposes to set up a separate government, but when that has happened questions have arisen, as is now the case, as to how the unity of the Chinese Customs administration was to be preserved. Hitherto I believe it has been effected in this way: A certain portion of the receipts of the Customs in the area in question is transmitted according to a standing arrangement to the banks which receive it. I think it amounts to the equivalent of a 5 per cent. import or Customs duty on what passes through those ports, and that is the fund out of which the foreign loans are primarily served. The balance, whatever it is, is retained by the Chinese authorities. I have no information to suggest that that, which is an arrangement which has been made in other cases, is not an arrangement which is capable of being made in the case of Manchuria. It is the fact that

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 there has been some communication to the Customs representatives there suggesting that Japanese advisers should be sent; it is not the fact, so far as I know, that anyone has attempted to dispossess the present authorities, and certainly we should take, and I think other countries would take, very grave and serious notice indeed of any suggestion that the Customs service of China was going to be so dealt with as to interfere prejudicially with the undoubted rights which various foreign interests have over the Customs which are charged with the repayment of the loans.

As to the suggestion that there is to be set up in Manchuria some separate State, let me put that matter in its true perspective. The right hon. Gentleman who opened the Debate appeared to assume, because he said it several times over, that as a matter of fact this new authority, whatever it is, is simply an authority set up by and under the support of Japan. It may be so, but no one is entitled to say so as an accepted fact, except on the principle that one is at liberty to pronounce judgment without waiting for an inquiry and in the face of the denial of one of the parties.

Mr. LANSBURY: But she has occupied the territory.

Sir J. SIMON: I do not think the right hon. Gentleman wishes to take up the position that, because he does not himself accept a particular proposition as true, therefore he scouts it as ridiculous. I would merely point out that in fact the Japanese Government has declared that it is no more likely to recognise that administration than any other, and does not admit that it is an administration which it has itself set up. I say nothing one way or the other. I am not defending the one side or the other, but it really will not do in these matters to accept as gospel information which is prejudicial to one side and to refuse to wait for an inquiry, if the inquiry is necessary. When the right hon. Gentleman spoke just now about waiting for the report of the Commission, I do not ask him to wait so far as regards the influence and the advice of the League of Nations—not at all—but I do say that in these matters of controversial facts it is quite manifest that we ought to wait, and certainly the League of

Nations must wait, for the report of its own Commission, which was appointed with the authority and by the vote of both China and Japan. It did not, so far as I know, waste any time in getting to work, and very naturally in the circumstances it has gone to Shanghai first, because its terms of reference cover Shanghai as well as Manchuria.

In the meantime, the right hon. Gentleman may rest perfectly assured that this alleged new administration in Manchuria is not an administration which I should think any country is likely prematurely to recognise. In the first place, nobody does recognise a Government which is set up in a portion of an area which has previously been regarded as one, not even in the case of China, without the fullest inquiry as to all the circumstances. We should need to be quite certain, as a matter of fact, that you had a responsible Government, that you had a Government which would really administer the territory, that you had a Government which would really enter into relations with foreign States, and that you had a Government which really was the genuine expression of the decisions of the neighbourhood to which you refer. In our case we are parties to the Nine Power Treaty, and it is a matter of the greatest importance that we, as well as every other party to that Treaty, should see to it that we do not encourage or countenance what might be a disregard or a violation of Chinese territorial administration. At the same time, there is no law, and there is no common sense in saying, that in no conceivable circumstance can there ever be a subdivision of an enormous area like China, for as a matter of fact the rising up, in this province or that, of an administration claiming to have a certain amount of independence is by this time a commonplace in Chinese matters, and I have never heard the matter challenged before.

May I, in conclusion, say a word as to what I claim that the policy which I am defending has helped to establish? I am not at all anxious to contend that Britain in this matter has been playing a lone hand. On the contrary, I think it to be part of the justification of our policy that, in accordance with the advice given from some quarters, we have endeavoured to co-operate with others. I will put the matter in this way, and any-

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one who has been in Geneva during the last two or three months will be conscious of this: There have been four very considerable topics of anxiety and difficulty, each of them difficult, but still more difficult to reconcile one with another.

First of all—and I deliberately put it first—there is the duty, which was on this country as well as upon other countries, so to use its influence as to support as best it could, loyally and effectively, the principles of the League. Secondly, there is the duty, which I think every Foreign Secretary for Britain should regard as resting upon his shoulders, of so conducting his part of the matter as not to involve his own country in a situation which could only extend the difficulty. Thirdly, there is the difficulty, which constantly arises at Geneva, and of which I make no complaint, but which none the less has always to be watched and guarded against, of the possibility of a fissure arising, a difference arising, between the small States and the great States which have special responsibilities or opportunities. Fourthly—and the House will always bear this in mind—there is the tremendous question of whether the policy which Britain pursues at Geneva can be so conducted as to earn and to secure the sympathy of the United States of America.

Those are four things not very easy to reconcile in any case and, in connection with the Far East, perhaps almost more difficult to reconcile than in any other case that you could imagine, with the principles of the League, a thing which we all stand by; and it is useless to deny what Lord Grey pointed out in his speech a few days ago, that as a matter of fact the Far East provides in some respects very special difficulties. The duty of seeing that British policy is conducted along the ways which promise peace and security is a duty which presses specially upon us, when one thinks of the special relations of Britain with the Far East. The difficulty that arises when the small States of the League tend to take a different line from the great States of the League is at its maximum when you have a very large number of small States, from South America and other parts of the world, which are just as devoted to the principles of the Covenant as the rest of us and which, in the nature of things, have no conceivable direct and immediate interest or risk in these Far Eastern

problems. Lastly, it is not an easy thing to find a course which can be steered between your duty as a member of the League of Nations and the interest of preserving the full sympathy and respect of the Americans across the sea, who have declined to sign the Covenant.

I make this claim, not in the least for myself, but for the Assembly of the League itself, that the result to-day, imperfect as the accomplishment may be in many respects, anxious as the future is, has been to reconcile those four considerations. No man who fairly examines the Resolution of the Special Assembly of the League could dream of disputing that it is a study, firm assertion of the essential principles upon which the Covenant of the League is based, and of the application of those principles to the matter in hand. In the second place, I am very happy to think that British policy to-day, whatever may be its shortcomings and its imperfections, at any rate is a policy which has kept us on terms of perfectly friendly relations both with China and Japan. In the third place, though I have no doubt of the special anxieties of the smaller States, I report to the House, and it is a literal fact, that when on the 11th March the Resolution of the Assembly was carried, there was a very happy indication of a reconciliation between the views of small States and great, and an acknowledgment that the great States had not, out of timidity in respect of their own responsibilities, failed to affirm what ought to be affirmed by everybody who believes in the League of Nations.

Lastly, while representatives of America are at Geneva in connection with the Disarmament Conference, and therefore sitting there as part of the audience while the debate was proceeding on the floor of the Assembly, I am entitled to claim, because it is officially reported now, that the Government of the United States recognise that the declaration which the Assembly made are declarations entirely in the spirit and along the lines which America would like to see adopted and, as I have reminded the House, with which the United States in this matter is prepared to co-operate and associate herself. There is a very great deal of difficult work to do still, but I am very glad that this Debate has taken place, because it has given me the opportunity of making this report to the

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House, of thanking the right hon. Gentleman opposite and my right hon. Friend behind me for the kind references which they made to our efforts, and of asking that the House and the country shall put some confidence in this great organisation, much the best hope for peace in the world that is to be, which I agree has gone to work sometimes slowly and sometimes disappoints those who are its keenest friends, but which has shown itself in the present instance an invaluable influence on the side of peace and of reconciliation.

Mr. COCKS: The right hon. Gentleman in his opening remarks said that on an occasion like this it was natural to remind oneself of the fate of the man who, in Kipling's phrase, "tried to hustle the East." I do not think that right hon. Gentleman need

6.30 p.m. fear that fate, or that there will be erected upon his grave the "tombstone white" inscribed with the "epitaph drear" of Mr. Kipling's poem. When he suggests that the action of the League has not been too slow, I would point out that, although we are very pleased to hear of what has happened at Shanghai, and, although the resolution that was passed by the League of Nations in respect of Shanghai is quite satisfactory in every way, that if this dispute had taken place between two well-equipped Western Powers and the League had not been able to bring about a result by mediatory action until after six months, and after several thousands of people had been killed, it would not have had in all likelihood any opportunity of mediating at all. I will adopt the suggestion of the right hon. Member for West Birmingham (Sir A. Chamberlain) and avoid the use of harsh terms which would make the situation more difficult. I have no intention of doing that. I wish that the right hon. Member for West Birmingham had not in his speech, which was supposed to be an impartial summing up of the situation between the two Powers, shown so much sympathy for Japan; it was, I thought, to use his own phrase, a little exaggerated. After all, it was China which was attacked, and the Chinese people who were slaughtered.

However, we all ought to take part in this discussion with a feeling of great

responsibility, and I do not intend to say anything which might possibly render the task of His Majesty's Government any more difficult than it is. We have other responsibilities in this House; we have responsibilities towards the League of Nations, towards international peace, and towards the security of the Empire of which we form a part, and it may be necessary sometimes for a private Member to say things which it would be very inconvenient for a Minister of the Crown to say. The Foreign Secretary said certain things about the League of Nations with which I am in wholehearted agreement. On 22nd February, he said in this House:

"The British Government will direct the full influence of Britain, in conjunction with other Powers, whether they are members of the League or not, to support the moral authority of the League of Nations. . . . I say on behalf of the British Government, and on my own behalf, with deep conviction, that it is only by affirming with boldness and sincerity the principles of the League that we shall find the best means of restoring peace."—[OFFICIAL REPORT, 22nd February, 1932; col. 181, Vol. 262.]

At Geneva on 7th March he said:

"The preservation of the authoritative influence of the League is the best hope for the future of the world."

He said much the same thing to-night in his concluding remarks. We on this side of the House support that wholeheartedly. The League of Nations is the one good thing which came from the War. It is the one hope in the international field for the future of humanity. There are certain people in this country who, unfortunately, wield a very great power who always seem to be trying to crab the League of Nations. The newspapers under their control, with large circulations, give very little space to the proceedings of the League, and their actions show that it would fill them with exaltation if the League of Nations disappeared altogether. Such men as these are enemies of reason, if not enemies of civilisation. They are like a couple of intoxicated men in a garden trampling on the flower-beds, and crushing with their clumsy feet the buds and the promise of spring. We know that the League is weak and young, and that it is not so strong as it will be one day, but it is the one secure thing we have in a shifting and changing and always dangerous world. It is our duty to build it up as a strong tower, to garrison it with

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the forces of democracy, and with its help to set up a system of international law and international peace.

Therefore, it was with some feelings of consternation that those of us who feel like that about the League of Nations realised last Autumn that certain actions that were taking place seemed, to say the least, rather inconsistent with the principles of the Covenant of the League of Nations. We feel that if these actions had been condoned, and if the results had been accepted, it would have been very dark for the future of the world. In saying that, I am not criticising the Japanese people. They are a very fine race and have fine qualities. The Germans also have fine qualities, and I am given to understand that the Japanese constitution in some respects is like that of Germany before the War, that is to say, that the Army and the Navy are not entirely under the control of the civil authorities, and that the leaders of the Army and Navy have direct access to the Emperor and are able to take action which is not wholly supported by their Government. That is a point which ought to be borne in mind in considering this question, because it makes it much more difficult than it would otherwise be.

With regard to Manchuria, contrary to the opinion which has been expressed in many newspapers and by many people, that country is not, and never can be, an outlet for the growing surplus population of Japan. A great many people say that the Japanese population is increasing rapidly and that there is nowhere for them to go, but that Manchuria is near and a very suitable place for them. As a matter of fact, the climatic conditions are unsuitable to the Japanese, who are very susceptible to extremes of temperature. Manchuria is extremely cold in winter and hot in summer, and for that reason the Japanese will not go there. A great deal of Japanese capital has been invested there, however, and Japanese business men have helped to develop the country, but only about 300,000 Japanese are there among a population of nearly 30,000,000 Chinese. This Chinese population is growing at the rate of nearly 1,000,000 a year, which is about equal to the increase of the population of Japan. Manchuria, then, can never be a Japanese colony. It is a Chinese province and cannot be regarded as an outlet for the Japanese. It is a country with very

rich resources, both mineral and vegetable, and has a complicated diplomatic history into which I do not intend to go.

Again, I must bring to the notice of the House, as I did the other night, a particular treaty which affects this question—that is, the Nine-Power Treaty. I want to refer to three Clauses of the first Article of the Treaty. By this Treaty, to which Japan, America and ourselves are parties the signatories agree to respect the sovereignty, the independence, and the territorial and administrative integrity of China; to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable Government; and 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 countenancing action inimical to the security of such States. That, as the "Times" said the other day, is a self-denying ordinance. The "Times" on 11th March went on to say:

"Other countries that signed with them"—

that is, the Japanese—

"the self-denying ordinances of the China treaties cannot afford to let one country gain selfish advantages by disregarding conditions which they commonly imposed upon themselves."

We shall all agree to that. The next point I want to mention is Article 7, by which the parties agreed that

"there shall be full and frank communication between the contracting powers concerned"

whenever a situation arose which involved the application of the Treaty in the opinion of any one of them. In 1928, Count Uchida came to Europe to sign the Kellogg Pact. While he was here he visited London in order to explain Japanese policy. On his return to Japan, rumours spread that there had been some alteration in policy and a closer rapprochement between ourselves and Japan. It was even rumoured that it was possible that the Anglo-Japanese alliance was to be renewed. Colour was given to that rumour by a speech which was given by the Lord President of the Council, who was then Prime Minister, at the Lord Mayor's banquet, in which he said:

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"The spirit of the historic Anglo-Japanese alliance still flourishes, and constitutes one of the strongest guarantees of peace in the Far East."

As a result of that statement, questions were put in the House to the then Foreign Minister, who replied in this way on 28th November:

"Relations between Great Britain and Japan . . . are based on the obligations of full and frank communication specified in Article 7 of the Washington China Treaty, of 1922 . . . In these circumstances the two Governments have agreed informally"—

I suppose that that was on the occasion of the visit of Count Uchida—

"that the close contact which they desire to maintain can best be promoted and developed by constant communication and consultation between their respective Ministers at Peking."—[OFFICIAL REPORT, 28th November, 1928; col. 395, Vol. 223.]

Has this full, frank and constant communication taken place between this country and the Japanese Government during the last nine or 12 months? If it has regarding Manchuria, then we have a certain responsibility for what has been happening. If it has not taken place, it means that the Japanese Government have infringed the special pledge to us as well as the public pledge given in the Nine-Power Treaty. I put that question the other night, but the Under-Secretary did not reply owing to pressure of time, and if he replies to-night I shall be grateful.

Let me come to some of the difficulties in Manchuria. I am not one of those who say that the Japanese in Manchuria have no grievance. As the Foreign Secretary said, until we have full evidence we have no right to say that. I have no doubt that they have many grievances in connection with our treaties, with the land question, and with a certain amount of trouble with some of the people with whom they have to deal. Our contention is that all those disputes could have been settled by reference to arbitration or the League of Nations, but the Japanese Government persistently refused to agree to this course. It is not a matter of waiting for the evidence, but a question of the attitude of the Japanese Government on that point of principle. If the Japanese had agreed to arbitration upon this case we could suspend judgment, but when they say, "We will not arbitrate

at all," we reply that up to now, at any rate, judgment must go against them, because they have failed to use the machinery for dealing with such cases set up by the League of Nations to which they had agreed as a member of the League.

Anyhow, these grievances resulted last summer in a great many regrettable incidents. There was a dispute between Korean farmers and Chinese farmers in Manchuria, and certain people were killed, and following upon that there were rather serious anti-Chinese riots in Korea in which many Chinese were killed, and, it is alleged, a great deal of damage was done to Chinese property. Then there was the case of the Japanese officer who, while on some mysterious errand in the interior of Manchuria, was killed—it was thought he was murdered. Nobody knows what he was doing there at the time. That led to strained relations between the two States. On 18th September, the Japanese alleged that certain sleepers had been taken from the railway, that some slight damage had been done. I have not been to the place, but I have seen photographs which show that it was a quite trivial thing, and, of course, the Chinese stated that they had not done it. Anyhow, on that night the Japanese military authorities seized Mukden and the chief places on the railway, and by the way they acted it looked as though the whole thing had been carefully planned beforehand.

The Chinese immediately appealed to the League—on 21st September. On the next day the Council of the League, showing that they did not altogether mind trying to hustle the East, appealed to the two Governments to refrain from any action which might aggravate the situation, and resolved, in consultation with China and Japan, to find means to enable the Japanese troops to be withdrawn to the railway zone. The Japanese troops have a right by treaty to occupy the railway zone to guard the railway, and not the right to go beyond it, as they had done on that occasion. China agreed to that, but Japan said, "No, we are acting in self defence—although we have withdrawn part of our troops to the zone and we intend to withdraw more as the situation improves." The Council adjourned till 14th October. The Japanese did not withdraw, because presumably

the situation did not improve. It was not likely to improve as long as Japanese soldiers were going to places where the inhabitants did not wish them to go.

Repeated protests were made by the League and the United States, but Japan extended her operations and bombarded Chin Chow from the air. Chin Chow had become the seat of Government after the Japanese had captured Mukden. The Japanese military authorities stated that they would not recognise Chinese administration in Manchuria. Whether they were authorised to do so by the civil Government of Japan I do not know, but the Japanese military authorities made that declaration as far back as the beginning of October. On 13th October the Council met again. They called upon Japan to withdraw to the railway zone before 16th November, and upon China to take measures to ensure the safety of the lives of the Japanese people. China accepted that request, but Japan said that any evacuation would have to depend upon a preliminary agreement on certain fundamental principles. As the House knows, they would not for some considerable time state what those fundamental principles were, but eventually it was discovered that what they regarded as fundamental principles were certain treaty rights which they had with China regarding Manchuria. Japan refused to lay those treaties on the table of the League of Nations, and stated that they were going to settle the matter by direct negotiations. On 26th October, China offered to refer all these principles to arbitration, but again Japan refused. Mr. Yoshizana, the Japanese representative of the League and now the Japanese Foreign Minister, said in a speech in Paris:

"The Japanese Government is determined to arrive at an understanding which will compel China to fulfil the treaty obligations before the withdrawal of troops to the railway zone is begun."

Meanwhile, troops were continuously moved forward, and it was reported then that a new State was to be set up and that the boy ex-Emperor of China, who was in Japanese territory, was to be appointed President.

On 16th November, the date by which Japan had been requested to withdraw, the Council met again. There was a complete deadlock. It was the first meeting of the Council which our present Foreign

Minister had attended. A long discussion took place, but Japan refused to allow these particular treaties which were in dispute to be discussed by the League or have the matter settled by arbitration. The peculiar thing about these treaties is that it is not clear to anybody what they are. Certain of them were secret treaties, and certain of them the Chinese say they have never signed. Perhaps the most important treaty was that in which, as Japan alleged, China had signed an agreement to say that she would not construct any railways in Manchuria without first consulting Japan. Japan has suggested that other railways have been constructed by the Chinese and by other people with foreign capital which will cut across the interests of their own railway in Manchuria and take trade from it. The Chinese say they have never signed that particular treaty, and are willing to go to arbitration about it or to submit it to judicial arbitrament at The Hague, but the Japanese refuse to agree to that. Eventually the League decided to send a Commission to Manchuria to find out all about the dispute, but it was a Commission with limited powers—powers which had been limited as a result of Japanese pressure which had been brought to bear to alter the original terms under which it had been suggested the Commission should act.

Without wishing to be hypercritical, most of the criticisms I have heard and read of the action of the Foreign Secretary centre about that Council. It has been stated, and I am sure the Foreign Secretary knows it has been stated, that he should have taken a stronger line at that particular Council. That Council meeting almost stultified itself by its action at that moment. I read in a paper, although I do not say whether it is true or not, that his attitude was that although the Japanese were technically wrong they were morally right—that that was the line of action which he was taking. On 24th November another incident of an unhappy character occurred. The Japanese Government had given a formal undertaking to Mr. Stimson not to occupy Chin Chow, but in spite of that they ordered the Chinese troops to withdraw beyond the Great Wall and occupied Chin Chow, and so, by the beginning of this year, practically the whole of Manchuria was occupied by Japanese military forces. The Chinese had withdrawn. It must be said

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on behalf of the Chinese Government that they did not use military means to stop the Japanese advance. They put their whole case into the hands of the League of Nations, and in many cases their troops were ordered not to resist but to withdraw peacefully.

As bearing on the question of the independent State which has been set up in Manchuria, during all this time there were continual rumours of an independent State being formed. They came from Japanese sources; indeed, there was hardly anybody else in Manchuria who could say anything else, because most of the news about Manchuria came through Tokio. Confirmation was furnished by the Japanese commander-in-chief of the fact that an independent State was going to be formed in a statement that all relations with China were to be cut off. It was not a statement by the local commander-in-chief, but by the Commander of the Japanese Army in Manchuria, General Honjo. Questions were asked in this House, and I submit that the Government, being apprised of these things, and knowing it was probable that an independent State was to be formed, which would complicate matters very much indeed, ought to have used certain diplomatic influences to inform the Government of Tokio that we should not regard the formation of that State in a friendly way but would think it undesirable. On 9th March the new State was actually formed.

My criticism of the Foreign Secretary is summed up in this way. We regret that at the Council meetings in November he did not take a stronger line. We regret that on 7th January, when the American Note was issued, and America warned Japan that she would not recognise the legality of any situation *de facto* or any treaty or agreement entered into between the two Governments, that we in this country did not support her action. We feel that by our not supporting America at that time encouragement was given to the extreme military party in Japan. If we had supported America then the new State might not have been proclaimed, as it was on 9th March. This is possible too—this is something which if it is true we must regret—that if stronger action had been taken at that time Shanghai would not have been invaded, and many lives would have been

saved. Anyhow, whether it was due to our inaction or not, a peculiarly difficult situation has been created by the establishment of this new State.

I do not want to say very much about Shanghai, but there is one thing I would like to say. The operations of the Japanese in Manchuria naturally caused a great deal of indignation in China. We heard a good deal about the boycott, but the action of a Japanese army in seizing a whole province naturally caused very great indignation and a severe boycott of Japan did follow; perhaps it was the only weapon, as it was the most powerful weapon, which China could use. As a result there were disturbances in Shanghai—a very small affair which could easily have been localised. Indeed, the Japanese Foreign Office itself said that it was an affair which could be settled on the spot by the Japanese Consul-General and the Mayor of Shanghai, and, in fact, it was so settled, for when the Japanese Consul-General sent his ultimatum to the Mayor of Shanghai it was accepted by the Mayor and not only accepted by him but accepted to his satisfaction. When the Foreign Secretary made the admirable statement he did make on the Shanghai situation a few weeks ago, I rather regret that he omitted, by inadvertence, I am sure, to mention that the Japanese Consul-General had accepted the reply of the Mayor of Shanghai as satisfactory. We all know what has happened since then. In spite of the repeated protests from the League, from America and from the local authorities at Shanghai, Shanghai was invaded, troops

7.0 p.m. were poured into the place, reinforcements were sent and an attack was made on a rather large scale. On 25th February, after the attack had started, there came that remarkable letter from Mr. Stimson which, I dare say, had considerable influence at the March meeting at the Assembly. What happened then was that the Japanese were faced with the united disapproval of the world and by the heroic resistance of the Chinese troops, which action must not be disregarded in this matter. As I have had to criticise the Foreign Minister, I would now like to say that I congratulate him upon his efforts in carrying the resolution which was eventually adopted by the Assembly. I believe that he had a good deal to do

with the form actually taken by that resolution, which brought the League of Nations into line with the position taken up by the United States.

I want to say a word about the position of Manchuria as it is to-day. What is the position there? What is the treaty position, and what is the position of His Majesty's Government? There is the Nine-Power Treaty, and there is the gloss or the explanation which has been put upon that Treaty by the Foreign Minister at that time, the right hon. Member for West Birmingham, who said on 13th July, 1928:

"The Government regard Manchuria as being part of China; they do not recognise Japan as having any special interests in that territory, other than those conferred by Treaty."—[OFFICIAL REPORT, 13th July, 1928; col. 2637, Vol. 219.]

On 30th July, in the same year, he said:

"We do not recognise Manchuria as anything but a part of China. We recognise that Japan has great interests in Manchuria. . . . But our interest is in a united China under one Government."—[OFFICIAL REPORT, 30th July, 1928; col. 1835, Vol. 220.]

Then we have the Note from America:

"The United States Government does not intend to recognise any situation or agreement which may be brought about by means contrary to the Covenants and obligations of the Pact of Paris."

Then we have Mr. Stimson's letter which visualises the possible revision of the Washington Treaty and of the London Naval Treaty, if the situation in the Far East is not rectified in accordance with the principles which he has enunciated. Finally, we have this League Assembly declaration:

"Any infringement of territorial integrity or any change of political independence brought about in contravention of the Covenant is not to be recognised by members of the League. Similarly, having regard to the article of the Pact of Paris it is incumbent upon members of the League not to recognise any settlement or agreement which may be brought about by means contrary to the Covenant."

Having regard to that series of statements, the British Government should, I think, acting, of course, in conjunction with the League of Nations and the United States of America, refuse to recognise at any time and in any circumstances what seems to me, in spite of the fact that the legal mind of the Foreign Minister asks us to suspend judgment, to be a Japanese puppet state.

I do not wish to say anything which would cause the task of His Majesty's Government to be harder. I will not refer therefore to what has been published in books and papers, and especially broadcast in America, as to the aims of, shall I say, the military party in Japan in occupying Manchuria. As everybody knows, certain very grave statements have been made. It might not be wise to go any further into that matter. If those statements were correct, it would mean that unless satisfactory settlement is made now of this question, and if the position in Manchuria is not regularised according to the Covenants of the League of Nations and of the Treaties that have been constructed by ourselves and by Japan, a very serious situation might arise in the future, which would affect the safety and integrity of the British Empire. Let this country stand very firmly on the side of international law. Let us show to the Japanese people that their grievances can best be dealt with by relying upon the common justice of the world: that the grievances both of Japan and China may be removed in that way by reasonable settlement and by quiet discussion of their aims round a table, or by judicial arbitration; that the Japanese people can get better results from such a proceeding, and that the future will be more satisfying in every way if they will rely upon arbitration by reason, rather than upon the self-slaying weapon of the sword.

Sir RENNELL RODD: Opportunities for discussing foreign questions are very rare in this House, but when they do occur, the field of range is generally restricted. The subjects under review, Manchuria, Shanghai and Disarmament, appear to me to be an invitation to consider the position of the League of Nations, which has been, to some extent, on its trial, for this country and for the world. I do not think that one really can consider the armaments question without going a little more deeply than has been done to-day into the position of the League of Nations as it stands. I have risen to defend the League of Nations in its action, which has been very widely criticised by opposing schools of feeling which appear to do so without very much consideration for the history of the recent crisis, and without any due recognition of the very great benefits we have already received from the existence

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of the League of Nations. Having been twice a delegate to the League of Nations, I have formed an opinion, to which to some extent I still adhere, as to the obstacles which must exist in the realisation of the ideal conception of the League of Nations, at any rate for the present. The first is inherent in the constitution of the League itself, which has to be composed of nations in different stages of the national development, exhibiting very varying degrees in their social, ethical and moral evolution.

Another obstacle which is certainly not inherent, has been the introduction into the League of Nations of the group system, owing to the contraction almost immediately after the War of a great system of alliances, which naturally constitute a very dominant factor in the equation in Europe, and which may be expected to act as a single bloc. I have always believed that alliances were contrary to the best conception of the League of Nations. However, there they are. They have had certain very distinct results. They mean the encircling, and not only the encircling, of a certain number of Powers, against whom they were in the first instance directed in the interests of security. They have almost meant the isolation of other States. This is incidental only, but that very isolation has compelled those other States to contemplate forming counter-balancing groups, and it has tended to make them increase instead of diminish their armaments. It is particularly in the interests of the Disarmament question, that I have drawn attention to the danger to the League of Nations of the group system which grew up almost with its first inception. That is not all, because a system of alliances which might be able, on a mobilisation order, to put something like 6,000,000 men in the field in a very few days, must constitute a very dominant factor in the councils of an international assembly, and it must even affect economic questions and economic issues. Therefore, we naturally tend to increase the exasperation and the resentment of those countries which felt that they are excluded, and tend therefore to diminish the prospect of any permanent settlement in Europe.

In directing attention to this conception, I am not dealing with the Eastern

question, but rather with the European question, and with the general aspect of the League of Nations with regard to Disarmament. The formation of those groups is really the return to the old game of the balance of power, of which we, in the old days, were considered to be the most zealous exponents. In the fundamental principles of the League of Nations, there should be no room for the old game of the balance of power. Those considerations affect principally the question of Disarmament and the European situation. They do not touch the very complicated issue which has arisen in the Far East, in regard to which there has been very much criticism—unjust as I regard it—of the action of the League, especially in recent months. We notice in this country two opposing sections that have recently combined in criticising the action of the League of Nations. The one group has evidently never had any real sympathy with the League of Nations, derives a sort of malicious pleasure from the League having failed to prevent military action and maintains that the impotence of the League has been practically demonstrated. The views of the more earnest supporters and partisans of the other group generally find expression on the platforms of the League of Nations Union, or in letters to the Press through the officers of the League of Nations Union. Those views affirm that Japan has deliberately violated the Covenant and credit her with far-reaching ambitions of Asiatic dominance. It is even suggested that her action is a menace to British Dominions, and we are called upon to take measures, and to institute an economic blockade—a first act of war—and in the interests of the world's peace to incur the risks and let lose the rancours of international conflict. In their view, the League must either act on those lines or acknowledge defeat; and action in the present instance could, it seems to me, only be contemplated by one Power within the League.

What has been the action of the League? Has it not been in accordance with its legitimate and most essential functions, namely, to gain time and to bring the moral opinion of the world to bear upon a serious conflict, with a view to finding an ultimate solution? I do not propose to enter into the merits of the Manchurian dispute, and I would only commend those who jump at facile

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conclusions to study its historical antecedents over some 30 years since the Sino-Japanese war and the Russian-Japanese war before coming to a decision. Meanwhile, the League has despatched a Commission there to collect evidence, and we shall be best advised to await their report. When the unsolved Manchurian issue brought about the unfortunate development of Shanghai the League did all that was possible to circumscribe the area of hostilities, and I think no one can doubt that, but for the action of the League and the zealous co-operation of those representing its most influential members, the range of the conflict would have been considerably extended. In an issue so involved, with the additional complication of an economic boycott which has been enforced over a number of years, with the gravely perplexed internal situation and lack of supreme central authority in China, any immediate and clean-cut settlement could hardly have been anticipated. There were bound to be checks and resummptions of activity in negotiations, and the only wise policy is patience, and the avoidance of any measures likely to aggravate the intensity of feeling on the one side or on the other among peoples with both of whom we desire to be on the best of terms.

That hostilities have been suspended, that negotiations continue, that the parties to the dispute have been brought together, and important progress made is no small achievement. I for one can only congratulate the Secretary of State for Foreign Affairs on the part he has so ably played at Geneva, seconded on the spot by the efforts of Sir Miles Lampson and Admiral Kelly in one of the most difficult issues which has arisen for many years. We, and not least the influence of the British Navy, have been the essential peacemakers on the spot, acting as the interpreters and agents of the League of Nations at Geneva. I have yet further reason for congratulating the Secretary of State for Foreign Affairs on the part which he has played in the preliminary phase of the Disarmament Conference. On this issue but few words are necessary from me, because I have, more than once, in this House and many times outside, expressed my opinion that there can be no real disarmament in the spirit of Article 8 of the Covenant while the system of universal manhood conscription

is maintained by the majority of other nations. It would be easy to demonstrate that the claim they have advanced that their effectives have been diminished by shortening the term of military service cannot be seriously sustained, and that in reality it only means an even larger number of men, sufficiently trained for this purpose, passing on into the three categories of immediately revocable, and of first and of second line reserves with a liability to recall for 28 years. You have only to look at the proportion of artillery to infantry in effective Continental armies to realise that that proportion means a provision for an army three or four times greater than that under arms at any given moment in peace. I have, therefore, rejoiced to see that the British delegation has, in its disarmament proposals, advanced as apostulate the limitation or restriction of conscription. Without some such restriction I do not see any great immediate hope for practical results in the all important issue of disarmament. What does seem to me perfectly clear is that, until other nations show some more definite disposition to follow the lead which we have already abundantly given, it is impossible for us to advance any further along a road on which we have perhaps already overstepped the bounds of security.

Finally, Disarmament leads me back to the consideration of the position in Central Europe—for the moment perhaps the most urgent of all questions for solution—apart from the fact that the inequalities of armaments are one of the chief causes of unrest in Europe. We welcome the decision, as yet unconfirmed, but apparently a national one in Germany, in favour of that great patriot who has wisely guided the destiny of his country through phases of unprecedented difficulty, and we deplore the loss to France of another illustrious patriot over whom the grave has closed in the midst of his work for the pacification of Europe. Let us hope, however, that those invaluable influences will remain active still, for in that is the only hope of the regeneration of the world. The conflict between the two peoples is a very ancient one. It is nearly 2,000 years since the great historian Tacitus pointed out that the Gauls and the Germans were separated by a river, a mountain range, and their mutual dis-

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trust of one another. Europe to-day is menaced by other and even graver issues, against which the soundest insurance would be the elimination of that ancient conflict. Do not doubt that agreement between these two peoples would find an echo, and arouse a spirit of co-operation all over the world. After the Great War, with its long record of passions and convulsion, it was impossible for many years to expect any serious movement towards reconciliation, but we should remember that the masses of the people were only the instruments of war who followed, and obeyed, and suffered. Are they not entitled to peace? Since then nearly a decade and a half has passed. The prolongation of the spirit of war into an era of peace must have its reactions on the welfare and happiness of all mankind. I trust and believe, Mr. Speaker, that that great people who have been proud to call themselves the most generous of nations will, at the forthcoming Conference in June, make that noble gesture which is expected of them to assist in ending the unrest of the world.

Mr. PICKERING: I intervene in this Debate, although I believe the time for Adjournment is very near. I hope that I shall have an opportunity of continuing my remarks when this Debate is resumed. I should not have risen on this occasion but for the fact that I hold a unique position in regard to this Debate which has been mainly upon Japan. I lived in Japan for four years, not as an alien serving alien interests, but along with other foreigners under the Japanese Government, and very much as one of the Japanese themselves. At one time I was a ratepayer in Japan and had a vote, and voted at a municipal election in Japan. I think that is a unique experience for any Member in this House. Living with the Japanese as I did, and having some very intimate friends there who are now leading statesmen in Japan on the more Liberal side, I felt that I might be able to contribute something of interest to this Debate. In the first place, what astonishes me most is the difficulty which the people of this country seem to have in understanding what all this dispute between China and Japan is about. Of course, it is impossible for us to know the full history of every foreign nation,

but what we do want is some knowledge of the history of Japan, China and Manchuria, and I think I shall be able to state briefly the most recent events which led up to this crisis.

It is important to remember that Manchuria, which China now speaks of as being an integral part of herself, has had a very uncertain existence for quite a generation as a member of the Chinese nation. Not only was Manchuria once under Russian influence, but the Manchurian railway was a Russian railway until Japan, by her victory, acquired the right which Russia had got up to that time—

It being Half-past Seven of the Clock, and there being Private Business set down by direction of the Chairman of Ways and Means under Standing Order No. 8, further Proceeding was postponed, without Question put.

PRIVATE BUSINESS.

Edinburgh Corporation (Sheriff Court House, etc.) Order Confirmation Bill. (By Order).

Order for Second Reading read.

Motion made, and Question proposed, "That the Bill be now read a Second time."

Sir ROBERT HORNE: I beg to move, to leave out the word "now," and, at the end of the Question, to add the words "upon this day six months."

I should like to assure the House, in the first place, that this Amendment represents no factious or capricious opposition. It is not the outcome of any sectional opinion, nor is it the offspring of any partisan prejudice. We who are opposing this Measure are, I hope, neither cranks nor faddists, and we certainly are not partial to any set of people in connection with this Bill, nor to any particular class of ideas. We are a set of Scottish Members who are anxious to perform our duty to our country at this moment in a matter which we consider to be of vital importance. Whatever shape this Bill takes, the real question which lies behind it all is the acquisition of a site upon which to build a National Library for Scotland. That, I should think, is an object magnificent enough and sufficiently inspiring to engage the most conscientious efforts of all of us.

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SEE 751.62/183 FOR W.D.#1026

FROM France (Dawson) DATED Mar. 29, 1932
TO NAME 1-1127 ...

REGARDING:

Situation in Far East. Soviets cannot engage in regular warfare on Manchurian Front, the connections over Trans-Siberian Railway being so inadequate that troop and ammunition movements on a large scale are a technical impossibility.

793.94/4988

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/102 FOR Tel. # 416. 9 am

FROM China (Perkins) DATED April 7, 1932.
TO NAME 1-1127 o p o

REGARDING:

Japanese military forces have been strengthened
in anticipation of using them on a large scale
to attack old Kirin troops and brigands.

hs

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

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GRAY

Peiping via NR

Dated April 7, 1932

Recd 11:50 p.m., 6th.

Secretary of State

Washington.

416, April 7, 9 a.m.

Following from American Consul General at Harbin:

April 5, 5 p.m.

One. Japanese military have strengthened their forces here in anticipation of using them on a large scale to attack old Kirin troops and brigands.

Two. Early in the morning of April 3rd a Japanese armored train was derailed between Hailin and Wuchiendho and attacked by old Kirin troops, who were driven off after Japanese were reenforced.

Three. General Tamon's brigade headquarters have been shifted to Tungpin. It is expected that a general Japanese advance against the old Kirin troops in the vicinity of Fangcheng would commence today. New Kirin troops show no desire to fight the old Kirin forces.

Four. Reports regarding attitude of the Soviet leaders indicate that they do not anticipate now Japanese attack against Siberia in the near future. The Shanghai affair

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-2- # 416, from Peiping, April 7, 1932.

affair and the troubles the Japanese are having in North Manchuria to subdue their enemies have lessened the Soviet fears of a Japanese Siberian adventure. Several thousand freight cars have been returned to the Chinese Eastern Railway from Siberia."

For the Minister,

PERKINS

CIB JS

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

DEPARTMENT OF STATE

DIVISION OF WESTERN EUROPEAN AFFAIRS

FE - Dr. Humbert
Dear Stanley:

Can you send us a
copy of Senate Document No. 55,
referred to herein, in order
that we may reply to Hans's
enquiry.

JH

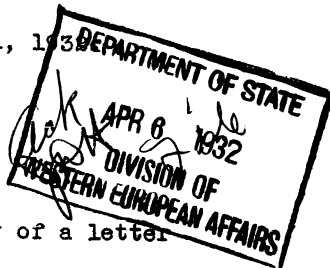
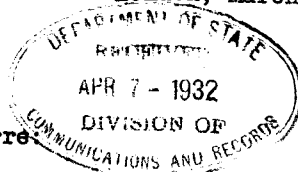
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75



EMBASSY OF THE
UNITED STATES OF AMERICA

London, March 21, 1932



F/DEW

793.94/4990

Dear Pierre:

1/

I am sending herewith a copy of a letter
of March 18th from Lord Cecil's private secretary,
thinking that perhaps you can get me a copy of
the document he mentions, or let me know if it is
not obtainable.

With many thanks,

Sincerely yours,

Benjamin Franklin

Enclosure:

1/ Copy of letter dated March 18th.

Pierre de L. Boal, Esquire,

Division of Western European Affairs,

Department of State,

Washington, D.C.

FILED

APR 7 1932

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

COPY

16 South Eaton Place,

S.W.1.

18th March 1932.

Dear Sir:

Lord Cecil is most anxious to obtain a copy of the Senate Document No. 55 on "Conditions in Manchuria" of the 1st Session of the 72nd Congress, containing a message from the President in response to Senate resolution No. 87. He has so far not been able to procure this paper, and has asked me to write and enquire whether it would be possible for you to obtain one for him? He would be very much obliged if you are able to let him have this.

Yours faithfully

(Signed) I.M. Butler
Private Secretary

The Secretary,
American Embassy.

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

c c 5

April 5, 1932.

Dear Ben:

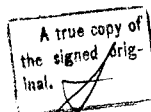
In response to your letter of March 21, I enclose a copy of Senate Document No. 55 relating to conditions in Manchuria. As stated in our telegram of March 11, we sent you, in the pouch leaving on March 15, twenty copies of this report. You have probably already forwarded one of these copies to Lord Cecil.

Yours sincerely,

Pierre del. Boal

Enclosure:
Copy of Senate
Document No. 55.

Benjamin Thaw, Jr., Esquire,
First Secretary,
American Embassy,
London.



WE:JDH:VAS

✓
Apr. 8 1932

793.94/4990

105
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Tsinan/46 FOR # 79
FROM Tsinan (Meinhardt) DATED March 5, 1932
TO NAME 1-1127 ...

REGARDING:

Effort has been made to keep matters at a status quo and the indication is that the army of the province of Tsinan will only fight the Japanese if the latter attempt to invade Tsinan.

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- 3 -

it was decided to "protect the province and its people to the best of their ability, no matter what happens." In the execution of this policy extra precautions are still being taken to avoid any undue friction or incidents. In line with it, too, General Lei Tai Ping, Commander of the Pistol Brigade and Precautionary Commander at Tsinan, called the newspaper men together on January 15th, when he asked for their cooperation in the maintenance of the status quo. With the outbreak of warfare at Shanghai the authorities at the ports, those at Tsinan and those of the Kiao-Tsi Railway were again ordered to take extra precautions to maintain good order. At the same time General Han telegraphed General Kiang Kai Shek that his troops were ready to fight the Japanese. Undoubtedly they would, too, if the Japanese started to invade this province, but they have not manifested any intention of proceeding to Shanghai or Manchuria for the purpose of driving the Japanese from Chinese soil.

JAPANESE RELATIONS.

The Japanese community in Tsinan still continues to number 2,000 members who are attempting to carry on their activities the same as usual, in spite of poor business conditions and an effective boycott. As there are three seaports in the province often visited by Japanese war vessels, General Han called a meeting of provincial military and civil officials in Tsinan on January 4th, when

it was

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

DOCUMENT FILE

NOTE

SEE 893.00 P.R.Canton/52 FOR Despatch # 109 to Legation.

FROM Canton (Ballentine) DATED March 5, 1932.
TO _____ NAME _____ 1-1127 ***

REGARDING:

Manifesto issued by the commanders of the First Group and Fourth Group armies emphasizing that the present precarious position of the country rendered imperative the concerted efforts of the entire nation.

~~CONCERNING THE PRESENT SITUATION IN CHINA.~~

On February 13 a manifesto was issued by the commanders of the First Group (Liangtung) and Fourth Group (Liangtung) armies and the naval and air forces, emphasizing that the present precarious position of the country rendered imperative the concerted efforts of the entire nation, and expressing a determination to abstain from all attempts of internal strife and to make strenuous efforts not only in resisting Japan but also in suppressing communists.

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

DOCUMENT FILE

NOTE

SEE 811.51693/60 FOR #-

FROM Mukden (Meyers) DATED March 17, 1932
TO NAME 1-1127 ***

REGARDING:

\$ 400,000 payment to the National City Bank by the Fengtien-Shanhaikuan Railway. Gives conditions concerning and encloses copies of correspondence with the Japanese Consul.

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

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Tsingtao/48 FOR Despatch # - to Legation.

FROM Tsingtao (Berger) DATED March 8, 1932.
TO NAME 1-1127 o.p.o.

REGARDING: Firing of three six inch rifles by a Japanese
cruiser at a Chinese position near Woosung.

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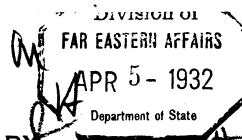
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By Milton D. Gustafson NARS, Date 12-18-75

The somewhat anomalous situation at present existing in the Far East was quite vividly illustrated to me recently by having my camera almost blown out of my hands by the blast of three six inch rifles being discharged by a Japanese cruiser firing at a Chinese position near Weesung while I was engaged in making pictures of the ruins of Weesung village from the deck of my ship; and then three days later being brought rapidly out of a sound sleep in Tsingtao by having a Chinese and a Japanese warship fire a total of no less than twenty-six saluting guns under my bedroom window. The guns were fired for the Commander of the Japanese second overseas cruiser squadron, then in port, and for Admiral Shen.

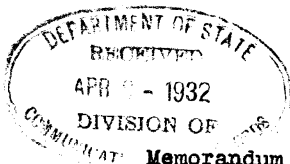
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By Milton O. Gustafson NARS, Date 12-18-75

DEPARTMENT OF STATE
THE UNDERSECRETARY



April 5, 1932.



Memorandum of conversation with the Italian Ambassador, April 5, 1932.

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The Italian Ambassador spoke of the Far Eastern situation and said he had nothing at the moment to say about it, that he had heard recently one fact which we undoubtedly knew, which was that the Japanese were concentrating 100,000 troops in Formosa. I said this would seem an astonishingly stupid thing to do and that I doubted whether there was anything in it except propaganda to make people believe that there was a threat against the Philippines.

W. R. Castle
W. R. Castle, Jr.

U WRC/AB

APR 9 - 1932

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

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DEPARTMENT OF STATE

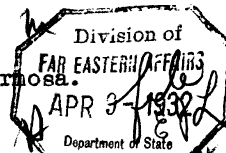
THE SECRETARY



April 7, 1932.

MEMORANDUM OF CONVERSATION BETWEEN SECRETARY STIMSON
AND THE ITALIAN AMBASSADOR, NOBILE GIACOMO DE MARTINO.

Rumor Regarding Japanese Activities in Formosa.



During the call of the Italian Ambassador today
he said that he heard a rumor from their representative
in Shanghai that the Japanese had concentrated one
hundred thousand men at Formosa and he asked me whether
I had heard it. I said, "No, that Shanghai was a great
place for rumors."

HLS.

S HLS: CBS

FIDEW

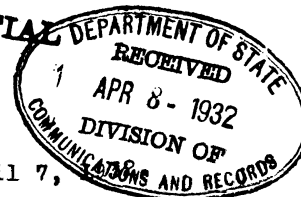
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

CONFIDENTIAL DEPARTMENT OF STATE
THE SECRETARY



April 7,

MEMORANDUM OF CONVERSATION BETWEEN SECRETARY STIMSON AND
THE RUMANIAN MINISTER, MR. CHARLES A. DAVILA.

Far East.

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During the call of the Rumanian Minister today he said that he had learned that I was going to be interested at Geneva not only in the disarmament matter but in listening to other discussions, including the Far East. He therefore brought me a copy of a speech which had been made by Mr. Titulesco, who was chairman of the Rumanian delegation, on the subject of the Far Eastern crisis at the time of the special meeting of the Assembly, in which he took a very strong position for action by the League. The Ambassador left a French copy of the speech, and he is going to cable Mr. Titulesco that he has given this to me so that Mr. Titulesco can speak to me about it.

HLS.



S HLS:BMS

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

Special Meeting,
League of Nations,
General Commission.
Session of March 7, 1932.
Address of Mr. Titulescu.

TRANSLATION

Mr. President:

China has submitted her case to the Assembly by virtue of Article 15 of the Covenant. The Assembly is therefore called on to pronounce on the grave Sino-Japanese conflict, which for six months past has set against each other two great nations, both of them friendly to us all and important in our eyes because of their old civilization, because of their history, and above all, because of the high functions entrusted to both in the organization of the international life of today.

Indeed, Japan and China, which today are parties before us in the conflict dividing them, are, because of their position as members of the Council, judges in the disputes which may arise in the future between us others. Therefore, the points of view of principle which according to their convictions are just with respect to their interests, constitute naturally, in their eyes, the law to which we should have to submit ourselves, tomorrow, with reference to our own interests.

This alone indicates the gravity of the problem and the difficulty of our task.

But that is not all.

As a result of the conditions under which this dispute is presented today before the Assembly, in spite of the efforts of the Council by virtue of Article 11 -- efforts
to

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to which it would be impossible ever to render too much honor, -- and of the occurrence of certain events known to us all, a still more acute problem attaches to the Sino-Japanese conflict: namely the problem of the role and the effectiveness of the League of Nations as an instrument for the maintenance and development of peace between nations.

This is the only subject on which I intend to speak, for the substance of the problem has not yet been sufficiently studied to warrant taking part, in all impartiality, for or against one of the two States in conflict.

At the point where we are now in the matter, let us say frankly that the question posed before international public opinion, without the support of which our institution could not carry out its mission, -- the question of first importance to the institution -- is that of knowing whether the League of Nations exists or does not exist.

The problem being thus posed, the duty of each member of this association is to bring here a definite and clear answer.

In so doing, we are not performing an act of courage but rather, an act of prudence. Indeed, the States which are not directly interested in the conflict and which struggle for organized peace as a pure and simple fact bear a strange resemblance to sheriff's officers who are called on to take in time precautionary measures on behalf of future interests, private interests perhaps, but interests
 the

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the sum of which constitutes the general interest of the world and involves the interest of our institution.

To the question thus posed strictly on the ground of the interests of the League of Nations, my character as President of two of its Assemblies obliges me, furthermore, to answer without any sort of hesitation.

I shall do so.

If the League of Nations exhausts all the possibilities of the Covenant without arriving at the desired result, the League of Nations will not only have proved that it exists, but it will also have shown such vitality that the broadening of its constitutional charter will be necessary, for it is only the lacunae in that charter which have prevented it from succeeding in its mission of pacification.

If on the contrary the League of Nations is vacillating, if it does not proclaim, clearly, the great principles which are at the basis of its Covenant and of modern international life, not only will the League of Nations have ceased to exist but also all its laborious activity in the past will appear to be a snare in the eyes of those who have believed in it.

There would be nothing more unjust to those who, from the very first, have collaborated here with patience, with faith, with intense zeal, in this new organization of peace, which was to be substituted for the system of water-tight sovereignties,

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

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sovereignties, which has been the source of so many catastrophes, but there is nothing which the institution itself would have more deserved.

Is it so difficult for us to do our duty with regard to the Covenant?

In order to do so, is it indispensable to offend the susceptibilities of one or the other of the parties?

I do not believe so; I refuse to believe so.

On the contrary, I wish to believe that for the application of the Covenant we shall have the full cooperation of the two parties to the controversy.

I have carefully read the documents distributed by the Secretariat; I have listened with the greatest interest to the statements made before us by the representatives of China and Japan.

My essential impression from those statements is the following:

It is inconceivable to me that a state such as the Japanese Empire, noted for its good faith, for the sense of honor on which it has based its private as well as its public life, for the well established tradition of its respect for international engagements, has undertaken an action such as that to which our attention is drawn at the request of China, unless it felt that it had serious reasons, very serious reasons, for acting.

On

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

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On the other hand, however, it is equally inconceivable to me that, however legitimate the interests of a state may be, a means cannot be found, in the pacific measures made available to each of us by the Covenant and by the various engagements between us, successfully to defend such interests.

Certainly, in order to make a decision as to the substance of the question, the Assembly will need to carry on an objective study, and probably it will be necessary for a small body of members of the Assembly itself to take up the matter, in order that, in case of a persistent disagreement, its work may be examined by the full Assembly, with a view to drawing therefrom conclusions in the sense of Article 15.

Even at present, however, the Assembly is in position to make certain decisions, even at present the Assembly is in position to proclaim, and, in my opinion, it should proclaim the governing principles of any future solution.

From my point of view, these principles are the six following:

(1) The immediate and definitive cessation of all hostilities. By its resolution of March 4th, the Assembly has already made a decision in regard thereto. I would merely like to point out that it is not a question in this case of carrying out orders which, according to information received by us, have been given on the subject. The representatives of China and Japan formally declared before us

on

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

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on March 4th, that their governments had already given the necessary orders for the termination of hostilities.

The question before us is therefore the execution of a contract between the two parties, solemnly concluded before the Assembly of the League of Nations.

(2) The necessity of arranging as promptly as possible for a military armistice, without conditions of a political nature, which armistice could give a permanent character to the cessation of hostilities, in order that the negotiations which are to be opened may be carried on calmly and in a spirit which would permit of their success.

(3) The necessity of the full application of Article 10 of the Covenant. That article forms the keystone of our institution. It contains two obligations: the obligation to assist any member of the League in resisting aggression by another state, but especially and above all, the obligation to respect the present territorial integrity of the members of the League of Nations.

I shall take the liberty of observing that the Pact of Paris, by prohibiting war as an instrument of national policy, and by the obligation which it imposes of resorting only to pacific measures to settle international controversies, places the signatories to that Pact under an obligation identical to that of Article 10 as to respecting the present territorial integrity of each state.

Any

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

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Any yielding with regard to Article 10, any hesitation as to its full application would be fatal to our institution. On the other hand, its solemn affirmation by the Assembly, at the very time when it begins to examine the dispute submitted to us, will constitute a salutary act which will cut short all the misunderstandings which may have misled international public opinion and caused it to misjudge the League of Nations.

Moreover, Japan, from the beginning of the conflict until the present time, has affirmed her firm decision to respect the territorial integrity of China. It is now the task of the League of Nations to aid both parties, so that it may be possible to proceed from words to deeds.

(4) The necessity of protecting Japanese property and subjects.

The League of Nations must find the means to assure such protection and those members which enjoy the possibilities given them by their great responsibilities in world politics, must aid the League of Nations in order to put such means into practice, so that this argument which obscures our debates may permanently disappear from our discussions.

(5) The necessity of basing future negotiations on scrupulous respect for treaties.

When I say respect for treaties I mean, first, the treaties of peace of which the first articles, of each one,
 set

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

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set forth the rules by virtue of which we meet: the Covenant. When I say respect for treaties I mean, next, the Pact of Paris by virtue of which war has been prohibited as an instrument of national policy. When I say respect for treaties I mean, finally, respect for all international engagements entered into, the unilateral denunciation of which is incompatible with the letter and the spirit of the Covenant and the idea of conventions in general.

(6) The necessity for the affirmation by the League of Nations of a single doctrine with regard to all its members, whatever their respective geographic situation may be.

It has been said that in aiming at universality the League of Nations has been too ambitious. That is possible. But I much prefer that its action should fail, because its single law comes into conflict, in some parts of the globe, with certain realities for which it was not made, to seeing it fail because of changing its law according to special cases and according to circumstances.

In the first case it is the action of the League of Nations which has failed in an individual case and not the institution itself, which has remained faithful to its own doctrine, such as the great majority of its members conceive it and know it.

In

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

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In the second case, that of the multiplication of doctrines according to the exigencies of the moment, it is the institution itself which goes to the bottom.

For what faith could the nations have in the judge called upon to apply the law, if this law is not the one which they know, the one to which they have voluntarily submitted themselves, but, on the contrary, is a law of the moment which no one can guess, a law which yields to circumstances which cannot be foreseen and which are often involuntary, a law which instead of being the precise and clear text which binds us -- the Covenant -- will inevitably be the hybrid resultant of the precedents which shall have been created in all the special cases under pressure of the necessity of taking emergency action?

So then, to arrive at my conclusion, I believe that this general discussion ought to conclude with certain decisions, which among others, shall include the solemn affirmation of the guiding principles of any solution which the Assembly might eventually be called upon to give.

Such guiding principles are no other than the principles of the Covenant and when I ask the Parties in dispute to affirm them with us, I do not believe that I am asking too much of them.

So, it is not so much in the name of the respect which the Parties owe to the Covenant, but rather in the name of
 the

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the attachment which the two parties have shown with regard to the Covenant, -- and no one can forget the valuable collaboration of Japan with us ever since the creation of the League of Nations, -- that I address my appeal to them.

What I ask is that before the Assembly begins to examine the conflict such procedure shall be followed that there cannot remain the slightest trace of doubt as to the fact that the Covenant and the treaties bind us all without distinction and that we are unanimous in our attachment to the cause of peace and the work of the League of Nations.

To refuse such a request would be to take away all the substance of our faith in the League of Nations and deprive the States which are not parties to the conflict of the most valuable possession: the legitimate hope of seeing in case of war or threat of war the transformation of the contractual guaranties which they hold into tangible realities.

Reunion Extraordinaire S.G.H.
Comité Juridique
Le Directeur de l'Administration
(Division des Titulaires)

Monsieur le Président,

La Chine a saisi l'Assemblée en vertu de l'article 15 du Pacte. Cette dernière est donc appelée à se prononcer sur le grave conflit sino-japonais, qui depuis six mois met aux prises deux grandes nations, également amies à nous tous et importantes à nos yeux par leur vieille civilisation, par leur histoire et surtout par les hautes fonctions octroyées aux deux dans l'organisation de la vie internationale actuelle.

En effet, parties aujourd'hui devant nous, dans le conflit qui les divise, le Japon et la Chine sont de par leur fonction de membres du Conseil, nos juges dans les différends qui pourraient à l'avenir surgir entre nous autres. Partant, les points de vue de principe, qu'en leur conscience, ils considèrent comme justes, par rapport à leurs intérêts, constituent naturellement, à leurs yeux, la loi à laquelle nous devrions nous soumettre, demain, par rapport à nos propres intérêts.

C'est déjà dire la gravité du problème et toute la difficulté de notre tâche.

Mais il y a plus.

Les conditions dans lesquelles ce différend se présente aujourd'hui devant l'Assemblée, malgré les efforts du Conseil en vertu de l'article 11, efforts auxquels on ne saurait jamais rendre un assez grand hommage, et à la suite de l'accomplissement de certains faits connus à tous, font que sur le conflit sino-japonais, vient se greffer un problème encore plus angoissant : celui du rôle et de l'efficacité de la Société des Nations comme instrument pour le maintien et le développement de la paix entre nations.

C'est l'unique terrain sur lequel j'entends parler, car le fond du problème n'est pas encore suffisamment étudié, pour que

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- 2 -

l'on puisse, en toute impartialité, prendre parti pour ou contre l'un des deux Etats en litige.

Au point où nous en sommes, disons le franchement, la question que se pose l'opinion publique internationale, sans l'appui de laquelle notre institution ne saurait remplir sa mission, la question qui prime tout pour elle est celle de savoir si la Société des Nations existe ou n'existe pas.

Le problème ainsi posé, le devoir de chaque membre de cette association est d'apporter ici une réponse nette et claire.

En le faisant, ce n'est pas un acte de courage que nous accomplissons, c'est plutôt un acte de prudence. En effet, les Etats qui ne sont pas directement intéressés au conflit et luttent pour la paix organisée comme fait pure et simple ressemblent étrangement aux huissiers qui sont appelés à prendre en temps utile des mesures conservatoires pour des intérêts futurs, des intérêts particuliers peut-être mais dont la somme constitue l'intérêt général du monde avec lequel se confond l'intérêt de notre institution.

A la question ainsi posée sur le terrain strict des intérêts de la Société des Nations, ma qualité de Président de deux de ses Assemblées m'oblige en outre de répondre sans hésitation d'aucune sorte.

Je le ferai.

Si la Société des Nations épuise toutes les possibilités du Pacte sans arriver au résultat désiré, la Société des Nations aura non seulement fait la preuve qu'elle existe, mais elle aura aussi montré une vitalité telle que l'élargissement de sa charte constitutionnelle s'imposera, car seules les lacunes de cette dernière l'ont empêchée d'aboutir dans sa mission pacificatrice.

Si au contraire, la Société des Nations est hésitante, si elle ne proclame pas, avec netteté, les grands principes qui sont à la base de son Pacte et de la vie internationale moderne, non seulement la Société des Nations aura cessé d'exister, mais encore

- 3 -

toute sa laborieuse activité du passé apparaîtra comme un leurre aux yeux de ceux qui ont cru en elle.

Rien de plus injuste pour ceux qui, dès la première heure ont collaboré ici avec patience, avec foi, avec passion, à cette nouvelle organisation de la paix, qui devait se substituer au système des souverainetés à cloisons étanches dont tant de catastrophes sont sorties: mais rien de plus mérité pour l'institution elle-même.

Est-il si difficile pour nous que de faire notre devoir par rapport au Pacte ?

Est-il indispensable pour y arriver de heurter les susceptibilités de l'une ou de l'autre des Parties ?

Je ne le crois pas; je ne veux pas le croire.

Je veux au contraire croire que pour l'application du Pacte le concours des deux Parties en litige nous sera pleinement acquis.

J'ai lu avec soin les documents distribués par le Secrétariat; j'ai écouté avec le plus grand intérêt les exposés faits devant nous par les représentants de la Chine et du Japon.

L'impression fondamentale que j'en ai recueillie est la suivante :

Il est inconcevable pour moi qu'un Etat comme l'Empire du Japon, réputé pour sa loyauté, pour le sentiment de l'honneur qu'il a mis à la base de sa vie privée comme de sa vie publique, pour la tradition bien établie de son respect des engagements internationaux, se soit engagé dans une action comme celle sur laquelle notre attention est attirée par la requête de la Chine sans que, dans sa conscience, il ait eu des motifs sérieux, très sérieux d'agir.

Mais d'autre part, il est tout aussi inconcevable pour moi que, quelle que soit la légitimité des intérêts d'un Etat, on ne puisse trouver dans les voies pacifiques mises à la disposition de chacun de nous par le Pacte,

- 4 -

et par les différents engagements qui nous lient, un moyen de défendre et de faire triompher ces intérêts.

Certes, pour statuer sur le fond de la question, l'Assemblée aura besoin d'une étude objective et probablement une émanation restreinte de l'Assemblée elle-même aura à s'en occuper pour que, en cas de désaccord persistant, son travail soit examiné par le plein de l'Assemblée, en vue d'en tirer des conclusions au sens de l'article 15.

Mais d'ores et déjà, l'Assemblée est en mesure de prendre certaines décisions, d'ores et déjà l'Assemblée est en mesure de proclamer, et à mon avis elle a le devoir de proclamer, les principes directeurs de toute solution future.

Ces principes sont pour moi les six suivants :

1) Arrêt immédiat et définitif de toutes hostilités.

Par sa résolution du 4 mars l'Assemblée a déjà pris une décision à cet égard. Qu'il me soit simplement permis d'observer qu'il ne s'agit pas, dans l'espèce, de l'exécution d'ordres qui, d'après les informations reçues par nous, ont été donnés à ce sujet. Les représentants de la Chine et du Japon ont formellement déclaré le 4 mars devant nous que leurs gouvernements avaient déjà donné les ordres nécessaires pour que les hostilités prissent fin.

Il s'agit donc ici de l'exécution d'un contrat entre les deux Parties, conclu solennellement devant l'Assemblée de la Société des Nations.

2) Nécessité de conclure le plus rapidement possible un armistice militaire, sans conditions politiques, qui puisse assurer le caractère de permanence à la cessation des hostilités afin que les négociations qui vont s'ouvrir se déroulent dans le calme et soient conduites dans un esprit qui leur permette d'aboutir.

3) Nécessité de l'application intégrale de l'article 10 du Pacte. Cet article constitue la clef de voute de notre institution. Il contient deux obligations : l'obligation d'assister tout

- 5 -

membre de la Société contre une agression extérieure, mais surtout et avant tout, l'obligation de respecter l'intégrité territoriale actuelle des membres de la Société des Nations.

Je me permettrai d'observer que le Pacte de Paris, par l'interdiction de la guerre comme instrument de politique nationale et par l'obligation qu'il impose de ne recourir qu'à des moyens pacifiques pour régler les différends internationaux crée aux signataires de ce pacte une obligation identique à celle de l'article 10 en vue du respect de l'intégrité territoriale présente de chaque Etat.

Tout fléchissement quant à l'article 10, toute hésitation quant à son application intégrale porterait un coup de grâce à notre institution. Au contraire son affirmation solennelle par l'Assemblée, au moment même où elle commence à examiner le conflit dont nous sommes saisis, constitue un acte salutaire qui coupera court à tous les malentendus qui ont pu égarer l'opinion publique internationale et la faire méjuger de la Société des Nations.

D'ailleurs le Japon, dès le début du conflit, jusqu'aujourd'hui a affirmé sa ferme décision de respecter l'intégrité territoriale de la Chine. Il s'agit maintenant pour la Société des Nations d'aider les deux Parties, pour que l'on puisse passer, des mots aux faits.

4) Nécessité de la protection des biens et des sujets japonais.

La Société des Nations doit trouver les moyens d'assurer cette protection et ceux de ses membres qui ont les possibilités que leur donnent leurs larges responsabilités dans la politique mondiale, doivent aider la Société des Nations afin de mettre en pratique ces moyens pour que cet argument qui obscurcit nos débats, disparaisse définitivement de nos discussions.

5) Nécessité de baser les négociations à venir sur le respect scrupuleux des traités. Quand je dis le respect des trai-

- 6 -

tés j'entends, d'abord, les traités de paix dont les premiers articles de chacun édicte les règles en vertu desquelles nous siégeons : le Pacte. Quand je dis respect des traités j'entends ensuite le pacte de Paris en vertu duquel la guerre a été interdite comme instrument de politique nationale. Quand je dis respect des traités j'entends enfin le respect de tous les engagements internationaux pris et dont le dénonciation unilatérale est incompatible avec la lettre et l'esprit du Pacte et de la notion de convention en général.

6) Nécessité pour la Société des Nations d'affirmer une doctrine unique à l'égard de tous ses membres, quelle que soit leur situation géographique respective.

On a dit que la Société des Nations en visant à l'universalité a été trop ambitieuse. C'est possible. Mais je préfère de beaucoup que son action échoue, parce que sa loi unique se heurte, sur quelques parties du globe, à certaines réalités pour lesquelles elle n'a pas été faite, au lieu de la voir échouer par le changement de sa loi, suivant des cas d'espèce et suivant les circonstances.

Dans la première hypothèse, c'est l'action de la Société des Nations qui a échoué dans un cas particulier et non pas l'institution elle-même, qui, elle, est restée fidèle à sa doctrine, telle que la grande majorité de ses membres la conçoivent et la connaissent.

Dans la seconde hypothèse, dans celle de la multiplication des doctrines suivant les exigences du moment, c'est l'institution elle-même qui sombre.

Car quelle foi les nations pourraient-elles avoir dans le juge appelé à appliquer la loi, si cette dernière n'est pas la loi qu'elles connaissent, celle à laquelle elles se sont volontairement soumises, mais, au contraire, est une loi du moment que personne ne peut deviner, une loi qui se plie à des circonstances imprévisibles et souvent involontaires, une loi,

- 7 -

qui au lieu d'être le texte précis et clair qui nous lie : le Pacte, sera fatalement la résultante hybride des précédents qu'on aura créés dans tous les cas d'espèce sous l'empire de la nécessité de courir au plus pressé ?

Aussi, pour arriver à ma conclusion, je crois que cette discussion générale ne peut finir par le simple éta- blissement d'une méthode de travail, par une résolution de simple procédure. Cette discussion générale doit finir par certaines décisions, qui entre autres, comprennent l'affirma- tion solennelle des principes directeurs de toute solution que l'Assemblée serait éventuellement appelée à donner.

Ces principes directeurs ne sont autres que les principes du Pacte et en demandant aux Parties en litige de les affirmer avec nous, je ne crois pas leur adresser une de- mande excessive.

Aussi n'est-ce pas tant au nom du respect que les Parties doivent au Pacte, mais plutôt au nom de l'attachement dont les deux Parties ont fait preuve à l'égard du Pacte, et personne ne saurait oublier la valeur de la précieuse colla- boration du Japon avec nous, dès la création de la Société des Nations que je leur adresse mon appel.

Ce que je demande c'est qu'avant que l'Assemblée commence l'examen du conflit on procède de telle sorte qu'il ne puisse rester la moindre trace de doute sur le fait que le Pacte et les traités nous lient tous sans distinction et que nous sommes unanimes, quant à notre atta- chement à la cause de la paix et à l'oeuvre de la Société des Nations.

Refuser une telle demande signifierait vider de toute substance notre foi dans la Société des Nations et pri- ver les Etats qui ne sont pas partie au conflit du bien le plus précieux : l'espoir légitime de voir en cas de guerre ou

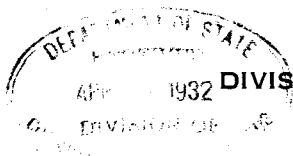
DECLASSIFIED: E.O. 11652, Sec. 3(E) and 5(D) or (E)
Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

- 8 -

de menace de guerre, se transformer en réalités tangibles les
garanties contractuelles qu'ils détiennent.

~~Si nous perdons cet espoir, nous avons tout perdu.~~

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



DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

March 14, 1932.

Subject: Demands Made by the Japanese Upon
the Mayor of Greater Shanghai on
January 20, 1932.

793.94
 note ✓
 893.102-5

On January 28, 1932, the Japanese Consul General at
 Shanghai stated to the members of the Consular Body in
 regard to the Japanese demands as follows:

"I addressed a note on January 20th to the
 Mayor of the Municipality of Greater Shanghai
 containing the following four points:



"1. The Mayor's apology to the Japanese
 Consul General.

"2. The arrest and punishment without
 delay of the culprits.

"3. The indemnification for the medical
 care and solatiums to the five Japanese con-
 cerned.

"4. The immediate suppression of anti-
 Japanese and Japan-insulting manifestations
 and activities, especially the dissolution
 of all anti-Japanese national salvation
 committees and other kindred anti-Japanese
 organizations."
 (Shanghai's January 29, 7 p.m.)

In regard to these demands the Consul General at
 Shanghai in his January 28, 6 p.m., reported as follows:

"At meeting of Consuls this afternoon
 Japanese Consul General informed us that at
 three o'clock p.m. today he had received a
 satisfactory reply from the Mayor and that if
 the Chinese carry out their promises a clash
 would be avoided."

8/8
 JBJ/VDM

F/DEW

793.94/4998

APR 8 1932

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/115 FOR Despatch # 5351. (# 2334
to Legation).

FROM Harbin (Hanson) DATED March 15, 1932.
TO NAME 1-1127 o.p.

REGARDING: Revolt of certain Chinese soldiers who attacked
Japanese citizens.

hs

793.94/4999

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/116 FOR Despatch # 5352. (# 2335
to Legation)

FROM Harbin (Hanson) DATED March 14, 1932.
TO NAME 1-1127 e.p.

REGARDING:

Celebrations at Harbin on the occasion of
the establishment of the new Manchurian
State "Manchoukuo".~~ix~~

hs

793.94/5000

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

DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/113 FOR Tel. # 422, 11 am

FROM China (Perkins) DATED April 8, 1932.

TO NAME 1-1127 070

REGARDING: Burning of Japanese residences on the Korean
frontier was the reason for the entry into
that section of Manchuria of the Japanese
mixed 19th Division.

hs

793.94/5001

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

MET

GRAY

Peiping via N.R.

Dated April 8, 1932

Rec'd 2:30 a.m.

Secretary of State,

Washington

422, April 8, 11 a.m.

Following from Harbin:

"April 7, 10 a.m.

One. Japanese military mission stated yesterday that headquarters of General Tamon are at Tungping and now Generals Hasebe and Amano are at Fangcheng, that the burning of Japanese residences at Wangching and Liutakou on the Korean frontier was the reason for the entry into that section of Manchuria of the Japanese mixed 19th Division which might maneuver so as to come close to Siberian frontier.

Two. Soviet Consulate General believes that Japanese advisers are attaches of the old Kirin forces thus giving impression that Japanese are playing one Chinese faction off against another.

Three.

1 0 4

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

MET

2-#422 from Peiping via N.R.,
April 8, 11 a.m.

Three. Customs and posts functioning as usual except that customs revenue collected by Bank of China is being turned over to bank of three eastern provinces to credit of new regime.

Four. Conditions along the eastern line Chinese Eastern Railway are becoming deplorable."

For the Minister,

KLP-WWC

PERKINS.

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

DOCUMENT FILE

NOTE

SEE 393.1154 (M) Anderson, Meyer & Company/5 FOR #-

FROM Mukden (Myers) DATED March 16, 1932.
TO NAME 1-1127 ***

REGARDING:

Antung Electric Light Plant. Japanese Consulate General
informs that the South Manchuria Electric Company is now
considering ways and means of paying Anderson, Meyer and
Company, American firm.

793.94/5002

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. -----

AMERICAN CONSULATE
 Mukden, China, March 13, 1932.

SUBJECT: Andersen, Meyer and Company's Claim Arising
 out of Closing of Antung Electric Light Plant.

The Honorable
 The Secretary of State,
 Washington.

Sir:

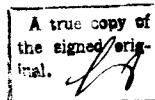
I have the honor to enclose herewith a copy of my
 despatch No. 553 to the Legation at Peiping, China,
 dated March 15, 1932, on the above subject.

Respectfully yours,

M. S. Myers
 American Consul General.

Enclosure:

Copy of despatch No. 553
 to the Legation at Peiping.



340
 HTW

DECLASSIFIED: E.O. 11652, 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. 553

AMERICAN CONSULATE GENERAL

Harbin, China, March 15, 1932.

SUBJECT: Andersen, Meyer and Company's
 Claim Arising out of Closing of
 Antung Electric Light Plant.

The Honorable

Nelson Trusler Johnson,
 American Minister,
 Peiping, China.

Sir:

I have the honor to refer the Legation to my
 despatches No. 474 of October 31, 1931 and No. 509 of
 December 19, 1931, on the above subject.

As a result of conversations with the Japanese
 Consul General, this office has advised Andersen, Meyer
 and Company to prepare a complete statement of monies
 now and presently due to it for machinery and other
 materials furnished to the Antung Electric Light Plant
 and submit this, together with a copy of its contract
 covering the sale of the electric light plant, to this
 Consulate General for transmission to the Japanese Con-
 sulate General. This Andersen, Meyer and Company
 has done and the two documents have been sent to the
 Japanese Consulate General.

Andersen, Meyer and Company's contract is with
 the Antung Municipal Council and provides that there

shall

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

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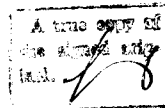
shall be no sale, hypothecation, or removal of the plant while the money due therefor is still unpaid. The amount due for the plant is approximately \$100,000, United States currency. It has been intimated, in conversations with the Japanese Consulate General, that the South Manchuria Electric Light Company (Japanese), which now appears to be in control of the Chinese plant, is planning to remove or sell the power plant machinery since the new Sino-Japanese light company which is to be formed will obtain all of its power from the Japanese plant. For this reason, this office in its communication to the Japanese Consulate General emphasized the provision of the contract referred to above in the hope that insistence upon observance of the stipulations of the contract relative to the sale or removal of the equipment would hasten payment of the indebtedness. The Japanese Consulate General has unofficially informed this office that the South Manchuria Electric Company is now considering ways and means of paying Andersen, Meyer and Company.

Respectfully yours,

M. S. Myers,
 American Consul General.

Original and one copy to Legation,
 Five copies to Department.

JCV:CC
 340.



1 4
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By Milton D. Gustafson NARS, Date 12-18-75

DOCUMENT FILE

NOTE

SEE 893.00 P.R. Foochow/50 FOR Despatch # 100. (# 56 to
Legation)

FROM Foochow (Burke) DATED March 7, 1932.
TO NAME 1-1127

REGARDING: Upon removal of the Central Government from
Nanking to Loyang, Foochow seethed with
rumors that China was planning to declare
war on Japan.

hs

793.94/5003

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

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II - THE SINO-JAPANESE SITUATION.

1. General.

After the removal of the Central Government from Nanking to Loyang (洛陽), Foochow seethed with rumors that China was planning to declare war on Japan. As stated above, the Japanese Consul General then deemed it advisable to evacuate the Japanese women and children as a temporary precautionary measure. General Fang Sheng-t'ao (方聲濤), Acting Chairman of the Fukien Provincial Government, called upon Mr. T. Tamura, Japanese Consul General at Foochow, on February 5, 1932, and assured him of the Provincial Government's desire for peace. Mr. Tamura also stated that he was most desirous of keeping the peace, and that if the local authorities carried out their promises to him in regard to the suppression of the anti-Japanese and Salvation Society's boycott activities and afforded full protection to the lives and property of Japanese nationals, there would be no cause for alarm in so far as the Japanese were concerned; regardless of what happened at Shanghai. Following the above-mentioned call, the Chinese authorities issued a proclamation to the effect that peace would continue to be preserved in Foochow, and that severe penalties would be inflicted upon those who circulated false rumors.

The Consular Body, with the exception of the Japanese Consul General, addressed a joint note to the Provincial Government on February 1, 1932, requesting it to afford due protection to the lives and

property

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

April 7 1933

No. 1840

The Honorable

Hugh R. Wilson,

American Minister,

Berne.

Sir:

The Department encloses, for your information, copies, as listed below, of certain telegrams received by the Department in connection with developments in Manchuria for the period March 30 to April 4, 1932.

In the event that other governments are communicating to the Secretary General of the League of Nations information of similar character, the Department would have no objection to your communicating to the Secretary General, for his discreet use, confidential as to source, the information contained in the enclosures to this instruction. The Secretary General should not disclose the names or designations of persons mentioned in these messages.

Very truly yours,

W. R. Castle, Jr.]

Enclosures:

Telegrams from Peiping: Acting Secretary of State

- (390) March 30, 1 p.m. 893.51 Salt Funds 195
- (391) March 30, 6 p.m. 893.51 Salt Funds 196
- (392) March 30, 7 p.m. 793.94/1929
- (396) April 1, 1 p.m. (Extract) 893.01 Manchuria 131
- (399) April 2, noon (Extract) 893.71/113
- (400) April 2, 1 p.m. (Paraphrase) 893.71/114
- (402) April 2, 2 p.m. 893.01 Manchuria 191
- (403) April 3, 3 p.m. 893.01 Manchuria 192
- (404) April 4, 3 p.m. (Paraphrase) 893.71/115

Telegram from Hankow:
 (46) March 30, noon.

FE:ESC:ENT:SS
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FE
 m.m.h.

793.94/5003A

APR. 7. 1933.

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

Peiping via W. R.

Dated April 1, 1932

Rec'd 6:25 a. m.

Secretary of State,
Washington.

396, April 1, 1 p. m.

Following from American Consul General at Harbin:

"March 31, 10 a. m.

One. CONFIDENTIAL. Local branch of the Bank of China has officially notified the Commissioner of Customs that it has received instructions from the new government at Changchun to hand to the latter's bank customs revenues collected by the Bank of China and that it must comply with these orders. The Commissioner replied that having received no orders from the Inspector General in this respect, he would hold the Bank of China responsible for any customs moneys wrongfully paid out. He has wired the Inspector General for instructions. He was also informed by the Bank of China that hereafter he could not withdraw any customs moneys unless the checks were countersigned by the Chinese superintendent, who has a Japanese adviser named Kato. *****

For the Minister,

PERKINS

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

Reiping via NR

Dated April 2, 1932

Recd 2:23 a. m.

Secretary of State

Washington.

399, April 2, noon.

Following from American Consul General, Harbin:

"April 1, 1 p. m.

One. A Chinese accompanied by a Japanese adviser named Tanaka (representative of the new government) this morning called with a police escort upon the local post office commissioner Smith, handed to him a communication from the Department of Foreign Affairs at Changchun stating that on April 1st the new government was taking over the postal service in Manchuria, and demanded that Smith hand over charge of his office to the visitors. Smith replied that he must receive instructions from the directorate before taking any action, but that the visitors could look at his stamp balance. He is to confer with them again this afternoon.

* * * * *

For the Minister

PERKINS

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

P A R A P H R A S E

The American Consul General at Harbin telegraphed, through the Legation at Peiping, that on April 1 five men, bearing credentials from the new Manchurian regime, took over the Chinese post office at Mukden; that these men ordered that remittances to the Director General of Posts be discontinued; that they initialed the account books; that effective April 1 insured and money order services were suspended; and that the Postal Commissioner at Mukden has been asked to acknowledge the authority of the new Manchurian regime and to accept the terms of the new arrangement which have been forwarded to the Director General of Posts.

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

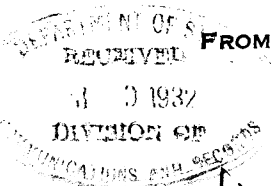
P A R A P H R A S E

The American Consul General at Mukden telegraphed, through the Legation at Peiping, that on April 1 the competent authorities agreed orally to proposals made by the Postal Commissioner that the status quo of the postal administration of Manchuria be recognized provisionally and that there be continued existing tariffs and all postal services except those suspended on April 1 (savings banks and money order and insured services); that written assurance is now demanded; that the continued operation of the present postal administration cannot be maintained unless these proposals are agreed to; that the new Manchurian administration is attempting to take over the present postal administration intact; and that a Japanese member of the staff who reported to Japanese headquarters was in charge of the taking over on April 1.

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

TELEGRAM RECEIVED

REP



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O.N.I. AND A. *FOR*

GRAY

Peiping via N. R.

Dated April 9, 1932

Rec'd 2:15 a. m.

Secretary of State,
Washington.



424, April 9, 10 a. m.

Following from Consul General at Harbin:

"April 8, 5 p. m.

One. Local Japanese military mission confirms persistent Chinese reports that General Ma Chan Shan, who left Tsitsihar on March 3rd, is now at Tabeiho. This would indicate that Ma had given up his post as Governor at Tsitsihar and Minister of War of the new regime.

Two. It is believed that Japanese pursuit of Toman's forces is being hampered by bad condition of roads."

For the Minister

PERKINS

KLP - WWC

F/DEW

793.94/5004

FILED

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

*Presenting Japan's
Side of the Case*

793.94/5005

PUBLISHED BY
THE JAPANESE ASSOCIATION IN CHINA
SHANGHAI, DECEMBER, 1931

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By Milton D. Chas. Jensen NARS, Date 12-18-75

PRESENTING JAPAN'S
SIDE OF THE CASE

1054
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Department of State letter, August 10, 1972
By Milton O. Gustafson NARS, Date 12-18-75

FOREWORD

In this modest small booklet an effort is made to present an approximate outline of the troubled situation in The Far East and to indicate the causes that have brought that situation into being. The action of the Japanese military forces in Manchuria on the night of September 18 precipitated unexpectedly a new world crisis, and this loosed upon the Occidental world with startling suddenness an avalanche of news reports that were blazoned from newspaper headlines in every large city.

The events of the night of September 18 came as no surprise to ordinarily informed observers living in China and Japan. What then happened had been foreseen clearly and had been predicted precisely months earlier, but the published newspaper accounts that shocked the western world dealt only with the firing of the guns and with events that were taking place from day to day, and causes that brought about these consequences were completely obscured.

Something like a stampeded public opinion galvanized the Council of The League of Nations into extraordinary activity, and into action which later developments seemed to disclose, was precipitate. For this the Japanese were blamed. When the Council of the League first began to face real difficulties a distinguished leader at Geneva put it aptly when he said that events might have moved more happily had one party to the controversy been able to express himself a little better and another party had not been able to express himself so well.

It is perhaps fairly accurate to say that at that time the world, outside of The Far East, on the evidence it had before it, could only see Japan as a marauding aggressor, and this was because the Japanese, with their characteristic racial reticence, had been inarticulate.

It is with an understanding of these circumstances that the Japanese living in China, lacking other avenues of contact, have set about with the humble offering of these pages to win a simple hearing from western peoples. Their aim simply is to promote an accurate understanding of the stark actualities of the plight that confronts them, and to do this they have chosen no spokesman from their own people. What appears herein, therefore, has been taken exclusively from published writings of recognized authorities, who are natives of western countries.

To the literate world of Asia, or to those who know aught of Far Eastern affairs, George Bronson Rea, and H. G. W. Woodhead are two names that stand out preeminently. The words of these two men are heard with respect in the great chancelleries of the world. As owner and publisher of *The Far Eastern Review* Mr. George Bronson Rea has been living in China through the past thirty years, and his whole career, save for the period of war-time service for the American Government, has been closely identified with the history of China and Japan through these three decades. He is, without question, the foremost American authority on the problems of The Far East.

Through a period of the same length of time Mr. H. G. W. Woodhead, an Englishman, has lived in China in the closest contact with the

events of his times, and in writing from day to day the record of these events he has won high distinction and honors for himself. Mr. Woodhead is editor of *The China Year Book*, accepted as the standard work of reference on China, which was first published in the year 1912. He has been associated with a number of leading British newspapers in China and now is contributing the widely-read column under the title, "One Man's Comment for To-day," in the Shanghai American newspaper, *The Evening Post & Mercury*. The singular genius that these two writers display in common is their close adherence to basic and established facts in all that they put forth.

In any examination of the problem of Manchuria it may be accepted as of first importance to give heed to factors that superficially, but only superficially, do not appear to be related to the present controversy. Therefore a study may well be taken from the financial situation in Manchuria through recent years, and the part that Russia is playing, as disclosed in the article, "The Menace in Manchuria," and an idea of actualities in China proper to-day is to be found in the article, "Realities." It is to be noted that both of these articles were published in Shanghai before the outbreak that took place at Mukden in September, and it is significant that in both of these articles, as well as in earlier writings, George Bronson Rea clearly predicted the events now taking place. The facts set forth by him regarding the finances of Manchuria have since been confirmed in an official Chinese statement, which appears in the *Chinese Economic Journal* of November, 1931 under the heading, "Japanese Financial Interests in Manchuria."

A way out of the morass, which Japan probably would be glad to embrace, and a solution of the problem, which other observers deem at least to be expedient and reasonable, and which has some little Chinese endorsement, has been pointed out by Mr. Woodhead in his article, "Why Not Exploit the Japanese?" This article will be found to hold some salient truths, and international aspects of the situation that Mr. Woodhead presents in other editorials herein reproduced, are worthy of scrutiny.

And here, the Japanese who live in China, and who send out this brief word to western peoples, rest their case. What is offered is the best thought of outstanding leaders of the Occident whose lives have been lived in The Far East. What they say may be amplified as the student may require from any ordinary library of reference. The message sent is cordial and hopeful. The reader is asked to form his own conclusions.

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

REALITIES

By GEORGE BRONSON REA

(*Far Eastern Review*, Shanghai, August, 1931)

Two hundred million unemployed: Nearly half the population of China without means of earning a living! This estimate, based on conditions existing in 120 districts, was recently made public by the Ministry of Interior.

Three million people dead from unnatural causes with six millions facing starvation, is the report which comes from Kansu, Kokonor and Ninghsia. Cannibalism is not uncommon in these regions.

Ten million people have fled from the province of Kiangsi, more than 100,000 homes have been destroyed, 180,000 people killed and property to the value of \$700,000,000 destroyed in this province. *Generalissimo Chiang reports the communists have been wiped out!*

Five million people were starved to death last year in Shensi and Shansi, the direct result of quartering the armies of Feng Yu-hsiang in these districts. A hundred thousand or more young women were sold to the divorcees of other provinces, and taxed as they passed through the likin station.

Now comes the crowning disaster. The Yangtze River has risen to unprecedented heights, inundating about 50,000 square miles of territory in the provinces of Hupeh, Hunan, Kiangsi, Anhwei and Kiangsu. Over four million homes have been swept away. Thirty million people are homeless; ten million are facing famine; six million acres of farming land are flooded; the Wu Han cities are under water; a total initial damage of \$200,000,000 is reported. The real horror is yet to come. Other rivers in China are breaking through the dykes, spreading disaster, hunger and death to further millions of helpless people.

The three most prosperous provinces of China have been systematically looted over a period of years to support

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The three most prosperous provinces of China have been systematically looted over a period of years to support

the armies which hold the "stupid people" in bondage to their overlords. Over six billion dollars in worthless paper notes have been forced on the farmers in exchange for their export crops. Nearly a billion gold yen has been raised in this manner during the past years to pay for the armies of the Manchurian military oligarchy. Another year of decline in demand and low prices for the soya bean, will open the way for Soviet domination in North Manchuria. The stage is set there for another calamity.

Half the people in China are without work. Millions are homeless, destitute, starving. The cry of agony, the appeals for succor from the unfortunates fall on deaf ears. The common laws of humanity cannot operate in China. Outside charity cannot be distributed with any guarantee that the funds or supplies will reach the suffering people. The calamity in China comes at a time when the unemployed millions of other countries are standing in the bread lines, living on the charity of their own peoples and governments.

There is no money in China for famine or flood relief. Every dollar that can be squeezed from the people in taxes or through confiscation of property and wealth goes to maintain the vampire armies sucking the last drop of the people's blood. The money that might be employed for the relief of humanity cannot be diverted from the purchase of arms and munitions. The maintenance of law and order, the first duty of organized government, is subordinated to the perpetuation of military rule. Over five million armed men are living upon the impoverished people. Three million men are incorporated in the 288 divisions that make up the various provincial armies. Nearly one million comprise the army of Chiang Kai-shek, the backbone of the National Government. The Manchurian armies number at least 500,000; Szechuen has over 300,000; Kwangsi and Kwangtung another 200,000. God alone knows just how many men are carrying a rifle in China. The bandits, communists and independent armies number more than two million. How are they paid? They are not paid. They eat, however, and must be clothed, armed and muni-

tioned. The armies are equipped with the most modern death-dealing instruments; artillery, machine-guns, aeroplanes, tanks, trucks and automobiles, all purchased from abroad.

We know how the money has been raised to maintain the Manchurian armies, prosecute wars of conquest and build the largest arsenal in the world. In the published budget figures of Minister Soong, we get a glimpse of the sources from which are derived the means to keep Nanking in power. According to the budget of 1930 the National armies cost \$245,000,000 with a deficit of \$100,000,000 made up by borrowing. This year the deficit will reach nearly \$280,000,000. We know how Nanking has been able to raise the funds to pay for its armies and its wars of pacification and unification. Most of it has come from foreign trade; the result of tariff autonomy conceded by the foreign powers in order to assist Nanking to establish its rule. We know that the Szechuen army is maintained largely by the revenues from the opium traffic. The same with the armies of Kwangsi and Yunnan.

The 1931 Nanking budget reveals that military expenses account for 87.5 per cent of the government's total revenues. The new wars that must be waged to compel the Canton group to recognize the dictatorship of Chiang and the further campaigns necessary to establish his rule over other recalcitrant provinces will call for additional sources of revenues to feed the millitary moloch. *Millions for conquest, but not one cent for relief!* Faced with the catastrophic floods on the Yangtze, and the urgent need for relief, the treasury of Nanking is empty. To meet this national disaster, Nanking's sole remedy is to float an internal loan of \$20,000,000, a mere gesture that cannot hope to cope with the emergency. But the imports of foreign arms and munitions continue. Nanking is continually purchasing new equipment. The "independent" provinces find no difficulty in having all their arms requirements supplied from abroad. Arms, arms and more arms! Artillery, machine-guns, automatics, rifles, aeroplanes and all the paraphernalia for modern civilized slaughter are pouring into China. These must be paid for. Money,

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money ; loans, loans and more loans ; taxes and more taxes are needed to meet the bills.

No nation, no matter how strong or prosperous can stand the exactions of such a system. The hungry people, driven to desperation, swell the ranks of the roving bandits and communist organization ; then they must be killed off in order that government by the bayonet may endure. The people of China have no vote, no voice in the conduct of their own affairs. They have become the abject slaves of their military taskmasters and when, in despair, they revolt against their enforced bondage, the military machine is set in motion to exterminate them.

The people of China through their glib-tongued self-appointed foreign educated spokesmen, have demanded from the rest of the world the right to solve their problems in their own way without outside interference. That right has been conceded. The result is before us. In the face of the appalling conditions throughout the country, Humanity at large has the right to demand by what authority these champions speak in the name of the inarticulate millions whose rights as human beings are being sacrificed to a mistaken pride of race and a stubborn refusal on the part of their more vocal political leaders to admit their inability to establish a government capable of discharging its most rudimentary obligation. Under the slogan of unification, which in Chinese means the right of one overlord or faction to impose its will upon the rest of the country, millions upon millions of human beings have been done to death, and the country is further off from unification than ever.

For let us make no mistake about the aims and aspirations of the several factions now ruling the country. The ambition of every war-lord, every political henchman and their hangers-on is to conquer and rule the rest of the ethnological group, called for the want of a better name, the Chinese nation. There is no Chinese nation. There is a Mongolian race to which the various peoples and clans that inhabit what is known as China belong. There is as much difference between the Manchurian and the Cantonese, in language, customs, manner of thought and

living as there is between the Norwegian and the Greek. China is a continent inhabited by a race split into as many diverse nationalities as Europe. The only bond is one of race, the same bond that unites the people of Europe into one common division of mankind. Until the Chinese themselves recognize this basic truth and are willing to settle their differences by a mutual recognition of each other's independence there can be no permanent peace in Cathay. The picture of China is the reflection of medieval Europe. As at various periods in history one European nation has attempted to subjugate all the others, so in China each province has at some time or other set out to conquer the others and impose its rule. No province of China will ever relinquish its claims to rule over an undivided country and in the process of establishing its authority by force of arms, no more consideration is given to the rights of the people than Alexander, Caesar or Napoleon extended to the vanquished states of Europe.

It is conceivable that with the recognition and support of the foreign powers, some dictator may ultimately unify China under one government, but in the last analysis it can be achieved only by conquest and after a series of devastating wars eclipsing in horror all other wars in the history of the world. A government or empire created by force must be maintained by force. Another decade of civil warfare in China will convert the Chinese into a warlike nation, with an army thirsty for more lands to conquer. This is what unification by the sword means to China ; the continued degradation and enforced enslavement of a quarter of the human race to pay for the upkeep of the system which maintains them in bondage. Not until the rulers of China hold their office by the consent of the governed can the power of the militarist be broken.

Canton has broken away from Nanking and is preparing for another war to overthrow the dictatorship of the Chekiang oligarchy. Canton announces that it proposes to put an end to military rule in China, and establish a government of the people by the people and for the people. An excellent slogan with which to fool the masses and the outside world. It will be another century at least before

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the people of China can be educated in the rudiments of self-government. With all available revenues being used to maintain the armies which keep the stupid people in subjection, there is little hope that any considerable sums will be available for any purpose that will tend to weaken the military system. With 96 per cent of illiteracy, it is hopeless to expect that the peoples of China can manage their own affairs. They will remain slaves of the system that their ignorance, poverty and weakness has fastened upon them; a system that has no more regard for their welfare than a ravenous tiger has for its prey.

Is there a remedy? Is there any way to liberate the people of China from their present bondage? How far is the outside world responsible for the present military system? Are we justified in recognizing that the Chinese people constitute one nation whose territorial integrity is sacrosanct? Must we perpetuate the diplomatic absurdity that a country as large as a continent must be united under one government no matter what the cost to humanity? In pursuit of this mistaken policy evolved in the brain of an American statesman ignorant of the real facts, the preservation of China's territorial integrity and her undiminished sovereignty over these regions has become a cardinal principle in Far Eastern diplomacy. Yet at the very time the principle was announced, China had secretly handed over Manchuria to Russia under the terms of a military alliance designed to crush and humiliate Japan. Japan was bound hand and foot to respect the integrity of China, while China and Russia were secretly preparing to crush out her existence.

Japan is once more facing a similar menace to her security. Mongolia has been painlessly amputated from the main body of China and annexed to Soviet Russia. Sinkiang is going the same way. The Barga region is slipping. The pressure of the Slav is slowly converting the outlying provinces of China into Soviet republics. The Mongols have asserted their right to self-determination and the rest of the world has recognized the accomplished fact. When Sinkiang declares its independence, Moscow will recognize the new state and again the outside

REALITIES

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world will accept the inevitable. Moscow does not recognize the principle of China's territorial integrity. Slowly but surely the communists are tearing China apart, while the other Powers adhere religiously to a worn out doctrine that no statesman has the courage to puncture.

In pursuit of the antiquated Hay Doctrine, obligations have been loaded on the people of China until now they constitute an almost unsurmountable barrier to any solution of China's problem by the creation of three or more independent states. The foreign debt of China secured mainly on the Customs, is the sole cement which now binds the Powers together for the enforcement of a principle that to date has brought more misery, death and destruction to Asia than the Great War to Europe. And the end is not yet.

Loans, loans and more loans to the grand total of £150,000,000 have been made to the various so-called governments of China in an endeavor to strengthen the central authority and give effect to a kindergarten doctrine, that the Chinese themselves ridicule and decline to accept. Russia alone understands the Chinese mentality and lack of national consciousness and in lopping off the outlying provinces and spreading her doctrines in other regions, she will ultimately succeed in her program of splitting the Mongolian race into its component parts, recognizing each as a distinct nationality and incorporating their territory into the system of Soviet republics. The other foreign Powers, adhering to the diplomacy of John Hay, must either recognize this trend in the affairs of China and shape their policies in harmony with realities, or they must give effect to the doctrine of China's integrity by supporting materially and morally some one faction that can unify the country by the sword and so preserve the principle laid down in 1898. It is hardly probable at this late date that the Powers could be induced to co-operate along such lines. It has been tried time and again and has failed. If international financial support to the present recognized government is impractical, then we must face the other alternative and beat Moscow at its own game.

In 1924, Marshal Chang Tso-lin declared the independence of Manchuria. He refused to recognize the authority

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of Peking and in October of that year concluded an agreement with the Soviet Government, concerning the status of the Chinese Eastern Railway, which holds good to this day. Manchuria is still an independent state, linked to Nanking under the terms of an agreement that recognizes its rule over all of North China. Marshal Chang Hsueh-liang is not a vanquished war-lord. He is the co-ruler of National China, equal in rank and prerogatives to his military partner in Nanking. The rule of Nanking does not extend to Manchuria. They will not permit the Kuomintang officials to meddle in their affairs. The Northern Chinese look upon the Cantonese as worse "foreign devils" than the blue eyed barbarians from over the sea. Manchuria is independent, peopled by a race which has nothing in common with the peoples of Central or North China.

Whether the rest of the world likes it or not, the segregation of Manchuria into a distinct territorial division will sooner or later have to be recognized. This is the real issue between China and Japan at the present moment. No new treaty of peace or commerce can be negotiated between China and Japan without China's full recognition of Japan's legal rights in Manchuria. Japan is apparently willing to surrender all her special rights in China Proper in return for the reciprocal right to reside in the interior, the right to own and lease property and engage in business, industry and agriculture. These privileges China refuses to concede until such time as Japan surrenders the lease to Liaotung and withdraws her troops from Manchuria. China stands firmly on her declared policy not to recognize the validity of the 1915 Treaty, while Japan just as firmly adheres to her acquired rights under that treaty. No statesman in Japan will discuss the subject. The nation would rise as one man and go to war with the whole world before it surrenders the picayune fruits of its two previous sacrifices. To ask Japan to get out of Manchuria is to ask her to commit suicide. Japan will never recede from her position, so if the aspirations of National China are to be realized, she must be prepared to fight. *The shadow of this conflict is upon us.* Unless China recognizes

Japan's acquired rights in Manchuria, any incident may precipitate the crisis. Japan's patience is almost exhausted. A few more Wanpaoshan incidents, a few more murders of Japanese officials, a few more open violations of treaties and agreements, may compel her to act. The situation is ominous, similar in every respect to the lull which preceded the Russo-Japanese conflict. Slowly but surely Japan is building up her case. The Kellogg Peace Pact, the League of Nations or any other instrument for the abolition of war, will carry no weight when Japan decides that her national existence is at stake. No other nation will interfere in a dispute that will never be submitted to arbitration. The Manchuria problem will be settled on the field of battle. Unless we admit that China is in a position to vanquish Japan, is it worth while to carry the dispute to the stage where war is the only solution? Such a war can have only one ending and in the treaty of peace, Japan will collect the indemnity she was buncoed out of at Portsmouth. China will lose Manchuria.

One way to avert such a war, is for the Powers to acknowledge the realities of the situation and recognize Manchuria as an independent state. Under new treaty relations with Japan and the other Powers, Manchuria will be saved from the Soviet, opened up to foreign capital and development and created into a strong buffer state between Japan and the Soviet or between the Soviet and North China. This is the only alternative to its ultimate incorporation into the Japanese Empire.

Canton has declared its independence, but insists upon its right to reconquer the rest of China and oust the Chekiang clique that stole the fruits of its former victory. That is the root of the trouble between Canton and Nanking. The Cantonese fomented a revolution; their armies subjugated the rest of China, but their Chekiang military leader, true to Chinese traditions and the call of the clan, handed over the big jobs to his fellow provincials and family connections. The nimble-witted Cantonese were defrauded of the spoils of victory by the despised delta-folk of Chekiang. So they must fight the war "to establish a government of, by and for the people of China" all over again. God knows

what it will cost the people of China to establish this glorious principle of democracy. Would it not be better for humanity if Canton's independence were recognized by the foreign powers, on the condition that the new state agrees to assume its share of the foreign debt, join the League of Nations, sign the Kellogg Peace Pact and concentrate its energies on improving the welfare of its people? If we admit the right of the Mongols and Central Asian tribes in Sinkiang to apply the principle of self-determination; if the successors of Chang Tso-lin can defy the power of the Central Government and preserve an autonomous existence, why should Canton be denied the same right? If the recognition of Canton as a sovereign state will be the means of putting a stop, even a temporary one, to these insensate internecine wars, humanity, common-sense and practical politics demand action along these lines.

An independent Canton, including Kwangsi, Yunnan and Kweichow, will provide the restless and progressive Cantonese the opportunity to show the world and the rest of China what can be done under a government of, by and for the people. Give Canton a chance to work out a solution to this problem as a lesson to the more backward states of China. Under new treaties and guarantees, and a consolidation of its share of the foreign debt, there should be no reason why foreign capital should not flow into the South China Republic, develop its resources and open up a new era of prosperity to the tax-burdened peoples. Intervention, by recognition of the realities may be the only way left open to save China from splitting up into a congeries of small Soviet republics tied to Moscow's leading strings. The battle ground of communism for the control of Asia and the world is definitely fixed in China. Communism must be fought with its own weapons. If the Powers insist upon adhering to the outworn doctrine of John Hay, the Soviet will triumph. The country is too vast, the inter-provincial jealousies and prejudices too bitter, to assure unity under one government. Only by the creation of at least four or five distinct compact states can the danger be now averted. *Recognition of the realities is not intervention!*

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ust 10, 1972
S, Date 12-18-75

THE MENACE IN MANCHURIA

By GEORGE BRONSON REA

(Far Eastern Review, Shanghai, August, 1931)

IN Soviet Russia the masses toil for the State. The Government is the sole employer of labor. It fixes wages and pays the workers with a meal ticket or requisition order on the government monopoly stores for their household supplies. Trade unionists and party members are paid in unsecured paper notes but as these have no value outside the country and must be exchanged for commodities sold by the official trusts, the result is the same. They labor for the State. The people of Russia have the satisfaction of knowing that the profits from their toil are being expended for the betterment of their living and working conditions and for national defense. The billions that roll into the state treasury from official enterprises and co-operative farms are used to purchase all manner of railway, textile, electrical, mining and other industrial machinery; to erect houses, lay out new cities; to build roads, waterworks, sewers, public utilities, schools, social and amusement centers, and other betterments designed for public welfare. The workers of Russia are slaving for an ideal; they are a people with hope. Bad as their present lot is, it is infinitely better, brighter and more full of promise than it was under the despotism of the Czars.

If the Five Year Plan is carried out—even in ten years—its success will bring about a revolution in world economy. If they can do things better in Soviet Russia than in the so-called capitalistic states, our industrial system must be modified to meet the competition. For the moment, the people of Russia may be slaves, insufficiently nourished, poorly clothed, inadequately housed and denied the luxuries and even the comforts of life, but if their hardships lead them to their ultimate goal, a new and brighter outlook will be created for the other workers of the world. A great humanitarian principle underlies the economic experiment taking place in Russia and if successful, even in

part, it will exert a stupendous influence on the future of the human race. Its success may bring disaster to other industrial nations and overturn the existing social order, but the people of Russia are entitled to work out their theories and problems in their own way without outside interference. Their bondage is of their own seeking.

Under the old regime, the peasants of Russia were slaves of the landowners, toiling from cradle to the grave to maintain in idleness and luxury a ruling caste that opposed any and every program for reform. When the opportunity came, the serfs rose against their oppressors and re-enacted the tragedy of the French Revolution. The old system has disappeared. Private property is abolished. The land is parcelled out in co-operative farms held in common for the common good. The Soviet philosophy has permeated all of Central Asia. Mongolia is now part of the Soviet system. Chinese Turkestan is wholly dependent upon the Soviet for its economic existence. Communist propaganda is undermining the allegiance of the people to their Chinese overlords, and with the strengthening of Soviet trade ties, this region with its immense mineral and oil deposits, will slip automatically into the Soviet system.

China's inability to assert her authority over these distant border provinces, coupled with the graft, corruption, ineptitude and tyranny of the Chinese officials, is paving the way for the triumph of Communism. Mongolia, Sinkiang, the Barga Region, a large part of Tibet and a slice out of Kirin in the Ussuri district are practically lost to China. No treaty of peace and commerce; no understanding between Moscow and Mukden can check the relentless march of the Soviet in these regions.

We have seen how the germs of communism have taken root in the Yangtze Valley how in desperation the patient, downtrodden people have espoused a cause that holds out some promise of escape from their enforced enslavement; we have witnessed this movement grow to such proportions that it now menaces the very existence of the nation. We call it "communism" in order to rally world opinion to the support of the National Government in its desperate struggle to preserve the fiction of its power

and carry out its international obligations. But we have the testimony of Generalissimo Chiang Kai-shek that the upheaval in Central China is merely the anarchy of despair; the revolt of oppressed humanity against the hordes of political spoilsmen let loose upon the country by the new Kuomintang dispensation. Chinese officialdom may delude themselves and the world into believing that Moscow is responsible for the present tragedy in the Yangtze Valley, but those who have an intimate knowledge of China's internal affairs know this to be false. The truth about conditions in China is eloquently revealed in Chiang Kai-shek's wrathful and denunciatory arraignment of the system he himself is responsible for fastening upon the people by force of arms. The lesson of Central China is before us. It carries its moral to the other feudal tyrants who rule the country.

What is China doing to combat the influence of communism in her border provinces? Let us step across the boundary of Asiatic Russia into Manchuria and study the system imposed upon the people by the Northern military satraps. Here we find a vast territory that thirty years ago was a bandit-infested wilderness (the ancestral homeland of the Manchu bannermen who conquered China), ruled over by a Tartar general and closed to Chinese penetration and colonization. In order to be revenged upon Japan for his defeat in 1895, Li Hung-chang entered into a secret treaty of alliance with Russia, which handed over Manchuria to the domination of the Czar. The Russian armies marched into the new land of promise, built strategic railways, founded cities and created ports, pouring a vast amount of wealth into the pockets of the poverty-stricken Manchurian peasantry and their extortionate rulers. The Russians created no wealth. They opened no mines. They established no industries. The flood of Russian gold was expended for purely military and strategic purposes. Attracted by this influx of foreign money, Chinese from the south began to filtrate through the immigration barriers at the Great Wall.

The Russo-Japanese war distributed another avalanche of foreign gold to the people of Manchuria. The war was

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followed by an era of unprecedented prosperity. Railways were built, modern industries established, mines opened, cities planned and public works initiated. All obstacles to the entrance of immigrants from other parts of China were swept away in the rush to find employment. The Homeland of the Manchus became an economic colony of their empire and when the Revolution in 1911 swept them into the discard, their birthright was ruthlessly annexed and incorporated into the Chinese Republic. Manchuria was overrun, occupied and settled by the needy sons of Han and proclaimed an integral part of their own country. Then came the crowning event that established the prosperity of Manchuria on a firm basis.

In 1908, the great Japanese firm of Mitsui dispatched a trial cargo of soya beans to Liverpool and created a new market for the staple crop of the territory. From that date commences the rise of Manchuria. Foreign firms opened branch offices in the territory to participate in the profits from exporting the bean crop and in this competition the Manchurian farmers enjoyed a free market and the highest prices. It is not necessary in this article to trace the phenomenal development of the soya bean industry. Sufficient to state that the crop increased from 34,429,000 bushels in 1915 to 221,824,549 bushels (5,351,130 tons) in 1929, representing 63 per cent of the total world production. Of this amount, about 2,000,000 tons are consumed locally, leaving 3,000,000 tons for export to the oil mills of Europe. The Manchurian soya bean has revolutionized the stock breeding and dairy industries of Denmark and Holland, enabling these small agricultural states to develop an enormous trade in animal products, butter, cheese, bacon, ham, eggs and also live stock, which in the case of Denmark makes up over 70 per cent of its total exports. Holland is in a similar position.

The average price of the beans laid down in Europe over a period of years has been Y.100 per ton. Of this, forty per cent represents transportation charges: Y.14 per ton ocean freight from Vladivostok or Dairen to Europe and Y.26 railway freight from Harbin or Anda to either shipping port, or Y.60 net a ton at Harbin. After deducting

for cartage, bagging and other charges, the farmers who work their lands on a fifty-fifty basis with the landowners receive about Y.55 a ton. At these top prices, the 3,000,000 tons of export beans brought about Y.180,000,000 a year in real money into Manchuria. Most of the railway freight charges, or another Y.78,000,000, also remained in the country. Money was easy. Industry prospered. Japanese capital to the amount of nearly Y.1,500,000,000 flowed into the provinces and created new sources of wealth. Under the protection of the Japanese, a new era was ushered in. The Chinese overlords were presented with sources of revenues that more than met their most extravagant demands.

Manchuria was like the goose in the fairy story. It belonged to a fee, faw, fie, fum, Red Beard Giant, who lived in the Dragon Castle in the Manchu Heaven at Fengtien, guarded by ferocious fire-eaters and dare-to-die's selected from the most valiant of the dreaded Hunghtutze bandits. When Chang, the Manchu Goliath finished his daily recreation of counting his soldiers and inspecting their arms, he called for his pipe, his bowl, his fiddlers three, gathered around him the beauties of his harem and gave himself up to oriental pleasures and dreams of greatness. His favorite evening indoor sport culminated in bringing out the goose and commanding it to lay. The goose did its stuff with clocklike regularity. If at times it lagged, grew weary of the strain and let out a protesting squawk, a gentle squeeze was sufficient to remind it of its duty. The golden eggs rolled into the Giant's strong box in a steady stream. There was always more where they came from. Chang grew ambitious for more power and reached out for new lands to conquer. He raised and equipped the most formidable armies in Asia, erected the largest arsenal in the world, and set out to impose his rule over the rest of the Celestial countries. His conquering hosts overran the provinces of China and he finally transferred his court to the city of Kublai Khan and settled down on the Dragon Throne with the intention of founding a new dynasty. But China, alas, was an impoverished country. It had been sucked dry. So the good, old, bean-fed Manchurian goose was brought to Peking and

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worked overtime. It was squeezed and beaten until it quacked in agony and gave up the ghost. Chang and his intimates took the goose apart to see how it worked and discovered that the gold was after all only transmuted soya beans. So they gaily plucked, drew, fricassed and ate the bird and invented a new machine to convert the beans into the precious metal without all the complicated machinery that cluttered up the inside of the goose.

In other words, there was a limit to taxation. The farmers grumbled at their constantly increasing burdens and a revolt seemed imminent. Nevertheless, the farmers continued to prosper. They still received real money in exchange for their three million tons of export beans, salting their savings away in the native banks which loaned the funds out at usurious rates of interest to Marshal Chang to pay his armies with. At sixty yen net per ton, there was something like one hundred and eighty million gold yen distributed to the farmers, who after paying their heavy taxes, still had a lot of hard cash that was sorely needed for the armies. Only by diverting all this money into the coffers of Chang could he continue his wars of conquest. So the Manchurian war-lord issued an edict prohibiting any further sales of beans direct from the farmer to the middlemen or exporting firms. The whole crop must be sold to an official purchasing organization created by Marshal Chang and his associates. In the meantime, the three Manchurian rulers ordered some new printing presses from abroad, loaded up with a big stock of fairly strong paper and started to print an entirely new issue of beautiful crisp paper notes in various denominations to be used as currency for paying the stupid farmers for their bean crop. Was there a gold or silver reserve behind these notes? Was there even a supply of copper behind the billions of copper *tiao* notes? Perish the thought. What is the use of being an autocrat with a printing press and an unlimited stock of good white paper, if an accounting must be made to the people for every note struck off. No; there was no reserve, no security, that is, none that could be discovered by the most expert foreign investigators. The real security behind these issues was the grain crop that

belonged to the peasant. As long as the demand from abroad held firm at top prices, and the money was all paid into the Government, or its issuing banks, the paper notes enjoyed a certain value. Perhaps the first few issues were more or less secured by the silver reserves in the official banks of the three provinces (Fengtien, Kirin and Heilungkiang) and were accepted at or about par. Now, when the organization was completed, the new gold transmuting machine began to function. It was so simple that it is a wonder it was not thought of before. The farmer, under compulsion of course, merely delivered his bean crop to the nearest district purchasing collecting depot, handing it over to the government supervisor—or whatever he is called—and received in payment a wad of nice new dollar or *tiao* notes fresh from the provincial printing press. In some districts, I am told that these notes were even fresher. It is alleged that in Heilungkiang, the official purchasers travel around from village to village with a portable printing press and a supply of paper and printing ink. After making a rough estimate of the yield in the district, they turn out the required number of *tiao* notes to pay the farmers for their beans, take delivery and proceed to the next transmuting station. This is perhaps an exaggeration. The essential fact is that the crop is gradually collected and transported to various shipping centers where it is sold by the official combine to the exporting firms who pay in good hard cash, and gold at that. Although the legal currency in Manchuria is based nominally on silver or copper, all important business is transacted in Japanese Gold Yen. Try and pay a bill in Harbin with a *tiao* note. They don't even know what one looks like. Marshal Chang killed the goose, but the new process of transmuting beans into pure gold was much more satisfactory and efficient. There was no waste. The Government got all the beans in exchange for inconvertible paper and exchanged the beans for gold. The new invention worked beautifully. For several years the proceeds from the toil and product of the farmers went to swell the hoards of gold in possession of Chang and his captains. But a turn had to come. The value of the notes gradually declined. Exchange brokers

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began to manipulate the market. When their operations became too bold Marshal Chang simply had a few of the most important speculators arrested, stood up against a stone wall and summarily shot. This drastic method of fixing the exchange worked just as efficiently as the transmuting machine. New note issues were accepted at their face value without a murmur.

Nobody knows the exact or approximately exact amount of these unsecured notes circulating in Manchuria. There are all kinds of official, semi-official and purely private lists giving the amount of paper currency issued by the provincial banks. It would serve no useful purpose to scrutinize and analyze these various lists in order to arrive at an intelligent estimate of the total issue. It is generally admitted that the total is somewhere between six and seven billion dollars. For the sake of convenience we take the following table of the varied currency circulating in Manchuria at the end of December, 1929, from the "Second Report on Progress in Manchuria to 1930" issued by the South Manchuria Railway Company.

Name of Currency	Estimated amount in circulation	Exchange rate against 100 Silver Dollars	Value in Silver Dollars	Circulation Area
Mukden Notes	3,000,000,000 Yuan	6,000 Yuan	50,000,000	Mukden Prov. (Mukden Dollar)
Silver Dollar Notes	45,000,000 Yuan	100 Yuan	45,000,000	"
Harbin Tayan Notes	37,300,000 Yuan	140 Yuan	28,071,000	Harbin and C.E.R. Zone
Govt. Notes of Kirin Prov.	10,000,000,000 Tiao	20,000 Tiao	50,000,000	Kirin Province
Kirin Yunghen Tayan Notes	10,000,000 Yuan	145 Yuan	6,897,000	"
Govt. Notes of Amur Prov.	12,000,000,000 Tiao	40,000 Tiao	30,000,000	Amur Province
Amur Kuanghsin Tayan Notes	10,000,000 Yuan	140 Yuan	7,143,000	"
Sycee kept in Antung	2,000,000 Taels	82 Taels	2,488,000	Antung
Transfer Account in Newchwang	15,000,000 Taels	210 Taels	7,134,000	Newchwang
Silver Dollar	1,000,000 Yuan	100 Yuan	1,000,000	Manchuria and Inner Mongolia
Small Silver Coin	5,000,000 Yuan	114 Yuan	4,386,000	Manchuria
Total			232,128,000	

We do not vouch for the accuracy of the above table but it is near enough to the truth to enable the reader to understand what has been taking place in Manchuria. These figures are eloquent of how efficiently the new transmuting process operated. They give some idea of what militarism is doing to China. They reveal at a glance the reason for a nation's impoverishment, the degradation and enslaving of a patient, unlettered people that has no parallel in modern history, not even in Soviet Russia. Look at the astronomical figures in the table. Eliminate all other figures and concentrate on the Mukden dollar and the Kirin and Heilungkiang *tiao* issues. The story of Manchuria lies in these three items. The Mukden dollar notes (called in the vernacular *Fengpiao*) in circulation, are estimated at three billion, worth in December, 1929, \$50,000,000 silver, or sixty *Fengpiao* to the silver dollar. By the end of December, 1930, these notes depreciated to 118 *Fengpiao* to the silver dollar. These dollar notes are nominally based on silver and with this depreciation in their value we can understand better what happened to the Kirin and Heilungkiang *tiao* based on copper.

Originally, the *tiao* represented fifty copper cash with about eight *tiao* to the silver dollar. The closing down of the mints in China proper and Manchuria, the exportation of cash and copper coins during the war and the subsequent rise in the price of the metal caused this currency to practically disappear. There are no more copper coins in Manchuria. When it was no longer profitable to purchase and mint copper, the authorities met the demand for small currency by issuing *tiao* notes, nominally based on the copper coins—only there is no copper. These billions are simply paper.

I interviewed several currency experts in Manchuria in an endeavor to ascertain the nominal value of the *tiao* in order to convert the astronomical figures into dollars. They all disagreed. Some had never even seen a *tiao*. With twenty odd billion *tiao* notes circulating in the two provinces, few foreigners in Harbin knew their value or even what they looked like.

A Japanese bank manager, expert in Manchurian currencies, explained that 480 cash equalled one *tiao*; ten cash equalled one copper; there are 360 coppers to the dollar, therefore a dollar of 3,600 cash is equivalent to about eight *tiao*. The ten billion note issue of Kirin at this normal exchange is \$1,250,000,000; the twelve billion Heilungkiang issue about \$1,500,000, or a total of \$5,750,000,000 silver for the three provincial issues. When all other official and private issues are included, it is safe to estimate the total at over six billions.

In order to chase down the elusive *tiao*, I took an interpreter and started out to visit the exchange shops. The first five shops in the main business street of Harbin had no *tiao*. Finally, in one of the big shops near the market, we had luck. Plenty of *tiao*. How many thousand did I require? I negotiated for the purchase of a new 100 Heilungkiang *tiao* note and paid for it just ten cents Harbin money, which is considerably less than its Shanghai equivalent. Assuming a value on a parity with other silver, the twelve billion Heilungkiang issue is worth to-day \$12,000,000 silver. I then bought a 100 Kirin *tiao* note but had to pay thirty-five cents Harbin money for it, which gives to the note issue of that province a value of say \$35,000,000 silver. These two provincial issues nominally valued at \$2,750,000,000 are therefore worth to-day about \$50,000,000, an exchange of 55 to one. As the three billion *Fengpiao* were worth on the first of the year about \$30,000,000 silver, the total value of the three provincial note issues is approximately \$77,000,000 silver or an exchange rate of 75 to one.

Obviously, this is a very rough calculation subject to considerable modification in actual exchange transactions in large amounts. But it is sufficient to paint the background of the picture and expose the working of the machine which transmutes the soya beans into gold. As long as the price of beans was maintained at its former high level the value of the *tiao* was more or less stabilized by the value of the crop and the stocks held by the official purchasing organization. It is only when the bottom drops out of the market that the value of the bean reserve dis-

appears. This last year, owing to the depression in Europe the demand has fallen off, the price delivered in London declining to Y.62 per ton. The ocean and railway freight charges remain the same (Y.40) which leaves Y.20 net at Harbin or other interior shipping points. After deducting cartage, sacking, handling and other incidental charges, the farmer receives about Y.16 a ton, half of which he shares with the landowner. An acre of land yields about 22 bushels of beans equivalent to .53 ton. So the farmer, if he is lucky, may receive as much as Y.4 from an acre of land, or say \$10 silver. His income therefore depends upon the extent of his holdings. As the average holding is ten acres his income is about \$100 silver a year. This in the Great Land of Opportunity so widely advertised as the solution to China's over-population problem!

The transmuting process has been operating for about six years, five at top prices or Y.60 at Harbin, and one year where the exports have fallen off to about 2,000,000 tons at Y.20. This gives us:

3,000,000 tons of export beans at Y.60	×	5	=	Y.900,000,000
2,000,000 " " " " " "		20	=	40,000,000
Total				Y.940,000,000

In the last six years therefore, roughly one billion yen in gold has been collected by the official purchasing combine from the sale of the bean crop against which they have issued the equivalent of six billion dollar notes. With this gold income of Y.160,000,000 a year, the overlords of Manchuria have maintained their armies at a strength of nearly 400,000 and prosecuted their wars of conquest south of the Wall. As long as the foreign demand for beans held at three million tons at top prices, the Manchurian authorities were assured of a fixed income in gold that met all their requirements, but with the drop in exports and decline to one-third of the top price, they are now facing disaster.

From this rough picture we can begin to understand why the Manchurian generals, although perfectly willing to accept the nominal rule of Nanking, resolutely refuse to

permit the Kuomintang spoilsmen to interfere in the internal affairs of their bailiwick. They have created their own system of taxation, tantamount to confiscation, which operates to perfection and they have no intention of letting any outsider participate in the profits. Manchuria remains an independent autonomous state, with its own currencies and administrative machinery well oiled and working smoothly. As long as the Manchurian militarists confine their attention and activities to their own territory they are assured of sufficient funds, even at bottom prices, to retain their authority and hold over the people. But when their ambitions lure them outside the Wall and they are compelled to maintain a large army of occupation in North and Central China and wage war to hold this territory, bumper grain crops are an essential corollary. If the bottom drops out of the market, as it has done this last year, the efficiency of the transmuting machinery suffers accordingly. At the present moment, the machine is idle, with a Manchurian army occupying Peking and North China. The Manchurian generals are being deprived of their revenues and drained of their reserves to finance the adventure of their young commander at a time when the prospect of replenishing their exchequer is far from bright. Another year of depression with a further falling off in the export demand and decline in prices will bring ruin to Manchuria. Thinking Chinese see it coming and are loud in their criticism of a policy that is draining away the gold from Manchuria in unprofitable campaigns and political adventures for the unification of the country under a regime they will never permit to function north of the Great Wall.

This, however, is merely a side issue. The real danger lurking in the background is the condition and mental attitude of the Manchurian farmers who have absorbed the six billions of inconvertible dollar and *tiao* notes. How long will they remain passive under a confiscatory system that takes the product of their toil and gives them in exchange a slip of paper? What is the difference between the Soviet system of enforced labor for the benefit of the State and the taxation system of the Manchurian militarists? For all practical purposes the two systems are

identical; the laborer in both countries being paid in paper, whether it takes the form of paper roubles, a meal ticket or requisition order in Russia or the *tiao* note in Manchuria. They are both slaves, with the distinction that whereas the Russian is voluntarily slaving for the attainment of an ideal and sees the profits from his labors expended for his welfare, the Chinese farmer has no outlook, no hope of bettering his condition. The product of his toil goes to defray the cost of maintaining the machine that perpetuates his bondage. Again, with this rough picture before us, we can understand better the attitude of the Manchurian authorities toward communist propaganda in the north; why they raided the Soviet consulate in 1929, to justify which they published the alleged documents seized at that time. There is an ever present fear that the "stupid people" will discover how they have been enslaved to the military system. So far, however, a relative prosperity has been enjoyed by the Manchurian farmer. But these conditions are rapidly changing. Another year of depression, of low prices and a slump in exports will bring the wolf of hunger to the doors of millions who have crowded into the Land of Promise only to become serfs of the official landowning class.

There was a time years ago when immigrants from south of the Wall could find free land in Manchuria to settle on, but that day is long past. All available cultivable land has been parcelled out into big grants amongst the higher Chinese officials and the new-comer who now seeks his fortune in Manchuria must become a tenant farmer, working his lands on shares with the big landowner who resides in the comparatively safe precincts of the provincial capitals or large cities. For all practical purposes, the immigrant becomes a peon, a serf, held in bondage by the system which keeps him permanently in debt to his overlords. Under this system the later arrivals in Manchuria find themselves in exactly the same economic position as the pre-war Russian farmers, serfs of the ruling classes. They have simply jumped from the frying-pan of Shantung into the fire of Heilungkiang and Kirin; from poverty, persecution, hunger and grinding taxation into the shackles of a hopeless slavery.

It is foolish to prophecy what the Chinese will do, as the laws of logic and deduction which hold good in other advanced countries fail to operate with a people steeped in abysmal ignorance, superstition and racial traditions. The Manchurian farmers may remain contented with their lot, but the stage is set for trouble.

A prolongation of the present depression with its attendant hunger, cold, and privation may drive these people to desperation; to the point where, like their fellow-countrymen in the Yangtze Valley, they also will take to the field in arms against their oppressors. The nucleus of communist armies are everywhere in evidence throughout Manchuria. The bandits are still operating on as large a scale as in the past. Nearly every Manchurian farmer owns a rifle or shot-gun for the defense of his home. The majority of these farmhouses are in reality walled forts. Many of the farmers are bandits and when the *kaoliang* is ripe they like to take a pot-shot at a Japanese railway guard just to keep their hand in. The material is all there in Manchuria for a first-class upheaval.

If the Soviet should take advantage of the present distress to propagate their ideas, the spread of communism in Manchuria would become a graver menace to the integrity of the nation than the movement in the Yangtze regions. It is only a step over the almost invisible dividing line between the two systems of government, a step that would definitely swing North Manchuria into the Soviet sphere. It is a real danger, a condition and not a theory that is confronting China in her north-eastern provinces.

If communism succeeds in getting a strong foothold in Kirin and Heilungkiang, another military campaign on a grand scale will be necessary to stamp out the movement. The real fight for the control of Eastern Asia will then start, with the Chinese communist armies led by Soviet generals and munitioned from across the border. The peaceful, plodding, patient Chinese serf driven to despair by the exactions of his overlords, will be mowed down by machine-guns in the name of established law and order.

Militarism will perpetuate its power at all costs. It is a vicious circle that people in other lands fed by prop-

aganda emanating from Peking, Mukden and Nanking fail to realize. The farmer is degraded into slavery in order to maintain his oppressors in power and when in desperation he revolts, he is called a communist, to be hunted down and exterminated like a wild beast, while the rest of the world looks on and applauds.

THE VALIDITY OF A TREATY

The Background and Realities of the Manchurian Problem

By GEORGE BRONSON REA

(*Far Eastern Review*, Shanghai, September, 1931)

IN 1894, Japan went to war with China over Korea. A treaty of peace was signed at Shimonoseki on April 17, 1895, in which China recognized definitely the full independence of Korea and ceded to Japan in perpetuity and full sovereignty, the southern portion of the Province of Fengtien and all islands belonging to that province.

Considering that permanent possession of the ceded territory by Japan would be detrimental to the lasting peace of the Orient, Russia, Germany and France united in a joint recommendation that Japan refrain from holding these districts permanently. The then three strongest military Powers of Europe forced Japan to surrender the legitimate fruits of her victory and accept in lieu of territory, a paltry cash indemnity of Taels 30,000,000. Unable to fight against such overwhelming odds, Japan bowed to superior force and in an Imperial Proclamation dated May 10, 1895, the Emperor accepted the recommendation of the Three Powers and in a formal convention dated November 8, 1895, returned the ceded territory to China. Japan was compelled under duress to hand back Fengtien to China.

In May, 1896, still smarting under the humiliation of his defeat the year before and grateful for Russia's intervention, Li Hung-chang entered into a secret offensive and defensive military alliance with Russia aimed at Japan. In order to carry out the objects of the alliance, and facilitate the access of the Russian land troops to the menaced points (on the Korean border) and to assure their means of subsistence, China ceded to Russia the right to build a railway line across the provinces of Heilungkiang and Kirin, in the direction of Vladivostok. This Master Treaty was

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maintained a profound secret. In fact, its official text was not revealed until 1921, twenty-five years later.

On September 8, 1896, the above secret or master treaty was implemented by signing the commercial convention for the construction and operation of the Chinese Eastern Railway. On March 27, 1898, China leased to Russia for the term of 25 years the Liaotung Peninsula and conceded the right to extend the Chinese Eastern Railway from Harbin to Port Arthur. The terms of the secret alliance having been complied with by China, the Russians occupied and flooded Manchuria with troops, closed the province to foreign trade and travel and converted it into a viceroyalty ruled from St. Petersburg. *Manchuria became a Russian province.*

The Russo-Japanese War followed. Japan again emerged victorious from the conflict. At the Portsmouth Peace Conference, Russia refused to pay a cash indemnity but with the consent of China transferred to Japan the Liaotung Lease and her rights to the South Manchuria Railway. The railway had been destroyed by the retreating Russian armies and the advancing Japanese laid down a light narrow-gauge military line to transport their troops and war material. Japan fell heir to a right of way and a road bed.

Japan then borrowed the money in England to rebuild the South Manchuria line and poured her own capital into the province in order to develop its resources. By 1910, however, it became apparent that the short unexpired term of the lease made impossible any further borrowing of capital for Manchurian development. Unless the extension of the lease could be assured, Japan stood to lose the picayune fruits of her victory over Russia and the capital she had invested in the development of Manchuria. Perhaps this will help to explain why Japan chose the first favorable opportunity to solidify her position in Manchuria.

In February 1915, Japan presented Twenty-one Demands to China, and in the subsequent negotiations the Chinese willingly agreed to accept those concerning Manchuria and Shantung, but rejected the rest. Japan, at the request of China, then presented an ultimatum and

as a result, China signed a treaty on May 25, 1915, extending the Liaotung Lease and the terms of the South Manchuria Railway and the Antung Railway to 99 years. The treaty also conceded to Japanese subjects the right by negotiation to lease land for erecting suitable buildings for trade and manufacture and for agricultural enterprises.

This treaty is now the crux of the Manchuria problem. The Chinese, appealing to the higher moralities, contend that it was extracted *under duress* and therefore invalid. Volumes have been written on the Manchurian problem, from both the Chinese and Japanese viewpoints, but there is one aspect of the dispute that seems to have been ignored. Two wrongs cannot make a right, but it is a good rule that works both ways. If Japan was compelled by *force majeure* to restore to China the southern part of Fengtien Province, after China had ceded it in perpetuity to Japan, then it would seem that the formal convention of November 8, 1895, under which the retrocession was made, is also invalid. At least, the principle involved is identical. If therefore, we view the Manchurian problem from this angle, it would appear that Japan simply awaited a favorable opportunity to repay China in her own coin, employing the same methods to recover a prize that had been wrested from her by superior force.

Whatever may be the legal or moral aspects of such a case, it is not difficult to analyze and understand its psychological repercussions on a nation of proud fighting men deprived of the legitimate fruits of victory by a combination of outside military Powers. To this humiliation was added the further affront of seeing China make a present of the restored territory to Russia under the terms of a secret alliance aimed at Japan. After a second war made possible by this alliance, Japan again emerged victorious, and once more came into possession of a part of the territory she surrendered in 1895, only instead of an outright cession in perpetuity, her acquisition was restricted to the unexpired portion of a twenty-five year lease. It soon became apparent that Japan could go so far and no further with the development of Manchuria under these conditions, and to solidify her position and assure some returns on

her vast expenditure, she approached China for a promise to extend the Liaotung Lease before its expiration. China declined to commit herself. Japan in due course presented her Demands and obtained the treaty which consolidated her position. It is useless to hazard an opinion as to the rights and wrongs of a case with such a background.

China refuses to discuss what had gone before, takes her stand upon the injustice and illegality of the Twenty-one Demands and says, in effect, that the rule works only one way, and in her favor. At the Versailles Conference, China fought to have the 1915 Treaties brought up for discussion as part of the World Peace negotiations, and had it not been that France, England and Italy had secretly promised to support Japan, she would have won her point. At the Washington Conference for the Limitation of Naval Armaments, China raised the issue of the validity of the 1915 Treaty, and again was doomed to disappointment, as Japan attended the conference only on condition that her rights in Manchuria should not be brought up for discussion. China made a splendid presentation of her case, clearly explaining her reasons for refusing to recognize the validity of the Treaty. When her efforts to have the Manchurian issue adjudicated by the Conference failed, she reserved the right to seek a solution on all future appropriate occasions.

Japan's position as defined at Washington is based squarely on the legalities. In stating Japan's case, Baron Shidehara said: "if it should once be recognized that rights solemnly granted by treaty may be revoked at any time on the ground that they were conceded against the spontaneous will of the grantor, an exceedingly dangerous precedent would be established with far-reaching consequences upon the stability of the existing international relations in Asia, in Europe and everywhere."

In response to the invitation of Secretary Hughes calling upon the delegates to produce and file with the Conference copies of all treaties, secret and otherwise with China, the Chinese submitted a telegraphic summary of their 1896 secret treaty of Alliance with Russia; the first official confirmation that the Treaty actually existed.

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The Japanese Delegation at once realized the tremendous bearing of this document on their whole position in Manchuria, but wisely refrained from making any open comment that might provoke a discussion at the Conference. In the interests of harmony and to avoid outside interference in a dispute that was peculiarly one that concerned only the two interested parties, the Japanese Delegation preferred to stand on the legality of the 1915 treaty, stating in explanation that any research, re-examination or discussion of old grievances at the Conference, would serve no useful purpose. The Japanese Delegates realized that if the 1915 treaty was brought up for discussion and declared invalid, then their rights in Manchuria were defined by the Portsmouth Treaty, and in view of the evidence submitted by China of her share in making the war possible, she was liable for any indemnity that they might demand. In view also of China's declared intention to seek a solution to the 1915 treaty on all future appropriate occasions, a solution that would have to be arrived at in amicable negotiations with Japan, without the intervention of a third Power, the Japanese Delegation diplomatically abstained from provoking a discussion at Washington that would probably have reopened the whole case before an international court. If China has to confront Japan alone and insists that the 1915 treaty is invalid, Japan can then take her case back to Portsmouth and exact the indemnity she feels she is fairly entitled to by reason of China's secret alliance with Russia.

The attitude of the Japanese Delegation at Washington in refraining from any open comment or discussion and keeping their own counsel when Secretary Hughes read in open session the abridged text of the Li-Lobanoff secret treaty of alliance of 1896, is a most remarkable example of self-control, under severe provocation, characteristic of the code of the Samurai. For had the Japanese so desired, they could have wrecked the Conference then and there by demanding a re-opening of the whole Manchurian case based on China's confession and offering the Sino-Russian secret alliance as the offset and justification for the subsequent Anglo-Japanese Alliance which at that particular moment

was being assailed in the Conference as the most iniquitous, most aggressive and intolerable pact of modern history; the cause of all of China's woes and inability to set her house in order. Japan's self-control saved the conference and the peace of the Pacific and as China reserved to herself the right to seek a solution of the Manchurian question on all future appropriate occasions, Japan similarly reserved the right to hold China responsible for the consequences.

The original twenty-five year lease to the Liaotung Peninsula, expired in 1923. In conformity with her declaration to ignore the 1915 treaty as illegal, China formally notified Japan of the termination of the lease, and requested the restoration of her sovereignty over the territory. Japan categorically declined to discuss the matter.

If the Chinese contention is upheld, then Japan is in Manchuria as an aggressor, forcibly occupying territory that belongs to China. From the Chinese viewpoint, there are no extenuating circumstances. They reject the suggestion that they are in any way indebted to Japan for driving Russia out of South Manchuria; or that they were in any way responsible for the war itself. They declare the lease expired in 1923, that the railway rights expire in 1934, and they want Japan to get out, withdraw her troops and place her industries and activities under Chinese jurisdiction.

The general treaty of commerce between China and Japan, which amongst other things extends extraterritorial privileges to Japanese subjects, has expired. For several months past, negotiations for a new treaty have been in progress. Japan apparently is willing to surrender all special privileges, extraterritorial rights and concessions in China Proper in return for the reciprocal rights for her subjects to reside in the interior, to own and lease land, erect buildings and engage in business and industry. Standing pat on her declared policy of not recognizing the 1915 treaty, China says that Japan cannot enjoy these privileges until she surrenders the Liaotung Lease, and withdraws her troops from Manchuria. Japan's whole position in Manchuria, her investment of a billion and a half yen, her economic necessities, strategic security, national honor and dignity all rest upon the legality of the

1915 treaty. To surrender this treaty is equivalent to committing national suicide. So here is the real issue that awaits solution. Until the deadlock is broken, it is clear that no treaty of commerce and amity can be negotiated between China and Japan. The Nakamura case, the Wanpaoshan affair, the massacres in Korea, and the three hundred or more other incidents which complicate and embitter relations between the two nations, all proceed from China's refusal to recognize the 1915 treaty as binding.

Both sides have been facing a stone wall. Confiding in the League, the Kellogg Peace Pact and world sympathy to restrain Japan from employing armed force to support her diplomacy, China has settled down to a determined siege to undermine Japan's position through economic pressure. China has ignored the solemn declarations of Japan that she would brook no outside interference in Manchuria, that she would fight the whole world if necessary, to preserve her hard won rights in that region. China, also, has overlooked the essential fact that even in the Kellogg-Briand Peace Pact, several signatories reserved the right of self-defense and defense of regions where they have vital interests. Under these conditions a crisis was inevitable. Some incident had to break a deadlock that was slowly but surely tightening the noose around Japan's neck. Japan had to move in Manchuria as Britain has moved in India and in Egypt, as the United States has moved in the Caribbean and as France moved in Morocco. It is not a question of policies, party politics or individual persons. It is a question of the destiny of a nation, the instinct of life and self-preservation which sooner or later sweeps policies and persons out of the way and asserts its right to exist.

It makes little difference in the long run as to the precise incident that breaks the deadlock. It may or may not be justified. It may have been premeditated or accidental. The Japanese army officers in Manchuria inflamed over the Nakamura case, may have deliberately manufactured a pretext to start hostilities. It is too early to determine responsibility for the incident at Mukden. Somebody

dropped the match in the powder magazine. Something started the Japanese armies moving and we face the accomplished fact.

The world will hear a lot about Japan's imperialistic designs upon China. We will be told how the military party in Japan has forced the showdown. Attempts will be made to compare the Japanese military machine with the Prussian military despotism that ruled Germany. Before jumping to hasty conclusions, it would be well to recall the historical background of the Manchurian problem and the reaction of any group of fighting men to the several instances when they have been compelled to forego the legitimate fruits of victory by duress from the outside and by international interference. To past history, is added the present situation in Manchuria, where the victors of two wars again see themselves being deprived of the fruits of their victories, by the operation of peace pacts and other instruments for the renunciation of war.

China's sovereignty over Manchuria is not disputed, even by Japan, but the question might be asked as to whether China has exercised her sovereign rights wisely and well; has she faithfully discharged her international obligations in a strategic region that stands as the buffer between two great and powerful states with conflicting social systems, political ideals and territorial ambitions? Has she made any move to recover her lost sovereignty over Mongolia or check the encroachments and activities of the Soviet in the borderlands of Manchuria? Has she striven to advance the welfare of the people of Manchuria, contributed to the maintenance of law, order and stability or made any effort to protect the huge investment of outside capital that laid the foundation of Manchurian prosperity?

The picture of Manchuria to-day is perhaps the most sordid example of the abuse of power in contemporaneous history. At the outset, Japanese capital to the extent of a billion and a half yen, supported by their initiative and enterprise, developed its resources and industries to a high degree of efficiency, service and profitableness, creating for its Chinese rulers seemingly inexhaustible sources of new wealth and revenues. In order to divert this wealth

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into the pockets of its overlords, the people of the Three Eastern Provinces have been systematically despoiled of the fruits of this labor over a period of years until the once prosperous and contented region is now facing ruin. Nearly seven billion dollars in inconvertible, worthless paper notes have been forced on the farmers in exchange for their cash crops which were then sold for the gold that has, in the main, paid for the upkeep of the huge armies, prosecuted wars of conquest, and enriched the higher officials.

As a corollary to this impoverishment of the region, Japan's investments have dwindled in value and to the point where they are no longer profitable. It is only a question of time when their value will disappear. Defeated economically by the operation of a system and policies designed to drive her out of Manchuria, Japan's juridical rights and strategical position also become valueless and without a *raison d'être*.

Japan sees the handwriting on the wall and her military leaders have appealed to the right of self-defense. The world now faces the accomplished fact. China must confront Japan alone for the settlement of an issue that for the last sixteen years has unsettled the peace of the Far East, thwarted the natural development of Manchuria, made possible the independence of Mongolia, and the advances of Soviet influence throughout the border lands of Manchuria and North China. Nanking has appealed officially to the League and unofficially to the Government and people of the United States who sponsored the Kellogg Pact to exercise their influence of leadership in the cause of international peace. Her appeals to the League are met by Japan's declaration that she will brook no interference in her dispute over Manchuria, and the League can do little more than send a commission to inquire into the events of the night of September 18. If Japan should be coerced into submitting her case to the arbitration of the League, thus once more inviting international duress to deprive her of the fruits of her war victories, China's diplomatic triumph would be complete.

But with America outside the League, it is difficult to believe that Great Britain, France or Italy would vote

to coerce Japan into surrendering a treaty right that they secretly agreed to support at Versailles as part of Japan's compensation for participating in the War. Such a breach of faith would kill the League and pave the way for the final over-throw of the Peace Pact.

China's appeal to the United States loses considerable of its sincerity and force when it declares that "if such an aggression as Japan's unprovoked invasion of the territory of a friendly nation can pass unchallenged by the enlightened opinion of the world, then the human race faces the prospect of annihilation through wars of conquest precipitated by the greed of imperialistic governments." A little of that same consideration for their own people who have been annihilated by the wars of conquest waged for fifteen years by the greed of their own predatory militarists, would be more effective than this solicitude for the human race at large. China has a strong moral case, but Japan has also a case based on the realities that will be difficult to set aside by an appeal to sentiment. Japan, as usual, has refrained from talking or explaining the immediate causes which started her Manchurian armies marching. The Chinese contend that her invasion of Manchuria was a studied and deliberate violation of the letter and spirit of the Kellogg Pact, but if Japan replies that she acted in self-defense and for the defense of a region where she has vital interests, the Kellogg pact cannot be invoked to compel a settlement of the dispute. International law is the creature of international custom and force will continue to play its part in solving problems not susceptible of adjudication by amicable compounding. The stronger nation will make and enforce its own laws to defend itself against any menace, real or imaginary, which endangers its existence.

A nation which cannot solve its own internal problems by compromise, arbitration, appeal to reason or patriotism, and which for two decades has resorted to the sword to settle its own political disputes while rejecting all outside offers to mediate, is placed in a most awkward position when it denounces another nation for employing the same methods to compel the settlement of a long drawn out

dispute whose liquidation now becomes imperative for its security and existence.

China has steadfastly opposed any foreign intervention or mediation to bring about a peaceful conclusion to the protracted series of senseless and useless devastating wars for power and plunder which have doomed untold millions of her unfortunate and inarticulate people to misery, starvation, slavery and death, bankrupted her treasury; sapped her resources, halted her development, destroyed her trade and in general brought ruin upon herself and her friends.

China has reserved to herself the right to wage war in her own way to support her diplomacy against any and all nations which incur her ill-will. Renouncing the use of force she has appealed to the boycott weapon, economic pressure, labor agitations, general strikes, interference with shipping, confiscation of cargoes, penalization, imprisonment, punishment and even summary execution of those "traitors" who maintain business relations with the "enemy." There has been no effective way to combat this conception of warfare and Japan in particular has been forced to remain quiescent in the face of repeated provocations, and campaigns confessedly launched to accomplish her economic ruin.

Standing upon her rights as a sovereign state, member of the League, the Hague Court and signatory to the Kellogg Pact, China qualifies any outside offer of mediation to end her own catastrophic wars as an infringement of her sovereignty, but demands immediate intervention and assistance in any dispute with an outside power, which wearying of her procrastination resorts to force to compel a settlement.

Japan's sword has cut the Gordian knot of how, when and in what manner, a nation can defend itself against a system of warfare not recognized by international custom or law. If her action in Manchuria does nothing else it will bring this question forcibly before the world and compel a modification of the accepted theories of international law, covering the use of the boycott as an instrument of warfare. Here, again, China or the other Pacific Powers cannot

say they were not warned in time. One of the foremost spokesmen for Japan brought this question up at the Kyoto Conference as one of the most important subjects for consideration, but there was no time for its discussion. Mr. Odagiri clearly explained Japan's position when he said that "*the continued application of the boycott as an instrument to settle international disputes is highly provocative and unjust. . . if war is to be condemned as an instrument of national policy, so also must the boycott be outlawed!*" On top of this clear cut declaration of Japan's position regarding the use of the economic weapon, China again declared an economic war against Japan over the Korean massacres. With no redress under international law, Japan has defended herself by force, and planted squarely the issue before the world.

If Japan's forcible occupation of Manchuria jars China into a realization of her helplessness and brings about a belated unification of all parties and factions under some form of centralized or federalized government, it will have conferred a blessing on the great masses of peaceful Chinese people who have paid the price in untold suffering for the slight boon of peace and stability.

It is a sad commentary on the patriotism of a people when the greatest flood calamity recorded in history causing the death of millions by drowning, starvation and disease could not bring their warring leaders together in order to relieve the sufferings of their own people. With bumper crops of cereals in Manchuria sufficient to feed from the surplus all the starving people in the Yangtze; with a system of government owned railways that could deliver this food to Hankow within three days, Nanking has been compelled to seek her relief wheat in the United States, pay for it at current market rates with borrowed money, mill it into flour and ship it in foreign bottoms across the Pacific and up the River to the flooded districts. The Chinese officials who control the cereal crops in Manchuria bought from the farmer with worthless paper notes, have shown no disposition to answer the call of humanity, of nationalism, of patriotism, or the appeals to their charity and save the lives of this fellow countrymen in the South.

What could not be brought about in any other way has been forced by the action of Japan. Canton, Nanking, Peking, Mukden, Chengtu will now sink their differences, close their ranks and pull together for the salvation of the nation. Chiang Kai-shek once more becomes the man of the hour, the leader of a united country, declaring that he will lead the armies of China in person and fight for the preservation of the race, and, if need be fall in battle with his soldiers. Japan's threat has accomplished in three days what war, famine, pestilence, flood, devastation and poverty from within and continued pressure from without has been unable to do for twenty years. Not until their country is menaced with partition have the Chinese military leaders shown the slightest disposition to bury the hatchet and unite for the defense of their common interests. It is a pity, a humiliation even for a foreign observer to have to chronicle these facts, but if this is the only way that China can be saved from extinction, then her real friends and well-wishers will reserve judgment, preserve neutrality and hope for the best. If a united China is the final outcome of the Manchurian dispute; if the nation is saved from lapsing into communism, no price is too great to pay for bringing this about.

China is paying the price for her delay in placing her house in order and in discharging her obligations as a sovereign state. Enough treasure has been frittered away since 1919, to transform China into one of the most powerful and respected nations of the world. With the five million men under arms in the country, she cannot stand on her own bottom and repel an invasion from the outside. With ten times as many fighting men as Japan, China appeals to the world to "curb" the territorial ambitions of a powerful country against a weak neighbor. China's note to the League invoking its aid is said to be couched in the gravest terms, but no threats can alter the situation or undo the accomplished fact. The world will not go to war to force Japan to evacuate Manchuria before both sides of the dispute are carefully considered. Japan has a case, and China would be wise to listen to it and make a supreme effort to seek a reasonable solution compatible with her dignity and pride.

HAS JAPAN THE RIGHT TO DEFEND HERSELF?

By GEORGE BRONSON REA

(Far Eastern Review, Shanghai, October, 1931)

ALL the great Powers, including Russia, have formulated and applied certain basic doctrines for safeguarding their national security. The recent action of Japan in Manchuria, followed by China's immediate appeal to the League for intervention gives rise to the question as to whether Japan, alone of all powers, is entitled to the right to invoke the law of self-help when her vital interests are imperilled. "*We cannot apply one principle in one part of the world and another in another part,*" without inviting the defeat of every instrument yet devised for the preservation of world peace. What is just and good for Great Britain in India, in Egypt and in Mesopotamia; for France in Algeria and Morocco; for Italy in the Mediterranean and for the United States in the Caribbean, must also be just and good for Japan in Manchuria. *And with much greater reason.* For, whereas the menace in these other strategic regions is remote and problematical, it is imminent and real in Manchuria. The menace of Russia is drawing closer and closer to Japan and unless she moves and moves quickly to protect herself, neither the League, the World Court, the Kellogg Pact, the Four or the Nine Power Treaties can ward off the inevitable clash. For, make no mistake about this. Russia is at war with all the world. The war has begun through the Five Year Plan and the economic attack. When the time is propitious, the great Red Army will move and its first objective will be China. A special Far Eastern army has been created to take care of the Chinese situation. Its strength is shrouded in secrecy, but it is based on Irkutsk and Chita with a double track railway connecting these centers with European Russia and two huge steel mills, one at Kutnetz and the other at Magnetogorsk, capable of turning out over 3,000,000 tons of steel to supply it with munitions. Nothing is known of the strength of this army, but it is recognized

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by all competent military observers that its power of offense lies in the Soviet control of Mongolia. So aside altogether from the disputes between China and Japan over the validity of a treaty and other questions concerning Manchuria, there enters the right which every state enjoys to object to acts done by other powers which threaten its own security.

There is little to be gained by laboring the point. To state the facts is to state the case. Adhering to the basic and unalterable doctrine of Czarist Russia of preserving Mongolia as a buffer state between the Slav and Mongolian race, closed to Chinese penetration and colonization, the Soviet has successfully amputated this region from the main body of China and incorporated it into its system of independent socialist republics. In doing so, she has closed the territory to further Chinese penetration, and sealed it even against foreign travel and observation. No foreigner can visit, reside in, or traverse Mongolia without a Soviet passport—and these are not forthcoming, even for foreign consuls accredited to China.

Exactly as Russia operated in Manchuria from 1896 to 1904, she is now proceeding in Mongolia. Manchuria became a Russian province, closed to foreign trade and travel. Mongolia is now hermetically sealed, a closed Soviet preserve. Under cover of this profound secrecy and impenetrability, the Soviet has organized a Mongolian army and flanked Japan's strategic position in South Manchuria, once again using Chinese territory to prepare for the next aggressive move in the relentless advance of the Slav towards his ultimate goal.

China is powerless to defend her territory against this menace or discharge her international obligations. She has made no protest against the rape of Mongolia, either to Russia, to the League, to the signatory powers of the Kellogg Pact or the Nine Power Treaty. China has meekly accepted Russia's aggression, recognized the accomplished fact and resists every effort of Japan to defend herself against the "menace from the direction of Urga." Japanese army officers, civilians or scientific parties travelling in the Mongolian border zones to gather information as to what is transpiring behind the screen, are either arrested or as

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in the case of Captain Nakamura, summarily executed as spies, not by the Soviet or Mongol authorities, but by Chinese generals in command of the border troops! For all practical purposes, the Chinese have allied themselves with Russia against Japan, permitting the former every opportunity to strengthen her strategic position while denying to the latter the right to defend herself. The situation is one that no self-respecting military organization would tolerate in any other part of the world. In effect, the situation is almost identical with that created by Japan's adherence to the Hay Doctrine in 1898 at a time when China had handed over Manchuria to Russia in order that the latter might get into a favorable strategic position to crush Japan. China's secret diplomacy in 1896 and her acquiescence in Russia's subsequent moves together with her inability to enforce respect for her sovereign rights or defend her neutrality, compelled Japan to stake her existence in 1904 on the plains of Manchuria. *History is repeating itself.*

Further away, the far-western province of Sinkiang is automatically gravitating into the Soviet system. It is only a question of time when the cat will swallow the canary. The Barga Mongols are asserting their right to independence. Yet the Chinese military overlords and bandit generals, intent upon their own senseless and useless wars, make no effort to preserve the integrity of their country, viewing with secret satisfaction and cynical indifference the penetration of Soviet influence that sooner or later will again compel Japan to fight for her existence on the plains of Manchuria.

The weakness, inefficiency, corruption and unconcern on the part of the Chinese militarists and their unwillingness or inability to discharge their duty towards Japan, brings into operation the law of self-defense! Mr. Charles Cheney Hyde, in his recent work on international law (a work which Mr. Hughes says is a lasting credit to the American bar,) sums up the principle in the following words:

"It is subversive of justice among nations that any state should, in the exercise of its own freedom

of action, directly endanger the peace and safety of any other which has done no wrong. Upon such an occurrence the state which is menaced is free to act. For the moment it is justified in disregarding the political independence of the aggressor and in so doing it may be guided by the requirements of its own defense. . . . It is not, therefore, the broad ground of self-preservation, but the narrower yet firmer basis of one form of self-preservation, that of self-defense, on which justification rests."

Mr. Elihu Root, in a complete exposition of this sound principle as applied to the Monroe doctrine, emphasizing the right of self-protection, as recognized by international law and as a necessary corollary of independent sovereignty, says :—

"It is well understood that the exercise of the right of self-protection may, and frequently does, extend in its effect beyond the limits of the territorial jurisdiction of the state exercising it. The strongest example probably would be the mobilization of an army by another power immediately across the frontier. Every act done by the other power may be within its own territory. Yet the country threatened by this state of affairs is justified in protecting itself by immediate war."

The Monroe Doctrine as Mr. Hughes interprets it, "*rests upon the right of every sovereign state to protect itself by preventing a condition of affairs in which it will be too late to protect itself.*" As in the Monroe Doctrine, so in the case of Japan, the declaration of a purpose to oppose what is inimical to the national security does not imply an attempt to establish a protectorate or in any way encroach upon the sovereign rights of a neighboring state. In the same manner that the United States has interpreted the Monroe doctrine to safeguard its future peace and security, so Japan has the equal and undisputed right to invoke the same principles for the protection of its vital interests in Manchuria. If there were no Monroe doctrine, the United States would be compelled to create one, and in view of the events of history and Japan's acquired

rights in Manchuria, she also would be compelled to create a similar doctrine for her own defense. Japan has rights and obligations which cannot always be defined and in the unsettled condition of Manchuria and the secrecy which prevails as to what is transpiring behind the screen in Mongolia and in Central Asia, it is necessary for Japan to assert these rights and obligations when China in her weakness and disorganization fails to discharge her duties.

Japan's right to invoke and apply the law of self-defense may be somewhat impaired by her adhesion to the League of Nations and by other international commitments which give to other powers the right to be consulted in her disputes with China and to that extent circumscribing her liberty of independent action, but there are and always will be, circumstances which will arise to justify immediate action in applying the law of self-protection, self-defense, armed intervention and even actual warfare. There can be no controversy over the facts underlying the dispute in Manchuria and the incidents which have led up to the present situation. Whether the League is justified in intervening in a dispute arising out of the validity of a treaty extracted under duress and which the Washington Conference definitely left to be settled by the two interested parties, can be answered only by future events set in motion by this precedent. As long as the dispute in its initial stages is one which can be confined to the jurisdiction of the League, there is some excuse for its intervention, but when the larger issues are so closely related to the policies of a militant and aggressive non-member state, such intervention may result in irreparable injury to both China and Japan. No solution of the issues between these two countries can be arrived at unless China can give some acceptable guarantee that she will discharge faithfully her duties to Japan, and in her present disorganized and weakened condition, she cannot give these assurances. For the League to inject itself in such a dispute and through its action impair Japan's right to self-defense, is tantamount to aligning itself on the side of Russia. Here, again, it would appear that international intervention in these Far Eastern problems is circumscribing Japan's power of resist-

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ance, binding her hand and foot while forces designed for her undoing are permitted free play. Nothing could be more unjust, nothing more conducive to a rupture of world peace, the downfall of the League and a determination on the part of Japan to go down fighting rather than meekly commit suicide.

The Washington Treaties gave China a Magna Charta and a chance to set her house in order and take her place in the family of nations on a plane of full equality and respect. As Mr. Hughes points out, *"the outside powers could not provide stability for China, but they did provide assurances of respect for her sovereignty, independence and territorial and administrative integrity and the full and most unembarrassed opportunity to develop and maintain for herself an efficient and stable government."* Everything was done at Washington short of the interference which China resents. China was granted a full bill of rights and in being accepted into the family of nations assumed automatically certain duties inalienable to her sovereignty and essential to international intercourse. China has had ten years in which to place her house in order and discharge these obligations and duties to other states, but instead of living up to the confidence reposed in her ability to assume these burdens, she has gone from bad to worse, sinking lower and lower in the mire of militarism, lawlessness, disorder and misgovernment, until today she faces extinction as a state. The conditions in China have reached the point where they are intolerable, a menace to world peace and a positive danger to the existence of Japan. From being the spoiled child of the Washington Conference she has become an international torment demanding all the rights that go with sovereignty while steadily refusing to discharge her duties; a Pandora's box of misfortunes that threaten the stability and well-being of her neighbors and the world.

Let us see how the United States acted to protect its interests in the Caribbean under similar circumstances. In 1898, the United States (even after Spain had agreed to all our demands), intervened in Cuba in the cause of humanity and because of a condition of affairs at our very

door so injurious to our interests that it had become intolerable. Our action has been described by one of our foremost international legal experts as analogous to what is known in private law as *"the abatement of a nuisance."* We fought the Spanish War to put an end to this insufferable nuisance which menaced our health and security and outraged our concepts of Humanity. It is well to recall that in the settlement, which followed the establishment of the Cuban Republic, the United States imposed a treaty upon the new state retaining the right to intervene for the preservation of its independence and the maintenance of a government adequate for the protection of life, property and individual liberty. There are also other provisions restricting Cuba's liberty to enter into treaties with other powers tending to impair her independence, and for the contracting of debts. The United States thus holds a special position in relation to Cuba, that has justified it in intervening on various occasions for the maintenance of law and order. Japan's interest in Manchuria is almost identical and for the protection of her special position and national security she has the same right to demand similar guarantees for safeguarding these interests, until such time as China is strong enough to assume the responsibilities of government in regions recognized as coming under her sovereignty.

In Santo Domingo, the United States intervened because during the forty years prior to 1907, there had been sixteen revolutionary movements followed by complete political and economic demoralization. Our armed occupation of this republic, as President Roosevelt phrased it, was *"due to the demonstration of an impotence resulting in the lessening of the ties of civilized society and thus requiring intervention."* And we did not withdraw from Santo Domingo until its finances were stabilized and law and order restored under a government duly created under an impartial electoral law that precluded violence and usurpation of power by the military chiefs. The United States intervened in Santo Domingo in the interests of law, order and peace and when these were assured, it was glad to withdraw. The same conditions which justified

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American intervention in Santo Domingo prevail in Manchuria.

The United States intervened in Hayti in 1915 after a series of successive revolutions had exhausted and devastated the republic and handed the people over to the most merciless, barbarous and bloodthirsty group of bandit *caciques* and predatory *politicos* that ever usurped the reins of government in the Western hemisphere. "The great mass of Haitians were completely at the mercy of a rapacious military oligarchy, which had exploited the people to such an extent that there was no incentive but rather a real danger in producing or in owning anything beyond the merest necessities." Compare this picture with that of Manchuria, governed by a rapacious military oligarchy which has confiscated the crops of the farmers over a period of years and circulated over six billions of worthless paper notes in payment for the seized produce. The American forces did not evacuate Hayti until law and order was restored, the power of the military bandits broken, the currency established on a firm basis and a government set up under proper electoral laws. Has Japan the right to demand the restoration of law and order in Manchuria and insist upon the withdrawal of the billions of worthless paper currency which has impoverished the country, ruined her investments and perpetuated the power of the military oligarchy? Has Japan the right to demand the enforcement of a proper electoral law in that section of the Republic of China that will free the people from the power of their military taskmasters, establish self-government, representative institutions and the liberty of the individual?

For similar reasons, the United States has intervened in Nicaragua, even to the point of putting down revolution by force. Nor did we retire from Nicaragua until we had established a truly representative government under an Electoral Law that guaranteed to the harassed people their fundamental rights as citizens of a republic. It may be none of our business how the Chinese choose to govern or misgovern themselves, but the case is different with Japan in Manchuria, with an investment of nearly two billion yen dependent upon good government for adequate

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returns. A confiscatory system that impoverishes the people of Manchuria, also undermines the foundations of Japan's investments in that region. The Chinese military overlords, in their conception of domestic policy may feel within their rights in squeezing their own people to the point of exhaustion, but they are under obligations not to impose confiscatory regulations which indirectly destroy the value of Japanese enterprises. For that is exactly what the Chinese "system of taxation" amounts to. Disguise it, camouflage it, call it by any other name, sugar coat the pill, but "the smell of the roses hangs round it still." Confiscation it remains. The American Government nearly went to war with Mexico over confiscatory legislation designed to ruin American investments in that country. The United States refused to recognize the Mexican Government until an equitable settlement was arrived at over this issue. The predatory war-lords of Manchuria, secure in their despotic power, may resort to confiscation by indirect methods but when the system so imposed results in the general impoverishment of the people, the destruction of their purchasing power and the ruin of foreign investments, then their rapacity comes in direct conflict with the fundamental principles of international intercourse and the right acquired by Japan to equitable treatment. And when this system is responsible for the disunity of China, and the perpetuation of the rule of a military oligarchy, and the recognized government of China is powerless to discharge its international obligations, Japan has the indisputable right to defend herself against this menace to her economic welfare.

As to the right of intervention for the protection of lives and properties, it is only necessary to state that during the last hundred and fifteen years, the American Government has landed troops on foreign soil for this purpose on more than one hundred occasions. "No nation," says Mr. Reuben Clark (former under-secretary of State) *has with more frequency than the American Government used its military forces for the purpose of occupying temporarily parts of foreign countries in order to secure adequate safety and protection for its citizens and their*

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properties." This right to intervene for the protection of lives and properties has been vigorously expressed by several of our foremost living statesmen. It is only necessary to quote from two of these statements to understand this fundamental American policy. Calvin Coolidge in his famous speech to the United Press on April 25, 1927, said :—

"While it is well-established international law that we have no right to interfere in the purely domestic affairs of other nations in their dealings with their own citizens, it is equally well established that our Government has certain rights over and certain duties toward our own citizens and their property wherever they may be located. The person and property of a citizen are a part of the general domain of the nation, even when abroad. On the other hand, there is a distinct and binding obligation on the part of self-respecting Governments to afford protection to the persons and property of their citizens wherever they may be. This is both because it has an interest in them and because it has an obligation toward them. It would seem to be perfectly obvious that if it is wrong to murder and pillage within the confines of the United States, it is equally wrong outside our borders. The fundamental laws of justice are universal in their application. These rights go with the citizen. Wherever he goes, these duties of our Government must follow him."

Mr. Charles E. Hughes, in a series of three lectures at Princeton in May, 1928, dwelling on the fundamentals of our intervention policy in Latin America said that "if any American President deliberately withheld protection to our nationals in time of danger, he would be condemned throughout the land." It is unnecessary to review other equally emphatic declarations. The American Government reserves to itself the right to apply the law of self-defense at a moment's notice and without warning, even to the extent of engaging in hostilities and intervening by armed force to protect the lives and properties of its citizens in other countries. Commenting on the right of a

government to employ armed protection abroad, Raymond Leslie Buell, Research Director of the Foreign Policy Association, says :—

..... "while states have rights they also have duties. And one of these duties is the protection of life and property against violence. This is a duty owed to other states. In municipal law when an individual is charged with failure to live up to his duties to other individuals there are tribunals which examine the charge and determine the truth. In international law such machinery has been lacking. And in the absence of such machinery the stronger states have frequently resorted to self-help when in their opinion the duty owed to them by other states has not been fulfilled. . . . As a result of the League of Nations Covenant and of the anti-war Pact various kinds of war have become illegal. But do these documents also make armed intervention illegal? Commentators have argued to the contrary on the ground that armed intervention is not war. Nevertheless, he adds, there is reason to believe that under the League Covenant at least all acts of force have been placed under international control. Apart from the Covenant and the anti-war Pact, the "legality" of non-political intervention, under certain circumstances, is supported not only by the practice of the leading powers, but also by the majority of the text writers on international law."

Whether the Japanese army was justified or not, in appealing to the right of self-defense on the night of September 18, can be determined only after a presentation of Japan's whole case against China. To declare that the action taken was premeditated and aggressively hostile is to lose sight of many incidents which other nations have used to justify armed intervention and actual hostilities. If the Japanese army should merely rest their case on the Nakamura incident, they have far greater provocation that which led to the military occupation of Vera Cruz by the United States in 1914. This armed occupation of a Mexican port by the American forces was provoked by the arrest of

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an American warship party while loading gasoline in a forbidden military zone at Tampico. Although the men were immediately released and an apology was forthcoming from the Mexican general, the American Admiral gave him a twenty-four hour ultimatum demanding punishment of the officer who made the arrest and a 24 gun salute to the American flag. Huerta, the Mexican president, refused to punish the officer who made the arrest unless it was proven by an investigating committee that he had violated international law and asked to submit the question to the arbitration of the Hague. His request was declined by the United States. A few days afterwards another minor interference with an American mail orderly occurred in Vera Cruz, and President Wilson invoked this and the Tampico incident as a reason for asking Congress to approve the use of *"the armed forces of the United States in such ways and to such an extent as may be necessary to obtain from General Huerta and his adherents the fullest recognition of the rights and dignity of the United States."*

The next day, a German steamer with a cargo of arms for the Mexican Government arrived at Vera Cruz, whereupon Wilson ordered Admiral Mayo to "take Vera Cruz at once." In carrying out his instructions about 200 Mexicans and twenty-one Americans were killed. President Wilson was not justified in international law in taking this summary action, but relations between the two countries had reached the point where the rights and dignity of the United States were being set at naught, and drastic action became necessary to teach the Mexican a lesson. Had an American naval officer and his party been arrested while on shore in civilian clothes and summarily executed as spies, the American forces would have never halted until an apology and indemnity were extracted in the palace of Chapultepec. This one incident is sufficient to indicate that armed occupation of foreign territory may be precipitated by incidents in time of stress that will not bear the close light of judicial investigation.

The Japanese military authorities justify their action on the night of September 18, by the blowing up of a part of the South Manchuria Railway by Chinese soldiers. In

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protecting the property, shots were fired which started a movement that could not be halted, until all the strategic centers in Manchuria were in Japanese hands. The Chinese declare that the Japanese manufactured the incident in order to carry out their premeditated plans for the annexation of Manchuria. Right at the outset there is a conflict of testimony that stands as a bar to any impartial verdict as to the immediate origin of the present situation. The Japanese military officer in command at Mukden has reported how the incident of the night of September 18 started. It seems logical that if the Japanese General Staff studiously prepared the stage for military occupation of all the strategic centers of Manchuria they would have had a much larger force on the ground than was actually there. To state that the Japanese army officers entered into a major military adventure to wrest Manchuria from China with only 10,000 guards scattered along the South Manchuria Railway line in a territory held by 250,000 well disciplined Chinese troops is improbable on its face. Such a story is not only derogatory to the pride, honor and dignity of the Chinese nation, but constitutes a charge of such sheer recklessness and audacity on the part of the Japanese military commander at Mukden that would justify his court martial and punishment. If one company of Japanese troops of 125 men can start hostilities at 11.30 p.m. surround a walled Chinese military barracks quartering 5,000 troops, hold their own until reinforced at 3.30 a.m. with four more companies and capture the barracks at 5.30 a.m. there is something decidedly wrong with the Chinese army. The Chinese contend that Japanese forces to the number of fifty thousand were engaged in the movement that took over their strategic centers in Manchuria while the Japanese assert that their troops in Manchuria on September 18, numbered only 10,400. These were subsequently reinforced by additional troops from Korea, but even then the total was still below 15,000, the maximum allowed by treaty. The Japanese statement is susceptible to proof, and in due course, will be verified by impartial observers.

The Chinese adhere to the story that it was all a put up job, premeditated in advance and carried out ruthlessly.

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In the interests of world peace, respect for the League and the war renunciation Pact, they declined to accept the Japanese challenge, laid down their arms and refused to fight and appealed to the world to compel Japan to withdraw. They assert that Japan took advantage of their military weakness and violated every conception of humanity, honor and fair dealing. This in the face of the undisputed fact that the Manchurian armies number 400,000 men in active service (or twice the total of Japan's entire fighting force) supported by an arsenal reputed to be one of the largest in the world. Yet they gave up their arsenal and aerodrome without a struggle.

Without passing judgment on the events of September 18, it is charged that Chinese troops have on various occasions in recent months been involved in attempts to destroy the S.M.R. line interfering with traffic and in other ways goading the Japanese beyond endurance. The patience and forbearance of the Japanese under these pinpricks was mistaken by the Chinese as a recognition of their superior fighting qualities and their attitude become more and more overbearing. Since the first of the year 59 cases have occurred in which the tracks and traffic of the S.M.R. have been interfered with. In addition there were 142 cases of bandit activities along the railway. The killing of Captain Nakamura and his party by Chinese troops, now admitted by the Chinese increased the tension to a point where any overt act would precipitate the clash.

An official inquiry to determine responsibility for the blowing up of the S.M.R. line on the night of September 18, will lead to no useful purpose. The people of the United States went to war with Spain in 1898, determined to revenge the blowing up of the battleship (Maine) in Havana harbor, yet even at this late date, we do not know how the explosion occurred. Maybe historians of the future will be able to determine who was responsible for the Great War. It will never be settled in this or the next generation. The American army captured Manila after the armistice was signed, and two shots fired by the sentries at Santa Ana Bridge, started the American army on the campaign which ended in the extinction of the Filipino

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Republic. Other wars have had similar insignificant beginnings. One shot was sufficient justification to start the Japanese military machine moving, yet shooting at Japanese railway patrols has become the favorite outdoor sport of bandits in Manchuria. It really makes little difference as to how the row started. We face the accomplished fact and a determination on the part of Japan to settle the Manchurian dispute once and for all time.

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"The United States Could Have No Better Nation than Japan for an Ally"

(Far Eastern Review, Shanghai, November, 1931)

CHINA'S boycotts against Japanese goods, accompanied by beating loudly on the national tom-tom to terrorize and stampede the enemy into submission, are invariably acclaimed by onlookers as a most effective way of forcing Japan to accept the Chinese viewpoint. Chinese propaganda supporting this method of warfare, is based on the premise that Japan's economic existence is dependent upon the Chinese market and when this trade is cut off she faces financial ruin. Without stopping to analyze the trade returns, Americans are inclined to endorse the use of this weapon as the most peaceful method of settling international disputes, indirectly giving aid, comfort and encouragement to China to persist in her methods. At the end of the Great War Japan was largely dependent upon China for its markets, but this is no longer true. It is high time for Americans to wake up to the real situation and what it means to their own prosperity. They will now find that Japan's trade with all of China, including Manchuria and Hongkong, is 20 per cent of the total and excluding Manchuria and Hongkong, only 13 per cent of the total.

The real vital factor in Japan's economic life is her trade with the United States (including the Philippines) which accounts for 44 per cent of her exports and 29 per cent of her imports, or 37 per cent of her total foreign trade.

Japan's exports to countries within the British Empire represent 18 per cent of the total while her imports from the same countries are 39 per cent, both representing 24 per cent of Japan's foreign trade. The United States, Great Britain and China therefore account for 81 per cent of Japan's trade, leaving 19 per cent scattered between all other countries.

When the little countries represented in the League of Nations, supported by the United States, decide that

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economic pressure must be brought to bear upon Japan because of her action in Manchuria, they have nothing to lose. The United States pays the bill. It is true that on the surface Great Britain would also suffer but an analysis of Japan's trade with the British Empire indicates that in any world-wide boycott of Japan, British manufacturers would capture her markets in these countries and equalize the loss in Empire exports to Japan. As the exports of Japan to British Empire markets are largely confined to cotton yarns and textiles, the Indian cotton farmer would become the goat for the rest of the empire, as the heaviest loss would fall on his shoulders. British textile mills may buy more American cotton for a while, but who will buy the short staple Indian cotton crop, when the Japanese market is closed? Here is something for the Mahatma to ponder over. If the Indian cotton farmer loses his market to Japan and the British mills do not take his product, it will give a decided impetus to Gandhi's program to have the Hindu people make their own homespun. The consequences of exerting the League's economic pressure upon Japan might have a more far-reaching and disastrous effect upon Britain's position in India than any temporary loss occasioned by a stoppage of Japan's trade with America. There is no need to labor the point. The figures speak for themselves.

But Americans are concerned not only in their direct trade with Japan but with Japan's trade with China. American exports to China are about \$120,000,000 annually, of which approximately one-half is in oil and tobacco, a trade exclusively in the hands of American firms. But a very large part of the other half, estimated to be from \$40,000,000 to \$50,000,000 goes through Japanese firms with offices in America who buy direct from the American manufacturer. If we add to these direct exports to China of American goods through Japanese firms, the value of American raw and half-finished materials exported to Japan and there manufactured into finished products for the Chinese market, it will add another \$50,000,000 to American trade with China, or an approximate total of \$100,000,000. "The United States could have no better nation for an ally,"

declared Assistant Secretary of State Castle at a recent speech in Boston.

The Japanese Government has outstanding foreign loans to the amount of Y.1,446,848,812; Japanese Municipal Government loans to the amount of Y.249,215,581, and private or industrial loans aggregating Y.464,146,940 or a total of Y.2,160,211,333. About half of this total is held by Americans while a large proportion of the bonds originally sold in Europe have gravitated into the hands of American investors.

If the League with the co-operation of the United States should apply Article 16 of the Covenant and impose economic sanctions upon Japan in response to China's invocation of this penalty and cut Japan off from the markets of the world, in other words, if we declare a Chinese war upon Japan for the sake of China, what becomes of the billion dollars in Japanese bonds held by the investors of America and Great Britain; bonds that to-day are one of the few gilt-edged investments left in this world of financial chaos? *Who pays the bill?*

Is the United States, co-operating with the League against the mandate of the nation, to sacrifice a trade of \$800,000,000 gold and an investment of \$500,000,000 in gilt-edged Japanese bonds for the sake of upholding a military despotism which refuses to pay its legitimate bills to American firms for materials delivered, defaults on and repudiates its loans, flouts its treaty obligations, robs and oppresses its own people and floods the country with billions of worthless paper notes and in every other way shows itself unworthy of respect and confidence?

Sympathy? Yes, the sympathy of every generous-hearted, right-thinking man goes out to China in her trials and tribulations but this sympathy can no longer be wasted on a group of predatory war-lords, but extended to the great masses of inarticulate Chinese people, the most patient, kindly, courteous, polite, gentle, peaceable, home-loving and law-abiding humans in the world, if given a little good government and the liberties and rights enjoyed by other peoples. For the United States in co-operation with the League to embark on an adventure to penalize

Japan and incur the huge losses outlined above in order to fasten the yoke of serfdom upon the people of Manchuria for the sake of a group of ruthless bandit oppressors, is not only the height of imbecility but a betrayal of all those ideals we hold as most sacred and essential to human welfare and the progress of civilization.—G.B.R.

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WHO PAYS THE BILL?

A Document for Americans to Study

Japan's 1929 Trade Returns

Japan's Total	Exports	Countries	Imports
Exports Y.2,148,618,652	346,652,450	ASIA	209,974,056
Imports 2,216,240,015	124,476,203	China	166,322,386
Trade 4,364,858,667	198,056,968	Kwantung Province	288,107,771
		British India	607,745
		Hongkong	41,634,301
		Straits Settlements	22,874,960
		ASIA (Excluding Kwantung Leased Territory and Hongkong)	2,695,403
Exports Y.346,652,450—16% of Total	87,125,451	Indo-China	9,590,587
Imports 209,974,056—9% ..	30,528,349	Dutch India	77,346,923
Total 556,626,506—13% ..	10,633,368	Philippine Islands	18,044,238
	10,969,469	Siam	20,811,772
		Other Countries	2,639,061
	915,232,768	Total	857,953,800
		EUROPE	
Japan's Trade With all China	63,183,354	Great Britain	153,050,779
(Including Kwantung Leased Territory and Hongkong)	44,494,959	France	26,185,050
Exports Y.532,193,817	13,446,619	Germany	157,273,913
Imports 376,904,187	6,108,543	Italy	7,550,053
Total 909,098,004—20% of Total	2,890,329	Belgium	15,828,289
	62,368	Austria	1,718,391
	647,692	Switzerland	17,570,156
	6,917,811	Netherlands	5,462,420
	3,303,819	Russia	3,080,902
	366,355	Norway	4,680,956
	864,661	Sweden	11,025,186
	1,258,718	Spain	773,054
	2,551,495	Turkey	202,337
	1,033,754	Denmark	6,025,814
	17,361	Portugal	717,629
	13,691	Poland	5,487,136
	14,594	Czechoslovakia	1,960,783
	1,072,620	Other Countries	1,253,780
	147,248,743	Total	419,847,128
		AMERICA	
Japan's Trade With the United States	914,101,952	U.S.A.	654,055,281
(Including the Philippines)	8,579,989	Argentina	3,235,839
Exports Y.994,629,301—44% of Total	27,078,648	Canada	68,729,648
Imports 672,099,519—29% ..	1,342,794	Mexico	700,833
Total 1,666,728,820—37% ..	1,256,026	Cuba	758,197
	2,601,545	Peru	58,896
	2,719,199	Chile	10,414,733
	1,572,006	Brazil	380,971
	11,507,990	Other Countries	276,147
	970,760,149	Total	738,610,595
		Japan's Trade With the British Empire	
(Excluding Hongkong)			
Exports Y.377,596,384—18% of Total			
Imports 680,248,125—39% ..			
Total 1,057,844,509—24% ..			

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Japanese Foreign Loans

Outstanding

(March 31, 1930)

Japanese Imperial Government Loans	Y.1,446,848,812
Japanese Municipal Government Loans	249,215,581
Japanese External Bank and Corporation Bonds	464,146,940
	Y.2,160,211,333

ALL OTHER

44,075,090	Australia	132,600,701
13,179,323	Cape Colony and Natal	1,447,600
31,352,285	Egypt	25,824,061
6,271,077	Hawaii	145,967
4,094,662	New Zealand	677,325
16,404,555	Other Countries	20,442,556
115,376,902	Total	181,138,210
	(UNKNOWN (Bonded Mfg. Warehouses)	
	Total	2,216,240,015

SHORT-LIVED OPTIMISM AT PARIS

By H. G. W. WOODHEAD, C.B.E.

(Shanghai Evening Post & Mercury, November 24, 1931)

THE note of optimism on which the public session of the Council of the League of Nations adjourned on Saturday, has already died away. Indeed, it is rather surprising that the members of the Council ever expected the Japanese proposal for a Commission of Inquiry to satisfy the Chinese. It was hedged about with restrictions of all kinds. The Commission, according to Mr. Yoshizawa, was to gather unbiased information on the situation. It would have no mandate to intervene in the proposed Sino-Japan negotiations, or to supervise the withdrawal of the Japanese military forces. And its scope would not be limited to Manchuria.

The Japanese Government, according to its chief Delegate, considered "that an inquiry should be carried out in China as well as Manchuria." And as he had prefaced his proposal by a statement that China had "openly professed a policy of the unilateral denunciation of Treaties, and had undertaken an open campaign against foreigners," it was clearly Japan's intention to raise the question of the enforcement of her Treaty rights throughout China.

NO SOLUTION

Dr. Alfred Sze was not enamoured of the Japanese proposal, insisting that the crux of the situation was Japan's military occupation of Chinese territory, and that no suggestion that did not provide for the immediate cessation of all military operations, and the withdrawal of the Japanese forces, would be acceptable.

So that although the Japanese proposal received a cordial welcome from the British, German, Spanish, and Italian Delegates, and the representatives of the smaller States represented on the Council, it cannot be expected to provide a solution of the present impasse. The Japanese

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have made it plain that their military occupation will not be relaxed until they have got what they want. Indeed, the latest news from Manchuria suggests that it may be extended, rather than reduced, in the near future, and that Harbin may soon follow in the wake of Tsitsihar. The Japanese are either very confident that no action of theirs, however provocative, will result in Soviet retaliation or are ready to force a showdown with Russia, as well as with China.

WHY CHINA DISLIKES A COMMISSION

It is, of course, not surprising that the Japanese proposal should be unacceptable to the Chinese Government. It is a fact that the latter is committed to a policy of the unilateral denunciation of Treaties—as evidenced by the May Mandate decreeing the abolition of extraterritoriality from January 1 next. And any impartial Commission of Inquiry that covered China, as well as Manchuria, in its investigations would find ample evidence of treaty violations.

The Chinese very naturally desire to restrict the activity of the League to the coercion of Japan. It would be a fatal blunder, from their point of view, to allow the question of the ability or the willingness of the Chinese Government to fulfil its Treaty obligations to form the subject of an international inquiry.

CAUSE AND EFFECT

Nevertheless, the League Council appears to be going ahead with the Japanese proposal. And there is a possibility that the same degree of unanimity will be attained on this project, as was secured on the Council's final decision at the October session. The Chinese allege that the Japanese have violated the League Covenant, and the Kellogg Pact: the Japanese reply with the counter-charge that China is deliberately flouting the treaty rights of foreigners in this country, and engaging in an open campaign against foreigners.

It will not appear illogical to the League Council, whose members must be bewildered by the charges and

counter-charges of the two disputants, to study the cause, as well as the effect of the present situation. And that is the last thing that China wants. On Japan's obligations under the League Covenant she feels that she has a strong case. On her own performance of her treaty obligations she knows that she would make a very poor showing. Responsible Chinese statesmen have repeatedly declared since the inception of the present crisis that China would never recognize the 1915 Treaties. As long as this attitude is persisted in it does not require an International Commission to establish the fact that the unilateral denunciation of Treaties forms a part of China's foreign policy.

M. BRIAND'S ABERRATION

On the validity of her Manchurian Treaties Japan intends, whatever it may cost her, to insist. And there can be little doubt that she would be supported in this attitude by the League, if the issue were clearly placed before it. That body, which came into being as a result of a unilateral Treaty, imposed upon Germany by force, cannot conceivably pronounce against the validity of Treaties alleged to have been obtained by coercion, especially as that coercion was antecedent to the establishment of the League itself.

It is presumably one of the aims of the League to prevent the employment of coercion for securing treaties in the future; it was certainly never intended that it should adjudicate upon the validity of Treaties concluded, and in operation, long before the League of Nations was even thought of. In a moment of mental aberration M. Briand may have suggested arbitration on the validity of the Sino-Japanese treaties. But it is inconceivable that he, a French statesman, would maintain this view after a detailed study of Sino-Japanese relations, and after acquainting himself with the magnitude of the Japanese interests involved. One might as readily expect him to agree to arbitration on the validity of the Treaties under which France annexed Annam and Tonkin.

BACK TO THE TREATIES

Although any such decision must be disappointing to China, the League if it continues to interest itself in the

Manchurian imbroglio, will sooner or later have to adopt the existing Sino-Japanese Treaties as the basis of its deliberations. It cannot allow its machinery to be used to restrain one party, while condoning persistent treaty violation on the part of the other. It would, in fact, have gone much further towards ending the present trouble had it felt in a position, when its aid was invoked, to lay down the principle that Japanese treaty rights must be implemented. Japanese public opinion would have been reassured, and it is probable that a more moderate policy would have been enjoined upon the Japanese military commanders.

It is the attack upon her treaty rights by China—now relentlessly pursued by the Chinese for nearly a decade; and the calling in question of those treaty rights by European statesmen who ought to know better, that has roused the Japanese nation, and encouraged a truculent attitude on the part of Japanese militarists. Once it is made clear that there is no intention on the part of the League Council to question the validity of her treaties, Japan may be expected to moderate her actions in Manchuria. And in a sense it will put her on the defensive. The League will want to know what those rights are, and how and when they have been infringed. And it will then be difficult for Japan to refrain from a clear definition of her requirements.

JAPAN'S DRASTIC ACTIONS

Meanwhile, the drastic character of Japan's military actions is tending to obscure the fundamental issue. The League Council is not unnaturally becoming increasingly apprehensive over the growing tension between China and Japan, and the possible reactions of Soviet Russia to the invasion of its sphere of influence in Manchuria. The official explanations of the Nonni River engagement have not been convincing. And anything so provocative as the occupation of Harbin would certainly cause unfavourable comment in other quarters than Moscow. I can see no prospect of the early alleviation of the present tension unless the League declares that Japanese Treaty rights must be recognized and fulfilled, and calls upon China

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to enter into immediate negotiations with Japan, upon this basis.

Such a pronouncement, however, might well be accompanied by an earnest appeal to Japan to refrain from any military action calculated to injure the interests of, or embroil, a Third Power. If it comes to a choice between the two, evacuation, rather than occupation, should be the method of dealing with the Harbin situation.

WHAT A MESS!

By H. G. W. WOODHEAD, C.B.E.

(Shanghai Evening Post & Mercury, November 21, 1931)

THE Council of the League of Nations seems to be floundering more and more deeply into the morass, as discussions of the Sino-Japanese situation continue. It has found it necessary to prevent the chief Chinese and Japanese Delegates from stating the cases of their respective Governments in public, and is now threatened, with exposure of its impotence by Dr. Alfred Sze. From the Japanese Delegate, Mr. Yoshizawa, it seems able only to procure long-winded and confusing statements in his native tongue, as to Japan's treaty position in Manchuria.

A majority of the Council is said to be of the opinion that all other means having been exhausted, there is nothing for it, if the League is to preserve its prestige, but to take decisive action under Article XVI of the Covenant. This majority, it will probably be found consists of representatives of States which by reason of their limited military and naval resources, and their geographical position, would not be expected to contribute to the "effective military naval or air force" which the League would have to mobilize to protect its covenants.

THE APPLICATION OF SANCTIONS

It may be regarded as quite certain that neither Britain nor France will favour the application of sanctions, while America not being a Member of the League, could not be called upon to furnish armed forces for the coercion of Japan. It appears ridiculous, on the face of it, that Britain and France, whose own Treaty rights in China have been persistently flouted, should embark upon hostilities with a major Power for the purpose of enabling China to repudiate her treaty obligations.

Imagine what would happen if such a course were pursued. Japan would be solemnly notified that the League intended to mobilize against her, unless she withdrew

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

her military forces into the South Manchuria Railway Zone. If, as is probable, Japan refused to yield to the threat, she would *ipso facto* be deemed to have committed an act of war against all other Members of the League.

Japan, however, happens to possess the third strongest Navy in the world, while neither France nor Britain has a single Battleship in the Pacific. She can mobilize approximately two million trained soldiers, if necessary, while the total British and French Forces in China and Hongkong cannot exceed ten thousand. To avoid annihilation the British and French Far Eastern Squadrons would probably have to be withdrawn (if they could get away in time) until they could be reinforced from the main Fleets in Europe.

In the meantime what would happen to Hongkong and Singapore, Saigon and Kwangchowwan? Does anyone suppose for a moment that if war were forced upon Japan in this way she would wait for the arrival of the warships and troops earmarked for her suppression, or that she would even passively accept the "severance of all trade or financial relations?" The very idea is absurd. And it is not to be supposed, for a moment, that the British or French Legislatures would pass the appropriations necessary for a protracted war with Japan, which would involve the reconquest of their Far Eastern Possessions. The only States in favour of sanctions against Japan will be found to be those which would incur no military or financial obligations by urging such a course.

IMPOTENCE OF THE LEAGUE

I predict that there will be no decision to apply sanctions, at any rate on the part of those Powers which alone would be in a position to enforce them. But that will not dispose of the charge that the League Council is impotent. To a considerable extent this charge is true. The test to which it is being subjected is, however, not an entirely fair one. There is a good deal to be said for the view of a Paris newspaper that it was a fundamental error to admit China to the League "as she does not possess well-defined frontiers and is incapable of carrying out her international obligations."

It is only when a long series of Treaty violations culminates in one of the aggrieved Powers hitting back that China professes unreserved confidence in the League. And for this state of affairs the other Powers in Treaty relations with this country are to a large extent to blame. They have passed, without effective protest, and in some cases without protest at all, the misappropriation of revenues hypothecated to their nationals for railway construction and other purposes. They have swallowed violation after violation of their Treaty rights, and even negotiated to make such violations effective. They have, in fact, in their desire to meet the aspirations of Chinese nationalism, led the Chinese Government and the Chinese Provincial authorities to believe that the enforcement of their treaty rights was a matter of complete indifference, and that no matter to what length infringements of the Treaties were carried, no resistance would be offered.

THE LEAGUE'S BLUNDER

The League, too, blundered at the initial session of the Council. It was not entirely its own fault that it did so, for the Japanese side of the controversy was so sketchily and unconvincingly put forward. It was unfortunate, however, that the Council should have taken sides against Japan. M. Briand, who would be hooted out of office if he even whispered any suggestion that the validity of the Versailles Treaty should be submitted to arbitration, saw no inconsistency in suggesting that this procedure should be followed regarding Sino-Japanese Treaties, which Japan regards as being just as vital to her existence as the Versailles Treaty is to France.

The Council committed itself to decisions which any well-informed observer could have told would be unacceptable to Japan, and incapable of being fulfilled. The effect of this action was to make both the Chinese and the Japanese more intransigent. More moderate and far-sighted proposals might have reacted favourably in Japan, and prevented the Nonni River battle, and the dangerous provocation which has now been offered to Moscow.

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

A PRETTY MESS

And now things are in a pretty mess at Paris. The Members of the Council alternate between listening to the impassioned appeals of Dr. Sze, and the confusing expositions of Mr. Yoshizawa. They appear to be completely befogged as to the real issues behind the Manchurian conflict. Each day news reaches Paris of further serious developments in Manchuria. No form of compromise has as yet been put forward which offers any hope of a satisfactory solution.

The remoteness of the area in which the Sino-Japanese clashes have occurred, and the complexities of foreign treaty relations with China, added to the conflicting reports submitted by the Chinese and Japanese Delegates, must make it extremely difficult for the representatives of the smaller Powers (such as Norway, Guatemala, Persia and Peru) who are without any exclusive sources of information, to grasp the essentials of the situation.

It seems plain that the Members of the Council have not sufficient reliable evidence before them to reach a decision so portentous as the application of Article XVI. And Japan is certainly not helping matters by broadcasting protests against "treacherous attacks" by Chinese forces upon a Japanese Army which is more than 400 miles distant from the South Manchuria Railway Zone. There would seem to be a great deal of truth in the epigram attributed to Lord Cecil, that a settlement of the Manchurian dispute would have been easier "if the representative of one country concerned had been able to express himself a little better, and if the representative of the other country were able to express himself not quite so well."

WHY NOT EXPLOIT THE JAPANESE?

By H. G. W. WOODHEAD, C.B.E.

(Shanghai Evening Post & Mercury, November 23, 1931)

TALK of war now fills the air. Numerous Chinese heroes are ready to proceed North and fight to the death against the Japanese, for the recovery of Manchuria. Funds are being collected—often by intimidation—for General Ma, who since his defeat in the Nonni River fighting has received the appointment of Commander-in-Chief of all the Manchurian forces. These developments are only to be expected, in view of the intensity of feeling aroused by the Japanese invasion of Heilungkiang. But no one familiar with the respective military efficiency and financial resources of China and Japan can seriously expect that Manchuria will be reconquered by Chinese armies. The very ideal is ludicrous. A Sino-Japanese War to-day would be an even more one-sided affair than the conflict of 1894-5. Patriotic fervour will not make up for a shortage of modern arms and munitions, or of a trained personnel.

For China to declare war upon the Japanese to-day would merely be an invitation to them to extend the scope of their present military operations. A test of strength in which the issue had to be decided by military and naval efficiency could have but one result. A single Japanese Division, with the necessary quota of artillery, machine-guns and aircraft would probably suffice to prevent any Army that the Chinese could muster from penetrating into Manchuria.

A REVERSAL OF POLICY

There is an alternative to a war which would be pathetic in its exposure of Chinese military inefficiency. It may be rejected to-day, but it will in the end prove to be the only solution of the present impasse. And that is to reverse the role usually attributed to Japan of exploiting the Chinese, and for the latter to seek to exploit the Japanese.

In the future of Manchuria the time factor must work in favour of China. She has in the past shortsightedly

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

attempted to frustrate the development of Manchuria's agricultural, industrial, economic, and transportation resources with the assistance of Japanese capital. The chief sufferers from this policy of obstruction have been the Chinese themselves. It has been carried to the extent of virtually bankrupting railways which ought to be paying enormous dividends, and to the depreciation of all Manchuria's currency to a mere fraction of its nominal value. It is sad, but true, that it is only since the Japanese military occupation that the Manchurian agriculturalist has been able to obtain payment in silver for his produce.

WHERE CHINESE BENEFIT

Japan's "exploitation" of Manchuria by the development of railway, industrial and other enterprises has, in reality, proved of infinitely greater benefit to the Chinese than the Japanese themselves. The Chinese population has increased, mainly by immigration through Dairen and up the South Manchuria Railway, from under ten to approximately thirty millions, since 1905. The Three Eastern Provinces are capable of supporting a population of one hundred millions. Where is it to come from? Certainly not from Japan, which has contributed less than a quarter of a million of its nationals to the present population. Every Japanese enterprise in Manchuria means opportunities for further employment of Chinese. Not only is the climate too rigorous, but the standards of living are too low, to encourage large-scale Japanese immigration. It is impossible for Japan permanently to conquer and administer Manchuria unless Chinese immigration is prohibited.

Such prosperity as Manchuria has attained has been due, mainly, to the preservation of peace and order resulting from the presence of a Japanese garrison. Had the keynote of Chinese policy during the past few years been cooperation that prosperity would have increased by leaps and bounds, and though, superficially, the position of Japan might have appeared stronger, actually, China's vested interests in the Three Eastern Provinces would have increased out of all proportion to those of the Japanese. The railways constructed with Japanese capital, for example, instead of being

virtually insolvent and seriously in default as regards their financial obligations, would have paid off much of their indebtedness, bringing appreciably nearer the day when Japanese interests therein would be entirely eliminated. A stable currency system would have shaken the predominance of the Japanese banks.

COOPERATION, NOT OBSTRUCTION

The most effective reply to Japan's present demands is not armed resistance, which must be futile, and may quite possibly lead to the permanent alienation of Manchuria, but the substitution of cooperation for obstruction. Anyone who suggests that it is possible to exploit the Chinese when it comes to trade or industry—always provided that they are safeguarded from oppression and officious interference—is talking nonsense. No Japanese or indeed any other Asiatic can compete successfully in the labour market, or in agriculture, with the Chinese worker, or in trade, with the Chinese merchant.

Fifty years of peace and progress in Manchuria would prove that whatever exploitation had been done had been done by the Chinese at the expense of the Japanese, and that the permanent conquest of Manchuria was impossible. The Japanese would, undoubtedly, benefit economically, but their political influence would steadily wane. They would become junior instead of senior partners in the development of this rich territory, and the Manchurian problem would, in the end, solve itself without force or friction.

AGREE WITH THINE ADVERSARY

It is, I suppose, useless at this juncture to advocate a reversal of Chinese policy in regard to Manchuria. It has become a question of "face" rather than farsighted statesmanship. And the immediate reactions to the discovery that the League of Nations is impotent, when it comes to a showdown, are likely to make China more, rather than less intransigent. The fact remains, nevertheless, that China's reconquest of Manchuria is possible only by means of peaceful penetration which must be a protracted process; and that unless a settlement by negotiation be reached at an early

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date, Manchuria may go the way of Korea. There is an old scriptural maxim that might well be taken to heart by the Chinese."

"Agree with thine adversary quickly, whilst thou art in the way with him."

For though, in this instance, it is not within the power, nor is it the desire, of Japan to hand China over to the judge, it is quite certain that delay in reaching a settlement will expose China to the risk of having to pay her last farthing to secure a final settlement.

JAPAN AND MANCHURIA

By H. G. W. WOODHEAD, C.B.E.

(Shanghai Evening Post & Mercury, October 31, 1931)

READERS of the "Shanghai Evening Post and Mercury," must have noticed a marked divergence of opinion between the views expressed in my column, and those that are published in the editorial columns of this paper. The latter, of course, reflect the policy of the paper, as it was clearly understood, and has since been frequently emphasized, that I am given an entirely free hand, and that no line or even word that I write is ever altered by the editorial staff.

I took the view, as soon as Japan acted in Manchuria, that if her action would result in a definite settlement of all outstanding issues with China—including extraterritoriality—she would indirectly be rendering a service to civilization. To that view I still adhere.

IS FOREIGN OPINION HOSTILE?

The editorial columns of this paper must, I think, convey the impression that foreign opinion in China, especially American opinion, is hostile to Japan on the Manchurian issue. I venture to doubt whether that impression would be justified. That Americans, or Britons for the matter of that, approve of all that the Japanese have done since September 18 I do not for a moment suggest. They have been far from satisfied with the explanations given by Japan for the Chinchow bombing raid, and of other similar incidents. But if I correctly interpret foreign opinion, abstention from open support of the Japanese in Manchuria for resorting to force to uphold their treaty rights has been due mainly to doubts whether it would succeed.

China's international issues have often reached a point—witness Hankow and Nanking in 1927—where it appeared that force was the only remedy, and at the crucial moment the Powers who might have been expected to use

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it, and would have had every justification for doing so, have held their hand, or even surrendered to force employed by the Chinese. There has, therefore, been considerable doubt whether Japan having taken military action would see the thing through. Many people took the view that her military would be repudiated by the Government. Others expected that Japan would yield gracefully to the dictates of the League of Nations. In either case the plight of the foreigner in China would have been much worse than if the Mukden coup had never taken place. The Chinese Government—however it was constituted at the moment—would have had good reason for the belief that no Power, however great the provocation to which it had been subjected, would be able now or in the future to uphold its Treaty rights by the only means by which they could be upheld.

China would have been fully justified in believing that the principal function of the League of Nations, so far as she was concerned, was to shield her from the consequences of Treaty violation. The last obstacle to wholesale repudiation of her international obligations—political or financial—would have been removed.

IF JAPAN SUCCEEDS

But if Japan succeeds in enforcing her Treaty rights I am convinced that an overwhelming majority of foreigners of all nationalities in China will approve of her action.

Nothing succeeds like success, and general applause would greet the news that Japan had succeeded in convincing the Chinese Government that the policy of Treaty repudiation, so far as she was concerned, had got to stop, and that in future the only modifications in existing Treaties which she would accept would be those brought about by mutual agreement.

THE SOVIET INVASION

Although they had no reason to like or to trust Soviet Russia, foreigners in China were almost unanimous in supporting her action in recovering her rights on the Chinese Eastern Railway in 1929. The Kellogg Pact,

of course, was invoked, but was brushed aside, as irrelevant, by Moscow, and it was never seriously suggested that international coercion should be applied to avert military action in Northern Manchuria.

It was, I suppose, generally felt that no threats or admonitions from any quarter would induce Russia to submit to the confiscation of the Chinese Eastern Railway. And it was certainly considered, even by the British Liberal Press, that a Chinese success would jeopardize the whole Treaty position of foreigners in this country.

COOPERATION OR PROVOCATION?

The Japanese have been guilty of almost incredible blunders, both in Tokio and at Geneva, and several of the actions of their military in Manchuria have been calculated to alienate foreign sympathy. But if, as now appears clear, their main object is to enforce their Treaty rights, and if, as now appears virtually certain, they succeed, there is unlikely to be much serious criticism among foreigners, either in China or elsewhere, of the methods they have employed. That does not mean that they are unsympathetic towards China. Every student of conditions in this country recognizes the immensity of the problems of reconstruction that confront the National Government. But it is difficult to believe that the solution of these problems will be rendered any easier by constant provocation of Powers who have for years past carried conciliation almost to the point of humiliation. Dr. Sun Yat-sen, in one at least of his published works, advocated international cooperation in the reconstruction of China. His *San Min Chu I*, however, were permeated with xenophobia, and his disciples and followers have been doing their utmost to instil an unreasoning hatred of foreigners into the rising generation. The text-books in general use in the Chinese schools are full of anti-foreign propaganda. The ills inherent in a corrupt and militaristic Government are invariably attributed to "foreign imperialism." And every form of legitimate commercial and financial enterprise is denounced as "exploitation."

PROBLEMS THAT WOULD SOLVE THEMSELVES

The problems which cause so much concern to China's patriots would solve themselves if, instead of concentrating on fomenting an anti-foreign attitude the Party in power devoted its entire energies to the tasks of reconstruction.

The principal foreign Powers have for years past renounced policies of repression, and sought to find means of assisting China to take her rightful place among the nations of the world. But effective aid is impossible when the educational system is saturated with anti-foreign propaganda, and when reviling of the foreigner and all his ways seems to be the only point upon which all factions of the Kuomintang can agree. The progress that China might have made towards her avowed goal of complete equality among the nations would have been stupendous if, from 1926 onwards, she had sought the cooperation—instead of provoking the hostility—of the Foreign Powers.

A SUGGESTED CHANGE OF POLICY

The Manchurian problem is essentially one that would solve itself by cooperation. Chinese in the Three Eastern Provinces outnumber the Japanese and Koreans by at least twenty to one, and this disproportion will increase as years go by. Japan has not thwarted, but encouraged the economic development of Manchuria. And if peace and order were maintained in this territory, and a stable currency introduced, Japan's enormous economic interests would soon be reduced to insignificance in comparison with those under Chinese control.

A policy of deliberate provocation to both Russia and Japan has been adopted, with disastrous results. Does not what has happened suggest that not only in Manchuria but throughout China, an effort to cooperate with, instead of affronting the Treaty Powers would be fruitful of results? With other Powers it is, of course, possible that China may achieve some of her aspirations at the price of constant friction and ill-will, by the policy pursued in the past. With Japan it is now obvious that she has got to live up to her obligations, or risk the loss of Manchuria. And a Manchuria which remains an integral part of China, but in

which Japan's Treaty rights are scrupulously observed is surely preferable to a Manchuria which becomes, in effect, a Russo-Japanese protectorate. Those who advocate a settlement of the Manchurian question on Japan's terms—as set forth in her Statement of October 26—are in fact advocating the only policy by which the loss of the Three Eastern Provinces by China can be averted.

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

Mr Secretary: There is attached
a brief memorandum descriptive
of the pamphlet "Japan's Side
of the Case"; the pamphlet was
received from Senator Capper
and an acknowledgment of his
letter and its enclosures is
attached also.

I think that you will
not find it worth while to
read the pamphlet.



FW 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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

March 15, 1932.

It is interesting to note that this pamphlet, "Published by the Japanese Association in China", is made up entirely of reprints of articles by Mr. George Bronson Rea (American) and Mr. H. G. W. Woodhead (English).

In the foreword we are told that Mr. Rea is "without question, the foremost American authority on problems of the Far East". It is undoubtedly a fact that Mr. Rea knows his Far East well. It is also a fact, interestingly pertinent at this time, that, in 1915, at the time of the Twenty-one Demands, he wrote a pamphlet dealing with those demands and the negotiations relative thereto in which he denounced Japan with vigor equal to that with which he now denounces China. With regard to principles and attitude, Mr. Rea is known to have declared frequently that his conception of journalism is that journalism is a "business undertaking".

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

March 16, 1932

PRESENTING JAPAN'S SIDE OF THE CASE, published by The Japanese Association in China, Shanghai, December, 1931, is a 73-page booklet containing five editorials by George Bronson Rea, which have appeared in the FAR EASTERN REVIEW, Shanghai, and four editorials by H. G. W. Woodhead, extracted from the SHANGHAI EVENING POST AND MERCURY, Shanghai. The booklet contains a two-page foreword which states: "In this modest small booklet an effort is made to present an approximate outline of the troubled situation in the Far East and indicate the causes that have brought that situation into being".

Mr. Rea is an American citizen who lives in Shanghai most of the time. He is the owner and editor of the FAR EASTERN REVIEW. Mr. Rea is very well informed on Far Eastern matters and usually bases his interpretations of events on authentic facts. His interpretations, however, show leanings toward the Japanese side, almost without exception.

Mr. Woodhead, who is a Britisher residing in Shanghai, is the compiler of THE CHINA YEAR BOOK and is unusually well informed on China affairs. He is at present writing
for

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

- 2 -

for the SHANGHAI EVENING POST AND MERCURY (American), which has given him entire editorial freedom in his writings. Mr. Woodhead may be classed as a "die-hard" and his articles are frequently at variance with the editorial policy of the paper. His great knowledge of facts which are not currently known and his understanding of Chinese character and methods make him an outstanding writer on China.

PRESENTING JAPAN'S SIDE OF THE CASE is interesting but not particularly instructive reading.


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

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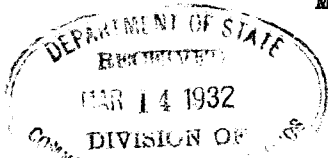
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United States Senate

COMMITTEE ON
 THE DISTRICT OF COLUMBIA
 Washington, D. C.
 March 14th, 1932

F/DEW

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RECEIVED

MAR 14 1932

April 4 1932.

SECRETARY'S OFFICE

Hon. Henry L. Stimson,
 Secretary of State,
 Washington, D. C.



ack'd March 14 1932
 Lm.

Dear Mr. Secretary:--

I thought you might be interested in knowing
 that the enclosed Japanese propaganda on the Manchurian
 situation reached us this morning.

Respectfully,

Arthur Capper

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 Department of State Letter, August 10, 1972
 NARS, Date 12-18-75

The Japanese Association in China

Chairman
 T. FUNATSU
 P. O. Box 1198

Yokohama Specie Bank Building
 Shanghai, China

Office
 24 THE BUND
 Suite 14 - 7

February 15th, 1932.

Hon. Arthur Capper,
 United States Senator,
 The Mayflower,
 Washington, D.C., U.S.A.

My dear Senator:

Here is the little book I promised to send you,
 in my letter of February 5th.

Turn, please, to page 26 and read "THE VALIDITY OF A
 TREATY" -- it will give you, in a nutshell, a complete
 statement of the present Japan-China Manchuria controversy
 from the political view-point.

It is written by an American journalist of note, who for
 thirty years has lived in the Orient, studying at first hand
 its economic and political problems.

The economic background of the present Manchurian situa-
 tion is plainly drawn, with uncolored facts and figures, in
 the opening article, beginning on page 1. I hope you will
 read this brief collection of facts and opinions with as much
 pleasure as it gives me to send it to you.

This little book was published by our Association at Shang-
 hai, but due to uncertainties of the postal service, it will be
 mailed to you from another place, as was our letter of the 5th.

I should particularly appreciate a few words of comment
 from you, if you will spare a few moments from your busy day.

Yours cordially,

T. Funatsu

T. Funatsu, Chairman
 The Japanese Association in China

TF:CB

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

April 4 1932.

In reply refer to
FE 793.94 P.C./60

My dear Senator Capper:

Please accept my thanks for your courtesy in sending to ~~me~~ ^{the Secretary}, with your letter of March 14th, the letter addressed to you by the Chairman of the Japanese Association in China under date of February 15, 1932, together with its enclosure, a pamphlet entitled "Presenting Japan's Side of the Case".

Unless you desire to have the pamphlet returned it will be retained in the Department's files, with a copy of the letter from the Chairman of the Japanese Association in China. The original of the letter is returned herewith.

Sincerely yours,

W. E. Castle, Jr.

Enclosure:
Letter from the Japanese
Association in China.

The Honorable

Arthur Capper,

United States Senate.

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A true copy of
the signed orig-
inal

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

TELEGRAM RECEIVED

MET FROM Shanghai
A portion of this telegram must be closely paraphrased before being communicated to anyone.
Dated April 9, 1932
Rec'd 6:34 a.m.

Secretary of State,

Washington

April 9, 1 p.m.

My April 7, 8 p.m., and April 8

CONFIDENTIAL FOR THE ACTING SECRETARY.

One. Japanese Minister came to see me this morning.

He said that with the assistance of Matsuoka who had telegraphed directly to the Prime Minister he had obtained

authority only this morning from his Government to accept alternative (a) in paragraph two of my April 7, 8 p.m.

He said that unless the Chinese could be persuaded to

accept this alternative he thought that there was no need for our meeting today as meeting would merely go over old

ground. (GRAY) He then went to see Sir Miles to give him

the same information. I told Shigemitsu that I would

endeavor to see Quo and discover his attitude in the matter

I shall try to see Sir Miles before discussing question

with Quo. (END GRAY)

Two.

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

MET

2--from Shanghai, April 9, 1 p.m.

Two. Before leaving Shigemitsu brought up the subject of round table conference concerning Shanghai (see paragraph six of my April 8, midnight). When Shigemitsu mentioned round table conference day before yesterday I stated that I did not know what such a conference could confer about. Conversation did not continue. Today he began by repeating my statement and I again said that I was at a loss to know what questions would be laid before it. I asked him whether Japan was interested in such a conference. He said that his Government assumed that there would be one as it had been mentioned in Geneva. I said that I had no instructions indicating that my Government was necessarily interested in the holding of the conference and that I did not believe that the Chinese were particularly interested in it. Japanese Minister indicated that his Government's interest was due to the fact that present negotiations under the resolution of March 4th were limited specifically to technical questions, all political questions having been excluded.

Three. I infer that there are political questions which Japanese desire brought before such a conference.

Shigemitsu's

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

MET

3-from Shanghai, April 9, 1 p.m.

Shigemitsu's conversation with me indicated that he was merely interested in sounding me out on this question. Lamson tells me that Japanese Minister has not mentioned round table conference to him recently.

JOHNSON

RR-KLP

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

FE

TELEGRAM RECEIVED

REP

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

SHANGHAI

Dated April 8, 1932

Rec'd 9th, 12:43 a.m.

Secretary of State,
Washington.

April 8, 10 p. m.
My April 5, 10 p. m.

CONFIDENTIAL FOR SECRETARY

Cne. I desire to add the following to what I have said regarding the situation here as it relates to Japanese intentions. A little over a week ago I took a walk along the Chungshan Road which parallels Shanghai-Nanking Railroad where it enters Chapei and I crossed at a point on this road opposite northwest corner of the International Settlement a line of trench and barbed wire entanglement then under construction by Japanese. Direction of line indicated that it might coincide with certain points described in my March 21, 10 a. m. (see also paragraph four of my March 25, 8 p. m.). My observations was that line was strongly made for in distance I could see concrete structures being built suggesting blockhouses. The other day I visited Woosung an area immediately adjacent to Yangtzepoo end of Settlement. At the latter place I saw wooden hangars which had been constructed to accommodate

F/DEW

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APR 19 1932

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

REP

2- from Shanghai, April 8, 10p.m.

accommodate aeroplanes. Canvas hangars in addition on two large fields will accommodate more or less permanently a large number of planes. I am told that in the neighborhood of Woosung village considerable activity is going on in connection with the above mentioned barracks.

Two. My British colleague and I contemplate directing our Military Attaches to apply to the Japanese for information as to the extent and character of defense system which they are constructing in that area.

Three. When the meeting adjourned yesterday there seemed, as indicated in my telegrams, little prospect of agreement. It is apparent that neither side wishes to accept the responsibility for breaking negotiations. It is a matter of speculation as to what Japanese will do when we meet again tomorrow at 5 o'clock. I am convinced that Chinese will not sign unless conference produces some time table governing withdrawal Japanese forces. Quo fears personal attack and I believe his fear justified. He will either resign in order to avoid responsibility of signing or he will ask for an indefinite adjournment to enable his Government to appeal to the committee of the League.

Four. To me it has seemed all along fairly clear that Japanese have been merely using Lampson and myself
and these

REP

3- from Shanghai, April 8, 10 p.m.

and these negotiations for the purpose of obtaining time for preparing their position here at Shanghai. The construction of a strong trench and barbed wire entanglement along the March 21st line points in that direction. The fact that throughout these negotiations Japanese have at all time insisted on stressing military side of questions brought up, further indicates line they propose to take.

Five. It is my opinion that this line will be that they will keep and hold an area between the International Settlement and Woosung and east of the railway as a pledge to force the Chinese to accept terms in connection with boycott, anti-Japanese activities and other questions, possibly even questions relating to Manchuria.

Six. There was a possibility hinted at yesterday by Japanese Minister in conversation with me that the Japanese may be willing to consider something in regard to time limit provided the Chinese agree to round table conference on all of these questions ~~exclusive~~ of Manchuria

Seven. My predisposition throughout all of these discussions has been that we were not interested in coercing the Chinese into accepting any settlement of these questions. Lampson has been following similar line.

Eight.

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

REP

4- from Shanghai, April 8, 10p.m.

Eight. The time will soon arrive when Lampson and I must decide whether or not we will permit ourselves to be further used for the purpose of cloaking Japanese aims. I am sending above merely to inform the Department of what is running in our minds here. Tomorrow we shall meet to give final consideration to the question of whether or not the Japanese and Chinese can agree as to withdrawal of Japanese forces.

JOHNSON

KLF

HFD

1 1 1

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

793.94

man

TELEGRAM RECEIVED

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must be closely paraphrased
before being communicated ~~to~~ ^{FROM}
to anyone.

SHANGHAI

Dated April 9, 1932

Rec'd Noon

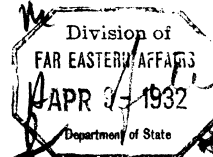
Secretary of State

Washington

April 9, 10 p.m.

(GRAY) My April 7, 8 p.m.

CONFIDENTIAL FOR THE SECRETARY



One. Negotiators reconvened at 5 p.m. with discussion of alternative formulae. Japanese Delegate reported that his Government accepts alternative one (see a under paragraph two, my April 7, 8 p.m.) although it is far from meeting their wishes. Quo reported that Nanking does not consider any of the alternatives satisfactory and submits the following substitution for alternative one:

"The Japanese Government take this opportunity to declare that the Japanese troops will as soon as possible be further withdrawn to the International Settlement and the Extra Settlement Roads in the Hongkew District as before the incident of January 28, 1932, in accordance with the provisions of Article Three of the agreement, it being expected that such withdrawal will be completed within a period

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

mam

2- from Shanghai, April 9, 1932

period of four months or sooner, during which normal conditions in and around Shanghai will have been reestablished."

Two. Quo also produced Rengo News despatch from Tokyo, dated today to the effect that "the Japanese Government in the instruction expresses its intention to agree to the first measure in principle rather than the, second and third, the acceptance of which may accompany the possibility of giving an excuse to the Chinese to evade the Round Table Conference in case agreement for cessation of hostilities was not fulfilled."

The Rengo despatch then states the Japanese Government wishes to emphasize that the clause expressing hope that conditions will improve within six months does not mean a promise to withdraw troops within six months, and that "opening of the Round Table Conference should be guaranteed in connection with the Japanese statement". Quo pointed out deplorable effect this news despatch will have upon his Government and the awkward position it placed him in. He asked Shigemitsu whether it was an official declaration of the Japanese Government.

Three. Japanese Minister replied he was surprised to
see

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

man

3- from Shanghai, April 9, 1932

see this news despatch, that it was entirely unofficial, that Rengo had no connection with the Japanese Government and that he himself had received no instructions either to interpret the formula or to attach any conditions and he authorized Quo to quote him on this.

Four. Discussion then centered around Chinese formula quoted above. (END GRAY)

Shigemitsu said it was unacceptable and declined even to refer it to his Government. Sir Miles and I then suggested that it really did not differ so very materially from the formula chosen by Japan and urged both sides to agree to slight modifications in order to save the situation.

Five. Lampson and I suggested following formula in lieu of alternative one.

(GRAY) "The Japanese Government take this opportunity to declare that as soon as local conditions in and around Shanghai return to normal - and they hope that conditions will have ~~so~~ returned within six months or sooner - the Japanese troops will be further withdrawn to the International Settlement and that ~~Extra Settlement Roads~~ in the Hongkew District as before the incident of January

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

mam

4- from Shanghai, April 9, 1932

January 28, 1932". (END GRAY)

Six. Quo reluctantly agreed to refer the new formula to Nanking although he said it would be contrary to his instructions as they had already made great concession by not insisting upon time table. But the Japanese Minister declined to submit a fresh alternative to Tokyo because he felt the formula his government had accepted was the best for both sides and if the Chinese did not agree to it then Tokyo was not bound either.

Seven. Shigemitsu finally promised that after consultation among themselves the Japanese delegation would let us know later in the evening whether they could refer the new formula to their Government. At nine p.m. the Japanese Minister informed Sir Miles that they had decided to do so on condition that the Chinese would not offer any fresh alternatives.

Eight. Meeting adjourned till Monday.

JOHNSON

RR ARL

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

This telegram must be
closely paraphrased be-
being communicated to
anyone.

Shanghai,

TELEGRAM RECEIVED Dated April 10, 1932,

Recd. 11:25 a.m.,

793.94
note
893.1022
793.94119

FROM
Division of
FAR EASTERN AFFAIRS
Secretary of State
Washington.
APR 11 1932
Department of State

April 10, 11 p.m.

My April 9, 10 p.m.

One. Quo told me today that Nanking is telegraphing
Geneva to ask Yen's advice. He says delegate General Tai
Chi informed him last night after the conference that he
would not sign and that Tai's failure to sign would make
Quo's position impossible. He does not dare sign without
a time table.

Two. Quo points out that Nanking is in a delicate
position in view of the national emergency conference at
Loyang and the agitation in Shanghai. Political elements
are endeavoring to capitalize the situation. Quo hopes to
have definite instruction from Nanking by tomorrow morning.

Three. I told Quo that in view of his predicament as
he described it, I saw no other course for him but to
notify Lampson and the Japanese in order that we might pre-
pare our reports to our respective governments as required

by

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APR 12 1932

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

from Shanghai, p 2

by the last paragraph of the Assembly resolution of March 4th, and to await results. I have exerted all reasonable pressure to obtain Chinese signature and think it extremely unwise to go farther.

JOHNSON

wsb

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

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Department of State

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Washington,

April 11, 1932.

AMERICAN CONSUL

SHANGHAI (China)

APR 11 1932

136 CONFIDENTIAL FOR THE MINISTER

Your April 10, 11 p.m., and previous telegrams in regard to the negotiations.

The Department appreciates the difficulties which confront you in the negotiations; approves the attitude which you have taken; hopes that it may still be ^{found} possible to persuade the Chinese and Japanese to reach an accord; and awaits your further reports on the matter.

Carle Acting

SKH

FE:JEJ/VDM

FE

Apr. 11, 1932. P.M.

Enciphered by _____

Sent by operator _____ M., _____, 19____

Index Bu.—No. 50.

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



LEGATION OF THE
UNITED STATES OF AMERICA

Shanghai, China.

March 10, 1932.

Confidential

APR - 9 32

The Honorable

The Secretary of State,

Washington, D. C.

Sir:

793.94/4476 Referring to my telegrams from Shanghai of February
29, 2 p.m. March 1, 11 a.m. and March 3, 10 a.m., I have
the honor to transmit herewith Memoranda, together with
their respective enclosures, of two conversations I have had
with Sir Miles Lampson, the British Minister, on March 3rd
and 7th.

The Department's special attention is invited to the
resume, attached to the Memorandum of March 7th, of the
Sino-Japanese negotiations on board H.M.S. KENT between
February 27 and March 3, 1932, which was prepared by Admiral
Sir Howard Kelly, the British Commander-in-Chief in Shanghai.
It gives in chronological order the steps taken by the British
to bring the Chinese and Japanese together prior to the with-
drawal of the Chinese forces from the Shanghai area.

Very respectfully yours

For the Minister.

G. Van H. Engert
G. Van H. Engert
First Secretary of Legation.

Enclosures: 2 Memoranda, March 3 and 7, 1932.

CVHE/ECH

4 Carbon Copies

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

MEMORANDUM OF CONVERSATION.

Shanghai, March 3, 1932.

Conversation with Sir Miles Lampson.

Subject: Basic Conditions of Immediate
Cessation of Hostilities.

Sir Miles Lampson handed me today the attached document which he stated had been given to Admiral Kelly by Mr. Shigemitsu on March 2nd and handed by Admiral Kelly to Kuo Tai Chi at 9:30 p.m. on the 2nd. Sir Miles stated that at 12 noon today Kuo had told Admiral Kelly that if these basic conditions had to be treated as a composit whole he was afraid that the Chinese Government could not accept them. He said, however, that he and the Chinese Military would be willing to meet with the Japanese on the morning of the 4th, for the purpose of discussing paragraph one of the attached document without prejudice to the rest of it. Kuo Tai Chi pointed out that words "safeguarding the Settlement and French Concession in Shanghai" and words "as soon as the normal conditions will have prevailed" were too vague to furnish any basis for discussion. He thought perhaps this vailed a plan for demilitarization and

possibly

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

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possibly Settlement extension.

Sir Miles informed me that the Japanese stated that the order to cease firing had been given at 2 p.m. today. He understood that the Japanese had informed him that the four basic conditions outlined on the attached document must be treated as a composit whole, that paragraph one could not be discussed separate from the rest. He said, however, that Matsuoka appeared to be willing to meet with the Chinese for the purpose of discussing what they could of this document.

N.T.S.

American Minister.

(Communication by Mr. Shigemitsu - March 2, 1932.)

BASIC CONDITIONS OF IMMEDIATE CESSATION OF HOSTILITIES.

1. Should China give assurances for the withdrawal of her troops to a certain distance from Shanghai (distance to be determined by the Japanese and Chinese authorities), Japan will agree to the cessation of hostilities for a certain period (to be agreed upon between the Japanese and Chinese authorities), and pending subsequent arrangements the Japanese and Chinese forces shall hold their respective positions. Details relating to the cessation of hostilities shall be arranged by the Japanese and Chinese military authorities.

2. During the period of the cessation of hostilities, a round-table conference between Japan and China shall be held at Shanghai, in which the representatives of principal powers interested shall participate, and the Conference shall discuss with a view to reaching an agreement upon the methods for the withdrawal of both the Chinese and Japanese forces on such terms as are set out in the following paragraph, together with the measure for the restoration and maintenance of peace and order in and around Shanghai and for safeguarding the International Settlement and French Concession in Shanghai and the foreign lives, property, and interests therein.

3. The withdrawal of troops shall be commenced by the Chinese troops (including plain clothes gunmen) to a specified distance, and upon ascertaining the withdrawal of the Chinese forces, the Japanese forces will withdraw to the Shanghai and Woosung areas. As soon as the

normal

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normal conditions will have prevailed, the Japanese army shall be withdrawn from these areas.

4. Should either of these parties infringe any of the terms of the cessation of hostilities, the other party shall have the freedom of action. The both parties have the same freedom of action upon expiration of the period agreed upon under paragraph.1.

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

MEMORANDUM OF CONVERSATION.

Shanghai, March 7, 1932.

Conversation with Sir Miles Lampson.

Subject: Sino-Japanese Negotiations.

Sir Miles Lampson gave me, in confidence, the attached memorandum prepared by Admiral Kelly, and outlining the steps taken in connection with negotiations between Chinese and Japanese beginning on February 27th.

145-3-
American Minister.

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

CONFIDENTIAL.

Franklin D. Roosevelt 5/14/69
3/19/73

COMMANDER-IN-CHIEF'S NEGOTIATIONS.

On Saturday, 27th February, Dr. Wellington Koo and General Gaston Wang, Chief of Staff of the 19th Route Army, lunched onboard "KENT" with the Commander-in-Chief, who had known the General in Canton when he was with Chen Ming Shu. After lunch, in conversation there were indications that the Chinese might be prepared to accept the terms of the Japanese ultimatum if the clause as to the permanent demilitarization of the Woosung Forts was omitted, and if the supervision of the evacuated areas was entrusted to neutral observers instead of the Japanese troops.

2. The Commander-in-Chief saw Admiral Nomura the same evening and suggested there might be possibilities of agreement somewhere on these lines. He also told Admiral Nomura, as he had previously told the Chinese representatives, that if ever they wanted to have a private informal talk with the Chinese, the Commander-in-Chief would be delighted to arrange that they should meet either at lunch or dinner at his table.

3. The following day, Sunday, Admiral Nomura wrote to the Commander-in-Chief saying he would like to know more details from the Chinese side, and asking the Commander-in-Chief to arrange a meeting with the Chinese onboard "KENT", which he would attend with Mr. Matsuoka.

4. The Commander-in-Chief accordingly arranged with Dr. Wellington Koo that he and General Gaston Wang would meet Mr. Matsuoka and Admiral Nomura that same evening onboard H.M.S. "KENT" at 1830.

5. The conversation lasted for 2½ hours, and at the beginning both Dr. Koo and Mr. Matsuoka made it quite clear that they represented nobody and could take no decisions, but it was hoped sufficient agreement might be arrived at to enable a conference to meet with prospects of success.

6. The first four of the five points given later as the Chinese conditions were undoubtedly agreed to on principle; the main difficulty was over the distance of 20 kilometres as the area for evacuation by Chinese troops. This arbitrary distance had been specifically mentioned in the Japanese ultimatum, and for that reason was unacceptable to the Chinese. For the same reason it was insisted on by the Japanese, and neither side would give way.

One of the many alternative suggestions to get over this difficulty, was the one given in paragraph 5 of the Chinese conditions, but this was not definitely accepted by either side.

7. When the meeting broke up it was decided that the result of the discussions should be referred by Dr. Koo to the Chinese Government, and the Japanese would discuss them first with Mr. Shigemitsu and General Uyeda, and if considered acceptable would refer them to Tokyo for decision.

Dr. Koo hoped to have his reply the next day, Monday 29th February, but the Japanese could not hold out hopes of an answer before Wednesday, 2nd March.

- 2 -

8. On Monday, 29th February, Dr. Wellington Koo handed to the Commander-in-Chief in writing the conditions under which China was prepared to cease hostilities. These were:-

- (1) Mutual and simultaneous evacuation by both sides.
- (2) No question to be raised of the permanent dismantling of Woosung or Lion Forts.
- (3) Joint Commission with neutral observers to supervise evacuation on both sides.
- (4) Evacuated area to be administered by Chinese Authorities as usual and policed by Chinese Police.
- (5) Chinese to withdraw to Chenju and Japanese to withdraw to Settlement and Extra-Concession roads, after which Chinese to withdraw to Nanziang.
Withdrawal of Japanese to ships to be taken up at the next Conference.

These were handed by the Commander-in-Chief to Admiral Nomura the same evening.

9. At Noon of 2nd March, Admiral Nomura sent his Chief of Staff, who speaks but little English, to see the Commander-in-Chief to explain the delay in the Japanese answer. A note in English was also handed to the Commander-in-Chief to ensure it was understood:-

"THE CESSATION OF HOSTILITIES."

- "(1) The Chinese proposals differ on some points from
"the private conversations held on board the
"British Flagship on February 28th. Again the
"views of Tokyo Government seem to differ from
"the Chinese proposals."
- "(2) The Japanese Minister is exchanging views with
"Tokyo and as soon as all the points are cleared
"up and the Minister feels able to put forth
"the views as definite Japanese proposals,
"Admiral Nomura would lose no time to communicate
"them to Admiral Sir Howard Kelly."
- "(3) As the matter stands, Admiral Nomura is disposed
"to deem it unnecessary to, and therefore refrain
"from pointing out the departures on the Chinese
"side from the private conversations above
"referred to."

"March 2, 1932."

10. At 2100 on March 2nd, onboard H.M.S. "KENT", Admiral Nomura and Mr. Matsuka handed to the Commander-in-Chief for transmission to the Chinese Authorities, the Japanese conditions for an immediate cessation of hostilities:-

BASIC

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

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BASIC CONDITIONS OF IMMEDIATE CESSATION OF HOSTILITIES.

- (1) Should China give assurances for the withdrawal of her troops to a certain distance from Shanghai (distance to be determined by the Japanese and Chinese authorities), Japan will agree to the cessation of hostilities for a certain period (to be agreed upon between the Japanese and Chinese authorities), and pending subsequent arrangements the Japanese and Chinese forces shall hold their respective positions. Details relating to the cessation of hostilities shall be arranged by the Japanese and Chinese Military Authorities.
- (2) During the period of the cessation of hostilities, a round-table conference between Japan and China shall be held at Shanghai, in which the representatives of principal Powers interested shall participate, and the conference shall discuss with a view to reaching an agreement upon the methods for the withdrawal of both the Chinese and Japanese forces on such terms as are set out in the following paragraph, together with the measures for the restoration and maintenance of peace and order in and around Shanghai and for safeguarding the International Settlement and French Concession in Shanghai and the foreign lives, property, and interests therein.
- (3) The withdrawal of troops shall be commenced by the Chinese troops (including plain-clothes gunmen) to a specified distance, and upon ascertaining the withdrawal of the Chinese forces, the Japanese forces will withdraw to the Shanghai and Woosung areas. As soon as the normal conditions will have prevailed, the Japanese army shall be withdrawn from these areas.
- (4) Should either of the parties infringe any of the terms of the cessation of hostilities, the other party shall have the freedom of action. The both parties have the same freedom of action upon expiration of the period agreed upon under paragraph 1.

11. These conditions are entirely different from anything discussed onboard H.M.S. "KENT", but the military situation had also completely altered and the Chinese troops had been forced to withdraw beyond the 20 kilometre zone.

12. The conditions were handed to Mr. Kuo Tai-Chi in the presence of H.B.M. Minister at 2130, 2nd March.

13. On March 3rd, the Chinese consented to discuss paragraph 1 of these conditions without prejudice or commitment on any of the remaining conditions, and Admiral Nomura was so informed by the Commander-in-Chief at 1330 on March 3rd.

14. The Japanese gave the order to cease hostilities unless attacked, at 1400 on March 3rd.

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

MAR 7 1982

FILE
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The
SHANGHAI
INCIDENT

With the Compliments
of
THE JAPANESE PRESS UNION
Shanghai

PUBLISHED AT SHANGHAI BY
THE PRESS UNION

THIS DOCUMENT MUST BE RETURNED TO THE
DIVISION OF COMMUNICATIONS AND RECORDS

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

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

Chronology of Events

The so-called Shanghai incident broke out shortly before midnight on January 28, 1932, when Chinese armed plainclothes men (*pienyitui*) and regular troops attacked the Japanese bluejackets who were proceeding from their headquarters on North Szechuen Road to their posts for garrison duty within the zone assigned to the Japanese at a conference of all the foreign defence commanders the day before. Earlier that day the Shanghai Municipal Council had issued a proclamation declaring a State of Emergency throughout the International Settlement, effective at 4 p.m. the same day, and ordered the Shanghai Volunteers and special constables out to duty. British and American defence forces also took up positions at their respective sectors soon after the proclamation.

But forces had been at work for months prior to the outbreak of this incident, contributing in one way or other to the development of this clash. These must be outlined briefly.

1. Anti-Japanese Agitations and Boycott

The anti-Japanese agitations and the boycott of Japanese goods were commenced in Shanghai and other large Chinese cities and towns beginning about the end of July, 1931, when what is known as the Korean incident (retaliation by Koreans in Heijo, Keijo, etc. for persecutions of Korean peasants in Manchuria by Chinese landlords and officials, culminating in the well-known Wanpaoshan affair) took place. These anti-Japanese movements, however, assumed a more organized and violent form in September, immediately following the clash in Mukden between Chinese and Japanese troops. Japanese residents and business men in Shanghai, or those having business relations with Shanghai, suffered the most from these anti-Japanese movements, for Shanghai has always been the hotbed of anti-Japanese ideas and the center for anti-Japanese campaigns.

Hostile feelings against the Japanese had been persistently inculcated among the Chinese people by the Nanking Government's Ministry of Education through school text-books and courses of studies designed purposely for that object, the local authorities, student organizations, and leaders of the Kuomintang, the only political party in China. What was termed the "Association to Resist Japan and to Save the Nation" was formed in practically every important city of China. The Shanghai "Amalgamated Anti-Japanese and National Salvation Association" was the most powerful, best organized, and most violently antagonistic against the Japanese. This body directed all the anti-Japanese agitations

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

(mass meetings, processions, propaganda, etc.) and the boycott, which was accompanied by various forms of violence.

Not a single day passed in Shanghai without witnessing some cases of insult and attack upon harmless Japanese school children, other Japanese residents, and the Japanese naval patrols. The attitude of the Chinese in and out of the Settlements was exceedingly hostile, provocative, and challenging toward the Japanese. They were ready to pick quarrels with the Japanese, and the police were unable to control the mobs.

Posters inscribed with slogans appeared everywhere on the streets in Shanghai, inside the Settlements as well as in the Chinese city, such as "Boycott all Japanese goods!", "Arm yourselves and fight the Japanese!", "Down with Japanese Imperialism!", "Kill the Japanese!" Even the Chinese Government post-office and its branch offices inside the Settlement were full of these posters, plastered on the windows, doorways, walls, etc.

Chinese merchants were strictly forbidden to buy or sell Japanese merchandise. Japanese goods were forcibly seized by pickets not only from Chinese shops and merchants, but often also from Japanese hands at the waterfront or *en route* from steamers to the shops. Chinese merchants found dealing in such goods were caught, detained, fined, threatened with capital punishment, or lynched by boycott leaders and pickets, all illegally of course. Needless to say, the losses and damage suffered by the Japanese shipping firms, export and import merchants, general business men, cotton mills, and the Japanese community at large were enormous. Finally, the Chinese, too, began to suffer from the boycott, but they were unable to resist the all-powerful Anti-Japanese and National Salvation Association, otherwise they would be branded as "traitors" by the officials of this organization.

Repeated warnings and protests by Japanese authorities against these illegal acts, assaults upon Japanese nationals, malicious propaganda, fell upon deaf ears. During October and November these agitations and the boycott activities were most serious in Shanghai.

All the Japanese in Shanghai, and to some extent those in other China cities, had to endure patiently, for there was nothing that they or their official representatives could do. The Chinese authorities, both central and local, had practically no control or influence to stop these illegal bodies and their outrages.

2. Insult to the Japanese Emperor

The *Minkuo Jihpao*, the official organ of the Kuomintang, on January 9, 1932, published an article with a highly insulting and indiscreet reference to the escape which H.I.M. the Emperor of Japan had the previous day in Tokyo from an attempt made upon

his person by a youthful Korean. The sister papers in Tsingtao and Foochow likewise published similar indiscreet headlines and articles in much stronger phraseology. The Japanese Consuls-General in Shanghai, Tsingtao, and Foochow, respectively, filed protests with the local Chinese authorities against these articles, declaring them a serious insult to the Japanese Imperial House and the Japanese nation, and demanding formal apologies both by the officials and by the editors of these papers. The officials dilly-dallied, while the editors of these papers refused to comply, giving all sorts of excuses and even ridiculing the Japanese Consular officials for their alleged "lack of the knowledge of Chinese." But finally, on Jan. 21, the Mayor of Greater Shanghai, Wu Teh-cheng, offered an apology to Consul-General K. Murai, and the *Minkuo Jihpao* published in an inconspicuous corner of the paper an excuse and apology, as well as a correction of the article. Those in Tsingtao and Foochow followed the example of the paper in Shanghai.

3. Attack Upon Japanese Priests and Religious Devotees

Japanese feeling was further aroused by the unwarranted and unprovoked attack made by some 60 Chinese gangsters in Yangtzepoo, just outside the Settlement limits, upon five Japanese Buddhists, including two priests. This attack took place at about 4 p.m. January 18, when the *Minkuo Jihpao* incident was yet to be settled. Two of the Japanese were slightly wounded, but the remaining three were so brutally handled and struck with stones, clubs, and bricks that they fell almost completely unconscious. One of them the Rev. Hideo Minakami, died six days later from the wounds inflicted.

The indignation of the Japanese residents in Shanghai was now brought to a high pitch. This feeling was such that in the small hours of January 20 a party of hot-blooded Japanese civilians proceeded to the Sanyue towel factory in Yangtzepoo, whose workers were responsible for the assault upon the priests and their followers, in order to avenge their fellow-countrymen. These men set fire to a part of the factory, and on their way back clashed with the Chinese constables of the S.M.C., resulting in a few casualties on both sides. The Japanese involved in this incident subsequently surrendered themselves to the Japanese Consular police, who accordingly deported them to Nagasaki for trial in accordance with the provisions of law. The *Minkuo Jihpao*, which had been continuing its virulent anti-Japanese propaganda, published an abusive article accusing the Japanese bluejackets of according protection to the Japanese civilians, a complete fabrication. The Japanese naval authorities demanded a publication of correction and apology for this false accusation, which the journal refused.

On January 20 a mass meeting of some 1,000 Japanese residents of Shanghai took place in the Japanese Club auditorium. This meeting, after condemning the Chinese for the repeated acts of violence and agitation against the Japanese, that reached its climax in the assault upon the Buddhist priests, passed a resolution asking the home Government to despatch additional warships and military units to Shanghai in order to secure adequate protection of Japanese lives and property.

In view of the high tension thus prevailing between the Japanese and the Chinese, the Japanese Consul-General in Shanghai, considering it of urgent necessity to remove the immediate cause of the tension, presented the following demands to the Mayor of Greater Shanghai on January 21:

1. Formal apology by the Mayor.
2. Arrest and punishment of the assailants.
3. Payment of hospital bills and solatium.
4. Control of all illegal acts against the Japanese and the suppression of all anti-Japanese propaganda, in particular the immediate dissolution of the Anti-Japanese and National Salvation Association and similar bodies.

4. Mayor Wu's Hesitancy to Meet Japanese Demands

Mayor Wu Teh-cheng of Greater Shanghai expressed his reluctance to accept the Japanese Consul-General's demands on the ground that it was impossible for him to dissolve the anti-Japanese organization or suppress all anti-Japanese movements, for they were motivated by "patriotic feelings." He failed to reply for fully seven days, despite repeated requests from the Japanese official. Rear-Admiral Koichi Shiozawa, Commander of the Japanese Yangtze patrol squadron, on the night of January 21 issued a statement (not an ultimatum, as newspapers termed it) announcing that, in case the Chinese authorities failed to display sincerity and comply with the Japanese wishes, he might be obliged to take such measures as he deemed necessary for the protection of Japanese nationals and their property.

5. Hostile Preparations by Chinese Troops

All this while the Chinese troops around the Settlement (the 19th Route Army) were busily engaged in hostile preparations against the Japanese, digging strong trenches, erecting barricades, and putting up barbed-wire entanglements along the boundaries of the International Settlement, especially near the headquarters of the Japanese naval landing party. These defence workers were daily increased and strengthened, while more and more troops were massed near the Settlement borders.

On January 24 members of an anti-Japanese organization set fire to the official residence of the Japanese Minister to China. On January 28 a bomb was hurled at the Japanese Consulate-General building by members of the same organization.

The Chinese press and other organizations continued to indulge in anti-Japanese agitations and propaganda. Mayor Wu was threatened by Chinese students that, if he accepted the Japanese demands, wholesale rioting would break out among the soldiers and student mobs.

6. Chinese Police Flight from Chapei

Some 200 Chinese police officers in Chapei, the district immediately next to the International Settlement, where some 3,000 Japanese were residing, fled and disappeared by about noon on January 28, leaving the district entirely unpoliced. This exposed the Japanese residents in that district to great danger, and caused considerable anxiety, especially so because of the active war preparations which had been going on in that area by the Chinese soldiers, and in view also of the ever aggravating situation and growing tension. Both foreigners and Chinese residents in that area began to flee into the Settlement.

Events Immediately Preceding the Clash and Afterward

Jan. 28—At 3 p.m. Mayor Wu Teh-cheng notified Consul-General Murai of the acceptance of the Japanese demands. The Japanese Consul-General informed the Mayor that he was satisfied with the Chinese reply and that he would watch how the promises would be put into practice. Mr. Murai also requested the Mayor to cause the Chinese troops in Chapei to discontinue all hostile preparations, and the Mayor agreed to do so. But the Mayor, having no control over the 19th Route Army, could not compel the troops to comply with the Japanese request.

4 p.m.—State of Emergency was declared by the authorities of the International Settlement.

8.30 p.m.—Japanese naval authorities issued a notice stating that, in accordance with the proclamation of the State of Emergency by the S.M.C., the Japanese Navy would assume charge of peace and order in the sector assigned to it by the Shanghai Defence Committee.

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- 10 p.m.—Reports were in circulation that Chinese plainclothes men and communists had started attacks upon Japanese at several points in and out of the Settlement.
- 11.30 p.m.—Japanese naval landing party prepare to report to their assigned posts. Immediately upon leaving headquarters, Chinese plainclothes snipers fired upon the Japanese from a point near the public swimming pool at Hongkew Park, in front of the naval landing party's headquarters, wounding several bluejackets. A few minutes later other Japanese naval units were also attacked by Chinese snipers and regular troops while on their way to their posts.
- 12 midnight.—Hostilities commenced at various places in Chapei, which continued until dawn. These surprise attacks by the Chinese caused 11 deaths, 64 seriously wounded, and 24 slightly wounded among the Japanese by the following morning.
- Jan. 29—Consul-General Murai again requested Mayor Wu to cause the Chinese troops to withdraw a certain distance in order to avoid further clashes. This request, however, was unheeded and the Chinese kept on firing, in consequence of which the Japanese were compelled to resort to more drastic measures, including the use of aeroplanes. Beginning the night before, Chinese plainclothes men continually fired upon Japanese dwellings, buildings, and naval guards. These activities have continued ever since, daily and nightly.
- 8 p.m.—Truce effected between Chinese and Japanese, through the good offices of the American and British Consuls-General. Japanese cotton mills in Shanghai closed.
- Jan. 30—6.30 a.m.—Chinese troops in Chapei open fire into Japanese garrison zone and Settlement, in spite of their promise to observe the truce. Japanese obliged to return fire. One cruiser and 12 destroyers, with additional landing party, arrive in Shanghai.
- Jan. 31—Efforts made by the Japanese naval and consular authorities, through the good offices of the American and British Consuls-General, to put the truce into effect, but of no avail, as the Chinese were continually violating the truce and firing into the Settlement and the Japanese garrison area.
- Feb. 1, 2, 3—Intermittent firing between Chinese and Japanese forces in Chapei. Chinese forts at Woosung fired upon Japanese destroyers on February 3.

- Feb. 4—Shanghai-Nagasaki cable line, operated by the Japanese, cut by Chinese soldiers at Woosung. Vice-Admiral K. Nomura appointed Commander of third Japanese Fleet (including First China or Yangtse Squadron).
- Feb. 5, 6—Firing continued in Chapei, the Japanese using planes.
- Feb. 7—Japanese Government's Statement issued in Tokyo, as well as in Shanghai, relative to Shanghai affair, and announcing despatch of land forces. Advance guards of military forces land in Woosung on night of Feb. 7.
- Feb. 8, 9, 10—Little activity both at Woosung and Chapei.
- Feb. 11—By mistake, caused by defective mechanism, a Japanese plane dropped a bomb on Wing On Mill at Markham Road, within the Settlement, falling within the sector assigned to U.S. Marines. Japanese Naval Commander, Vice-Admiral Nomura, at once tendered apology to U.S. Naval and Marine Corps Commanders.
- Feb. 12—During four hours' truce, Major F. Haylely-Bell, S.V.C., and Father Jacquinet, with a rescue party, went into Chapei and rescued 250 civilians, mostly Chinese. Even during this period (8 a.m. to 12 noon) the Chinese fired into the Japanese positions.
- Feb. 13—Lt.-General Kenichi Uyeda, commander of the Japanese military forces, and his staff, as well as the troops, arrived in Shanghai at about 6.30 p.m. A brief statement was issued by Lt.-General Uyeda to the press.
- Feb. 14, 15, 16, 17—Chinese shells fell repeatedly inside Settlement area and Extension roads, wounding many Japanese residents. On Feb. 17 two British sailors were mortally wounded at Hongkew wharf by such Chinese shells.
- Feb. 18—9 p.m.—Lt.-General Uyeda issued a note of warning demanding withdrawal of Chinese troops 20 kilometres away from Settlement borders, north of Soochow Creek, the front lines, by 7 a.m. Feb. 20, and the entire evacuation by 5 p.m. Feb. 20. Consul-General Murai also sent a note to Mayor Wu along same lines.
- Feb. 20—7.30 a.m.—The Chinese having failed to withdraw, Japanese land forces, acting in co-operation with the naval landing party, commenced offensive against Chinese.
- Feb. 22—Japanese civilian casualties caused by Chinese plainclothes men's activities total to date 8 killed, 12 seriously wounded and 21 slightly wounded.

How Wars are Fomented

(By George Bronson Rea in *The Far Eastern Review*, Feb., 1932)

On January 18, 1915, Japan presented Twenty One Demands to the President of China. Group Two concerned the extension of the Liaotung Lease and the term of the South Manchuria and the Antung-Mukden Railways to a further period of ninety-nine years. It also provided for the right of Japanese subjects to own and lease land, erect buildings thereon, liberty of residence and travel and right to engage in business, industry and commerce in South Manchuria and Inner Eastern Mongolia. In addition, it called for the recognition of certain mining rights and various railway privileges.

This, in reality, was all that Japan hoped to get out of the whole series of demands, but true to Asiatic traditions, asked for ten times more than she expected. There was no sustained opposition on the part of the Chinese Government to conceding the demands covered by Group II and these were substantially complied with after a few conferences. China also gave way on the demands over Shantung but rejected the rest.

Before accepting the demands agreed upon, the Chinese approached the Japanese and confided that an ultimatum would expedite the conclusion of the treaty and give the Chinese Government a plausible excuse for signing it. As usual, the Chinese outfoxed the Japanese and placed them in a vulnerable position. On the accuracy of this statement now hinges the Chinese case that the Treaty of May 15 covering the demands of Group II was extracted under duress. Viscount Kato, the Japanese Foreign Minister at the time the treaty was negotiated, is authority for the statement that the ultimatum was privately requested by the Chinese to "save their face." Marquis Okuma, Japan's Prime Minister at the time, made a similar statement before his death. Other Japanese diplomatic officials then on duty at the Legation in Peking, support this testimony. Dr. Sun Yat-sen also confirmed the Japanese version of the ultimatum in private talks with American newspaper correspondents.

The Chinese Government, however, sticks to the official record and insists that the ultimatum destroys the legality of the treaty and therefore it will never recognize it. Hardly had the ink dried on the treaty, when the Chinese Government on June 25, 1915, issued a Presidential Decree making it a treasonable offense for any Chinese to injure the rights of the country by entering into a contract with foreigners. In subsequent years, when the program to oust Japan from Manchuria became an obsession, many special laws and regulations were drawn up and enforced by the various

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Manchurian authorities, prohibiting the sale or lease of lands or houses to Japanese subjects, thus precipitating the many incidents in which Koreans were deprived of their leases after having reclaimed the land and improved the properties. The enforcement of these laws led to the Wanpaoshan affair, the frenzied retaliation of the Koreans and the rapid intensification of the whole dispute to the inevitable crisis.

Relying on the promise of the American Minister in Peking that the United States would support her claims at the Paris Peace Conference, China placed her fight in the hands of the American Delegation. Had it not been that Great Britain, France and Italy had secretly agreed to support Japan's acquisitions as part compensation for her participation in the war, China undoubtedly would have won her case at Paris. Disappointed and bitterly resentful over her defeat, China refused to sign the Versailles Treaty and dispatched a rabid anti-Japanese agitator to Washington to break the treaty in the Senate and stir up American resentment against Japan. The Senate's rejection of the Treaty and refusal to join the League, while based on purely domestic politics, was undeniably influenced and strengthened by the propaganda over Shantung. China cannot escape her share of the responsibility for crippling the League at its birth. China then signed the Treaty of Trianon and automatically became a member of the League.

At the Washington Conference, China again made a determined effort to bring Japan to the bar of justice over the 1915 Treaty but was defeated by the fact that Japan accepted the invitation to attend the conference on the express condition that her rights in Manchuria should not be included in the agenda. China made a dignified yet desperate assault upon the 1915 Treaty compelling the Japanese delegate, Baron Shidehara, to place on record Japan's position in the following words:

... "if it should once be recognized that rights solemnly granted by treaty may be revoked at any time on the ground that they were conceded against the spontaneous will of the grantor, an exceedingly dangerous precedent would be established with far-reaching consequences upon the stability of existing international relations in Asia, in Europe and everywhere."

China's Delegate, Dr. Wang, answering Baron Shidehara, placed on record the following ominous statement:

"The Chinese Delegation has the honor to say that a still more dangerous precedent will be established with consequences upon the stability of international relations which cannot be estimated, if, without rebuke or protest from other Powers, one nation can obtain from a friendly, but, in a military sense, weaker neighbor, and under circumstances such as

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attended the negotiations and signing of the treaties of 1915, valuable concessions which were not in satisfaction of pending controversies and for which no *quid pro quo* was offered."

When her efforts to have the Manchurian issue settled by the Conference failed, China reserved the right to seek a solution on all future appropriate occasions. When the original 25 year lease to Port Arthur and Dalny expired in 1923, adhering to her declared intention to ignore the 1915 Treaty as illegal, China formally notified Japan of the termination of the lease and requested the restoration of her sovereignty over the territory. Japan refused to discuss the matter.

From 1923, no further steps were taken to enforce the Chinese viewpoint until Marshal Chang Tso-lin was killed. His son and successor, allying himself with the Kuomintang and the rights recovery movement of the Nationalist Government carried out through the evasion, repudiation and abrogation of treaties and agreements, started a campaign that had for its object the slow strangulation of Japan's industries and enterprises in Manchuria by unfair competition, economic pressure, ignoring of agreements, crushing taxation and other methods designed to bring financial ruin to the South Manchuria Railway and its subsidiary enterprises. Declaring war upon Japan within the peace pacts, China was rapidly making her position untenable or at least unprofitable. This was the situation on September 18, when the Japanese army, either intentionally or in self-defense, struck to defend its rights.

This may have no bearing upon what followed, but it is well to bear in mind the basic Chinese diplomacy and declared intentions towards utilizing every appropriate occasion to find a solution to her dispute with Japan over the 1915 Treaty. It is a semi-secret that at the London Naval Conference, the United States and Great Britain assured Japan of a free hand in Manchuria in exchange for a reduction of her fleet, thus destroying China's last hope of international support in her long drawn out fight to invalidate the 1915 Treaty. This return to the secret processes of old-fashioned diplomacy convinced the Chinese that their case against Japan was lost unless a situation was created that would compel international action before it was too late to save themselves. The ground for this action was prepared by China's election to a seat on the League Council and, it is significant that the attempt to destroy the South Manchuria Railway on the night of September 18 synchronized exactly with the opening session of the Council. Had adjournment over the week-end not taken place, the Council would have been confronted on Saturday morning with the Mukden incident and China's demand for intervention. How otherwise can the Chinese explain the alleged orders of Marshal Chang Hsueh-liang commanding his armies to lay down their arms in the event of being attacked

by the Japanese? It is inconceivable that any ruler would surrender his capital, his arsenal, his air-fleet, his treasury and his yamen without a fight, unless assured he would receive prompt assistance from the outside. The only error in calculation was the week-end adjournment and the rapidity of the Japanese defense. Within forty-eight hours the little Japanese army was in complete control of the strategic centers of Manchuria and Marshal Chang's power was broken. When the League Council met on Monday, it faced the accomplished fact, with a hysterical Chinese Member shrieking for immediate application of sanctions against Japan.

China threw herself unreservedly into the arms of the League and demanded intervention, with the full knowledge that any international action would ultimately lead to a consideration of the 1915 Treaty. Japan was willing to accept the League's terms in all but one point, insisting upon China's promise to comply with the treaties as a basic condition to withdrawing into the railway zone. This was the one point that China would not accept. Anything, rather than face Japan alone over the validity of the Manchurian treaties. China stubbornly refuses to negotiate this matter with Japan unless supported by international observers, while Japan just as resolutely rejects any outside intervention in a dispute she considers as one that concerns only herself and China. In other words, the situation is an exact duplicate of the one created at the Washington Conference, only in this instance China threw her case into the League, her last and only hope for international intervention to compel Japan to get out of Manchuria.

With a full understanding that if the League accepts the adjudication of a dispute having its origin in the validity of a treaty extracted under duress it would kill its own usefulness, China insisted that the League dig its own grave. When the real facts of the situation filtered through to Geneva and the League began to understand what it all meant it began to back away from the precipice that yawned before it. The failure of the League to stop Japan, caused China's enthusiasm for this body rapidly to wane.

Right here, it is necessary to revert to the statement made by Dr. Wang at the Washington Conference and emphasize its significance. He said, in effect, that China is not concerned with the stability of existing international relations elsewhere in the world, and unless the League and the Powers stand with her against Japan over the validity of the 1915 Treaty, a "still more dangerous precedent will be established with consequences upon the stability of international relations which cannot be estimated." In plain words, China will tear the whole world apart and drag other nations down to ruin before she will confront Japan alone and accept the treaty of 1915 as binding.

Compare the above declared policy of China with the following

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statement given to the press at Nanking on October 6, by Dr. W. W. Yen, on his appointment as Chinese Minister to Washington.

"China is at the cross roads," he said. "One means following instinctively the rule of law and reason in international affairs. The other leads to the adoption of extremist ideas and measures which have little regard for the consequences. This road will be followed in disappointment and desperation. The decision and responsibility for the decision as to what road China will follow rests largely upon the attitude and actions of nations whose ideals and interests are seriously menaced by the militaristic violations of agreements designed to maintain peace."

Dr. W. W. Yen is a Northern politician affiliated with the Chang Hsueh-liang faction. Before commenting further on the above statement, it is well to ponder over the following extract from an editorial in *The Peking Leader* of September 24. This newspaper is, or rather was, the organ of the Chang Hsueh-liang Government.

"The Signatories of the Kellogg Peace Pact are indifferent because war has not been created by Japan's unwarranted invasion of Chinese territory. Public sentiment is being worked up and sooner or later, the Chinese nation, if it is going to remain one at all, will have to rise and create a rumpus to turn this international aggression into an international war—to conform to the requirements of the Kellogg Pact."

The Peking Leader, (since suppressed as the result of pressure from the Japanese Legation at Peking) interprets the more diplomatic utterances of Dr. Wang and Dr. Yen in understandable English. There never has been any doubt as to the certainty that China would create some incident that would involve other nations in her quarrel with Japan in order to force international action, once the Chinese became convinced that the League or the United States would not intervene to stop Japan. The only uncertainty was how, when, and where the incident would occur. For a time, it looked as though Tientsin might furnish the excuse, but that incident fizzled out owing to an old treaty provision prohibiting the approach of Chinese armies to within a specified distance of the port. Had it not been for this, the issue would have been created in the Northern port. Since then, it has become more and more evident that the League would not intervene further than to send a Commission of Inquiry to Manchuria, while all appeals to the United States to invoke the Kellogg and Nine Power Pacts have failed to bring the required results. Facing the loss of Manchuria and with all hope of foreign intervention gone, China had either to accept defeat and face Japan alone, or kick up such a rumpus as would "turn this international aggression into an inter-

national war" and force the application of the Peace Pacts and Article XVI of the Covenant.

So we come to Shanghai and the chain of events that led up to the night of January 28. It is unprofitable to follow in detail the unfolding of the tragedy now being enacted in the environs of this port. As in Manchuria, there are as many versions of what happened as there are observers and narrators. For the purposes of this article, it is safer to adhere to the report of the League Commission as the most impartial record of what led up to the explosion and what followed. Here again, there is the same conflict of evidence as to how the fight started.

It is generally accepted that the Japanese blundered, but there is this much to be said in their favor. Neither the high officials of the Government in Tokyo or the big-business men of Japan desired to further complicate a situation that called for all their tact and diplomacy to surmount with dignity. Although the situation in Shanghai was ominous and loaded with dynamite, Tokyo confidently expected that it would be handled successfully by the small naval contingent assigned to protect lives and properties in co-operation with the forces of other nations. The blow-up on the night of January 28 was entirely unexpected in Tokyo and aroused considerable criticism and resentment against Admiral Shiosawa for not being able to prevent a situation that was clearly foreseen would lead to further embarrassing and dangerous complications.

Who was to blame? The Japanese present a clear-cut case, proving that they were attacked when they moved to take up the positions assigned to them and therefore acted in self-defense. The Chinese have an equally convincing case that the Japanese invaded Chinese territory and they simply defended their position. Both statements are supported by the testimony of unimpeachable witnesses. Both sides are right. The Governments of both sides however must be guided by the official reports of their own representatives and support them, if necessary, by force. Who is to be the judge?

We come to the story of the 19th Route Army and its part in precipitating the trouble. Here again, there are as many versions of the motives which influenced these troops to make a stand against the Japanese as there are stories of what followed. The following facts however stand out from the mass of rumors and help us to understand what it is all about. The 19th Route Army is composed of three Cantonese Divisions which have rendered a good account of themselves in the many campaigns they have taken part in. These troops were transferred from their own province to the Shanghai-Nanking area as part of the agreement that brought peace between Canton and Nanking in December last. The control of the Shanghai-

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Nanking Railway district by this army was a pre-requisite to the Cantonese leaders coming to Nanking to participate in the Government and entrusting their safety to the promises of Generalissimo Chiang Kai-shek. This army, garrisoning the Shanghai area, constituted a guarantee that in the event of further political trouble, the Cantonese leaders would not be forcibly detained by their Ningpo military colleague. That is all. There was no patriotism or high motives in their being here, simply a cold, calculated insurance against a repetition of the Hu Han-min outrage, the guarantee of a safe and quick get-away to the protection of Shanghai in the event of a rupture.

The break came on January 25 over the Government's policy in regard to Japan. Mr. Eugene Chen, the new Foreign Minister and one of the Cantonese leaders, proposed the immediate severance of diplomatic relations with Japan to be followed by a declaration of war. General Chiang Kai-shek, who would have to do the fighting and who knew perhaps the limitations of his army and resources, rejected these proposals as too drastic. So the split came. Mr. Chen and Mr. Sun Fo finding themselves in opposition to the big military chief and fearing the usual termination to such differences of political opinion hastily left Nanking for the safer precincts of the International Settlement. Once more, Canton and Nanking were at odds, facing another civil war, but this time a Cantonese army was entrenched outside of Shanghai commanding the approaches to the city and port.

Here we have the familiar picture of a Chinese army from another province entrenched on the soil of another warlord's preserves, holding the premier city of China and the source of all government revenues as hostage for its own safety as well as that of its political leaders. The withdrawal of this army from the vicinity of Shanghai, or its return to its home province, meant the certain end of Canton's influence at Nanking and the finish of the Kuomintang party dictatorship. The departure of this army would automatically compel the hasty exit of Mr. Eugene Chen and Mr. Sun Fo and their followers from Shanghai and terminate their careers as national political figures. The army that dominates the Shanghai area, controls the purse strings of the treasury and dictates the personnel of the government. Chiang Kai-shek, in anticipation of trouble, whether with Canton or Japan, had moved his crack divisions to Loyang and was in no position to enforce his orders to the Cantonese. Unless the 19th Route Army could be induced to evacuate the Shanghai area, his sources of revenue would be cut off and his power handed over to his political enemies. If the 19th Route Army retired from their positions around Shanghai towards Nanking or Hangchow, it was a foregone conclusion that sooner or later they would come into conflict with Chiang's divis-

ions and be wiped out. The Canton army was therefore between the devil and the deep sea. They dared not move. There are stories to the effect that Chiang Kai-shek ordered them out but they refused to go. There are other stories that several thousand troops from Hangchow were sent to disarm them but on arrival threw in their lot with them. There are other stories, all irrelevant to the main facts. As long as the 19th Army remained entrenched around Shanghai, their political leaders were still in the ring and could dictate terms to Nanking. They held Shanghai and the army that holds this port holds the purse strings and the power of government in China. Chiang Kai-shek let himself out on the end of a limb when he allocated the Shanghai-Nanking area to the Cantonese and sent his own crack battalions to far-away Loyang. He may be the main figure in the government, but unless his army controls Shanghai, he is just one of the many war-lords out of luck.

There may be other excellent reasons to explain the resistance of the 19th Army, but after all is said, the fact remains that in the beginning, it was fighting for the only thing that makes war profitable in China and in doing so have transformed a sordid struggle for power and pelf into a patriotic war that may result in a real rebirth of the nation. In addition to these basic influences, there remains the undisputed fact that the Cantonese leaders who broke with Nanking on January 25, had declared for war with Japan. They came to Shanghai bitterly resentful of the other group which stood for peace, or, at least, for less drastic measures. Here they had their own army, ordered out by Chiang but with no place to go with any chance of escape from Chiang's divisions. By holding their ground, they retained a certain power that in time would have to be recognized. They stayed and dug themselves in. Perfectly natural, understandable and commendable. Is it fair to deduce that the Cantonese leaders, smarting under their defeat and in order to make their program stick, induced their army to resist Japan to the point where Chiang Kai-shek would have to give in, and fight Japan? If the Canton army was operating in the beginning as a unit of the National forces, why was not Generalissimo Chiang in command of such an important action? Is it possible that Chiang Kai-shek does not dare to entrust his person to the loyalty of his Cantonese divisions, who remember the trick he played on their idol, Hu Han-min? Chinese warfare probably has not changed overnight, and it is quite understandable that the Generalissimo of the Chinese armies would not care to move around without his own armies at his back.

Or, to leave this phase of the subject, is it logical to infer that the gallant resistance of the 19th Army is the direct result of a determined and set policy to provoke international intervention at all costs over Manchuria? The Chinese see Manchuria being

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transformed into an autonomous state with no opposition from the outside Powers to check Japan and restore his patrimony to the Young Marshal. Did the Chinese, in conformity with their oft-expressed policy to compel international intervention, "in disappointment and desperation and with little regard for the consequences," decide to take advantage of the explosive Shanghai situation to precipitate a world issue that would bring us all into the Manchurian mess? The answer to this question is found in every official and semi-official statement emanating from the Chinese Government since the night of January 28.

Mr. Lo Wen-kan, Minister for Foreign Affairs, stated on February 6:

"It is inconceivable that in considering the general situation brought about by the military aggression of Japan, the so-called Manchurian question can be treated separately from the question of Shanghai."

The following day, another statement to the same effect was made by Mr. Quo Tai-chi, vice-minister for Foreign Affairs. Mr. Wang Ching-wei, President of the Executive Yuan issued a similar statement from Loyang on February 5, and added:

"If the Chinese Government had been willing to sign, like Yuan Shih-kai, treaties like the notorious Twenty One Demands, the whole affair would have been settled long ago. . . Because we refuse to sign such treaties, Japan has attacked Mukden, Tsitsihar, Chinchow, Harbin and Jehol purely with the purpose of forcing China to surrender her sovereign rights under armed pressure. In view of the fact that the Chinese Government continues to remain firm in refusing to sign such treaties, Japan has decided to take further steps."

There is no record that Japan has asked China to sign any new treaties surrendering her sovereignty. Mr. Wang's statement is the Chinese way of saying that his government will never recognize the 1915 Treaty. The record to date, reveals that Japan has merely demanded that China live up to the treaties and agreements she has already signed.

General Tsai Ting-kai, Commanding the Chinese Army around Shanghai, concluding an interview published in the *North-China Daily News* (February 8) remarked:

"The remaining point emphasized by the Japanese Admiral was that 'Shanghai is an entirely separate issue from Manchuria.' The Admiral, I notice, failed to give his reasons. The Manchurian conquest is practically ended because Japan's ambitions there have been realized but the epilogue to the Manchurian show is being performed here."

Dr. W. W. Yen, at Geneva in his appeals to the Council has also insisted that the root of the Shanghai matter lies in Manchuria.

On February 15, a number of the Central Committee members of the Kuomintang, headed by Mr. Sun Fo, issued a circular telegram to the country urging what for all practical purposes amounts to a declaration of war, national support to 19th Route Army, a general offensive in the North to recover control of Manchuria, etc. and closing with the reminder that the Shanghai situation could not be treated separately from the Manchurian question. Up to the last minute in the negotiations which preceded the expiration of the final ultimatum of General Uyeda, the Chinese side insisted that the local situation could not be considered apart from Manchuria and that an international commission should take part in the settlement.

The real story of Shanghai remains to be told. It may never be told. It is too early for the world to pass judgment on who was responsible for what happened on the night of September 28. For the present the surface evidence would indicate that the Japanese Admiral exceeded his instructions, underestimated the fighting qualities and power of resistance of the Chinese troops and attempted to carry through a minor military operation with an insufficient naval landing force, creating a situation so fraught with danger to the prestige of Japan that the army had to be dispatched to extricate him from his peril and preserve the honor of the nation. The Japanese blundered, but the evidence is irrefutable that they walked right into a Chinese trap skilfully prepared in advance to create a situation that would focus world attention upon Shanghai and force international intervention against Japan in the hope of bringing Manchuria into the picture.

The 19th Route Army is worthy of every praise for its gallant resistance, even though it was against a much inferior, but better equipped force. It has retrieved the honor of the Chinese fighting forces and shown to the world that the Chinese will fight. They may have been animated by a spirit of pure patriotism in defending their native land against the invasion of Japanese armed forces. If so, and a Cantonese army on its own initiative will defend another province against outside aggression, there is hope for China. It marks the beginning of a new era in the Far East, the evidence of a new spirit that will save China from extinction as a nation. All honor to brave men!

On the other hand, all the eulogies and admiration expressed for the 19th Route Army does not detract in any way from the simple statement that it dared not retreat in any direction from Shanghai without encountering the armies of hostile war-lords allied with Chiang Kai-shek. Withdrawal from their position around Shanghai and repatriation to their native province meant the end of Cantonese influence at Nanking. Their political leaders were here in Shanghai demanding war with Japan and urging their army to sit tight and fight it out. And behind it all was the

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great prize of Shanghai, the only place in China left to loot, the treasure house which furnishes sixty-five per cent of the revenues of the government. Patriotism is a wonderful thing, but practical politics is quite synonymous with this virtue in China.

In this land of make-believe, it is well to keep the proper perspective on things. The Chinese diplomats and statesmen have placed on record on various occasions their government's policy towards Manchuria. They refuse to recognize the legality of treaties and agreements which do not conform to their ideas of sovereignty and nationalism and before they will acknowledge the validity of the 1915 Treaty, they will carry out their threat to create a situation whose consequences upon the stability of international relations cannot be estimated. Convinced that the League or the United States will not go to war with Japan or apply economic sanctions against her for acting in self-defense and confronted with having to face Japan alone over an issue she has for seventeen years sought to shoulder on to other nations, China in sheer desperation and disappointment has provoked what she hopes will be a world crisis, without any thought of the consequences upon world peace or the stability of Europe.

There is another side to this Manchurian picture. For the moment, there is no Chinese Government, but such as there is, its official spokesmen are all henchmen of Marshal Chang Hsueh-liang. The Minister of Foreign Affairs, Mr. Loh Wen-kan, held the same position in the Mukden Government up to September 18. Dr. W. W. Yen, China's representative at Geneva, is a Peking official of the old Northern Group, affiliated with the Young Marshal, while Dr. Wellington Koo, Chang Hsueh-liang's right-hand man has been appointed to accompany the League Commission to investigate Manchurian affairs. The key positions in China's foreign relations for the moment are therefore held, not by Kuomintang officials, but by representatives of the Young Marshal, the Co-Ruler of China, whose sole object is to regain control over the province and its revenues.

In all the publicity, propaganda and official statements over Manchuria emanating from the Chinese side, not a word has been said, not a promise has been made, that the rights of the peoples of the Three Eastern Provinces to a voice in their own government are to be recognized. Restoration of Manchuria to China, simply means its return to the rule of Chang Hsueh-liang and the further enslavement of its people to the yoke of a pitiless bandit oligarchy. Were there any indication, however slight, that the rights of the people of Manchuria to a share in their own government were to be recognized, China's case against Japan would be immeasurably strengthened. But as long as the whole weight of Chinese diplomacy is concentrated upon restoring the dictatorship of a war-lord and his

rapacious armies, and the world is expected to intervene to perpetuate such an injustice, there is little hope that any sympathy will be wasted on a system which is repugnant to every right-thinking man.

The daily news aspects of the developing Shanghai situation will absorb the attention of the world and overshadow the fundamentals of the real problem. If China is successful in her diplomacy and propaganda, the whole world will be drawn into a war over a purely local incident in order to gain her ends in Manchuria and escape having to recognize a treaty which rightly or wrongly she rejects because she claims it was extracted under duress. So we come back to where we started, to a Spring day in May, 1915, when a high Chinese Foreign Office official confided to the Japanese Minister at Peking that the Manchurian Treaty would be expedited and at the same time provide a plausible excuse for the President of China to sign it, if Japan would only hand in a little ultimatum that would save their face. The astute Japanese Minister, who ought to have known better, jumped at the bait and was hooked. He placed a weapon in the hands of the Chinese that they have since employed to justify their refusal to recognize the treaty.

China will never admit the truth concerning her invitation to Japan to send in the ultimatum, and will insist upon dragging the whole world into the dispute. If she finds that she must settle with Japan without outside assistance, rather than face Japan alone, and recognize the 1915 Treaty, she will go down to ruin and carry the rest of the world with her. This is the real issue behind the Shanghai incident.—G.B.R.

Fundamentals

(By George Bronson Rea in *The Far Eastern Review*, Feb., 1932)

Wars are rarely precipitated overnight. It takes time to create suspicion, provoke resentment, engender hatred, marshal public opinion and fire the hearts of a people to the point where they are ready to fight for something that does not immediately affect their own security. It took three years of violent newspaper misrepresentation, invective and vilification to convince the American people it was their duty to go to war with Spain to redress the wrongs of Humanity in Cuba. Even then, it could never have been done, if the battleship *Maine* had not been destroyed in Havana harbor, by an explosion whose causes are still shrouded in mystery. Ninety-five per cent of the stories in the American press about Spanish atrocities and inhumanity had no foundation in fact. Invented in the fertile imagination of Cuban laborantes and confided in deep secrecy to sympathetic American war-correspondents they were wired to their home offices as the latest news from the "front." It always works.

It took the same length of time to find a slogan that would move the American people to participate in the Great War, redress the wrongs of the Belgians, liberate the German people from the yoke of their military taskmasters, destroy the Divine Right of Kings and make the world safe for Democracy. Again, it worked. We then sent an American army to Siberia to make Asia safe for Bolshevism. That also worked. It then became our bounden duty to ally ourselves morally with our Asiatic "Sister Republic" to put an end to autocracy and militarism in this part of the world. We broke down the "imperialistic" Anglo-Japanese Alliance, in order that the new democracy of Russia should have free scope for expansion and provide republican China with the most unembarrassed opportunity to develop into a first class power worthy of our assistance in making this part of the world safe and secure for the principles that underlie our conception of things-as-they-ought-to-be. Our Sister Republic however, had her own fish to fry. Solely intent upon punishing and humiliating Japan, China hailed with joy the prospect of duplicating her secret diplomacy of 1896 when she unloaded upon Russia the task of fighting her battles. Instead of putting her own house in order and proving worthy of the confidence reposed in her ability to establish a modern state and taking over her international responsibilities, China utilized her freedom from outside intervention to indulge in a series of ferocious civil wars that split the country into several independent states which, by the courtesy of the Powers, are still recognized as a political entity in order to facilitate the conduct of international

affairs. Safe in the arms of the League, protected by the Nine Power Treaty and Kellogg Pact, China settled down to a prolonged period of internal warfare, abrogation of treaties and disregard for the rights of other nations.

Convinced that in due course, America would fight Japan over the supremacy of the Pacific, the Open Door or some other issue connected with the preservation of her integrity, China has conducted a violent propaganda calculated to inflame American opinion against Japan. Americans have deluded themselves into a belief that in some way their national honor and self-respect is involved in the preservation of principles they expect Japan religiously to uphold while accepting as a matter of course Russia's cynical disregard and violation of the same doctrines.

The climax that any school-boy could have foreseen came on the night of September 18 and from that date the process of marshalling world opinion against Japan has been in steady progress. Handicapped from the outset in presenting and explaining her case in the face of universal prejudice and suspicion, Japan was condemned as a violator of treaties, an outlaw nation that had lost all sense of moral and treaty obligations. That China had steadily violated her treaties with Japan and provoked the latter to act in self-defense, counted for nothing before the more important fact that Japan had violated her treaties with the United States and other Powers.

The world has a short memory. As far back as 1927, when the Nationalist Government abrogated its treaty with little Belgium, Chiang Kai-shek announced that this abrogation was the first of others to follow. "We will execute no treaties such as were signed by former governments, nor will we at any time recognize any treaties or agreements which were made with other nations by any government in China previous to that of the Nationalist forces." Faithfully adhering to this program of treaty denunciation, the Nationalist Government has been encouraged by the passive attitude of the United States and Great Britain to believe that it could get away with it. Only when Japan struck to defend her vital interests in Manchuria, did the rest of the world suddenly recall that there was such a thing as the sanctity of treaties and its wrath fell, not upon treaty-breaking China, but upon Japan. In protecting herself against the violation of a treaty vital to her existence, Japan automatically became the violator of other treaties.

A nation that sees itself forced into a corner by the operation of treaties which circumscribe its powers of defense while its traditional foe is permitted full freedom to pursue predatory policies without a word of protest on the part of other Powers, will sooner or later assert its right to self-preservation. Technically, Japan is wrong, but to a man her people believe they are

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right. As far as Manchuria is concerned, Japan has an exceptionally strong legal case that commands respect and unprejudiced consideration. China has an equally strong moral case, but one which can not be brought before an international tribunal with any hope of receiving a favorable verdict. Once the validity of a treaty extracted under duress comes within the purview of the League of Nations or the World Court for revision, the whole post-war international structure is menaced with collapse. If Japan admits that it is a matter even for discussion, the precedent will be created for a score of other nations to demand the reopening of issues now closed through the application of force. The Chinese Government and the Chinese people adhering tenaciously to their refusal to admit the validity of the 1915 Treaty, demand that the rest of the world come to their aid to compel its revision. Rather than face Japan alone and settle her dispute by mutual agreement, China would drag the whole world down to ruin to achieve her ends.

Leaving aside the economic and legal aspects of the Manchurian problem, the Chinese case is weakened by the non-existence of a government that can discharge its international duties and guarantee its own territory and Japan against attack or aggression from the direction of Urga. China has made no effort to regain possession of Mongolia, or defend herself against the Red menace. International law justifies Japan in violating China's territory in order to protect herself while there is yet time to do so. A year hence, it would have been too late.

It is easy enough to condemn the military leaders of Japan for taking the initiative away from the ministry of foreign affairs and arrogating to themselves the right to dictate the policy of the government. When a nation sees its security whittled away to the vanishing point and its powers of resistance undermined by a long drawn out ineffectual policy of conciliation which surrenders its right to defend vital interests in territories where its very life is at stake, the time must arrive when those whose duty it is to defend the nation will call a halt.

Japan's military leaders are no different from those of other nations. No British government, no matter how liberal or how radical, would dare set aside the two-power naval standard of the Admiralty. There is a limit to disarmament, conciliation and surrender of the right of self-defense even in Great Britain. The same holds true in France. The French people demand security, preferably through pacts which bring us all in on her side in any future war. Failing this, they wisely provide their own security and woe betide any government that would run counter to the basic defense plans of the General Staff. Even in the United States, there is a limit beyond which no Congress

would dare go in disregarding the advice of the General Staff of the Army and Navy in any matter affecting the security of the nation. Should the day ever arrive when the security and national existence of the United States is jeopardized by the conciliatory policy of a pacifist cabinet or Congress, our experiment in democratic government will also give way to a military dictatorship.

It is popular at the present time to condemn the Japanese military leaders and ignore the reasons which compelled them to retain a supervisory direction over the external policies of their government. Fifteen years ago, their attitude could be readily justified; to-day, when peace pacts rule the world, their interference in political affairs cannot even be explained. Of all nations, Japan is the only one that world opinion refuses to concede the same right of self-defense that the United States and Great Britain lay down as a fundamental condition to their adherence to the war renunciation pacts. Yet, if fair-minded observers would remember only the high points of events of the past thirty-five years, they will understand something of the motives which explain much that is otherwise condemnatory and contradictory.

Deprived of the legitimate fruits of their victory over China in 1895 by the intervention of the three strongest military powers; humiliated further by seeing China hand Manchuria over to Russia, forcing them to fight another war to preserve their independence; the military leaders of Japan then watched Russia enter into stupendous preparations to resume the conflict. This war of *revanche* was scheduled to take place in 1912. To keep pace with Russia's open preparations to regain her lost prestige in Eastern Asia, Japan was compelled year by year to increase her military establishment to the point where it became a serious drain on her resources. At no time from 1905 to 1914 did Japan dare to relax her vigilance. During the Great War, the Japanese military leaders took advantage of the opportunity to impose a new treaty upon China in order to strengthen their strategic position and in so doing incurred the enmity of other powers. As usual with Asiatics, the Japanese demands were all embracing, in order to get the one thing they wanted. They got just that and no more, and from the evidence now available, the Chinese made no objection to conceding this point.

In order to maintain the doctrine of the Open Door, the Consortium Powers forced Japan to surrender her outer line of strategic defense against the menace from the direction of Urga and lay herself open to a flank attack in South Manchuria by the forces of the Soviet. They tore down Japan's defenses but made no agreement to come to her assistance in the event her security was endangered. They went further and destroyed the one bulwark

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for peace in the Far East by cancelling the Anglo-Japanese Alliance, leaving Russia to pursue her policies in Asia without fear of restraint. Rightly or wrongly, legally or illegally, by force or by persuasion, by hook or by crook, Japan consolidated her position in Manchuria. Viewed as an isolated episode, her tactics were indefensible, but when considered in the light of previous events and subsequent revelations of China's secret alliance with Russia which brought on the war of 1904, it is difficult for any unprejudiced mind to wholly condemn Japan. In an understanding with Great Britain and France for the defense of Allied war aims in Siberia, Japan was to take over the Trans-Siberian Railway, occupy Vladivostok and be compensated by a slice of Siberian territory that would have enabled her to defend the Far East against the spread of Bolshevism. America intervened to deprive Japan of this opportunity to strengthen her position by obtaining a foothold on the mainland, dispatching an army to see that there should be no interference with the internal affairs of Bolshevik Russia. Defeated again at a great cost to the nation, and finding themselves in disrepute, the military leaders of Japan refrained from further interference in the affairs of the nation and left the formulation and direction of foreign policies to the politicians. It is needless to go through the weary story beginning with the Washington Conference, the signing of the Nine Power Treaty and ending with the ratification of the Kellogg Peace Pact. Everything the Japanese army had fought to retain for the defense of the nation was gradually surrendered in an honest attempt to gain the good will and support of the world. They remained passive while Russia took over Mongolia. They saw China enter into another secret agreement with Moscow and the country come under the domination of Soviet agents. They saw communism rear its head in Central China and convert the Yangtze Valley into a Soviet stronghold. They saw the Mongol tribes organized into modern armies and trained "to a gnat's eyebrow" under efficient Soviet direction. They saw the creation of a vast Soviet army with a special Far Eastern department based on Irkutsk and Chita. They have watched the development of the Five Year Plan and Russia's open preparations to assert her dominance in Eastern Asia. They see the erection of a 1,250,000 ton steel mill at Kuznetsk in the Altai with another enormous 2,500,000 ton mill in the Urals. These plants are nearing completion. The Trans-Siberian railway is being double-tracked and improved. The Siberian Turkestan Railway encircling the Far Western provinces of China and Mongolia is completed. In another year, Russia would be in an invulnerable strategic position in Northern and Central Asia. Russia was not a member of the League or a signatory to the Nine Power Treaty. China could not and would

not discharge her obligations and defend her own territory. The menace to Japan was real and imminent. This is the picture as seen by the military leaders of Japan.

They saw China enter into a program of rights recovery through the abrogation and violation of treaties, culminating in a final effort to compel them to surrender the 1915 Treaty on which their rights in Manchuria are based. They saw China declare an economic war to enforce her diplomacy. They saw their goods confiscated, outrages committed upon their nationals and all attempts to obtain redress rejected. Within a year, two years at the most, the Soviet would have completed its plans in Siberia. With China already half communized and Mongolia as part of the Soviet system, the outlook for the Japanese military leaders was far from bright. They saw their investments and trade in Manchuria ruined by an outrageous system of confiscation and taxation. They saw the province impoverished by the issuance of billions of worthless paper notes exchanged for the crops of the farmers which were sold for gold to maintain a bandit oligarchy and its formidable armies. The other Powers, seemingly indifferent to their interests in China, were willing to surrender everything rather than incur the enmity of the Chinese. Even Japan was willing to surrender all her rights in China proper to placate Chinese nationalism, but was told that nothing short of abrogation of the 1915 Treaty and the withdrawal of her troops from Manchuria would satisfy Nanking. Japan's policy of conciliation failed. The military leaders found the nation with its back against the wall, their hands tied by peace pacts, treaties and League commitments which forbade any move that could not be justified by the law of self-defense. It matters little who started the rumpus on the night of September 18. The Chinese assert that it was a put-up-job. Maybe it was. It happened, Japan invoked the right of self-defense and the world is faced with the accomplished fact.

Let us also admit that Japan blundered, but she took an even chance with a nation that rejected any direct negotiation over a vital issue that could not be settled by pacific measures. It is useless for China and uninformed public opinion to insist that the validity of the 1915 Treaty is a matter for League interference, international arbitration or even for discussion. To admit the Chinese contention is to invite a concerted onslaught on the Versailles Treaty and many other pacts upon which world peace and stability is founded. To even expose these treaties to any precedent that might invalidate their provisions or destroy their efficacy is to invite disaster. If China is upheld, it is only a question of time when the whole post-war international edifice will crumble and another conflict wipe out the last vestiges of Western Civilization.

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The question is therefore one that concerns solely China and Japan. China's refusal to discuss the matter with Japan while insisting upon the latter's surrender of her rights and employing economic pressure and confiscation of Japanese property to enforce her viewpoint, together with other acts which clearly reveal her intentions to drive Japan out of Manchuria, are, for all practical purposes equivalent to a declaration of war. Under cover of the peace pacts and the League Covenant, China has been at war with Japan since last July. From the military viewpoint and strict interpretation of the treaties, Japan is the aggressor. There the matter rests. Unless the other Powers are willing to establish the precedent that will undermine and destroy the validity of their own imposed treaties on other states and thus hasten the day of reckoning in a discontented Europe, they dare not comply with China's impassioned appeal to interfere in her dispute with Japan over the legality of the 1915 Treaty.—G.B.R.

The Difficulty

(By George Bronson Rea in *The Far Eastern Review*, Feb., 1932)

A war that is not a war is now in progress. The world is face to face with the ages-old problem of determining the aggressor when both sides to the dispute appeal to the law of self-defense to justify their disregard of the Pact of Paris. In self-defense, Japan is protecting the lives and properties of her nationals in China through armed intervention while the armies of China are defending their soil against invasion. The Kellogg Pact renouncing war as an instrument of national policy left to each nation to define for itself the right of self-defense and furnished no machinery to determine the aggressor or sanctions or methods to bring pressure to bear upon a violator of the treaty.

When two nations at war allege that they are fighting in self-defense, thus making difficult if not impossible for outside powers to determine who is the aggressor, intervention or the application of sanctions can only complicate the situation and precipitate a world catastrophe. As every nation is free at all times and regardless of treaty provisions to defend its territory from attack or invasion, China is eminently justified in resisting the armed intervention and invasion of her territory by Japan. On the other hand, it has become more and more recognized under international law that violations of other States in the interest of self-preservation are excused in cases of necessity only. As both China and Japan can make out a strong case under the above principles, the equities of the war are not clear enough to warrant the application of positive measures by outside powers to stop the conflict.

The difficulties surrounding the implementation of the Pact of Paris are very clearly and forcibly brought out in the latest issue of "International Conciliation," the monthly bulletin of the Carnegie Endowment for International Peace. In an article entitled "What Follows The Pact of Paris," Mr. John B. Whitton, Professor of International Law at Princeton University, shows how the pact can be implemented and made effective by the enforcement of economic sanctions against the aggressor state.

The argument is openly in favor of the United States joining the League of Nations or at least of entering into full and harmonious co-operation with this body and will be hailed as a most important contribution to the campaign to bring America into the League. In view of what is happening in Shanghai, Professor Whitton's exposition of the problem of self-defense is of special interest and importance in attempting to clarify the difficulty in applying the pact. He says: "Closely allied with the question of fixing the aggressor is the problem of self-defense. This matter

is of great importance to-day. Formerly, when all wars were *prima facie* licit, it was really immaterial whether a war was aggressive or defensive. Both were legitimate. Both were equally "just," and both required of non-belligerents an attitude of impartiality towards the warring parties. But to-day, self-defense, individual or collective, is the last refuge of war. Furthermore, in case of an illicit war among League members, an attitude of impartiality toward the belligerents is no longer required. In some cases, impartiality would violate the Covenant.

"It is now well-established under the Pact of Paris that a war of defense is an exception to the promise not to resort to war as an instrument of national policy. This exception was further complicated by Great Britain's alleged extension of the right of self-defense in the so-called 'British Monroe Doctrine,' and by the view adopted by our Senate that our own Monroe Doctrine is based upon self-defense—that a war made in defense of the Monroe Doctrine would be an exception to the Pact.* According to some authors, the exception of self-defense has emasculated the Pact for, in their opinion, legally any nation may make war and escape a violation of the Pact merely by declaring that it is fighting in self-defense.

"The subject is too complex for adequate treatment here, but it would seem that these difficulties have been over-emphasized. It is true that the Pact itself sets up no definition of self-defense. It envisages no machinery for testing the claim that a given war comes within the exception. But almost all of the parties to the Pact are also parties to the Covenant. Thus for most States self-defense is carefully regulated as a part of the League system. In fact, one author has suggested ironically that the best solution for this difficulty is for the United States to join the League of Nations.

"As regards League members, self-defense is subjected to extensive supervision. At least three checks against war, including a war in self-defense, have been set up, and may be divided into measures of prevention, moratorium, and retrospection. *Preventive measures* include the obligation to submit all disputes liable to lead to a rupture—whether a matter of self-defense or not—to examination by the League. If the parties do not accept judicial or arbitral settlement, then the matter goes to the Council for investigation and report. If the report is unanimous, no member

*"The United States regards the Monroe Doctrine as a part of its national security and defense. Under the right of self-defense allowed by the treaty must necessarily be included the right to maintain the Monroe Doctrine, which is a part of our system of national defense." Report of Senate Foreign Relations Committee, *Congressional Record*, Vol. 70, part 2, p. 1730.

may make war against a State accepting the report. In addition, the League possesses diverse means, and enjoys a high authority, for acting to avoid war. *Moratorium*: whatever happens, member States may not make war until three months after a report of the Council. And even in such case of a licit war, the Council, under Article 11, can act effectively to restore peace. *Retrospection*: even if a member declares war, claiming to act in self-defense, his action may be reviewed *après coup*. That a member of the League cannot, by alleging self-defense, act with impunity, was shown graphically in the Greco-Bulgar affair. League members are not free to define self-defense. If one of them acts in self-defense, he does so at peril. An international body examines the question of whether the claim is valid. In short, a type of international control exists to prevent the abuse of the doctrine of self-defense.

"Naturally this system of control of self-defense does not obtain for non-members. Thus the problem, if the alleged aggressor is not a member of the League, is less simple. We can hardly agree with Mr. Kellogg that public opinion alone would prevent an abuse of the exception of self-defense,* although no doubt it would have a beneficial effect. Certain defects must be admitted. There is no clear and adequate definition of self-defense in international law. Nevertheless, for the American continent, there exists the Pan-American Treaty of Conciliation, whose effect should be to postpone war. Furthermore, legally minded critics of the Pact have exaggerated certain difficulties. Surely upon the State resorting to war rests the burden of proving that its action is in conformity with self-defense. Some rules of international law governing self-defense do exist.† It would be absurd to claim, for example, that the United States could declare war on another nation in order to annex certain rich oil lands, and allege she was fighting in self-defense. The contention that we would be our own judge in the matter of self-defense, although made on high authority, seems too strong. It would not apply to us if we agreed to arbitrate the matter. If a dispute arose between us and another American State as to whether we had acted in self-defense, we would be obliged to submit the matter for review to the Pan-American Conciliation Commission. Finally, we are bound by international law, under which there are certain limits to the exercise of the

* "Every nation is free at all times and regardless of treaty provisions to defend its territory from attack or invasion and it alone is competent to decide whether circumstances require recourse to war in self-defense. *If it has a good case, the world will applaud and not condemn its action.*" (Italics ours.) American note of June 23, 1928. Shotwell, *op. cit.*, p. 297.

† For example, see Oppenheim, *International Law*, 4th ed. (McNair). Vol. I, p. 257: "It becomes more and more recognized that violations of other States in the interest of self-preservation are excused in cases of necessity only."

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right of self-defense. It would be equally unreasonable to claim that since every treaty is subject to the exception known as *rebus sic stantibus*, and since each State remains its own judge of whether the exception, under which the treaty would lapse, is applicable, then no treaty has any force or utility!

"It should be added that the proposed processes of intercession, conference and consultation, if adopted, would tend to cut down immensely the possible cases of unregulated self-defense. Such measures should enable our government to distinguish between a real case of self-defense and that in which it was alleged as a pretext for aggression. Finally, the assurance given by the American Government that it would itself take positive measures against the malefactor would make it less likely that States in fear of attack would feel impelled to act in 'aggressive self-defense.'

"We submit, then, that the problem of self-defense is not an unsurmountable obstacle to our plan for making the Pact of Paris effective. In most cases, the State making war would be a member of the League, and thus prevented from alleging self-defense with impunity. As for States outside the League, the self-respect of governments, the fear of the sanction of public opinion, the possibility of concerted action taken against an aggressor, especially with our collaboration, and finally the existence of some limitations in international law ought to discourage abuse. And if worst comes to worst, and the allegation of one, or even both parties, that they are fighting in self-defense, makes it impossible for the President to determine the Pact-violator, no harm will be done, for, finding that the equities of the war were not clear, or that the identity of the aggressor was uncertain, our country would merely refrain from applying positive measures."

A Sane Outlook

The North-China Daily News, Shanghai, Feb. 15, 1932)

On Lieutenant-General K. Uyeda, the Commander of the newly-arrived Japanese forces, lays a heavy responsibility. His attitude, as expressed in the interview given to the representatives of this and other journals yesterday, shows a sane appreciation of the obligations imposed by military considerations and by a humane public opinion. He may, with all the necessary reserve which the crisis demands, be said to have built effectively on the foundations which Vice-Admiral Nomura diffidently laid on Friday. He looks for a possible peaceful solution with due regard for the interests of Shanghai. He does not blink the dangers of the warlike situation now created. He is well provided, physically and materially, to deal with them. All the more reason, therefore, can there be hope that, at this eleventh hour, the growing desire for avoidance of further destruction may find fulfilment, precarious though that hope may be. On landing, General Uyeda issued a short statement intended plainly to link up his expedition with the operations of Rear-Admiral Shiosawa. The device was natural. It need not be too closely examined. The great need at the moment is to discover the ways and means to the extrication of Shanghai from the devastating operations of contending armies, not to discuss acrimoniously the cause of past events. Therefore it is sufficient merely to register disagreement with the suggestion that Admiral Shiosawa's action on January 28 was in essence defensive. Later, no doubt, that point will come under review, in appropriate setting. General Uyeda would not be the man he is if he were to give at this moment the slightest hint of feeling embarrassed by the events which have brought him here. He has been able, by the deft combination of a gesture of friendship and an unmistakable parade of strength, to point out clearly the path to peace.

It would be folly to believe that his way could be chosen with alacrity by those for whom his words were plainly intended. The events of the last fortnight have undoubtedly awakened such feelings of military elation in the Chinese troops that—not unnaturally—they, and especially their newly-discovered supporters, are disinclined to perceive the advantages of a prudent recognition of hard military facts. There has been a definite realization by responsible Chinese business men of the seriousness of mistaking a gallant resistance for proof of a capacity to stem the tide of the advance of a modern, fully-equipped and adequate military force of all arms. Various circumstances—political, psychological, temperamental and material—have contributed to limit the effectiveness of this commonsense argument. Is it possible that General Uyeda's

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statement will reinforce that argument to good purpose? The 19th Route Army requires to be saved from itself. If it could be permitted to withdraw from the line which it has so gallantly held, it would be saved—and honourably saved—to earn the recognition of its countrymen for having given a new meaning to Chinese valour. The ignorance of the general public regarding the exact significance of the orderly disembarkation which has taken place during the week-end should not be exploited to make the officers and men of the 19th Route Army the victims of their own glamour.

General Uyeda shows clearly that Vice-Admiral Nomura spoke with strict accuracy when he emphasized that the Government of Japan had enjoined on them both the exercise of the utmost caution in their operations here. The door to diplomatic discussion is not closed. If there could be a withdrawal from Chapei of the troops whose presence there has drawn upon that place the horrors of bombardment and bombing a great point would be gained. It seems surprising, to all except those with bitter experience of the waywardness of Chinese politics, that, even now, no real effort seems to have been made to reduce the authority under which the Chinese troops are fighting, or rather defending themselves from attack, to a clear, understandable, tangible entity. The tragedy of the situation lies, not so much in the carnage and the ruin of which Shanghai has been the mournful witness, as in the fact that the men and women who have suffered have suffered under no apparent leadership and without the opportunity to look to such leadership for guidance, encouragement or the order to desist from a patently hopeless adventure. This has, to some extent, been a reproach to the Japanese commanders in that their operations have thus been deprived of a purpose. General Uyeda seems to perceive that difficulty, but even he cannot remove it, and even he must—albeit more effectively and, therefore, more humanely—uphold it, unless from the ranks of Chinese leaders there comes the embodiment of real authority competent to give undertakings and, having given them, to see that they are observed. There is time, but it is very fleeting. The Japanese Commander intimates that he is not out to strike before he has tested the power of persuasion. The interval, however, is merely that required by a modern force in disposing itself for action. It can be used on the other side for a rapid mobilisation of the elements of peaceful discussion. This implies a readiness to eschew camouflage, evasion and procrastination. Foreign friends are available to assist. There must be no misunderstanding of the realities. Will the genuine leaders of China bestir themselves and act?

Misguided Partiality

By H. G. W. Woodhead, C.B.E.

(*Shanghai Evening Post & Mercury*, Feb. 18, 1932)

The motives inspiring the Council of the League of Nations in despatching its latest Note to Japan are unexceptionable. But the method it has adopted of trying to end the Sino-Japanese conflict is open to considerable criticism. It appears to assume, in the first place, that the entire blame for the present situation rests with Japan, and that the choice whether hostilities shall or shall not continue rests solely in her hands. She alone is requested to heed the world's entreaties, and not to aggravate the situation in Shanghai or other parts of China.

The Council's Note, therefore, appears to prejudice many of the issues between China and Japan, which have yet to be investigated by the League Commission. And it may be said without fear of contradiction that the attempt to saddle Japan with the entire responsibility for the maintenance of peace in the Shanghai area is not consistent with the Report submitted to the League Council by the Foreign Diplomatic and Consular authorities, at its own request. That Report, it may be recalled, stated that the Japanese Defence Sector included not only the Northeastern area of the Settlement, but "also, from the point of view of the Defence Committee, an area outside the Settlement," the limits of which were set forth in detail. It further asserts that the Japanese Marines "met with resistance on the part of the Chinese regular troops when occupying this sector."

Reasonable Doubt

There must therefore remain a reasonable doubt in the mind of any fair-minded observer whether the Japanese, on the night of January 28th, in fact attempted to do more than the British forces had done the same afternoon. And though, if they had encountered armed resistance from Chinese troops, it is improbable that on this occasion the British forces would have fought their way to their defence line, or resorted to such drastic action as was subsequently employed by the Japanese, one can well imagine that in 1927, when adequate British forces of all arms were in our midst, they would not have submitted to a preliminary rebuff.

Be that as it may, it seems rash and provocative to assume that Japan has been wholly in the wrong, or that she has any intention of retaining territory gained by violence. The Japanese have admittedly made many and grievous blunders in their handling of the local situation. But they have suffered great and prolonged pro-

vocation. And the peace of Shanghai depends, if not to the same extent, to a very large extent, upon the attitude and conduct of the Chinese authorities. If a "noble gesture" is demanded of Japan, the same gesture should, it seems to me, be required of the Chinese.

War and Weapons

It has been constantly laid to Japan's charge that she, alone of the two parties to the present dispute, has violated international Pacts and Covenants. It appears to be overlooked in many quarters that while China was appealing to the League to restrain Japan's military operations in Manchuria, she was herself conducting a form of warfare equally damaging throughout the country. I refer, of course, to the boycott. "The best weapon China possesses," Mr. Wang Ching-wei is reported to have said in a statement issued on Tuesday night, "is the severance of economic relations with Japan, and she intends to utilize this weapon to the fullest extent."

Admitting that Mr. Wang is correct, and that it is a "weapon," it is difficult to see how China can claim that she comes before the League as an entirely innocent victim of Japanese aggression on this occasion. The League itself, in its Covenant, regards the severance of "all trade and economic relations" as the first step in a war to bring a recalcitrant member to account by force. And other Powers than Japan, with even less reason, have been victimized by this particular "weapon" as employed in China.

Why Not a Note to China?

With every reasonable effort of the League Council to terminate hostilities in this neighbourhood the entire community must sympathise. But the Note of February 16 to Tokyo ought, in my opinion, to have been supplemented by an equally strong Note to Nanking (or Loyang). The League Council will render a great disservice to the cause of peace if it creates the impression that in an emergency of this kind the only rôle it intends to assume is that of calling off one party, regardless of the provocation given by the other. Its one-sided appeal on this occasion is likely to encourage a more intransigent attitude on the part of the Chinese, and correspondingly to stiffen the attitude of the Japanese. And it would be unfortunate, in the extreme, should this be its effect, just when Japan's Diplomats seem willing to bring local hostilities to an end on the basis of mutual Chinese and Japanese concessions.

From an interview reported in our last issue it would appear that the Japanese have indicated their willingness to withdraw all their forces within their original defence area and undertake not

to follow up the Chinese forces, if the latter withdraw to "a reasonable distance." If a compromise on this basis were reached, the way would be open for a settlement by negotiation, and Shanghai would be freed from those dangers which it experienced in a minor but none the less tragic form in the early hours of yesterday morning.

A Naive Assumption

The League Council's Note to Tokyo is certain to make negotiations on the above lines more difficult, if it does not render them entirely abortive. The naive assumption that it rests entirely with Japan whether the situation in Shanghai is aggravated is calculated to irritate Japanese public opinion, which is likely to be especially sensitive on the eve of a General Election, when the rival political parties will naturally try to outvie each other as the champions of national honour. It is, moreover, calculated to encourage the Chinese to endeavour to evade responsibility for what happens here in the near future.

As an impartial body the League Council should obviously seek to quell the militant spirit on both sides, not on the part of Japan alone. And Tuesday's Note to Tokyo would have been far more likely to achieve this result had a Note warning China of her responsibilities in this locality been addressed simultaneously to her Government. I do not think that any impartial investigating body would find either side in the present dispute deserved a monopoly of the blame. Why, then, attempt to throw upon Japan a monopoly of the responsibility?

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Why Intervention is Impossible

By H. G. W. Woodhead, C.B.E.

(*Shanghai Evening Post & Mercury*, Feb. 8, 1932)

It is, I suppose, not surprising that during a week of stress and strain such as that through which we have just passed, Chinese readers of the Foreign Press should regard any comment on the situation that does not abuse or revile the Japanese as unfriendly to their own people. Any attempt to deal with the situation realistically is resented. The veriest claptrap which ignores the realities of the position is welcomed, so long as it is anti-Japanese. Chinese readers of this journal, for instance, instead of violently attacking my articles would have expressed the warmest approval of them had I so far ignored the facts as to write in favour of forcible intervention on the part of America and Great Britain to compel Japan to suspend her military operations in this area.

I have tried to view the situation realistically. I predicted before the crisis became really acute that Japan meant business, and, when she had started operations in Shanghai, that nothing would deter her from going through with them. I have expressed disapproval of many of the methods employed by the Japanese, but I never shared the illusion that was cherished in some quarters that foreign intervention would stay Japan's hand. Let me give my reasons for this view.

Japan's Strong Position

It seemed clear after the delivery of the Shanghai Ultimatum that the Japanese Government had decided upon a showdown regarding the activities of the anti-Japanese organizations, that in adopting this attitude it had the support of the entire nation, and that it would not shrink from employing whatever naval or military forces might be required to see it through. Japan possesses the third strongest Navy in the world, and the peace strength of her Army is only exceeded by that of France, Italy, Poland, Russia and Spain. She could mobilize within a week, and her geographical position would enable her to strike at any point in the Far East weeks before any other nation or group of nations could assemble the naval or military forces necessary to offer effective resistance.

Would it be likely that Great Britain, for instance, with nothing larger than an armoured cruiser east of Suez, would be guilty of the folly of delivering an Ultimatum to Tokyo which it had no means of backing up, and which would, if rejected, jeopardize the safety of Hongkong and Singapore, and indeed, of all of its possessions in the Far East? No responsible British Government would

WHY INTERVENTION IS IMPOSSIBLE

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be guilty of such foolhardiness, even if public opinion in the Empire had been so aroused as to make it possible to ask Parliament to sanction naval and military mobilizations and a war with Japan.

Anglo-Chinese Relations

And this brings me to my second point. In the present state of British finances the last thing that the nation or the Government desires is any foreign adventures. It would be impossible to convince the British public that it was under any obligation to undertake the protection of China against Japanese aggression. China claims that Japan's acts constitute violations of solemn international covenants. For years past, however, the considered policy of the National Government has been one of Treaty repudiation. It has endeavoured to recover by force, by deliberately instigated mob violence, and by lawless boycotting activities, rights which are based upon valid Treaties. From 1925 onward the British Government and its nationals have had frequent cause to complain of unfriendly and provocative acts. Throughout the greater part of 1925 British trade was subjected, on spurious pretexts, to a boycott which in many parts of the country was as lawless and as violent as that which has recently been directed against Japan. But for internal political difficulties it was the intention of the Chinese Government to repudiate the extraterritorial provisions of the British and other Treaties on January 1 this year.

If the events of the past seven years are viewed dispassionately the British Government and its nationals have no reason to feel under any special obligations to China. On the contrary, they must take the view that every act of forbearance, every conciliatory gesture, has been interpreted as a sign of weakness, and, far from being reciprocated, has prompted more intensive attacks upon their Treaty position.

Costly Protection

In 1925, and again in 1927, there was hardly a British subject in China who would not have welcomed an Ultimatum from his own Government couched in terms similar to that recently delivered by Japan, and forceful action, if required, to back it up. It is no secret that at one time, disgusted with the continuous bad faith of the Chinese authorities, Great Britain did seriously contemplate the reoccupation of Hankow. Protection of British interests in China from the hostility of the Nationalists has cost the British taxpayer many millions of pounds.

In such circumstances, to expect the British people to be willing to protect the Chinese from the consequences of a similarly

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provocative policy towards another Great Power is ludicrous. Sympathise as we may with the difficulties inherent in a revolutionary phase of China's history, we cannot be expected to embark upon another Great War to save this nation from the consequences of its own folly. The British Government is ready, at it has shown at Geneva and at Paris, and, more recently, in association with other Powers, to exert all its influence in favour of peace. But it is compelled to recognize, from its own experiences with China, that when it comes to a question of Treaty violations, the Chinese Government has a bad case. Great Britain intends to do all in her power to protect her substantial interests in Shanghai, from whatever quarter they may be threatened. But she does not intend to fight Japan to prevent her from adopting what she maintains—rightly or wrongly—is a policy aimed solely at protecting her interests. What I have said regarding Great Britain applies, *mutatis mutandis*, to the other Governments interested in Shanghai—America, France, and Italy.

The Lesson of the Crisis

I have stated, and believe, that once Japan's patience was exhausted, and she had turned from protests to positive action, any settlement that could be construed as a defeat—diplomatic or military—would react disadvantageously upon the interests of other foreign nations in this country, and especially in Shanghai. For seven years or more China has had abundant opportunity to prove to friendly nations that the readjustment of her Treaty position could be achieved on a basis of mutual goodwill.

She has elected, instead, to flout the Treaty Powers, and so to conduct her foreign and domestic policy as to convince many of her foreign friends that force had become the sole alternative to the abandonment of their interests in this country. Her statesmen and politicians appear to have taken the view that membership of the League of Nations precluded the use of force against her, no matter to what extent she carried her provocation of Foreign Powers. In the event, she has been proved to have been grievously mistaken. And now that force is being employed, however regrettable the forms it may take, one must hope that it will at least achieve this object: that it will convince responsible Chinese that the attainment of their national aspirations must be conditioned on a due regard for the rights of other nations, and that no international organizations, such as the League, and no international Pacts have been designed, or can operate, merely to enable her to escape the consequences of her own provocation, procrastination, and evasion.

No one would be better pleased than the Foreign Community here to see peace restored locally on a basis honourable to both sides.

But that will not be practicable if what has unquestionably been a prolonged and gallant resistance on the part of the local Chinese garrison is magnified into a victory over the Japanese. So far only a few thousand Japanese Bluejackets have been engaged. They are not specially trained for land warfare, and there can be no doubt that their operations have been accompanied by numerous blunders. But the determination of the Japanese Government to reject any settlement that implies defeat is evidenced by the despatch of a Military Division. And however gallant and prolonged the resistance of the Chinese forces locally may be, the only possible result will be to add to Japan's determination to break it down, no matter what reinforcements—naval and military—may be required to achieve this purpose. That, as I see it, is the practical aspect of the situation. It may be deplorable; it must, if it continues, lead to further fighting and loss of life. But it is idle to ignore the facts. Japan will not accept defeat in her present adventure.

"East is East"

(By Harry Archibald in *The Central China Post*, Hankow,
Feb. 3, 1932)

The utter failure of the four years of effort on the part of the best statesmen that the Western Powers can produce to induce something like alignment in the views of the Chinese and their own people, coupled with the huge sacrifices that have been made, constitute outstanding proof of Rudyard Kipling's assertion that "East is East and West is West, and ne'er the twain shall meet." It cannot be for lack of willingness on the part of the West, for those who represent that part of the world have gone as far, in fact dangerously so, in their efforts to meet alleged Chinese aspirations. It is a fundamental difference between the mentality of the Oriental and the Occidental that the poet envisages which is the root cause.

No better example of this can be found than the recent utterances in the Nanking official organ of publicity regarding the Commission of Inquiry now on its way to Manchuria. According to a translation sent out by Reuter, "The Commission on its arrival here will have an unpleasant welcome. Mere mention of the League brings a feeling of disgust to Chinese minds." The fall of Chinchow, it is asserted, destroyed the last remnant of prestige the League enjoyed, and the Chinese have now forgotten that such an institution exists. Such a statement was not unexpected among close observers who have had real experience of China and its people. We ourselves did not hesitate to predict this result, nor point out that the same fate awaits America as soon as the Chinese realize that the United States can do no more than the League of Nations.

One thing that might account for a cold welcome is the uncertainty as to the scope of the operations of the Commission. It has on several occasions been suggested that the scope of inquiry should include China, inasmuch as it is essential, if justice is to be administered, that the causes which have led to the present imbroglio be also brought under review. Undoubtedly if this suggestion is acted upon it will bring Nanking's actions into the limelight and they will be unable wholly to escape criticism. It might even bring to light the details of the alliance between the Soong, Chiang and Chang families which Japan has unequivocally shown she is determined to put an end to where Manchuria is concerned. These suggestions as to inquiry into Chinese or Kuomintang actions appear to have been replaced by the term, "The Commission will have the widest possible scope in its operations."

If it means that they will have the power to inquire into provocative actions on the side of China as well as Japan then the term

EAST IS EAST

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"unpleasant welcome" is a more fitting description than the "cold" usually applied. Apart from this aspect of the case, however, it is obvious that China's idea of the service to which they were entitled was that the League, through its constituent Western members, would forthwith attack Japan, leaving the Kuomintang to dictate the spoils of war. Had any of the leaders been able to envisage the present position in which Japanese diplomacy has proved as wily as their own, with the added ability to back their diplomacy with force of arms, it is unlikely that there would be a Japanese occupation of territory to-day. The *fait accompli* presented has pricked the bubble of Kuomintang pretensions both at home and abroad, and, no matter how much gas in the form of propaganda is used, it will prove insufficient to again inflate it.

As far as Asia is concerned, the League is no doubt in eclipse, but is this such a catastrophe as the propagandists of the League would have the world believe? Nothing but trouble has eventuated since the protagonists of Asiatic uplift succeeded in inducing the Western world to regard China on a plane of equality and worthy of, if they could possibly bring it about, a permanent seat on the Council of the League. To-day it should be apparent to them that the Chinese idea of equality and liberty is the equality of the robbed and oppressed and the liberty of the few in power to take without let or hindrance from any quarter. There is neither equality nor liberty in any other respect in China, and, until the present contretemps arose, the League as a whole were, perhaps unconsciously, strong supporters of this. The fact that to-day they are not arouses a feeling of disgust in the minds of those who counted on the support becoming active. It will now be the turn of America and Great Britain to fight China's battle for her. These in turn will feel the weight of Chinese denunciation when their inability to fight Japan becomes apparent. Behind the scenes frantic efforts are now being made to induce foreign intervention in China proper in the hopes of stemming the Japanese advance, but it is hardly likely that European Powers will be enamoured of the latest bone of contention thrown them, or openly ally themselves with China against Japan.

In reality, their abstention will be for the good of China. Sooner or later the Kuomintang will receive its *coup de grace*, and foreign money, Japanese experience and Chinese industry will come to be recognized as the only possible alliance that will be of any value to China. It is natural that Western Powers should look askance at such a prospect, but if the co-operative principles of the League of Nations mean anything at all, such alliance is inevitable. China, however, has a hard row to hoe before it realizes it.

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

American Advice from a Great American

(From Hears's San Francisco Examiner, Feb. 4, 1932)

In the war crisis in China there are possibilities of much trouble for the United States and of no advantage.

Yet there is no need whatever for American participation in the Chino-Japanese conflict.

As long as we can protect our nationals at Shanghai and elsewhere in China without involving the United States in the warfare between Japan and China, we owe it to ourselves as a Nation to provide such protection.

When we can no longer protect our nationals on the mainland of Asia without being dragged into the warfare between Japan and China, we should evacuate our nationals to Manila and organize for their protection there until it is safe for them to return to China.

Under no circumstances should the United States permit European powers to use the open door policy, the Kellogg pact, the League of Nations covenant, or any other excuse camouflaging their own interests, to involve this country in the conflict between Japan and China.

It is true that the United States enunciated the open door policy more than thirty years ago in an effort to discourage the partition of China, foster peace in the Far East, and keep open the channels of trade for ourselves and other nations.

But President Roosevelt, a man of far greater wisdom and far better Americanism than the present President, spoke powerfully and truthfully for the American people when he declared that they would never go to war to enforce the open door policy in the Far East.

As President, Roosevelt acted upon this assumption in his conduct of our foreign relations; and after he left the White House, he urged his successor there to do likewise.

Writing to President Taft on Dec. 22, 1910, Roosevelt said:

"Our vital interest is to keep the Japanese out of our country and at the same time to preserve the good will of Japan. The vital interest of the Japanese, on the other hand, is in Manchuria and Korea.

"It is therefore peculiarly our interest not to take any steps as regards Manchuria which will give the Japanese cause to feel, with or without reason, that we are hostile to them, or a menace—in however slight a degree—to their interests....I do not believe in our taking any position anywhere unless we can make good; and as regards Man-

AMERICAN ADVICE FROM A GREAT AMERICAN 45

churia, if the Japanese choose to follow a course of conduct to which we are adverse, we can not stop it unless we are prepared to go to war; and a successful war about Manchuria would require a fleet as good as that of England, plus an army as good as that of Germany.

"The open door policy in China was an excellent thing, and I hope it will be a good thing in the future, so far as it can be maintained by general diplomatic agreement; but, as has been proved by the whole history of Manchuria, alike under Russia and Japan, the open door policy, as a matter of fact, completely disappears as soon as a powerful nation determines to disregard it, and is willing to run the risk of war rather than forego its intention."

This was wise and statesmanlike advice from a great American to the Government at Washington when Roosevelt gave it.

It is much needed advice to the Government we have at Washington to-day.

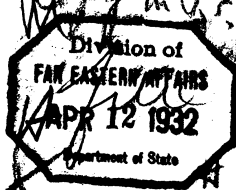
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NO. 8167



Shanghai, China, March 25, 1932.

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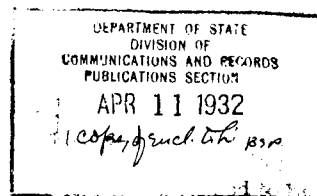
SUBJECT: Pamphlet Issued by Japanese Press Union
Entitled "The Shanghai Incident."

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



1/ I have the honor to transmit herewith a copy of a pamphlet entitled "The Shanghai Incident," published by the Japanese Press Union. The Department's particular attention is invited to the first pages of this pamphlet containing a chronology of events leading up to and following the clash on January 28, 1932.

The chronology is written in order to set forth the Japanese case in as favorable a light as possible. There is only one comment which this office will make at this time. The chronology was evidently compiled from the files of the daily PRESS UNION BULLETIN. On Page 7 of the chronology, under item 6, it is stated that,

"Some 200 Chinese police officers in Chapei,
* * * where some 3,000 Japanese were
residing, fled and disappeared by about noon
on January 28, leaving the district entirely
unpoliced."

However, in the Japanese PRESS UNION BULLETIN No. 103, issued on January 29, 1932, giving an account of the Japanese raid in Chapei, it is stated in part,

"Chinese

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"Chinese police officers who fired upon the Japanese were quickly disarmed."

No mention has ever been made that the Shanghai Municipal Council Police fired on the Japanese marines, and presumably it must have been the Chinese police in the Chapei district who did the firing. However, according to the account now given, these police had fled at noon the previous day.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

EWJ:hf

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✓ Enclosure:

1/- Copy of Pamphlet, "The Shanghai Incident."

In Quintuplicate.

In Duplicate to the Legation.

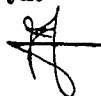
Copy to the Minister now at Shanghai.

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DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
April 15, 1932.

~~CONFIDENTIAL~~

Shanghai newspaper comment
on certain trade aspects of the
Sino-Japanese controversy. A
brief summary appears in the
attached despatch prepared by
Consul Josselyn.



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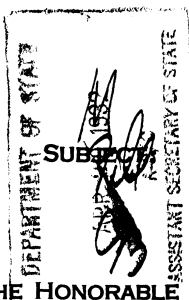
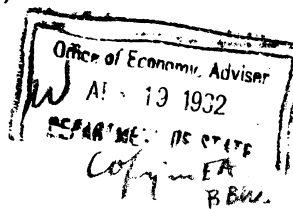
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AMERICAN CONSULATE GENERAL,

Shanghai, China, March 11, 1932.

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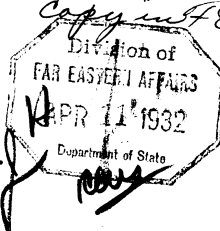
Trade Aspects of Sino-Japanese Relations.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:



1/2/ I have the honor to transmit herewith two editorials from THE CHINA PRESS (American incorporated, alien owned), dated February 27 and March 6, 1932, regarding certain trade aspects of Sino-Japanese relations.

The editorial of February 27th states that Japan is desirous of destroying Shanghai as a commercial and industrial center because it has ceased to be a benefit to Japan since the commencement of the Chinese boycott against Japanese goods; that fearing it will lose the Chinese market, Japan has been trying to retain it by armed conquest; that foreigners who are apprehensive that a Chinese victory might make their position in Shanghai unbearable will learn that their interests will suffer most if the Japanese military establish a dominant position for Japanese traders in China, and that if the Japanese army should have undisputed control of the

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

-2-

area around the International Settlement enormous losses would accrue alike to foreign and Chinese merchants.

The editorial of March 6th discusses the signs of a Japanese boycott in the United States and points to a number of instances showing that a section of the American public is unwilling to buy Japanese goods. The editorial goes on to discuss the effectiveness of the Japanese boycott and shows how dependent Japan is on its commercial relations with the United States, which are even more necessary to it than its commercial relations with China.

Respectfully yours,


Edwin S. Cunningham,
American Consul General.

Enclosures:

- 1/- Editorial from THE CHINA PRESS of February 27, 1932.
- 2/- Editorial from THE CHINA PRESS of March 6, 1932.

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In Quintuplicate.

In Triplicate to Legation.

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

Enclosure No. 1 to despatch No. 812 of Edwin S. Cunningham,
 American Consul General at Shanghai, China, dated March 11,
 1932, on the subject: "Trade Aspects of Sino-Japanese
 Relations."

Editorial from THE CHINA PRESS (American incorporated,
 alien owned) of February 27, 1932.

Shanghai, Saturday, February 27, 1932

Chinese And Foreign Interests Identical

RECENTLY there has been a great deal of apprehension in foreign circles in Shanghai that if the Chinese troops should gain an overwhelming victory, the Chinese attitude toward foreigners in general would become unbearable and that the International Settlement would be in danger of being overrun by Chinese soldiers.

This apprehension is unwarranted and unjustifiable.

So far as the Chinese troops are concerned, they have won universal admiration for their wonderful display of self restraint and a spirit of cordiality towards civilians, both foreign and Chinese.

Chinese troops have refrained from entering the International Settlement despite the fact that the Japanese troops have been using it as a base of military operations against them and placing them in positions of great strategic disadvantage.

From the viewpoint of self-interest, the Chinese realize the importance of co-operation with foreigners in trade, because their commercial interests are identical and are being injured equally by the Japanese aggression.

Exceptional heavy investments of British and other foreign capital in Shanghai since 1927 when the foreign governments commenced to pursue a policy of more marked moderation and friendship towards China could not have been possible had the Chinese not responded in a similar spirit.

The prosperity of Shanghai has been ever growing during the last four years, but the city's growth was immediately checked by the Japanese invasion of Manchuria in September, 1931, and a fatal blow was given to it by the Japanese invasion of Shanghai in January 1932.

Should the Chinese emerge out of the present crisis not as losers, with the experience of last four years in mind, they would welcome even a larger measure of co-operation from other nationals trading here to make Shanghai a more prosperous commercial metropolis of China.

There are a number of reasons against the extension of Japanese military activities to Shanghai, and one of them is that Japan is destroying Shanghai as a commercial and industrial center, because it has ceased to be of benefit to Japan after the commencement of the Chinese boycott against her goods following the Manchurian invasion.

After September, 1931, the Chinese diverted their orders for merchandize from Japan to England, America and Continental Europe, and as the goods ordered will not arrive in China until late spring, the Japanese now wish to deal such a death blow to the city as to make unsalable the materials when they do arrive.

Japan seems to appreciate the common belief that trade once diverted from a certain country would not return to it too easily especially when better substitutes are found elsewhere, and appreciating it, is determined to prevent the arrival of the substitutes by impoverishing the Chinese through warfare to such an extent that they cannot afford them.

Thus fearing that she will lose the Chinese market, Japan has been trying to retain it by armed conquest and political dominance.

Japan is the only country in the world which desires to monopolize the Chinese market in the rest of China as she has been doing in the Three Eastern Provinces to the exclusion of other nationals.

China desires peace for the sake of trade more than any other country, because she stands to benefit the most, but the present war has literally been thrust upon her.

Since there is no honorable way to get out of this Japanese war of aggression, the Chinese have been obliged to receive a baptism of fire.

We hope that the Chinese troops will

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Since there is no honorable way to get out of this Japanese war of aggression, the Chinese have been obliged to receive a baptism of fire.

We hope that the Chinese troops will succeed. In their success lies the stability and peace in the Far East.

Those who are apprehensive of the Chinese military success in the present campaign will learn bitterly that their interests will suffer the most if Japanese arms establish for Japanese traders a dominating position in China.

It is to their interest to see to it that the neutrality of the International Settlement is not further violated by the Japanese troops who, according to rumors, are contemplating so doing in order to get behind the rear of the Chinese troops.

The desolation of Hongkew under Japanese occupation for a period of less than one month ought to afford a valuable lesson to those foreigners who still think that the Japanese are defending the International Settlement.

Enormous losses to Chinese and foreign merchants alike can be left only to imagination if the Japanese army should have undisputed control of the Chinese area around the International Settlement and the mouth of the Yangtze River which involves the economic and political fortunes of nearly 200,000,000 Chinese.

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Enclosure No. 2 to despatch No. 8102 of Edwin S. Cunningham,
 American Consul General at Shanghai, China, dated March 11,
 1932, on the subject: "Trade Aspects of Sino-Japanese
 Relations."

Editorial from THE CHINA PRESS (American incorporated,
 alien owned) of March 6, 1932.

U.S. And Japanese Commercial Relationship

MAR 6 - 1932

OUT of the sultry clouds of helplessness which have hung over deliberations of the Assembly of the League of Nations on effective means of terminating the Japanese aggression in China has flashed across the Pacific Ocean a private message of arresting nature reporting the rapid growth of a movement for the commercial boycott of Japan in the United States of America.

Although there had been talk of the application of economic sanctions by the American government against Japan for some time, the boycott movement was actually initiated by Mr. Baker, former secretary of war; Dr. Lowell, president of Harvard University; and Dr. de Haas, professor of the graduate school of business administration at Harvard on February 19.

Hostile feelings in the United States against militant Japan have grown so rapidly that in less than one week, on February 26, 105,000 Americans signed a petition to their government demanding the enforcement of a boycott against all Japanese merchandise.

Yesterday a private telegram was received from New York advising that a million Americans have joined the movement not to buy Japanese goods until the Japanese government has abandoned war as a means to further its national policy in China.

Even the Japanese newspapers like Nichi Nichi admitted that more than 100 American leaders in all walks of life, representing all parts of the United States, have been promoting the institution of an economic boycott against Japan.

Observers in close touch with the administration at Washington, according to the Japanese press, said that Secretary Stimson was being deluged with letters demanding intervention, and that the American government was paying close attention to chain letters advocating the severance of commercial relations with Japan.

It is highly regrettable that the trouble in the Far East should have such a grave repercussion on the commercial relations between Americans and Japanese as is shown by a brief review of the American movement to bring Japan to her sense by economic pressure without official association with it.

With the bitter experience of wanton destruction dealt out by the Japanese military machine to revenge on them for their boycott of Japanese goods, the Chinese would hesitate to enlist the support of Americans in the movement for fear that the wrath of Japanese militarists would be turned on them.

While unwilling to seek such economic support from the lovers of peace in other countries, the Chinese nevertheless are appreciative of this spontaneous expression of resentment by a section of the American people at Japan's disregard of treaty obligations.

The effectiveness of the Chinese boycott is already felt. The latest report of an investigation carried out by the Japanese Department of Commerce and Industry indicates how hard Japanese trade has been hit and how British and American goods have replaced Japanese products in China.

Japanese exports to Hongkong in 1931, according to the Japanese official report, showed a decline of 33 per cent, as compared with 1930, and of 39 per cent as against 1929, while the exports to China declined by 40 per cent as against 1930 and 55 per cent as against 1929. Taking the end of the year 1931, the Japanese export trade to China showed a fall of 33 per cent in September as compared with September of 1930, of 65 per cent in October and of 80 per cent in December.

If the boycott undertaken by ill-directed Chinese masses should affect Japanese trade to such an extent, what would be the consequence if the American people, who are reputed to be great organizers, should start it in earnest to penalize Japan for her aggression in China? It had better be left to imagination.

Japan's exports to the United States comprise from 40 to 45 per cent of her total exports, and Japan's im-

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If the boycott undertaken by ill-directed Chinese masses should affect Japanese trade to such an extent, what would be the consequence if the American people, who are reputed to be great organizers, should start it in earnest to penalize Japan for her aggression in China? It had better be left to imagination.

Japan's exports to the United States comprise from 40 to 45 per cent of her total exports, and Japan's imports from the United States occupy roughly 30 per cent of her total imports.

Japan's exports to China including Manchuria and Hongkong constitute below 30 per cent of her total exports, and her imports from China are about 18 per cent of her total imports.

From this it is evident that for her commercial prosperity and even for her very existence, Japan depends more upon the United States than upon China.

Indications are not lacking that Japan is already feeling the effect from what she describes as "invisible warfare" being conducted in the United States.

America consumes 90 per cent of the total raw silk raised in Japan, but her demand for Japanese silk during the last few months has considerably decreased. Although there has been a recovery of prices in other commodities, the price of Japanese silk in New York has recently reached a historical lowest level.

Is it a case of the American manufacturers' anticipation of a slack demand for goods made of Japanese silk by the American public that they had to limit their order from Japan to the immediate requirement?

Last month we received news from America that all the ships from the port of New Orleans for the Far East had been fully booked by the Japanese to carry American cotton for one whole month.

Is it a case of the Japanese anticipation of the difficulty she might encounter in purchasing American cotton in the United States?

News from London and Tokyo advised that "the Americans are already assuming an unkind attitude toward Japanese banks, trading concerns, shipping men and others demanding of them the payment of old debts."

According to a well-known Japanese newspaper, Asahi, there is a growing tendency for American financiers to refuse to accommodate Japanese financiers in New York and a hesitancy among American foreign traders to order Japanese goods.

Is it a case of the anticipation by American financial and commercial leaders of forthcoming strained relations between America and Japan which will obstruct their normal commercial intercourse?

Japan sold annually to the United States merchandise to the amount of Yen 900,000,000 prior to the present business depression, and this exceeded her purchases from the United States roughly by Yen 250,000,000.

Already Japan's trade this year has shown a still more unfavorable position, as during the first two months of 1932 its adverse balance has reached the colossal figure of Yen 80,000,000 as against the unfavorable balance of merely Yen 5,000,000 during the corresponding period in 1931.

The Chinese boycott alone could not have caused such a great difference, and it is reasonable to assume that even before the present boycott movement in the United States was started, many Americans had already expressed their disapproval of Japan's aggressive policy by refraining from purchasing her goods.

That the Japanese people cannot stand economic pressure from America is a foregone conclusion. The prominent Japanese banker, Mr. Ikeda, managing director of the Mitsui Bank, at a recent meeting of Japanese bankers held to discuss the seriousness of the American commercial boycott, admitted that Japan faced a situation far more important than that during the Sino-Japanese war of 1894-1895 and the Russo-Japanese war.

As to whether the Japanese militarists will see the situation in the same light, we are still in doubt, but of one thing it is certain that when the Japanese militarists realize the grave mistake they have made the injury to Japanese interests would have been done and it would be very difficult to amend it.

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS

April 16, 1932.

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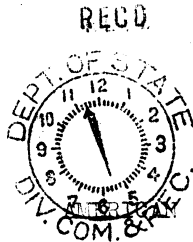
The Consul General at Shanghai transmits herewith an account of the seizure by the Japanese of a Chinese pastor Chiang Shih-hsu and his family during the recent hostilities. This pastor had a number of foreign friends who interested themselves in his case but without success as the pastor and his family seem to have completely disappeared as did numerous other Chinese who were arrested and summarily dealt with by the Japanese military "ronin".

Mr. Josselyn, who prepared the despatch, gives a summary of the case in the despatch. It is suggested that you read the despatch if you do not have time to read all of the enclosures.



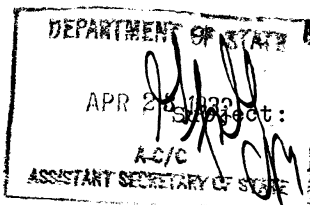
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 Department of State letter, August 10, 1972
 By Milton D. Gustafson NARS, Date 12-18-75

No. 877



U.S. DEPT. OF STATE
 DIV. OF CONSULAR SERVICE.

American Consulate General,
 Shanghai, China, March 19, 1932.



Subject: Seizure of Chinese Pastor, Chiang
 Shih-hsu, and Family by Japanese

ASSISTANT SECRETARY OF STATE

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

THE HONORABLE

THE SECRETARY OF STATE,
 WASHINGTON.

Sir:

I have the honor to report the following incident of the mistreatment of a Chinese pastor of a Christian church by Japanese marines on January 29, 1932. This man, with his wife and son, nephew, secretary and two men servants, were seized by the Japanese on that day and up to the present time, despite efforts of their foreign friends and representations made by the Consular Body, no trace of any of them has been found. The supposition is that they have been killed. This is of course not an isolated case but was repeated probably numberless times during the first few days of hostilities, and later. The fact that the Chinese pastor had a large number of foreign friends is the reason for this particular case being given the prominence which it has received.

The facts of the case are briefly as follows:

The Fitch Memorial Church is a Chinese self-supporting institution, built about six years ago, partly with

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American funds. The pastor of this church was Chiang Shih-hsu (蔣時叙). According to statements of eye witnesses, on the afternoon of January 29th Mr. Chiang and his family, together with several other Chinese, were in the church manse which adjoins the church building. The group numbered nine men, twelve women and nine children. At about 4.15 some fifty Japanese marines and civilians entered the premises and after striking the pastor and his wife took them away, together with six others, to an unknown destination and they have not been heard of since. The remainder of the group remained in the place all night under a guard of Japanese.

The matter was first brought to my attention on February 9th, by the Reverend A. R. Kepler of the Church of Christ in China. I informed the Consular Body and we communicated with the Japanese Consul General on the subject. He informed me, under date of February 28th, that while it was true that a party of Japanese naval forces and civilians had entered the manse of the church in search of snipers, the other statements were denied by the naval authorities, and that the Consul General had no information regarding the pastor and his family.

- 1/ There is enclosed, as of interest to the Department and the Legation, a copy of Senior Consul's circular No. 73, circulated on February 20th, containing a copy of the Senior Consul's letter to the Japanese Consul General on that day, with enclosure; a copy of Senior
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3/ Consul's circular No. 117 of March 7th, containing a letter to the Senior Consul from Mr. George A. Fitch, General Secretary of the Foreign Young Men's Christian Association; and a copy of Senior Consul's circular No. 120 of March 7th containing a reply to the Senior Consul from the Japanese Consul General dated February 28th. The enclosures to circulars Nos. 73 and 117 containing accounts of eye witnesses to the affair.

According to Mr. George A. Fitch, who also took up the question with the Japanese Consul General, the reason for Mr. Chiang's arrest appeared to be that in the school connected with the church the children had previously been singing anti-Japanese songs and this fact had been reported to the naval authorities by Japanese living in that vicinity. Whether this is true or not, I have no means of verifying but if true, it illustrates very well the utter ruthlessness of Japanese action on the flimsiest provocation. Certain it is that other and equally outrageous acts were committed by the Japanese with no more excuse than in this case.

Respectfully yours,


Edwin S. Cunningham,
American Consul General.

Enclosures:

- 1/- Copy of Senior Consul's circular No. 73 of February 20, 1932.
- 2/- Copy of Senior Consul's circular No. 117 of March 7, 1932.
- 3/- Copy of Senior Consul's circular No. 120 of March 7, 1932.

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In Quintuplicate.
In Triplicate to Legation.

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

Encl #1

(CIRCULAR NO. 75-1-XIII.)

SUBJECT: SEIZURE OF PASTOR TSIANG AND HIS FAMILY.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From the Senior Consul to the Consul General for Japan.)

February 20, 1932.

Sir and dear Colleague:

I have the honor to enclose herewith a copy of a letter dated February 16, from the American Consul General together with a copy of the accompaniments mentioned as being attached thereto, with regard to the seizure by the Japanese Marines of Pastor S. T. Tsiang of the Fitch Memorial Church and his family on January 29.

The Consul Body generally would appreciate your good offices in effecting the release or in establishing the whereabouts of Pastor Tsiang and his family as I am sure you will agree that these people cannot be guilty of any inimical act against your forces. My American colleague, in particular, would be grateful for your assistance in this regard.

I have the honor to be,
Sir and dear Colleague,
Your obedient servant,

(sd) Edwin S. Cunningham,
American Consul General,
and Senior Consul.

K. Murai, Esquire,
Consul General for Japan,
Shanghai.

Enclosures:

(From the American Consul General to the Senior Consul)

February 16, 1932.

Sir and dear Colleague:

I have the honor to transmit the attached correspondence to the Consular Body, for such relief as is possible, at the request of the Reverend A. R. Hepler, General Secretary to the General Assembly of the Church of Christ in China.

I have the honor to be, Sir,
Your obedient servant,

(sd) Edwin S. Cunningham,
American Consul General.

Edwin S. Cunningham, Esquire,
Senior Consul,
Shanghai, China.

Enclosures 1

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

ENCLOSURE:

THE GENERAL ASSEMBLY
THE CHURCH OF CHRIST IN CHINA
23 Yuen Ming Yuen Road, Shanghai.

February 9, 1932.

Edwin S. Cunningham, Esquire,
Consul General,
American Consulate,
Shanghai.

Dear Mr. Cunningham:

I herewith submit to you my statement with regard to the seizure by the Japanese marines of Pastor S. T. Tsiang and his family on January 29th. We will very much appreciate your effort either through the American Consulate General or the Consular Body to secure from the Japanese authorities either the release of Pastor Tsiang and his family if they are still alive or information concerning their fate.

Thanking you in anticipation, I remain,
Very sincerely yours,
(sd) A. R. Kepler.

THE SEIZURE OF THE REV. S.T. TSIANG, PASTOR OF
THE FITCH MEMORIAL CHURCH, AND FAMILY BY THE
JAPANESE MARINES, JANUARY 29, 1932.

Fitch Memorial Church is located on Darroch Road. It is the most influential Church in Shanghai among the churches of the Church of Christ in China. It is the product of the American Presbyterian Mission, developed in connection with the Presbyterian Mission Press, and the building was erected as a memorial to Dr. and Mrs. George F. Fitch, long and highly respected members of the Shanghai American Community. Among the members of this Church are the families of the founders and executive heads of the Commercial Press as well as Chinese holding positions of high responsibility among various Shanghai firms.

On the afternoon of Jan. 29th, there was assembled a group of 30 in the manse adjoining the Church. They were mostly women and children. They were there because they thought it was a safe place, and while rifle fire was going on in the neighborhood, they found comfort in prayer.

During the afternoon squads of Japanese marines repeatedly engaged in rifle and machine gun firing in Dixwell Road in front of the Church. About four o'clock in the afternoon, a Japanese patrol rattled the iron gate at the front of the church courtyard demanding admission. Naturally there was immediately much fear among the small group and perhaps five minutes elapsed before one of them, a young lad of twenty, Hsiao Chung Kao, whose father and mother and younger sister were also among the group in the manse, mustered sufficient courage to unlock the iron gate. As soon as he had opened the gate, without

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any further ado, he was immediately seized and bound and carried away. He has not been seen or heard from since.

The Japanese were in two squads one of squad of marines and the other a squad of volunteers, about fifty in number, all told. Immediately upon entering the room where the small group of 30 were, they demanded to be told where the teachers and the students of the day school, conducted in the church adjoining, were. They were informed that the students had gone to their homes and, since the school was closed for the winter vacation, the teachers were absent as well. When asked who was in charge of the property and the leader of the group, Pastor Tsiang immediately stepped forward and stated that he was the pastor and therefore the person in charge.

The Japanese then insisted that there were bombs hidden on the property. The pastor informed them that it was a church and he was quite sure that there were no bombs or any other military equipment on the place, but he invited them to search the premises. All of the 30 had their persons searched. No bomb or weapons of any description were found either on the property or on the persons of the group. The squad leader then demanded information about everyone present and after this information was given him, he separated into one group, the Chinese pastor and his wife and son aged about twenty, his nephew V.T. Tuo, of about the same age, his Secretary, Mr. Tsai and two servants. The remaining 22 were then commanded to confine themselves to the manse and under no circumstances either look out of the window or attempt to leave the property. The Japanese then turned their attention to Pastor Tsiang, beating him in the face and prodding him with the bayonet; then they turned toward his wife and beat her repeatedly over the thigh with the butt of the rifle until she collapsed on the floor. They then bound the hands of all seven behind their backs and marched them off. Since then it has been impossible to secure any information as to their whereabouts or fate.

The above account was given to me by Mr. Ma Wen-ching, the gather of the lad who was seized at the gate, a man whom I have known for many years and whose testimony I believe is entirely trustworthy. His statement was supplemented by the nine year old daughter of Pastor Tsiang, who is the only one of the family that was not carried off by the Japanese. Both Mr. George A. Fitch the General Secretary of the Foreign Y.M.C.A. and myself made repeated efforts at the Japanese Consulate to get in touch with the prisoners or at least get information concerning them. We were received very courteously by Mr. K. S. Inui. He graciously promised to place our request before the military authorities, but that was the extent of the satisfaction which we secured in our quest.

Pastor Tsiang was a well-known and highly respected pastor of an influential church on Barroch Road which, I believe, is a part of the International Settlement. He
with

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

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with his family and friends who were within the manse of the church, engaged in no activities in any way inimical or threatening to Japanese marines or Japanese subjects. No bombs or weapons of any kind were found on his person or the persons of those in the group or on the property, and yet in spite of all this, the whole family, including servants and secretary, excepting only the nine year old girl, were carried away by the responsible agents of the Japanese Government. Twelve days have elapsed and in spite of our every effort, the Japanese Government has been either unwilling or unable to inform his friends and his Church of their whereabouts or their fate. The many friends of the Fitch Memorial Church and of Pastor Tsian and his family in particular, both in China and abroad, are exceedingly concerned over this incident. It is very difficult for us to believe that Japanese will be unwilling or unable to restore Pastor Tsian and his family unharmed to his friends and to this Church.

I append in Chinese the testimony of Mr. Mao, the eye witness, along with the list of the eight who were seized and carried off.

Shanghai, Februar 10, 1932. (sd) A. R. Kepler.

TESTIMONY OF AN EYE WITNESS

I, Mao Wen-jin, used to live at No. 354 Ninghwei Road. To seek protection from danger (after the outbreak of the hostilities), I brought my wife and two minor children to the Hung Te T'ang (Chapel), No. 17 Darroch Road, in which altogether 30 refugees were then housed. Suddenly, at 4 p.m. Friday, January 29th, some Japanese soldiers appeared at the chapel, arrested and carried off 8 of them; namely, Pastor Chiang Shih-hsu, Mrs. Chiang Shih-hsu, Chiang Shu-sheng, Mao Tsung-hao, Tao Wan-yu, Mr. Tsai and two servants, leaving 22 untouched. Prior to their arrest, every one of them was searched but nothing whatsoever was found. The first one arrested was my son, Mao Tsung-hao, because he was standing beside the gate while the others were in the house. Being also in the interior and seeing personally all that happened at the time of the arrest, I take the liberty to bear witness to the facts hereinbefore described.

(sd) Mao Wen-jin
 Witness

 Circulated: February 20, 1932.

Encl # 2

(CIRCULAR NO. 117-M-XIII.)

SUBJECT: ARREST OF PASTOR CHIANG SHIH HSU (TSIANG)

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From the General Secretary of the Foreign Y.M.C.A. to the Senior Consul.)

March 4, 1938.

Sir:

I beg leave to call your attention to the following papers, hereto attached, concerning the illegal arrest of the Reverend Chiang Shih-hsu (S. T. Tsiang) pastor of the Fitch Memorial Church, his wife and six others, on the afternoon of Friday, January 29, 1938, and to ask your assistance in securing their release, if they are still alive, or information as to what disposal has been made of them if they are dead; also that steps be taken to bring to justice those who are responsible for their arrest and detention. The church, one of the largest in Shanghai, was erected in the memory of my late parents, partly from funds subscribed locally and partly from funds from America, and is located on Darroch Road, which is, as you are aware, a Settlement road.

- (1) Copy of affidavit of Mr. Mao Wen Ling, an eye witness of the arrest,
- (2) Copy of an open letter to Vice Admiral Nomura, signed by four of the Trustees of the Church.
- (3) Copy of reply signed by S. I. Chen.
- (4) Copy of my letter to Consul-General K. Murai of February 2, 1938.
- (5) Copy of my letter to Consul General K. Murai dated February 24th,
- (6) Copy of reply from Consul General K. Murai, February 29th.

Mr. Mao who makes the affidavit is well known to me to be a responsible person. He is, as he says, head of the Educational Supply Department of the Commercial Press and also an elder of the Chapei Presbyterian Church. The officers of the Fitch Memorial Church, who signed the open letter, are also men of high standing in the community -- Mr. Niu being Executive Secretary of the Y.M.C.A. of Shanghai; Mr. Yang, Assistant Manager, Yih Dah Cotton Yarn Merchants; Mr. Pok, Chief Accountant of the Ault & Wiborg China Company, an American firm and Mr. Ing, General Manager of the China News Company.

In connection with the reply from the Japanese Consul General to myself permit me to call your attention to the fact that in the last sentence of his letter he misquotes me.

Pastor Tsiang's little daughter, age nine, is the only member of the family who escaped arrest at that time. She is

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is now being cared for by friends, but almost every night she awakes screaming in terror at the memory of the brutal treatment her parents received. Some provision must be made for her future care and education.

Faithfully yours,
(sd) G. A. Fitch.

Edwin S. Cunningham, Esquire,
Senior Consul, Shanghai.

Enclosures:

AFFIDAVIT OF MAO WEN LING ESQ.
CITY OF SHANGHAI PROVINCE OF KIANGSU REPUBLIC OF CHINA
AMERICAN CONSULAR DISTRICT OF SHANGHAI.

I, Mao Wen Ling (毛文玲), being first duly sworn do hereby depose and say:

1. I am a Chinese citizen, aged 54, native of the City of Fenghua, Province of Chekiang, Republic of China, for the last 37 years a Christian, being now an elder of the Chapei Presbyterian Church, my occupation being head of the Educational Supply Department of the Commercial Press, Ltd., Paosnan Road, until the latter was destroyed by incendiary bombs dropped by Japanese aeroplanes on the morning of January 29, 1932, and am now residing at No. 15/983 Yu Yuen Road, Shanghai.
2. At about 2 p.m. on January 29, 1932 I with my family and friends totalling nine left our home at 254 Ling kwei Road off North Szechuen Road opposite the Japanese Primary School, because of continuous machine gun firing there, we went to the Fitch Memorial Church (福智堂) premises at 17 Darroch Road, some 50 yards North of my house because it was larger and, as I thought, safer and because it was a Church. There we joined in prayer with some others within. At 4:15 p.m. some 50 rifle shots were fired at the Church Tower, then a great commotion was heard at the Church front gate which was locked. The Pastor of the Church, Rev. Chiang Shih-hsu otherwise spelled Tsiang Z. Zu, asked one of the men servants to open the gate, but the latter was afraid to do so. Then the Pastor himself, followed by myself, my son Mao Chung-hao aged 21 and the servant, went out and opened the gate. We met some 50 Japanese marines and civilians, armed with rifles, pistols, swords, clubs and rope, who rushed into the Church. My son Mao Chung-hao, was at once seized and taken away without a word said. The marines levelled guns at all of us in the Church, numbering 9 men, 14 women and 9 children, ordered us to stand hands up with our backs to the wall, searched every one and finding nothing dangerous, drove us all into a rear room, where a Japanese civilian in an overcoat with pistol in hand pointed at us asked in Chinese "Who is the master here?" Mrs. Chiang, wife of the Pastor, answered in English: "This is Pastor Chiang, my husband, and head of this Church". Another Japanese civilian, armed with a two inch thick wooden club, then struck Pastor Chiang over the head and face with it and demanded: "Why didn't you open the gate quickly? You have bombs hidden here". Mrs. Chiang continued in English: "He is a minister and my husband", when the Japanese civilian said: "Don't talk too much" whereupon a marine struck her twice at the thigh with the butt of his rifle and she collapsed on the floor. The servant who opened

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opened the gate was also beaten over the head, shoulder and arms for not opening earlier. The Japanese left 4 or 5 marines to guard us in the rear room, while the rest took Pastor Chiang and 2 men servants prodding along with bayonets and the keys to unlock doors and search the Church. After half an hour or so, they returned to the rear room, picked out seven of the group as follows: Rev. Chiang Shih-hsu, age 45, Pastor of the Church; Mrs. Chiang Shih-hsu, age 40, wife of the Pastor; Chiang Zu-sung, age 22, son of the Pastor; Chiang Van-yu, age 15, nephew of the Pastor; Tsai Yu-tsa, age 45, secretary of the Pastor, and two men servants (names unknown)

and marched them out of the premises to I don't know where. With my son previously taken away, the number arrested from the Church premises total eight. Up to this date I have not seen nor heard from them nor any of them, and no news whatever of their safety has come thru.

3. Twenty-three of the group of 60 remained in the Church and were told by the Japanese not to look out of the windows nor leave or they would be shot. We were thus afraid to go out and so staid there all night, there being two Japanese marines were left on guard at the front and rear doors of the Church. We were thus imprisoned.

4. At 10 a.m. on January 30, 1932 a score of marines (not those of the previous day) and civilians came to the Church and made another search. They asked us in Chinese for keys and again who was the head of the Church. I told them all the rooms were unlocked and that the Pastor and 7 others had been seized and taken to, and I replied, I don't know. I asked if I could leave and he said yes. So I came away while the Japanese remained in the building.

5. The Fitch Memorial Church is a Chinese self-supporting institution and was built six years ago partly with American funds but has been wholly administered by Pastor Chiang from the beginning and had developed a membership of over 500.

This is a statement of the facts as I know and observed them with my own eyes.

(sd) Mao Wen Ling.

American Consulate General
Shanghai, China.

Subscribed and sworn to before me this
3rd day of March 1932.

Geo. V. Allen
Vice Consul of the United States of America.

Enclosure:

Shanghai, Feb. 13, 1932.

To Vice-Admiral Nomura,
Commander-in-Chief of the Naval and Military Forces at
Shanghai of His Imperial Majesty, the Emperor of
Japan.

Dear Sir:

The Fitch Memorial Church of the Church of Christ in China is located on Darroch Road, Hongkew. It is one of the largest in Shanghai. Among the membership of this Church are the families

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families of the founders and executive heads of the Commercial Press which has, as you are aware, been completely destroyed, as well as many other Chinese holding positions of high responsibility.

On the afternoon of Jan. 29th, there was assembled a group of 30 in the manse adjoining the Church. They were mostly women and children. They were there because they thought it was a safe place for refuge. While squads of His Imperial Majesty's marines were engaged in rifle and machine gun firing in front of the Church and the neighborhood, they sought comfort and peace of heart in prayer.

About 4 O'clock in the afternoon, a marine patrol, numbering about 50, rattled the iron gate at the front of the Church courtyard, demanding admission. Naturally there was immediately much fear among the small group; and a few minutes elapsed before one of them, a young lad of whose father and mother and younger sister were also in the group in the manse, mustered sufficient courage to unlock the iron gate. As soon as he had opened the gate, without any further ado he was seized and his hands bound behind his back and carried away. He has not been seen or heard from since.

Immediately upon entering the manse, where the small group of 30 were the officer in charge of the squad demanded to be told where the teachers and students of the school conducted in the Church adjoining were. He was informed that the students and teachers had gone to their homes, as the school was a Day School and closed for the winter vacation. When asked who was in charge of the property, our pastor, the Rev. Tsiang Z-Lu, immediately stepped forward and stated that he was the pastor and therefore the person in charge.

The marine officer then insisted that there were bombs on the property. Our pastor replied that this was a Church and that he was quite sure there were no bombs or any other military equipment on the place; but he invited the officer to make a search of the premises so as to assure himself of this fact. All of the 30 who had come to the Church for refuge and prayer had their person searched. No bombs or weapons of any description were found either on the property or on the persons of the group.

Your officer then separated from the rest of the group our pastor and his wife and son, his nephew and his secretary and two servants, comprising his entire family, excepting his little daughter of nine, who was playing in the kindergarten adjoining, entirely unconscious of the tragedy enacted in the manse. The remaining 22 were then commanded to confine themselves to the manse and under no circumstances were to look out of the window or attempt to leave the property. Your marines then turned their attention to our pastor, Mr. Tsiang, beating him in the face and prodding him with the bayonet. Then they turned toward his wife and beat her repeatedly over the thighs with the butt of their rifles until she collapsed on the floor. They then bound the hands of all seven behind their backs and marched them off.

Since then all efforts on our part and on the part of our western friends have failed to secure any information from the Japanese Consulate or through any other agency as to their whereabouts or fate, though more than two weeks have

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have passed.

Our pastor was a man who was rich in love and compassion. Almost the last sermon that he preached was an appeal to us forgive the injustices of your country, not to hate, but to forgive and to love as Christ taught us and showed us to forgive and love.

With our church members widely scattered, all in need of comfort and spiritual guidance and help, we greatly long for the wise guidance and the spiritual help of our pastor. Surely a man like our pastor, Mr. Tsiang, whose heart bore no hatred but only love, and who besought others to forgive and practise love, has done nothing, or his family, to be carried off as prisoners.

The hearts of the men and women of our Church who all loved him, cry out in sorrow and bereavement; and so we who are the governing body of the Church cannot refrain from writing this letter to you to ask you to restore to us and to our Church our pastor and his family. For this act of mercy and compassion we will be always very grateful.

Respectfully Yours,
(sd) L.C. Niu, T.C. Yang, F.M. Fok, S.K. Ing.

Enclosure:

Japanese Consulate-General,
Shanghai, February 19, 1938.

Messrs. L. C. Niu,
T.C. Yang,
F. M. Fok,
S. K. Ing,
409 Missions Building, Shanghai.

Sirs:

Referring to your letter of the 10th instant addressed to Vice Admiral Nomura, Commander-in-Chief of the Japanese Third Fleet, in which you asked him to find out the whereabouts of the Rev. Tsiang and his family, I beg to state that the Japanese Naval authorities, in response to enquiries made by this Consulate-General, have furnished us with a report stating that it is true some twenty members of the Japanese Naval Landing Party headed by an officer entered the manse of the Chinese pastor as mentioned in your letter in search of snipers on the afternoon of January 29 but that there is no truth in your accusation that the hands of the said pastor and his family were bound behind their backs and marched off by the Japanese marines.

I am also requested to inform you that at the time when the search was made, there was found no inmate within the Church.

Yours sincerely,
(sd) S. Iguchi.

Enclosure:

February 2, 1938.

My dear Mr. Murai,

It has just come to my attention that the Reverend Tsiang Sze-Tsu, pastor of the Fitch Memorial Church, 17 Darroch Road was arrested last Friday, January 29th, presumably by a party of Japanese Civilian Police, with him were

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were also his family and servants and one guest, in all a party of nine. To date none of this party has been released.

I am taking the liberty of addressing you on this matter because Mr. Tsiang is well known to me as a man of the highest character and also because of my intimate connection with the church of which he is the pastor. The Fitch Memorial Church has been erected partly through funds contributed in America and partly by funds contributed in Shanghai to the memory of my late parents.

The reason for Mr. Tsiang's arrest seems to be that the children in a day school which occupied the ground floor of the church had for sometime been singing songs of anti-Japanese nature and this fact was reported to the naval authorities by Japanese neighbors in that vicinity. I understand too that a bomb fell in the neighborhood of the church and there was some suspicion that it came from that place.

I know, for a fact, that Mr. Tsiang protested against the singing of the songs mentioned by the school children on the ground that they were un-christian in their nature but, the school being independent of the church, did not heed his protest. It is also manifestly absurd to think that Mr. Tsiang would have anything to do with a bomb as he is a most Godly man and has always been strictly opposed to violence and the use of force.

I beg of you that you will use your good offices in securing the early release of the Reverend Mr. Tsiang, his family, servants and the young guest who was with him at the time.

Faithfully your,
(sd) G. A. Fitch.

Enclosure:

February 24, 1932.

Mr. K. Murai, Japanese Consul General, Shanghai.

Dear Sir,

Under date of February 2, 1932, I addressed a letter to you asking your aid in securing information concerning the Reverend Tsiang Sze Tsu, pastor of the Fitch Memorial Church and his family and servants, a total of nine, who were arrested at the manse, 17 Darroch Road on Friday, January 29th. To date I have had no reply.

I would greatly appreciate hearing from you as to whether or not any information has been received about this party.

Yours faithfully,
(sd) G. A. Fitch.

Enclosure:

Japanese Consulate General,
Shanghai, February 29th, 1932.

G. A. Fitch, Esquire,
General Secretary, Foreign Y.M.C.A.,
Shanghai.

Dear Sir,

In acknowledging the receipt of your letters of February 2 and February 24th, regarding the Rev. Tsiang
Sze Tsu

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Sze Tsu and his family, I wish to inform you that the matter has been investigated by the Japanese Naval Authorities as well as by this Consulate-General but I regret to say that no confirmation has been obtained as yet.

In response to my inquiries, the Japanese Naval Authorities have furnished me with a report stating that it is true that some twenty members of the Japanese Naval Landing Party headed by an officer entered the manse of the Chinese Pastor in search of snipers on the afternoon of January 29th but that there is no truth in the accusation that the "Japanese then turned their attention to Pastor Tsiang, then they turned towards his wife and beat her repeatedly on the thigh with the butt of a rifle until she collapsed on the floor; they then bound the hands of all the inmates in the manse and marched them off".

Faithfully yours
(sd) M. MURAI
Consul-General.

References: 73-M-XIII
Circulated: March 7, 1962.

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Encl #3

(CIRCULAR NO. 120-M-XIII.)

SUBJECT: ARREST OF PASTOR S. T. TSIANG.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND WITH REFERENCE TO CIRCULAR NO. 73-M-XIII, HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From the Consul General for Japan to the Senior Consul.)

February 28, 1932.

Sir and dear Colleague,

I have the honour to acknowledge the receipt of your letter of February 20th with regard to the seizure of Pastor S. T. Tsiang of the Fitch Memorial Church and his family on January 29th.

This matter had been already brought to my notice by Mr. George A. Fitch, General Secretary of the Foreign Y.M.C.A. and Mr. A.R. Kepler, General Secretary of the Assembly of the Church of China in China and I have since then endeavoured to establish their whereabouts.

In response to my inquiries, the Japanese Naval Authorities have furnished me with a report stating that it is true that some twenty members of the Japanese Naval Landing Party headed by an officer entered the manse of the Chinese Pastor in search of snipers on the afternoon of January 29th but that there is no truth in the accusation that "The Japanese then turned their attention to Pastor Tsiang, beating him on the face and prodding him with a bayonet; then they turned towards his wife and beat her repeatedly on the thigh with the butt of a rifle until she collapsed on the floor; they then bound the hands of all seven behind their backs and marched them off".

I wish to add that I have caused members of my Consular staff to make investigations of the Japanese civilians who volunteered themselves to assist the Japanese Naval Landing Party as guides or interpreters on these above occasion, but that as far as the investigations go, no confirmation is available as to the alleged arrest of the Pastor and his family.

Under these circumstances, I regret to say that it is hardly possible to establish the whereabouts of the Pastor Tsiang and his family.

I have the honour to be,
Sir and dear Colleague,
Your obedient servant,
(sd) K. Kurai,
Consul General.

Edwin S. Cunningham Esquire,
American Consul General,
and Senior Consul.

Circulated: March 7, 1932.
Reference: 73-M-XIII.

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DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

April 16, 1932.

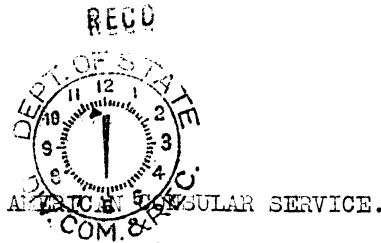
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In the attached despatch and its enclosures the Consul General at Shanghai reports further on the work of the Consular Body Committee of Inquiry and Investigation in regard to the welfare of the Chinese arrested and detained as prisoners by the Japanese.



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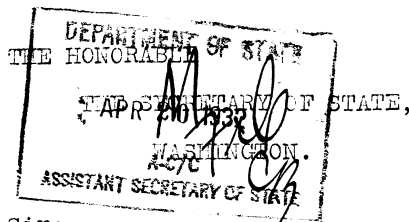
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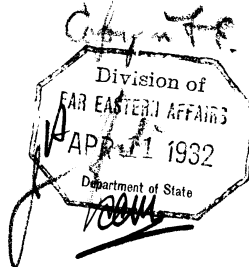
American Consulate General,
Shanghai, China, March 16, 1932.

APR 9 1932

Subject: Consular Body Committee of
Inquiry and Investigation.



(M)



Sir:

I have the honor to refer to this Consulate
General despatches No. 8127 of February 12, 1932, and
No. 8128 of February 24, 1932, regarding the Consular
Body Committee to inquire into the disposition of
Chinese detained by Japanese.

In this connection I have to state that under
date of February 23, 1932, the Senior Consul received
a communication from Father Jacquinet, Mr. E. R. Hughes,
Mr. W. W. Lockwood and Miss Ida Belle Lewis, represent-
ing certain groups who had been doing rescue and wel-
fare work during the emergency period. This committee
suggested that it be permitted to visit the detention
camps where Chinese prisoners were being held by the
Japanese authorities and to provide them with such
comforts and conveniences as they might need, and also
to obtain the names of the prisoners detained, with
other information, so that communication might be had
with their friends. The committee also desired that it

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be permitted to assist in having these detained prisoners brought to an early trial by the proper authorities and released if found not guilty. A copy of this communication, with its enclosures, is
1/ attached hereto.

It was decided that the most practical course would be to have the committee already appointed by the Consular Body coopt those four persons named above and that their activities should be restricted to those of a humanitarian character. The Japanese Consul General stated that he was agreeable to this proposal except the item that the members of the committee should assist in bringing the prisoners to an early trial by the proper authorities and the release of those found not guilty. Consul General Murai's objection was on the ground that such assistance would be likely to lead to interference with the functioning of the Japanese authorities. It was decided, therefore, to omit this function of the committee.

2/3/ Copies of the Senior Consul circulars Nos. 89 of February 26, 1932, and 108 of March 1, 1932, are transmitted herewith, showing the correspondence in connection with this matter.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

Enclosures:

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Enclosures:

- 1/- Copy of communication from Father Jacquinot, et al, to Senior Consul, dated February 23, 1932, with enclosures.
- 2/- Copy of letter from Consul General for Norway to Senior Consul, dated February 25, 1932.
- 3/- Copy of letter from Consul General for Norway to Senior Consul, dated March 1, 1932.

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In Quintuplicate.

In Triplicate to Legation.

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Encl #1

(CIRCULAR NO. 90-M-XIII.)
(CIRCULAR NO. ~~89~~ M-XIII.)

SUBJECT: CONSULAR BODY COMMITTEE OF INQUIRY AND INVESTIGATION

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND WITH REFERENCE TO CIRCULAR NO. 89-M-XXX, HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From Mr. W. W. Lockwood to the Senior Consul.)

NATIONAL COMMITTEE
YOUNG MEN'S CHRISTIAN ASSOCIATION OF CHINA
February 23, 1952.

Honorable E. S. Cunningham,
American Consulate General,
Shanghai.

Dear Mr. Cunningham:

Herewith you will find the letter which the Committee proposes in connection with the work suggested for the Chinese now being detained by the Japanese authorities. We will be glad to receive any suggestions which you may have tomorrow morning. Members of the Committee are seeing the British and French Consul Generals early tomorrow.

Thanking you for your care in this matter,

Yours faithfully,
(sd) W. W. Lockwood.

Enclosure:

February 23, 1952.

Honorable E. S. Cunningham,
Senior Consul, Consular Body,
Shanghai.

Dear Sir:-

Three groups of people who have participated in rescue work since the beginning of the present emergency are cooperating in doing what may be possible for the people held in detention at present by the Japanese authorities. These groups are represented by Father Jacquinet and H. C. Grosbois of the Catholic and French community, Commissioner Hwang and General Chu of the Chinese community, Mr. E. R. Hughes and Mr. Ronald Rees of the British community, Dr. Ida Belle Lewis and Mr. W. W. Lockwood of the American community.

This committee has called twice upon Mr. Fessenden of the Shanghai Municipal Council. On the first visit responsible people reported that Chinese men and women are being held by the Japanese military in five places: Oriental Theatre, 144 North Szechuan Road, adjacent to the Blue Bird Dancing Pavillion; Fu King Hospital, North Szechuen Road, adjacent to the Japanese school; Shengkaiwan Japanese Headquarters, at the junction of Woosung Road and Range Road; Tsinghua boarding house, North Szechuen Road; and Changwapan, near Woosung.

In

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In the second interview the following details were added.

1. Confined in the Oriental Theatre are 184 persons of whom four are women (February 19.)
2. about 40 people are in the Japanese school on North Szechuen Road (February 15.)
3. A large number, estimated at about 600, are detained at a place on Kiangwan Road (see paragraph 7 attached testimony.)
4. There are conditions of discomfort, exposure and in some cases cruel mistreatment of the prisoners (see attached testimony of Mrs. Li-Liang and Miss Chou.)

This information is the most accurate we have been able to secure. We realize that it is subject to correction by the authorities in control of the places where people are confined.

From the enclosed rough notes of the committee's second interview with Mr. Fessenden it will be clear that the Shanghai Municipal Council is working for and is securing access to some prisoners within the settlement; but in the nature of the case it cannot be responsible for those outside.

In view of the fact that a large number of persons are being held by the Japanese authorities without any means of communication with the outside world, in view of the anxiety of friends and relatives, and in view of the need for humanitarian ministries which can be given only by neutral parties these three committees urgently request:

1. That the Consular Body should approach the Japanese authorities with a view to obtaining from them their cooperation and consent for some committee composed of citizens of neutral countries and endorsed by the Consular Body, to visit the detention camps and to offer such humanitarian assistance as was done in prisoners' detention camps during the great war.
2. That this humanitarian assistance should include,
 - A. Visiting the camps,
 - B. Providing for the prisoners such comforts and conveniences as they may need,
 - C. Securing the names of the persons detained and other information so that the committee may communicate with their friends concerning them.
 - D. Assisting in any way possible proceeding which may lead to an early trial by the proper authorities and the release of such as are not found guilty.
3. That in order to increase the effectiveness of this work

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work, a liaison officer might be detached by the Japanese
work, a liaison officer might be detached by the Japanese
authorities to work in co-operation with the committee.

Respectfully submitted.

Father Jacquinot
E. R. Hughes
W. W. Lockwood
Ida Belle Lewis

Enclosure:

ROUGH NOTES OF INTERVIEW OF COMMITTEE WITH MR. FESSENDEN,
SECRETARY GENERAL, S.H.C., AND WITH COMMISSIONER OF POLICE
GERRARD, AFTERNOON OF FEBRUARY 22, 1932.

Present: Dr. Ida Belle Lewis (Chairman of Rescue Committee
of Christian War Relief Committee), General Chu
Ching-lai, Dr. Huang Yi-bien, Father Jacquinot,
Messrs. Lockwood, Hughes, Rees, Hylbert, C.H. Lee,
L.C. Cha and Wang.

Mr. Lockwood on behalf on the Committee thanked the
Secretary General and the Council for their efforts. He
gave further facts discovered since the last interview.

1. That on February 19th there were 184 persons in the
Oriental Theatre confined as prisoners, 4 of whom were
women.
2. That there are about 50 in the Japanese School on North
Szechuen Road.
3. That there are something like 600 in Kwangwan outside the
Settlement. (see attached testimony)
4. That these persons are being subjected to discomfort and
exposure and in some cases to cruel mistreatment. (see
attached testimony of Mrs. Liu Liang and Miss Chow.

Mr. Fessenden reported progress as follows:-

1. As regards prisoners being held in the Settlement or on
Settlement Roads, the Japanese agreed to allow police to
enter these places and secure their names.
2. Japanese pickets in Hongkew will be replaced with S.H.C.
police.
3. Hereafter persons detained will be sent to police station
first. If not so sent, the names will be given.
4. Japanese Consul General promises the S.H.C. that no per-
sons will be executed without trial.
5. This work is being made difficult immediately by the
shelling but the police are assured that they can secure
entrance

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entrance and make report to-morrow, Feb. 20rd of persons detained within the jurisdiction of S.M.C.

6. The S.M.C. cannot take responsibility for prisoners captured and detained outside the settlement. Mr. Fessenden suggested that the Committee bring this matter to the attention of the Consular Body.

Mr. Lockwood request on behalf of the Committee that arrangements be made by the Council with the Japanese Authorities so that the Committee of Neutrals can be allowed to visit the prisoners and carry relief.

Enclosure:

STATEMENT OF ACTUAL FACTS OF ARREST OF TWO PERSONS? BY NAME OF LIANG AND CHOU.

1. These two persons were arrested on Feb. 15 by Japanese with white cloth band over their arms bearing the mark of "Interpreter" in Japanese, on the corner of Sward and Luchang Roads.
2. The fact leading to the arrest was that the Japanese searched the two persons, finding nothing at all in the person of Liang Mei-wen, but in the person of Chau Sao-lan a piece of the newspaper of "Eastern Times" in her pocket was found.
3. They were taken in an automobile to the Japanese Primary School on North Szechuen Road, immediately placed in separate rooms and questioned two and five times respectively, but they were not beaten corporally.
4. At 6 p.m. of the 14th they were sent to be imprisoned in the "Eastern Theatre" on N. Szechuen Road.
5. While in the Japanese Primary School, there were in the same ~~room~~ room more than ten men and four women who were arrested on the same day and waiting for their turn of trial. They do not know whether there were other captives in other adjoining rooms. They suspect, however, that there were other captives.
6. The "Eastern Theatre" has 180 men captives and 4 women (each captive is given a number, Chou's number is 147 and Liang's 148).
7. According to one of the captives who was first detained in the Japanese military headquarters at Kiangwan there were at that place more than 600 captives, women being in the minority. On being asked whether there were other places of detention, the answer was there were many others but no definite number was given; those detained in Kiangwan had no hope of life; the majority of those held in J. Primary School had the hope of life, but those detained in the Eastern Theatre had a very high degree of being set free. The one who gave these remarks is still being detained in the J. Primary School and is forced to be interpreter for the Japanese.
8. The treatment accorded to Liang and Chou was quite good. No personal insult. Two meals a day at regular times. One roll, or ball, of rice at each meal. Some of the captives find it not enough. Tea was given at regular time, one cup for each person. (Japanese cups are smaller, or of the size of Chinese wine cups.) Those found trying to get more rice or teatreceive a beating of wooden rods. Moving of urine or fecals

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bowels must be inspected by the Japanese. Men and women sat together on low benches both day and night. Because it was cold weather, they shivered for cold at night, and many of them became ill. The Cantonese among the captives were often taken to the W. C. water closet by the Japanese to be beaten with rods or to be hit and kicked at. The weeping due to cruel beating from the Cantonese captives was invariably heard in the whole house.

9. Liang and Chou were held captive for seven days. In the afternoon of the 19th, they noticed two foreign police detectives coming twice into the Eastern Theatre and gave attention to them. Later they were taken by Japanese soldiers to the Primary School to be questioned. Next they were taken in automobile to the Japanese Consulate to be questioned, after which they were taken to the Hongkew Police Station to be questioned. Finally they were escorted by two police detectives to a place of safety, but Interpreter Mr. Feng saw them safely to home.

10. Lin Dzen don, who was arrested, is still being detained in the "Eastern Theatre".

Circulated February 26, 1935.

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

Encl #2

(CIRCULAR NO. 89-M-XIII.)

SUBJECT: CONSULAR BODY COMMITTEE OF INQUIRY AND INVESTIGATION

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION. THIS MATTER WILL BE PRESENTED TO THE CONSULAR BODY MEETING OF TODAY FOR CONSIDERATION.

(From the Consul General for Norway to the Senior Consul.)

February 25, 1932.

Sir and Dear Colleague,

With reference to the letter addressed to you on the 23rd instant by Messrs. Jacquinet, Hughes and Lookwood and Miss Lewis on the subject of rendering certain humanitarian assistance for prisoners held by the Japanese authorities, I beg to say that Mr. Lookwood and Miss Lewis have called on me to discuss this matter with a view to having my advice as to the best way of arranging this matter.

I am of the opinion that the most practical course of procedure to be adopted would be that the Committee already appointed by the Consular Body take this work up, and that for the purpose of this particular work the Consular Body appoint the above persons:

Father Jacquinet,
Mr. E. R. Hughes,
Mr. W. W. Lookwood, and
Miss Ida Belle Lewis
to join the committee.

In my opinion these 4 members might engage in the work referred to in the letter quoted above, without taking part in the work entrusted to the Committee under those terms of reference which are contained in your letter to me of February 19th.

I beg to inform, at the same time, that Judge Grant Jones in a letter to me of the 22nd instant has tendered his resignation from the Committee appointed by the Consular Body on the 6th instant.

I have the honour to be,
Sir and Dear Colleague,
Your obedient servant,
(sd) N. Hall,
Consul General for Norway.

E. S. Cunningham, Esquire,
American Consul General and Senior Consul,
Shanghai.

Circulated: February 26, 1932.

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

Encl #3

(CIRCULAR NO. 108-M-XIII.)

SUBJECT: CONSULAR BODY COMMITTEE OR ENQUIRY AND INVESTIGATION.

THE SENIOR CONSUL PRESENTS HIS COMPLIMENTS TO HIS HONORABLE COLLEAGUES AND WITH REFERENCE TO CIRCULAR NO. 108-M-XIII, HAS THE HONOR TO CIRCULATE THE FOLLOWING FOR THEIR INFORMATION.

(From the Consul General for Norway to the Senior Consul.)

March 1, 1932.

Sir and Dear Colleague,

(RE: CIRCULAR NO. 97-M-XIII.)

SUBJECT: CONSULAR BODY COMMITTEE OF ENQUIRY AND INVESTIGATION.

I beg to hand you herewith copy of a letter which I have today addressed to Mr. Lockwood.

I may add that a preliminary meeting was held by the Committee (humanitarian branch) this afternoon, when H. Shibasaki, of the Japanese Consular Service was present and certain matters regarding the work to be done by this branch of the Committee were discussed.

I have the honour to be,
Sir and Dear Colleague,
Your obedient servant,

(sd) N. Aall,

Consul General for Norway.

Edwin S. Cunningham, Esquire,
American Consul General and Senior Consul,
Shanghai.

Enclosure:

March 1, 1932.

W. W. Lockwood, Esquire,

AS the Chairman of the Consular Body Committee of Enquiry and Investigation into cases of persons detained by the Japanese Authorities, I am desired by the Senior Consul to acknowledge the receipt of the letter of February 23, signed by you and certain associates, and to convey to you the following reply.

The proposals contained in your letter have been submitted to the Japanese Consul General who has declared his willingness to assent to all of them with the exception of the one denoted by "(D)". This item provides for the "assisting in any way possible proceedings which may lead to an early trial by the proper authorities and the release of such as are not found guilty." and my Japanese colleague objects to it on the ground that such assistance "is likely to lead to interference with the functioning of the Japanese Authorities concerned."

The committee referred to above, of which I am the
Chairman

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Chairman, operates under certain terms of reference which have been agreed to by those concerned and a copy of which I enclose herewith for your information and that of your associates. (The reference has been circulated under Circular 57A-M-XIII.)

The Consular Body is of the opinion that the simplest way to give effect to your wishes is to coopt you and your associates as members of the Consular Body committee mentioned, but to restrict your activities to those of a humanitarian character such as are defined in your letter under reply, with the exception of clause 2(D) thereof. Moreover it must be agreed that your activities will not trespass on the ground covered by the terms of reference of the original committee.

Under a previous understanding arrangements are to be made through the Japanese Consulate General before any visits are made to the detention camps by members of the committee.

I am desired by my colleagues to invite you to join my committee on the terms mentioned.

I have the honour to be, Sir,
Your obedient servant,
(sd) N. Aall.
Consul General for Norway.

References: 97, 108-M-XIII.
Circulated: March 1, 1962.

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

DEPARTMENT OF STATE
DIVISION OF FAR EASTERN AFFAIRS
April 13, 1932.

~~1000:~~
~~1000:~~
~~1000:~~
R.M.

The enclosure with the attached despatch from Shanghai is a very clear account, from the Chinese viewpoint, of the situation at Shanghai from January 18 to March 14, 1932. It is worth reading in its entirety.



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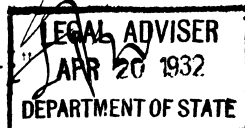
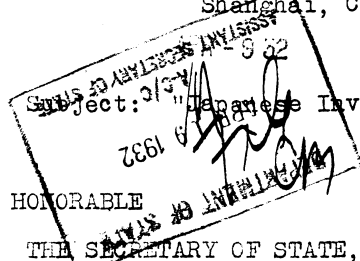
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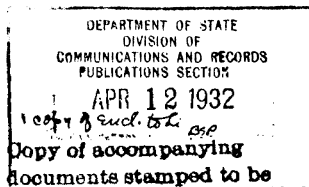


AMERICAN CONSULAR SERVICE.

American Consulate General,
Shanghai, China, March 21, 1932.



THE HONORABLE
THE SECRETARY OF STATE,
SHANGHAI.



Sir:

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note
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1/ I have the honor to refer to this Consulate General's despatch No. 8167 of March 15, 1932, transmitting a copy of a pamphlet issued by the Japanese Press Union on the Shanghai incident. There is now enclosed a pamphlet issued by the Secretariat of the City Government of Greater Shanghai under date of March 14, 1932, entitled "Japanese Invasion of Shanghai (January 28 - March 7, 1932) A Record of Facts." A copy of this pamphlet was received by this office under date of March 18th and it is understood copies were furnished to the various members of the League of Nations Commission and to the military commanders of the various powers in Shanghai.

The pamphlet is on the whole a very restrained account of happenings in Shanghai. The phraseology used is in certain instances similar to that of the reports of the League of Nations, Shanghai Committee.

It

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It is believed the Department will find of particular interest the paragraph on pages 4 and 5 with reference to the use by the Japanese of the International Settlement as a base of military operations.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

Enclosure: ✓

1/- Pamphlet, "Japanese Invasion
of Shanghai."

PRJ MB
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In Quintuplicate.

In Triplicate to Legation.

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

JAPANESE INVASION OF SHANGHAI

(JANUARY 28—MARCH 7, 1932)

A RECORD OF FACTS

793.94/5015

SECRETARIAT,
CITY GOVERNMENT OF
GREATER SHANGHAI.

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

JAPANESE INVASION OF SHANGHAI

(JANUARY 28—MARCH 7, 1932)

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SECRETARIAT,
CITY GOVERNMENT OF
GREATER 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

JAPANESE INVASION OF SHANGHAI

(JANUARY 28—MARCH 7, 1932)

Since the occurrence of the Wanpaoshan affair in July, 1931, followed by the massacre of Chinese immigrants in Korea, a fire of deep resentment has swept the whole country. The unprovoked attack on Mukden on September 18 and the subsequent invasion and occupation of the principal cities in the Three Eastern Provinces (Manchuria) served only to further intensify Chinese feelings. While Japan ignored the repeated attempts of the League of Nations to effect an amicable settlement of the dispute and persistently refused to withdraw her troops and cease military operations, the Chinese people resorted to patriotic movements and sought to retaliate by pacific resistance. Anti-Japanese boycott associations were organized and it was hoped that, by putting an effective check upon her trade, Japan might be made to realize that her prosperity must to a large extent depend upon China's goodwill.

The Japanese, however, instead of feeling a sense of repentance, became more bellicose. Repeated attempts were made by them to create troubles in the Hongkew district of Shanghai. They held mass meetings and passed resolutions demanding their government to take "direct action" against the Chinese. Japanese radicals, parading in Northern districts, smashed window panes and assaulted Chinese shopkeepers. In their encounter with the Municipal police, they attacked and wounded a British officer. The situation became so serious that the Settlement authorities found it necessary to call out the Shanghai Volunteer Corps and to detail special armed guards for the maintenance of order. In short, the feelings on both sides ran high.

On January 18, five Japanese monks ventured into some lonely spots on Mayushan Road and attracted public attention by playing Buddhist musical instruments. How they came into conflict with the Chinese is still unknown but they were reported as having been attacked by Chinese. While two of them were slightly wounded, three suffered serious injuries, one dying subsequently. As no policeman was present on the scene, no arrest was made until three days later when, as a result of a rigid investigation made under the order of Mayor Wu Te-chen of Greater Shanghai, three persons, suspected of being connected with the case, were apprehended and sent to the Shanghai District Court for trial and punishment according to law.

In the following morning (January 19) Mr. K. Murai, the Japanese Consul-General, called at the Mayor's office and lodged a verbal protest in connection with the assault on the Japanese monks. In the same afternoon, the Secretary-General of the City Government of Greater Shanghai, under instructions from the Mayor, visited the Japanese Consul-General and expressed regrets at the unfortunate incident, assuring him at the same time that strict orders had already been issued for the arrest of the culprits and for the protection of Japanese nationals residing in areas under the jurisdiction of the City Government. The Japanese Consul-General was further requested to warn his nationals against ill-advised adventures such as that undertaken by the Japanese monks at a time when the feelings between the two peoples were embittered.

On the same night, the Japanese people took the law in their own hands. Some fifty Japanese young men, armed with clubs and daggers, proceeded to the place where the monks were attacked and set fire to the San Yue Towel

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Factory, it being suspected that the assailants were workers of that institution. The factory was partially destroyed. On their way back, they were stopped by the Shanghai municipal police. Thereupon, they clubbed and stabbed the Chinese police constables. Three of them were wounded, one dying immediately afterwards. Three Japanese were shot by the police and one of them died.

On the following morning (January 20), the Japanese Consul-General called on the Mayor and handed him a note containing the following demands:

1. A formal apology by the Mayor.
2. The immediate arrest of the assailants.
3. Payment of solatium and hospital expenses.
4. Suppression of all anti-Japanese movements and immediate dissolution of all anti-Japanese boycott associations.

Mayor Wu informed the Japanese Consul-General that while he was willing to consider the first three demands, he found it difficult to comply with the fourth one. He pointed out that patriotic movements, if they were conducted within the limits of law, could not be suppressed by governmental orders. He stated that the current anti-Japanese movements were only the natural and spontaneous reaction on the part of the Chinese people against the series of unfortunate events in the Northeast for which the Japanese were responsible. He gave the assurance, however, that should the people's activities be found illegal, they would be suppressed according to law.

In connection with the incendiary crime committed by the Japanese on January 19, the Mayor also filed a protest with the Japanese Consul-General, enumerating the following demands:

1. A formal apology by the Japanese Consul-General.
2. Immediate arrest of the culprits.
3. Payment of indemnity.
4. An assurance by the Japanese Consul-General that similar incidents would not occur.

Then negotiations followed and on January 21, the Japanese naval commander, Admiral Shiosawa, issued a declaration to the effect that in the event of Mayor Wu's failure to give a satisfactory reply to the Japanese Consul-General and carry out the terms as demanded, the Admiral would take the necessary action to protect the rights and interests of the Japanese Empire.

Meanwhile, Japanese naval reinforcements arrived in Shanghai and the Japanese Consul-General informed the Mayor on January 24 that if no satisfactory reply were received within a reasonable time, the Japanese Government would take action to enforce the demands as contained in his note.

On the evening of January 27 Mr. K. Murai, the Japanese Consul-General, communicated with the Mayor, stating that a satisfactory reply must be given before 6 p.m. on the following day.

In the early afternoon of January 28, the Mayor sent his reply through his Secretary-General to the Japanese Consul, accepting in toto and unconditionally the Japanese demands referred to above. The Japanese Consul-General expressed his complete satisfaction with the reply. He told the Secretary-General that while he was pleased with the sincerity of the Mayor in attempting to bring about an amicable settlement of the matter, he hoped that in view of the tense situation the sand-bags and barbed wire barricades erected at the boundaries by the Chinese should be removed, saying that they were provocative to the Japanese people. In reply, the Secretary-General said that

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the sand-bags and barbed wire barricades were meant as a precaution against the unscrupulous elements and would be removed as soon as the circumstances calling for such a precaution no longer existed. He further pointed out that the tenseness of the situation was due not to the existence of sand-bags and barbed wire barricades but to the presence here of large numbers of Japanese warships and marines. The Secretary-General left the Consulate with the assurance from the Japanese Consul-General that "nothing would happen."

At 11.25 p.m. on the same day, the Mayor was in receipt of copies of proclamations issued by the Japanese naval commander at 11 p.m. and enclosed in an envelope bearing the title of the Japanese Consulate-General. The proclamation stated, *inter alia*, that in view of the large number of Japanese nationals residing in Chapei (Chinese territory), the Japanese naval commander deemed it necessary to send troops there for their protection. It further stated that the Japanese naval commander hoped that the Chinese troops stationed in the Chapei areas should be promptly withdrawn and all military establishments there removed.

About 30 minutes after the Mayor received the aforesaid proclamation, another report reached him that the Japanese marines had already launched a surprise attack on Chapei.

In the same night, Mayor Wu sent in a formal protest to Mr. Murai. Mr. Murai said that he did not know anything about the incident but would immediately get into touch with the Japanese naval authorities. On the following morning (January 29) at 9.30 o'clock, Mr. Shirai, the Japanese Vice-Consul, sought out the following four reasons for the Japanese military operations:

1. According to the defence scheme of the Municipal Council of the International Settlement, the responsibility for the maintenance of peace in the area to the east of the railway has been entrusted to the Japanese. What the Japanese have done is to carry out the trust.

But the area assigned by the Shanghai Municipal Council to the Japanese could not have included the area to the east of the railway under absolute Chinese jurisdiction. Granting that it could for the sake of argument, then there was no justification for the Japanese marines to advance to the other side of the railway.

2. The Japanese navy had received reports that some plain-clothes Chinese would start some trouble in the area where many Japanese were living. Therefore it was necessary for the Japanese marines to take precautions.

3. Many Chinese policemen on duty in that area disappeared and therefore it was necessary for the Japanese marines to enter that area and accord protection to the Japanese.

These two allegations were entirely untrue and unfounded. We had strong police forces over there to maintain peace and order and were well able to accord adequate protection both to the Japanese and to all other residents.

4. The existence of barbed wire and sandbags in the Chinese area in close proximity gave the impression that China treated Japan as an enemy country and that provoked Japanese action.

The barbed wire and sandbags were put up for the sole purpose of defending that area against lawless elements. Both the Shanghai Municipal Council and Japanese have put them up on numerous occasions and these precautions never proved offensive either to the Japanese or to anyone else. The Japanese had at the time 10 warships in port and a landing party of 1,450 men, and the

total number of Japanese warships in Shanghai and its vicinity, including cruisers, destroyers, and aeroplane carriers, was 34. Let us be open-minded and ask ourselves whether the imaginary plain-clothes Chinese and the barbed wire and sandbags, or the 34 warships and over a thousand landed marines, were more provocative?

The Japanese Vice-Consul also stated that if the Chinese troops would stop firing, the Japanese marines would remain on the east side of the Shanghai-Woosung railway. In reply, the Secretary-General said that the areas occupied by the Japanese marines were Chinese territory and that the only way to avoid further conflict would be for the Japanese forces to withdraw. In the same morning, Mayor Wu visited the American and British Consuls-General, calling their attention to the Japanese invasion of Chapei from the International Settlement, and expressing the hope that steps would be taken to restrain the Japanese. On the same evening, through the good offices of the American and British Consuls-General, a truce was arranged between the Chinese and Japanese forces to take effect at 8 p.m. No sooner had the truce been arranged than it was broken by the Japanese marines who continued their attack on the Chinese troops.

Early on January 29, at nine o'clock, one of the first incendiary Japanese bombs from a Japanese aircraft was thrown on the extensive buildings of The Commercial Press, the largest of its kind in China. It was established as early as 1896 and for the past 36 years had supplied 75% of China's textbooks. Its total assets amounted to \$25,000,000, of which \$15,000,000 were material property. Its library, the Oriental Library, contained 600,000 volumes including many invaluable editions of the Sung Dynasty (960-1276). The exact reason why the Japanese were so anxious to destroy first of all a cultural institution as The Commercial Press is still unknown.

When the Japanese commenced hostilities on the night of January 28, their marines started an advance from the International Settlement and attacked Chinese troops stationed in the adjacent Chinese territory. Later, when they withdrew, they went back to the International Settlement. It was there that they set up their headquarters. It was there that they fitted out their warlike expeditions. It was there that they landed their marines, soldiers, artillery and supplies. It was there that they recruited their reservists (armed plain-clothes Japanese and ronins). It was there that they carried on part of their fighting. In other words, the International Settlement which was supposed to be absolutely neutral was used by the Japanese as the base of their military, naval, and air operations, and also as a sanctuary where they could retire when repulsed and for recuperation and re-supply. Chinese troops defending China's territory against ruthless Japanese attacks were unable to reply effectively without endangering the lives and property of thousands of friendly neutral foreigners residing in the International Settlement and its vicinity, and were unable to pursue the Japanese attackers without risking conflict with friendly neutral foreign police and troops protecting the Settlement. On January 30, Mayor Wu lodged a strong protest with Brigadier-General Macnaughtan, Chairman of the Shanghai Municipal Council, and said that he was surprised "that not only has the Council failed to adopt any measures to prevent the Japanese from indulging in acts seriously affecting the neutral status of the Settlement, but it has never expressed any dissent." The Chinese members of the Shanghai Municipal Council also filed a letter of protest with the Shanghai Municipal Council calling attention to the circumstances accompanying the Japanese invasion of Chapei. An identical letter was sent to Mr. E. S. Cunningham, American Consul-General and Senior Consul. It said in part: "It is most regrettable that the Japanese in pursuing their hostile acts have made use of the district, the safety and good order of which they are under obligation to safeguard, as the base of their operations. Such action

of the Japanese constitutes a grave violation of the neutral character of the Settlement and should therefore be immediately checked." At about the same time, the British representations to Japan expressed the hope that no action would be taken inside the International Settlement at Shanghai without prior consultation with the other governments concerned. The American State Department also made representations to the Japanese Government similar to those made by Great Britain, demanding that there should be no intervention by Japan in the International Settlement at Shanghai without the other Powers concerned being consulted. However, all what Japan did was to turn a deaf ear to these protests.

On January 31, at meetings held between the Japanese Consul-General, the Admiral commanding the Japanese naval forces, Mayor Wu of Greater Shanghai, and Division Commander Au Shou-nien of the Chinese 19th Route Army, in the presence of the American and British Consuls-General and commanders of the Settlement Defence Forces, at the British Consulate-General, it was agreed that the Japanese Consul-General should report to his Government a suggestion that Japanese troops should be withdrawn from the salient. If the reply was unfavorable, the Chinese would refer to their Government, and until a final reply was received, both sides agreed that they would not fire unless first fired upon. At that meeting, the Japanese Consul-General admitted that the Japanese marines went beyond the limit assigned to them under the Defence Scheme of the International Settlement and declared that the Japanese assumed full responsibility in this connection. On February 1, the truce was more or less observed, though there was again some desultory firing. On February 2, at about noon, general firing from both sides recommenced. At about 3 p.m., i.e., after the fighting had reopened, the Japanese Consul-General informed the Consular authorities that the Japanese Government had rejected the proposal for a neutral zone. On February 3, the Japanese Consulate-General informed the Consular authorities that 3 Japanese destroyers had been fired upon from the Woosung Forts (which was entirely unfounded), and that the Japanese therefore intended to occupy the Forts. The offensive was entirely in the hands of the Japanese, whose avowed object was to capture Woosung Forts and drive all Chinese troops a considerable distance from Shanghai.

After the reopening of hostilities, the Japanese naval authorities took complete control of the Hongkew district inside the Settlement, barricading streets, disarming police, and paralysing all other municipal activities of the Settlement authorities, including the fire brigade. Numerous excesses, including summary execution, were committed by Japanese marines, reservists, and roughs (ronins). A reign of terror resulted, and almost the entire non-Japanese population of the area ran away. The Japanese Consul-General in Shanghai and the Chief Japanese delegate at Geneva admitted that excesses had been committed by their nationals.

The Japanese premeditated plan is to destroy not only the Chinese army, fortifications, cultural institutions, but also Chinese industry. They burnt the San Yue Towel Factory on January 28, and on February 11, Japanese aeroplanes dropped two bombs and destroyed the Wing On Cotton Mill situated within the International Settlement, killing 6 and wounding 10. The bombing was later explained to be "accidental."

On February 16, the League of Nations Council at Geneva, other than the Chinese and Japanese representatives, addressed a note in the nature of an appeal to Japan, and pointed out that no permanent solution of the Sino-Japanese problems could be achieved by force, whether military or merely economic. They could not but recognize that, from the beginning of the conflict, China had put her case in the hands of the League and agreed to accept its proposals for a peaceful settlement, and that Japan had "incalculable

responsibility before the public opinion of the world to be just and restrained in her relations with China."

In order to attain the end of the League Council, to obtain Japan's response to the League Council's appeal, and to bring hostilities speedily to an end, the British Minister to China, Sir Miles Lampson, arranged for a meeting of the Chinese and the Japanese military commanders with a view to discussing the basis of mutual evacuation. The meeting was held on February 18, and the Chinese and Japanese commanders were represented by their Chiefs of Staff. The Japanese representative presented exorbitant terms, which the Chinese representative found unacceptable. After two hours of fruitless discussion, the Japanese representative said that the Japanese side would send in a written communication of their terms before 9 p.m. and he hoped that the Chinese would send a reply as soon as possible.

At night, the new Japanese military commander, Lieutenant-General Uyeda, delivered an ultimatum to the 19th Route Army. It contained six articles:

1. Your forces will speedily cease all warlike operations, and complete the evacuation of your first line before 7 a.m. on February 20.

By 5 p.m. on February 20 you shall have completed the evacuation of the entire area to a depth of 20 kilometers north of the following lines, including the Szetselin Forts, namely, to the west of the Whangpoo River, draw a line from the northwest point of the International Settlement, through Tsaochiadoo and Chowchiachiao to Poosungchen, and to the east of the Whangpoo River a line from Lannidoo to Changchiachiao. All fortifications and military works to be completely removed in the evacuated area, and no new ones to be erected.

2. Japanese troops shall not attack or bomb or chase Chinese troops once they have begun evacuating. This, however, does not prevent aeroplanes from being sent out on observation duty.

Japanese troops shall, after the evacuation by Chinese troops, maintain only the Shanghai Municipal-roads area adjacent to Hongkew, including the Hongkew Park.

3. Japanese troops shall, after the evacuation of the first line by Chinese troops, send to the evacuated area investigators guarded and protected by Japanese soldiers. The said investigators shall carry Japanese national flags for the purpose of identification.

4. Chinese troops shall assume full responsibility for the safety of life and property of Japanese people outside of the evacuated area, failing which the Japanese shall take necessary steps.

With regard to plain-clothes men, they are to be effectively suppressed.

5. As regards protection for foreigners in the vicinity of Shanghai, including the evacuated area, the matter will be dealt with separately.

6. With reference to the boycott movement, the promise of Mayor Wu as declared on January 28 must be strictly enforced. Relating to this clause, the matter shall be dealt with by diplomatic negotiation between Japanese Foreign Office and Civil Administrative Official (Chinese) of Shanghai.

Lieutenant-General Uyeda concluded the ultimatum by saying that "unless the above articles are complied with, Japanese troops will be compelled to take free action in which event Chinese troops must be responsible for all the consequences resulting therefrom." The Japanese Consul-General also addressed a similar note to the Mayor on the same evening.

On the following day, February 19, Mayor Wu replied to Mr. Murai that the grave situation in Shanghai was due to "the invasion of our territory and the brutal murder of our people by your troops in violation of all international treaties and international law..... Inasmuch as the measures called for in your letter have a direct bearing upon the general relations between China and Japan, they should be dealt with by the diplomatic authorities of the two countries concerned. I have, accordingly, transmitted your letter to my government for consideration and for reply to His Imperial Japanese Majesty's minister through our Ministry of Foreign Affairs." The Mayor also pointed out that "as acts of provocation by attack, bombing, and bombardment on the part of your troops continue unabated, the indignation of our people has daily been intensified. Under these circumstances, it is natural that the so-called anti-Japanese activities should fail to cease, and the responsibility in this connection must rest entirely with you."

On the same day, General Tsai Ting-kai replied that "the troops under my command are an integral part of the army of the National Government of the Republic of China, by whose orders alone all their activities are directed."

On February 24, Colonel Henry L. Stimson, the American Secretary of State, sent a reply to Senator William E. Borah, Chairman of Foreign Relations Committee, giving his opinion as to whether the "present conditions in China have in any way indicated that the so-called Nine-Power Treaty has become inapplicable or ineffective or rightly in need for modification," and what should be the policy of the American Government. He reaffirmed the determination of the United States Government to uphold the principles of the "Open Door" and equal opportunity with regard to China, and, alleged indirectly, that Japan, by her actions in Manchuria and in the Yangtze Valley, had violated both the Nine-Power Treaty and the Kellogg-Briand Pact.

On February 28, Chinese and Japanese representatives met informally on board the H.M.S. Kent, under the friendly auspices of Admiral Sir Howard Kelly, Commander of the British Asiatic Fleet. During the conversation certain points to form the basis of an agreement for the immediate cessation of hostilities were discussed and an understanding was reached as follows:—

1. Mutual and simultaneous withdrawal.
2. No question of permanent dismantling of Woosung or Lion Forts (Szetselin Forts) to be raised.
3. Supervision of withdrawal on both sides by a Sino-Japanese Commission with neutral observers.
4. Evacuated area to be administered by Chinese authorities and policed by Chinese police as heretofore.
5. Chinese to withdraw to Chenju and Japanese to withdraw to the International Settlement and the Extra-Settlement Roads; after which Chinese to withdraw to Nanziang and Japanese to withdraw to their ships—the latter part subject to further discussion at a subsequent meeting to be arranged.

It was agreed that if the respective Governments should approve the tentative understanding, a formal meeting of the accredited diplomats and military representatives was to take place forthwith for the purpose of consummating the arrangement.

In the afternoon of February 29, the Chinese representative informed Admiral Kelly of the approval of the Chinese Government and requested him to notify the Japanese authorities that, should the Japanese Government likewise give its approval, the proposed formal meeting of the accredited representatives

might be arranged at once. This showed how sincere the Chinese Government was in its desire to promptly cease hostilities and restore peace.

But the Japanese attitude was entirely different. Laying the tentative understanding aside, Mr. K. Murai, the Japanese Consul-General, sent the following note to Mayor Wu on the same day (February 29) :-

"According to authentic reports from various quarters, your military authorities have recently caused military reinforcements from various points to be concentrated here in this city, and that these said reinforcements have been transported by trains. Such movements are sufficient further to aggravate the present situation. If the despatch of Chinese reinforcements to this city is further continued, Japan, in self-defence, shall be compelled to take the inevitable step, namely, it is planned, after March 2, to destroy military trains as well as those sections of the railways from Kashing to Shanghai and from Soochow to Shanghai, which sections being used for military purpose."

The reason why the Japanese could be reinforced, but not the Chinese, and why Chinese reinforcements would aggravate the situation, but not the Japanese reinforcements, has never been made known.

To this Mayor Wu sent the following reply :-

"In reply I should state that since the night of January 28 the Japanese forces have repeatedly invaded our territory and murdered our people; and their atrocities committed in violation of all international law and international treaties and against humanity have formed the subjects of my former protests to you. The action of the Chinese troops, on the other hand, have all been confined to self-defence. That the situation should have been aggravated has been due to the fact that your country has repeatedly sent reinforcements here, thereby adding to the catastrophe already endured.

If the Japanese forces should continue to attack our troops, the latter could not but be compelled to adopt appropriate measures for self-defence, and all responsibilities in this connection must rest entirely with you."

When the public meeting of the League of Nations Council opened at Geneva on the same day (February 29), attention was immediately directed towards the peace negotiations in Shanghai. M. Paul Boncour, the Chairman, in his introductory speech, proposed the immediate establishment of a conference of all the interested Powers in Shanghai, together with China and Japan, which would endeavor to arrange for the cessation of hostilities. The Shanghai Conference would be undertaken on the basis :

1. That Japan has no political or territorial designs and has no intention of establishing a Japanese settlement at Shanghai or otherwise advancing exclusive Japanese interests;
2. That China recognizes that the safety and integrity of the International Settlement and the French Concession must be preserved;
3. That the conference is conditional on the making of local arrangements for the cessation of hostilities which the Council trusted would be brought about very speedily with the utmost assistance from the principal Powers in Shanghai in consolidating the arrangements;
4. That the immediate re-establishment of peace is without prejudice or qualification to any position taken up by the League or any Power regarding Sino-Japanese affairs.

While Mr. Murai was asking China not to despatch further reinforcements to Shanghai, two fresh divisions from Japan were at the time added to their fighting forces. On the other hand, the Chinese 19th Route Army issued an order on the evening of March 1 to withdraw all Chinese forces to their second line of defence, about 20 kilometers from Shanghai. On March 3, General Chiang Kwang-nai, Commander of all troops in the front, gave official orders to cease hostilities against the Japanese unless further attacked by Japanese forces.

Admiral Sir Howard Kelly handed to the Chinese representative the so-called Japanese basic conditions for immediate cessation of hostilities as follows :-

1. China shall give assurances that her troops will be withdrawn a certain distance to be determined by agreement between Chinese and Japanese authorities, whereupon Japan will agree to a cessation of hostilities for a certain period to be agreed upon by both parties. Pending subsequent arrangements, both forces will hold the positions which they now occupy.
2. During the armistice period a Round Table Conference shall be held at Shanghai, with representatives of the principal interested Powers participating, with a view to agreeing upon the methods by which withdrawal of both Chinese and Japanese armed forces shall be accomplished. This Conference also shall formulate methods for the maintenance of peace and order in the vicinity of Shanghai and the safeguarding of the International Settlement and the French Concession and the foreign lives and property therein.
3. All Chinese troops, including plain-clothes gunmen, shall be withdrawn to a specified distance. When the accomplishment of this withdrawal has been completed, Japanese troops shall withdraw to the Shanghai and Woosung areas.
4. In the event that either side infringes the terms of the armistice, the other party immediately regains the right to freedom of action.

These fresh Japanese conditions showed a radical departure from the understanding reached aboard H.M.S. Kent on February 28. They were tantamount to surrender, and as such they proved absolutely unacceptable to the Chinese Government.

The special meeting of the League of Nations Assembly was opened at Geneva by M. Paul Boncour at about 11 a.m. on March 3. Dr. W. W. Yen, the chief Chinese delegate, in a letter to the Secretary-General of the League, accepted the armistice proposals "based upon the principle of mutual and simultaneous evacuation" which were formulated on H.M.S. Kent. It stated that, notwithstanding that the Japanese had since launched an offensive on a larger scale, China was still prepared to accept the proposals, and, if they were carried out, China would accept the Secretary-General's proposal of February 29 to participate in a conference at Shanghai on the understanding that the conference was concerned only with the restoration of peace at Shanghai and that all questions which had arisen in the conflict between China and Japan would be settled in accordance with the procedure laid down by the League.

When the League of Nations Assembly met again on March 5, a resolution was unanimously adopted recommending the cessation of hostilities with a subsequent international conference at Shanghai to establish permanent peace and to settle the means of withdrawal of the Japanese forces. On behalf of China, Dr. W. W. Yen accepted the resolution on condition that the Japanese withdrawal would be unconditional. The Japanese delegates agreed to the resolution with some hesitation.

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On the one hand, Japan was discussing cessation of hostilities and the convocation of a Round Table Conference, on the other hand, the Japanese forces were advancing farther and farther into the interior beyond 20 kilometers from Shanghai, the reinforcements from Japan and from Manchuria were landing, and the Japanese aeroplanes were bombing Quinsan, Soochow, and other populous and unfortified cities along the Shanghai-Nanking Railway. It is reported that they will also bomb other cities along the Shanghai-Hangchow Railway. When asked why the Japanese were still sending reinforcements (35,000 fresh Japanese troops) to Shanghai after he had said that he could categorically affirm that the Japanese were the first to cease hostilities, namely, on March 1, Mr. Sato, the Chief Japanese delegate, explained that the Japanese reinforcements sent to Shanghai before the cessation of hostilities had to land at the pre-arranged point, but would obviously be sent back. This explanation aroused great laughter, and the Chairman, M. Hymans, had to call the meeting to order. On March 7, it was reported that the arrival of a division from Manchuria increased the number of Japanese soldiers in and around Shanghai to about 70,000, that there were 49 Japanese warships stationed between Nanking and Woosung, that there were over 200 Japanese aeroplanes in action in different places, and that the Japanese were rebuilding and refortifying the Woosung Forts which they had demanded that the Chinese should permanently dismantle.

What then was the Chinese attitude? On March 6, Gen. Chiang Kwang-nai, Commander-in-Chief of all Chinese forces near Shanghai, issued further orders to all Chinese troops to withhold fire in accordance with the request of the League of Nations then in session at Geneva. The orders stated: "The Assembly of the League of Nations at its special meeting now in progress has resolved to request Chinese and Japanese forces to cease hostilities. We are complying with the request. Unless Japanese troops attack our forces, we shall refrain from attacking the Japanese. If, however, the Japanese troops disregard the decision of the League of Nations and continue to attack our troops, we will then resist."

Numerous reports are coming in almost every minute that the Japanese are breaking their faith and are penetrating farther and farther toward the interior districts of China.

In connection with the fighting, the Japanese have unfortunately done a number of things which they should have deeply regretted. One of these was the deliberate bombing of the Chinese Flood Refugee Camp. It was situated on the Yiu Ying Road, two miles northwest of the North Railway Station and one mile from the nearest point on the Shanghai-Nanking Railway, and so could not be described, as the Japanese did later, as adjacent to the Chinese position. It had on January 26 10,399 refugees, and a staff of 49 members. After the first Japanese bombardment of Chapei on January 29, about 2,000 of these refugees fled, but over 8,000 remained in the camp, and were, as usual, fed and sheltered. On February 2, a Japanese aviator flew low over the camp and waved his hand to the occupants, which included some 3,000 children. No one could have mistaken it for a military encampment. Three days later (February 5), the camp was bombed by Japanese planes at noon. A woman and a boy were killed on the spot, 4 persons were wounded, and some of the patients in the hospital died of fright. Most of the refugees fled, and there remained in the camp only a few hundred persons, the majority of whom were sick in hospital or aged people who found it difficult to get away. The camp was bombed again on February 6, and 48 persons, mostly patients in the hospital, were found dead. The occupants were removed with the exception of some 20 people. The camp was bombed again on February 7. It was then entirely evacuated, and, as the relieving party was about to leave the camp, the planes returned and dropped a bomb which damaged a house

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beside the camp. This action on the part of the Japanese was both unnecessary and inhuman. What military advantage could have been gained by constant attacks like these on a camp occupied by homeless refugees from the flooded areas?

Another thing that the Japanese did during the hostilities was the use of dum-dum bullets. It is true that Admiral Shimada emphatically denied that Japanese forces were using such bullets and even charged that it was the Chinese who were guilty of using them. He even displayed specimens of alleged Chinese dum-dum bullets. Mere arguments avail nothing. Let us see what an expert had to say about the matter. Dr. G. P. Bume of the Chinese Red Cross General Hospital who gained experience in minor war surgery during the Great European War, sent a letter to Dr. F. C. Yen, Superintendent of the Red Cross Hospital, giving a detailed account of finding dum-dum bullets which he had extricated from wounds on a Chinese soldier and on a Chinese civilian, a woman. He definitely stated that those two instances were cases of dum-dum bullet shots.

A third thing was the numerous excesses that the Japanese marines, soldiers, and "reservists" committed during the hostilities. Thousands of innocent civilians, including helpless women and children and poor flood refugees, were ruthlessly attacked, imprisoned, tormented, and summarily butchered. Factories, houses, shops, schools, libraries, laboratories, hospitals, and churches were burnt at will. The populous, unfortified territories adjacent to the International Settlement was bombarded again and again from aeroplanes, artillery positions and warships. There was wanton destruction everywhere. Business and property losses alone amounted thus far to over 100 million dollars. The number of lives lost cannot yet be ascertained. The Japanese say they have not declared "war." But these excesses which are not permitted even in times of war have been committed by the Japanese in Shanghai. Could a declared war be any worse?

Lastly, the Japanese, by invading and occupying Chinese territory and encroaching upon China's sovereign rights without provocation, has deliberately regarded as "scraps of paper" the Hague Conventions, the League of Nations Covenant, the Washington Nine-Power Treaty, and the Kellogg-Briand Anti-War Pact. The loss to China will be comparatively small, and China is determined to resist the Japanese invasion to the end. But who are going to uphold the high ideals and lofty principles as embodied in the above-mentioned international engagements which have taken the best minds and the greatest statesmen of the world a quarter of a century to build up? Is the world fully prepared to sacrifice all these for the Japanese militarists and let them be trodden under foot for all time?

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

Issued March 14th, 1932

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



PM RECD
 LEGATION OF THE
 UNITED STATES OF AMERICA

Shanghai, China.

March 12, 1932.

APR - 9 32

The Honorable

The Secretary of State,
 Washington, D. C.

Sir:

In continuation of my despatches of February 23 and March 2, 1932, I have the honor to transmit herewith three Memoranda of conversations I have had, respectively, with Mr. Sun Fo, Mr. Eugene Chen (February 25, 1932); with Mr. Quo Tai-chi (March 5); and with Mr. Yosuke Matsuoka (March 7) - all on the subject of the military and political situation in Shanghai.

Very respectfully yours,

For the Minister:

C. Van W. Engert
 C. Van W. Engert,
 First Secretary of Legation.

Enclosures: 3 Memoranda of Conversations.

CVHE/ECH

COPIES SENT TO
 ON LAND MAIL

Division of
 FAR EASTERN AFFAIRS
 APR 11 1932
 Department of State

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

MEMORANDUM OF CONVERSATION.

Shanghai, February 25, 1932.

Conversation with Mr. Sun Fo.
Present, Mr. Eugene Chen.

Subject: Sino-Japanese Relations.

I went to call today upon Mr. Sun Fo, who is reported in Shanghai as being the man chiefly responsible for the attitude of the 19th Route Army in the present clash between Chinese and Japanese here. Mr. Eugene Chen came in shortly after we sat down and did most of the talking. Mr. Chen denied that either he or Mr. Sun Fo was controlling the policies of the 19th Route Army at this time. He said, however, that in the beginning they had done somewhat to crystalize feeling in the matter. He said that on January 28th the 19th Route Army was under orders to evacuate Chapei, other forces having been assigned to that area. He said that the General in command of the 19th Route Army, knowing that there was to be an interim between the time of the going of the 19th Route Army and the coming of the other forces, called up General Chiang Kai-shek in Nanking and asked what they should do if the Japanese attempted to enter Chapei. He said that Chiang Kai-shek advised them to withdraw out of

Chapei

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

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Chapei, and that General Tsai told him over the telephone that he was a traitor to China, and stated that he would resist. He said that all the world knows now what happened when the Japanese went into Chapei. I asked Mr. Eugene Chen whether it was true that he and Mr. Sun Fo were guiding the policies of the 19th Route Army for political purposes. Mr. Chen said that this was not true. He said that it was their attitude in the beginning, however, and Mr. Sun Fo had given a certain political cast to the policies of the 19th Route Army which now symbolized Chinese determination to resist the encroachments of the Japanese. The army now represented the feeling of the great mass of the people and no one dared go counter to this attitude. Not even General Chiang Kai-shek. He said that the 19th Route Army was receiving support from Nanking, although the support was not a hundred percent effective.

Eugene Chen stated that it had originally been his and Mr. Sun Fo's intention to go to Canton, but that now they were awaiting in Shanghai the outcome of this conflict.

M. D. Gustafson

American Minister.

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

MEMORANDUM OF CONVERSATION.

Shanghai, March 5, 1932.

Conversation with Mr. Quo Tai-chi.

Subject: Sino-Japanese Situation.

Dr. Quo called to explain to me the situation in regard to various efforts to bring about peace at Shanghai. Quo pointed out that there had been now five attempts to bring about a peaceful solution to the Shanghai situation, the first was the proposal of the Shanghai Defense Commission, which was accepted by China but rejected by the Japanese. The second came on February 2nd, and was brought out by the Note from the Four Powers, and was accepted by Chinese and rejected by the Japanese. On February 9th came the third proposal, made by Admiral Kelly. It was accepted in principle by China and rejected by the Japanese. The fourth proposal came on February 18th, through Sir Miles Lampson, and resulted in a meeting between the Chinese and Japanese, at which it had been understood the Japanese would present no ultimatum. The Japanese, however, had met the Chinese not for the purpose of negotiation but for the purpose of presenting minimum demands which the Chinese naturally refused and in the evening of the same day the Japanese presented an ultimatum. Now finally had

occurred

- 2 -

occurred the fifth attempt. This had occurred on February 27th. On that evening Admiral Kelly had seen Wellington Koo and had suggested a meeting. Wellington Koo went to Dr. Quo Tai-chi and they both talked to General Tsai and General Chiang Kwang-nai who explained the situation of the Chinese troops. They agreed to the suggestion of Admiral Kelly with result that Wellington Koo and Gaston Wang met Matsuka and Admiral Nomura on board the KENT on the 28th in the evening, and discussed matters for a period of two hours. They could not agree as to the distance to which Chinese should withdraw. Result of long discussion was that each side agreed to put before his own Government the following five points

- (1) Mutual and simultaneous evacuation by both sides.
- (2) No question to be raised of the permanent dismantling of Woosung or Lion Forts.
- (3) Joint Commission with neutral observers to supervise evacuation on both sides.
- (4) Evacuated area to be administered by Chinese authorities as usual and policed by Chinese police.
- (5) Chinese to withdraw to Chenju and Japanese to withdraw to Settlement and Extra Concession roads, after which Chinese to withdraw to Nanziang.
Withdrawal of Japanese to ships to be taken up at the next Conference.

On the 29th Wellington Koo saw Admiral Kelly and informed him that the Chinese Government accepted the five points.

Admiral

1205

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

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Admiral Kelly handed the five points as approved by the Chinese Government to the Japanese with the approval of the Chinese.

Dr. Quo here commented on the origin of the so-called Boncour proposal at Geneva. He said that Monsieur Boncour's proposal originated in this way. That Monsieur Boncour had been shy about using a confidential proposal made by the Japanese, that Admiral Kelly had telegraphed information of the meetings on the KENT and when Boncour heard of the KENT meeting he then was encouraged to make a proposal covering Shanghai situation and suggesting a Round-Table Conference.

On the evening of March 2nd Sir Miles Lampson called Dr. Quo and asked him to meet him and Admiral Kelly. At this meeting Admiral Kelly handed to Quo the Japanese reply to the terms tentatively agreed to on the KENT. Quo said that he was very much surprised at the Japanese reply, which had nothing to do with the five points which had been accepted by both sides in principle at the meeting on the KENT. He said that both Admiral Kelly and Sir Miles Lampson urged him, nevertheless, to meet the Japanese on the following day in the morning at 10 o'clock for the purpose of discussing the first point in the Japanese reply, it being understood,

that

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that such a meeting did not apply agreement on the part of the Chinese to the rest of the Japanese terms. By that time, however, the Chinese troops had retired. Quo consulted with his colleagues and they agreed that they could not meet the next day with the Japanese as they feared the use which the Japanese might make of such a meeting.

In the afternoon Admiral Kelly called Quo up to tell him that Nomura had said that they would cease fire at 2 p.m. On the following day Lampson asked Quo to tea, saying that Shigemitsu would be there. He went to tea and talked with Shigemitsu and Quo had him more or less cornered for he suggested to Shigemitsu that now all had been accomplished, the Chinese troops had retired, therefore, why did not the Japanese troops retire.

Dr. Quo handed to me the attached document, being the text of a letter addressed by Yen to Monsieur Boncour and being Chinese acceptance of Boncour proposals.

N.T.G.
American Minister.

Nanking

3/3 1932

Lo Wen-kan

Following from Yen: "Text letter Boncour ward follow is as I have already notified Council my Government accepted February twenty ninth armistice proposals resulting from an exchange views February 28th between representatives two parties in presence Admiral Kelly on board British Flagship. These proposals as stated by British representative on Council February 29th were based on principle mutual simultaneous evacuation.

"Since these proposals were forwarded for consideration Sino-Jap governments Jap Government has made no reply but landed strong reinforcements in International Settlement and launched offensive on larger scale. This was done in spite announcement that Jap Government had accepted proposal made by President Council February 29th processation hostilities restoration peace Shanghai.

"In spite these developments which throw serious doubt on sincerity Jap Government's acceptance Councils have honour state my Government is as always ready accept armistice based on principles outlined above. If this armistice is accepted and outcarried Sino Government further prepared accept proposal which Your Excellency made Council meeting February 29th and participate conference Shanghai recognizing that safety International Settlement French Concession is essential to maintenance peace in and around Shanghai and on understanding that this conference is concerned only restoration peace Shanghai and all questions arising out Sino-Jap conflict in any part China will be settled accordance procedure invoked par China before League.

"It is of course understood participation this conference is subject agreement between participating governments as to its agenda."

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

MEMORANDUM OF CONVERSATION

Shanghai, March 7, 1932.

Conversation with Mr. Yosuke Matsuoka.

Subject: Difficulties at Shanghai.

Mr. Matsuoka came to see me this morning and after some preliminaries he said that he was very anxious to inquire of whether I had any suggestions to offer as to how the Japanese might liquidate the present situation. He said that he was not sure but what it would be better for him to return home in a few days as he perhaps could render a better service to the cause of peace at Tokyo, by bringing home to the people there the complications of the situation here, than he could if he remained in Shanghai.

I said that it seemed to me that it was a case of loss of prestige. Japanese arms had accomplished their purpose and had driven Chinese forces beyond the 20 kilometer zone mentioned in the Japanese Note. The Japanese army could now retire. I said that it seemed to me that all that was necessary was to obtain assurance that the Chinese forces would not enter the area now occupied by the Japanese, at least for the time being, and then get the Chinese to arrange for the policing of these areas and have the police come and

take

- 2 -

take over as the Japanese forces retired.

Mr. Matsuka stated that the Japanese military were not disposed to feel confident that the Chinese would live up to their word. They must have some evidence, some results, before they could leave happily. They would ask among themselves why had they come to fight at Shanghai. He said that the military leaders were "up in the air", that they felt that they must have some concrete results before they left. It was necessary to find some way in which the Japanese could retire with satisfaction.

He said that as far as he was concerned he would be glad, now that the Japanese arms had driven the Chinese soldiers away, to say to Shanghai, and to the International Settlement, goodbye and "sayonara", and leave the Settlement to deal with the situation afterwards. He said, however, that he did not dare to talk this way among his own people who already feared that he was more interested in Manchuria than in Shanghai. He intimated that neither he nor Shigemitsu could talk to the local military in this way lest they be bombed. Therefore, he did not know just what to say, unless the neutral powers interested in Shanghai, were to come forward and mediate or offer to

cooperate

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

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cooperate and make it possible for the Japanese military to leave. He said that he thought that some proposal that would assure the Japanese military that the Chinese would not return, and that would involve cooperation on the part of the neutral powers, either through their military or through the police of the International Settlement, who could supervise the evacuated area and thus provide for the security and protection of Japanese nationals in those areas, would be very acceptable. He said that the Japanese military would not feel that they could retire safely unless they could see some tangible result to their labors. He hoped that the powers would step forward at this time. The question was, how could the Japanese make their exit gracefully.

I told Mr. Matsuoka that, so far as I was concerned, I felt it was going to be very difficult to enter into any arrangement that might involve any idea, actual or implied, of an extension of the regime to the International Settlement, that American policy in this area distinctly contemplated the eventual drawing to a close of foreign control, insofar as the International Settlement was concerned, and I felt that the American Government would find it very difficult to enter upon discussions which might run counter to that policy. I said that I thought that the only permanent solution to the

situation

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situation which now presented itself was to find some arrangement whereby the Chinese areas could be turned over to Chinese police.

Mr. Matsuoka said that he felt that an effort in this matter should be made to keep separate the temporary measures from permanent measures, which could only be settled at a Round-Table Conference if and when such should be convened, that what he had in mind at the present time was temporary arrangements which would be enforced only during period of evacuation by Japanese forces.

Mr. Matsuoka stated that he thought that he might be returning to Japan shortly. In the meantime, he expressed the hope that I would think the question over and find some way out.

N.F.S.
American Minister.

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

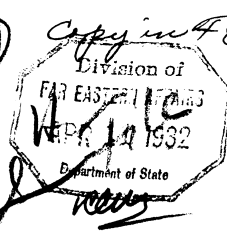
NO. 8156

RECO.

AMERICAN CONSULATE GENERAL,
Shanghai, China, March 11, 1932.



APR 9 1932



F/DEW

793.94/5017

SUBJECT: Japan's Reply to the Council of the
League of Nations.

THE HONORABLE

THE SECRETARY OF STATE,

WASHINGTON.

SIR:

793.94-4897 ✓
With reference to my despatch No. 8141 of
March 3, 1932, transmitting certain editorial
comment on the Secretary of State's letter to
Senator Borah, in which reference was also made
to the Japanese Government's reply to the Council
of the League of Nations, I have the honor to trans-
mit an editorial from THE NORTH CHINA DAILY NEWS
(British) of February 26, 1932, in which unfavorable
comment is made on the reply.

While the editor is not disposed to make light
of China's misdeeds in the past, he believes that
the process of correction by reprisals was entirely
unauthorized.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

Enclosure:

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

-2-

Enclosure:

1/- Editorial from THE NORTH CHINA DAILY NEWS
of February 26, 1932.

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In Quintuplicate.

In Triplicate to Legation.

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

Enclosure No. 1 to despatch of
American Consul General at Shanghai,
1932, on the subject: "Japan
League of Nations."

Editorial from THE NORTH CHINA
of February 26, 1932

North-China Daily News

IMPARTIAL, NOT NEUTRAL.

SHANGHAI, FEBRUARY 26, 1932

IN BLUNDERLAND

If the Japanese Government's reply to the appeal of the Council of the League of Nations were taken at its face value, the only possible conclusion would be that Tokyo had failed to grasp the essentials of the problem created by the action of Japanese naval, air and military forces here. The alternative suggestion that Japan refuses to take the League, of which she is a member, seriously might be in consonance with some aspects of Japanese policy but it can hardly be accepted in justice to Japan's international reputation. It was to be expected that every effort would be made to present Japanese actions in the best possible light. It was not expected that so much reliance would be placed on the dubious qualities of special pleading and frivolous misinterpretation. Fundamentally the weakness of Japan's case lies in the fact that, in deciding to take "drastic measures"—the quotation of the language of her agent must be used to rebut the specious pretence that defensive action only was intended—she had no clear-cut issue. Allegations of boycotting, anti-Japanese activities, the murder of the Buddhist monks, and the rest, could not stand alone. They had to be considered in their relation to the effect on Chinese opinion of Japanese aggression in Manchuria and, moreover, the adoption by the Japanese in Shanghai of an exceedingly provocative attitude which, for the three months preceding the outbreak had caused considerable anxiety. The concentration of Chinese troops within close proximity of Shanghai was directly due to the movement of menacing Japanese naval forces with declared hostile—or punitive—intent to Chinese Shanghai. Punishment for the boycott, for anti-Japanese activities was the object as first announced. Now it is claimed, with effrontery rather than logic, that the defence of the International Settlement was the recipient of Japanese solicitude.

China may have been—indeed was—a transgressor. Japan was the aggressor, the mere chronological evidence of the source of the first shot being immaterial. The world has come to learn the futility of assigning "war guilt." This should make Japan all the more diffident in replying to the League's dispassionate appeal with fustian instead of sound argument. It seems now painfully ironical for Japan to wax eloquent over China's breach of treaty engagements, or to moralise on China's lack of status as an "organised state." Japan, as a Member of the League, made no attempt to bring before the

coincident occurrence of events to fit certain lines of Japanese action. The suggestion, in the Japanese note, that the League should have definitely proposed the creation of a "safety zone" indicates a pathetic blindness. As a "safety zone" the whole Shanghai area at the present moment looks a trifle awry. Japan, indeed, seems to have turned it into a Blunderland, from which it is to be hoped she will soon be able to extricate herself and others by the exercise of a clearer perception of the realities so blandly commended to the League's attention. There is little disposition in Shanghai to overlook them; they starkly glower in the complete stagnation and possible ruin of the trade of this great port; in the grave accentuation of political dangers of the first magnitude and in the peril of Japan victimised by overweening militarist ambition. "Deeds are louder than words": in the light of that Japanese resort to the League let judgment be passed.

J. Cunningham,
March 11,
11 of the

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

Enclosure No. 1 to despatch 1
American Consul General at Shanghai,
1932, on the subject: "Japan
League of Nations."

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of bearing her. It has been wise-
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Department of State letter, August 10, 1972
By Milton D. Gustafson NARS, Date 12-18-75

Japan's reply to the League makes much capital of Chinese misdeeds and aggressiveness. They call for correction. The question arises whether the process of correction should be undertaken with complete disregard for other interests equally affected. It may also be asked whether correction should take the form of reprisals and whether Japan, either by the actual performance of the last four weeks or by her moral and material ascendancy, was authorised to inflict it. Nor is Japan's insistence on Chinese unwillingness to resort to peaceful means of settlement impressive to those who realise the extremely provocative tone, manner and presentation of the terms which Lieutenant-General K. Ugeda laid down last week. The ingenuity of anticipating Chinese methods of evasion and shifting responsibility is heavily discounted by constantly accumulating evidence of the technique of the *agent provocateur* and the coincident occurrence of events to fit certain lines of Japanese action. The suggestion, in the Japanese note, that the League should have definitely proposed the creation of a "safety zone" indicates a pathetic blindness. As a "safety zone" the whole Shanghai area at the present moment looks a trifle awry. Japan

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American Consul General at Sh
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Editorial from THE NORTH CHINA DAILY (Sh)
of Feb. 1942 in the complete stagnation and

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China may have been—indeed was—a transgressor. Japan was the aggressor, the mere chronological evidence of the source of the first shot being immaterial. The world has come to learn the futility of assigning “war guilt.” This should make Japan all the more diffident in replying to the League’s dispassionate appeal with fustian instead of sound argument. It seems now painfully ironical for Japan to wax eloquent over China’s breach of treaty engagements, or to moralise on China’s lack of status as an “organised state.” Japan, as a Member of the League, made no attempt to bring before the League the grievances on account of which she took summary action in Manchuria last September and in Shanghai last month. To support the contention that the League was a useless bulwark, it surely was first necessary to put the League to the test. Instead of that, Japan hamstrung the League and then complained that it was incapable of bearing her. It has been wisely stated that, where breaches of

PERMATA RUBBER ESTATE

21st Annual General Meeting

The twenty-first annual general meeting of the Permata Rubber Estate, Ltd., was held yesterday afternoon, at No. 17 The Bund.

Mr. J. Frost presided and was supported by Mr. W. J. Monk, director, and Mr. Lloyd Bland, representing the secretaries, and there were shareholders representing 7,828 shares.

The secretary having read the notice convening the meeting and the auditors' report, the chairman said:—

Gentlemen.—The report and accounts having been in your hands for the usual period, I will, with your permission take them as read.

New Low Record

When I addressed you a year ago, I remarked that our balance sheet was the worst since 1922. The price of rubber in 1930 averaged 5.8d. per lb. whereas we now have a new low record of 23d. over all grades for 1931.

Under these conditions, it is not surprising that we show a net loss of Tls. 6,137.17 for the year.

This sum we propose deducting from the balance of Tls. 9,786.24 brought forward from last year, leaving a balance of Tls. 3,649.07 to be carried forward to a new account.

The directors' report and statement of accounts gives you all the principal items of interest regarding the estates and the position of our finances.

Our investments remain the same, although last year they were valued at Tls. 27,000 whereas on October 31, they were Tls. 26,000.

The estimated output for the current year is 168,000 lb. which in view of the excellent crops harvested during November and December should be easily obtained.

The estate continues to receive the efficient attention of our agents, Messrs. Sime, Darby & Co. Ltd., Malacca, and our thanks are due to them for the excellent manner in which they have managed the property during the year.

We recently had a visit from Mr. F. M. Edmonds who is closely connected with the estate and who was able to give us first hand information regarding the conditions under which the plantation is being worked, and the methods which are being adopted to

ly stated that, where breaches of bearing her. It has been wise- complained that it was incapable hamstrung the League and then the test. Instead of that, Japan necessary to put the League to less bulwark it surely was first tion that the League was a use- month. To support the conten- September and in Shanghai last many action in Manchuria last count of which she took sum- League the grievances on ac- no attempt to bring before the a Member of the League, made an "organised state," Japan, as lie on China's lack of status as treaty engagements, or to mora- eloquent over China's breach of fully ironical for Japan to wax- argument. It seems now pain- with Justian instead of sound League's dispassionate appeal more difficult in replying to the This should make Japan all the fulfily of assigning "war guilt." The world has come to learn the the first shot being immaterial. rical evidence of the source of the aggressor, the mere chronolo- was—a transgressor. Japan was China may have been—indeed cipient of Japanese solicitude. national Settlement was the re- that the defence of the Inter- with effrontery rather than logic, announced. Now it is claimed,

Editorial from THE SINGAPORE FREE PRESS (British)
of February 26, 1932.

Enclosure No. 1 to despatch No. 8166 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated March 11, 1932, on the subject: "Japan's reply to the Council of the League of Nations."

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

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

DEPARTMENT OF STATE

DIVISION OF FAR EASTERN AFFAIRS

April 15, 1932.

~~WAT.~~
~~FOR.~~
~~SKH.~~
~~WAT.~~

Consul General Cunningham transmits herewith memos of conversations which took place on January 29 and January 31, 1932, in an effort to arrange a truce and prevent the hostilities which subsequently broke out between the Chinese and Japanese at Shanghai.

One gets the impression from reading these memos that both the Chinese and the Japanese were acting at the time in a very arrogant and truculent manner and in some cases the Chinese to a greater degree than the Japanese. Apparently the American and British authorities, both consular and military, at Shanghai did everything they possibly could to prevent hostilities. One gains the impression that the incident was something that just had to occur.

[Handwritten 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

NO. 8174

RECD
DEPT. OF STATE
AMERICAN CONSULATE GENERAL,
Shanghai, China, March 10, 1932.
COM. & REC.

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Division of
FAR EASTERN AFFAIRS
APR 11 1932
Department of State

F/DEW

CONFIDENTIAL.

ASSISTANT SECRETARY
K.C./C
793.94
note
893.10
793.94

SUBJECT: Informal Discussions Regarding Truce
After January 28.

THE HONORABLE

THE SECRETARY OF STATE,
WASHINGTON.

THE UNDER SECRETARY
APR 28 1932
DEPARTMENT OF STATE

793.94/5018

SIR:

With reference to my confidential telegram of
January 31, 4:00 p. m. and previous telegrams in
regard to the informal discussions and exchanges
which took place between January 29 and January 31
concerning a truce, I have the honor to forward
herewith various memoranda of conversations and
other documents which will be of interest to the
Department as showing how the truce was brought
about and the part which the British Consul General
and myself took therein.

APR 28 1932

FILED

1/ Enclosure No. 1 is a memorandum of my
conversation with Mayor Wu Te-chen on January 29,
10:00 a. m., in which he requested me to use my
good offices with the Japanese to the end that
hostilities might be discontinued and Shanghai
saved from destruction.

Enclosure

-2-

2/ Enclosure No. 2 is a memorandum of an informal conference held at the Japanese Consulate General at noon on January 29, and later on board the Japanese flagship, with the Japanese Admiral and Consul General and the British Consul General and myself. This preliminary discussion resulted in the inauguration of a truce to take effect at 8:00 p. m. on the evening of January 29.

 During the night of January 29-30 the Japanese alleged that the Chinese had broken the truce on two occasions and on the morning of January 30, I was requested to call on the Japanese Admiral in order to hear his complaints in the matter, which I did in company with the British Consul General. Mr. Brennan and I then proceeded to the Mayor's office and informed him of the complaints of the Japanese Admiral. Mayor Wu informed us that he had received word that the Japanese had likewise broken the truce during the previous night.

 We also suggested to Mayor Wu that a meeting should be held directly between the Japanese and Chinese military authorities and others to discuss the continuation of the truce. We then returned to the Japanese Consulate and made the same suggestion regarding a meeting to Mr. Murai and Admiral Shiosawa.

 As a result of these suggestions a meeting was held the following day, January 31, at the British Consulate General, at which various proposals were discussed for the mutual withdrawal of forces and the establishment of a neutral zone. A copy of the minutes of this

meeting

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

-3-

3/ meeting is attached hereto as enclosure No. 3. These minutes were made by Consul Blackburn of the British Consulate General through whose courtesy a copy was received. In transmitting the copy to me, Mr. Blackburn stated that he sat at the opposite end of the table from me and so was not able to hear all that was said at the other end when the discussion, as often happened, broke up into groups. Therefore, he stated to me that the minutes might not be complete. On the whole the minutes are very good, although it is apparent that the purpose was to make a complete record of the British Consul General's statements and that there was no preconceived plan to make a complete set of minutes.

Respectfully yours,

Edwin S. Cunningham
Edwin S. Cunningham,
American Consul General.

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Enclosures:

- 1/- Memorandum of conversation between American Consul General and Mayor on January 29.
- 2/- Memorandum of informal conference with Japanese Admiral and Consul General, American Consul General and British Consul General, January 29.
- 3/- Minutes of meeting of January 31, as stated.

PRJ:hf

File No. 800

In quintuplicate.

In duplicate to the Legation.

Copy to the Minister now at Shanghai.

4 Carbon Copies
Received *F. D.*

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

Enclosure No. 1 to Despatch No. 9174 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated March 10, 1932, on the subject: Informal Discussions Regarding Truce After January 28th.

Memorandum of Conversation.

January 29, 1932,
10 a. m.

Consul General Cunningham
General Wu Te-chen, Mayor of the Municipality of
Shanghai.

Present: Consul Huston
Mr. O. K. Yui, Secretary General of
Municipality of Shanghai.

General Wu, looking exceedingly depressed, stated that he had been without sleep for two days, and that he was calling in the hope that I might be able to do something. He reminded me that he had on yesterday morning informed me that while he had yielded to each of the four demands of the Japanese, and had incurred the wrath of his own people in doing so, he did not believe the Japanese would stop. In other words, he reminded me that he had told me so the day before, which was perfectly true.

General Wu then proceeded to state that on yesterday evening at 11:25, the Bureau of Public Safety had received a letter, enclosed in a Japanese Consulate General envelope, which contained two letters, one addressed to the Mayor, the other addressed to the Chief of the Bureau of Public Safety. He stated that his letter was received by him at approximately 12 midnight, and that before the receipt of the letter he had been informed that the Japanese were occupying Chapei. Although he was exceedingly serious, considering the circumstances his language was very conservative. He then rehearsed the various steps that had been taken to reach the point where he could accept the Japanese demands. He recited the delivery of his letter by Mr. Yui to the Japanese Consul General yesterday afternoon at approximately 2 o'clock, and recited the conversation between Mr. Yui and Mr. Murai. He stated with emphasis that Mr. Murai had stated that this satisfied him if the conditions were carried out, and for the moment settled the matter. He said that the proclamation of Admiral Shiosawa stated that he was extending his lines in order to protect Japanese subjects who were resident in Chapei, and that it was about as published in this morning's paper. He then stated that he had filed a protest against the action of the Japanese, and that his letter of protest had been delivered to the Japanese Consul General at Seymour Road at 2 o'clock this morning by Mr. Yui, and was as published in this morning's paper.

He then referred to the visit of Vice Consul Shirai of Japan to him this morning, explaining that the occupation of Chapei was in no way connected with the Japanese

demands

-2-

demands, that it was the result of

(1) At a recent conference of the Defense Committee of the International Settlement, composed of all the Powers, the sector assigned to the Japanese was east of the railway, and in order to fulfill the duties assigned to the Japanese Marines it was necessary for them to occupy Chapei. Chapei presented difficulties, and it was to protect his own nationals and the sector assigned to the Japanese Marines that Chapei was occupied.

(2) The Chinese wire entanglements which had been erected prior to the final acceptance of the demands was provocative to the Marines, and therefore it was necessary to subdue the Chinese who were insisting in provoking the Japanese to combat.

(3) There were many plain clothes Chinese who had been entering the Settlement during the entire afternoon, which had been noted by the Japanese Marines. They were a menace to the Settlement, consequently it was necessary for the Japanese to fire upon them in order to bring them to order. They feared these plain clothes men would rise up and cause trouble, and the Marines had been attacked by the Chinese when they were advancing to occupy the position assigned to them. He stated that no firing had taken place to the west of the railway, and would not unless they were attacked by the Chinese.

General Wu rehashed his efforts in order that Shanghai might be safe. His efforts had been exerted purely for the purpose of saving Shanghai; he would not have surrendered to the four demands except for the fact that he wanted to save Shanghai. There were other things that he enumerated, most of which were common knowledge, but finally he concluded by stating that he hoped that I would mediate between them and the Japanese so that fighting would necessarily be discontinued. He stated that he could not trust the Japanese in any way; that they had failed to keep any of their promises and therefore it was perfectly futile to trust them at all. He did not see any other course but to fight it out unless I could secure a cessation of hostilities. I told him that it was impossible for me to act as a guarantor for either side, but it would be a matter of great satisfaction if I could in any way contribute toward the cessation of hostilities. I would certainly do my utmost to bring that about. I would visit Mr. Murai and, if necessary, the Japanese Admiral, but it must be understood that I was not acting as mediator as I had not received the permission of my Government to do so, nor could I in any sense become a guarantor that the promises of either side would be kept.

Soon after General Wu left I received a telephone (call) from Mr. Brennan, the British Consul General, as a result of which telephone conversation he stated that he had just had an interview with General Wu, who had made statements similar to those he had to me. I proposed to Mr. Brennan that we go together to see Consul General Murai and thence to see the Japanese Admiral. I was unable to make an appointment with the Japanese Consul General, therefore in company with

Mr. Josselyn

DECLASSIFIED: E.O. 11652, 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-

Mr. Josselyn I proceeded to the Japanese Consulate General, picking up Mr. Brennan at his residence.

The interviews with Mr. Murai and Admiral Shiosawa will be taken care of in another memorandum.

Hn

LSC

Copied by HF *VF*

Compared with MB *8*

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

Enclosure No. 2 to Despatch No. 8174 of Edwin S. Cunningham, American Consul General at Shanghai, China, dated March 10, 1932, on the subject: Informal Discussions Regarding Truce After January 28th.

Confidential.

January 29, 1932.
1:00 o'clock p.m.

Memorandum of Interview.

Consul General Cunningham
Consul General Brenan (British)
Consul General Murai (Japanese)
Admiral Shiosawa
Consul Josselyn

Subject: Sino-Japanese Situation in Shanghai.

Mr. Brenan and Mr. Cunningham called on Consul General Murai at the Japanese Consulate General. Mr. Murai began by saying that he was exceedingly sorry for the events of last night. He said he would make a statement of his position: that he had received a very satisfactory answer from Mayor Wu and that the events which later took place were in no way connected with the question of the demands which he had made. The situation was that the Japanese naval authorities were very anxious because of the tremendous influx of Chinese into Chapei. Among these Chinese were a number of plain clothes gunmen. At four p. m. yesterday the Municipal Council had declared a state of emergency which meant that the Japanese naval forces were to occupy certain areas in the north district and that at about 11:30 last night they had discovered that the police had all fled from this district and that there were some 6,000 Japanese living there unprotected. In order to protect them the Japanese naval forces had moved into that district and had encountered certain resistance, which they had overcome. There was some discussion of the demarkation of the Japanese defense area and Mr. Brenan said this had never been clearly defined. Mr. Brenan and Mr. Cunningham both stated that they were there for the purpose of endeavoring to preserve the International Settlement from possible artillery fire.

Mr. Brenan said that he had already received word that the Chinese were attacking the Japanese along the line of the Shanghai-Woosung Railway; that if the Chinese brought up large forces of artillery the firing might easily enter the Settlement. He asked whether there was any possible way by which the fighting could be stopped. He said that he and Mr. Cunningham would like to see the Japanese Admiral for this purpose.

Mr. Murai

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

-2-

Mr. Mural arranged an interview with the Admiral and the party, accompanied by Mr. Mural, went directly from the Japanese Consulate to the Japanese Flagship, the TATSUTA, which was moored alongside the Japanese Consulate. We were received by Admiral Shiosawa and a staff officer. Mr. Cunningham asked Mr. Brennan to take the lead in conversation at the beginning, and Mr. Brennan reiterated his statement to the Japanese Consul General - that Mr. Cunningham and he had come to try to do something to save the International Settlement from the effects of shell fire, etc.; that they were not concerned in the dispute between the Chinese and the Japanese. The Admiral then stated his position in much the same terms as had been done previously by Mr. Mural. In response to Mr. Brennan's suggestion as to what could be done to stop the fighting, the Admiral first stated that if the Chinese troops would stop fighting and would retreat for a distance of 20 kilometers from the Japanese defense area, he would stop fighting and would hold only the area, the "Tongue", in the northern district, which he had outlined on a map in front of him. He said that this area was already fully occupied by the Japanese. Mr. Cunningham and Mr. Brennan emphasized that it was utterly impossible to expect the Chinese troops to retreat for a distance of 10 miles; that Mayor Wu, by accepting the Japanese demands, had placed himself in a very invidious position with the Chinese; that many of them were calling him traitor, and that it would be impossible for the Chinese to accede to such a demand. The Admiral then discussed the question of retreating to the distance of rifle fire (approximately two or three miles). Mr. Cunningham then brought out the fact that this also would be almost certain to be rejected by the Chinese as it would involve a tremendous loss of face by them. Mr. Cunningham suggested that if an arrangement could be made whereby both parties would cease firing and the Japanese continue to occupy their sector, then further questions could be settled later by negotiation (The sector in question is bounded on the west by the Shanghai-Woosung Railway, on the north by a bridge over a creek a little distance north of Hongkew Park, and on the east by the creek that runs into the Settlement at Sawgin Road.) The Admiral had a map on which this sector was delineated in red pencil and he gave a copy to Mr. Cunningham.

It was suggested that it would not be proper for the two Consuls General to act as messengers, that arrangements be made whereby the Mayor and a responsible military officer should come to one of the Consulates General, then the Consuls General would accompany them to the Japanese authorities, introduce them, and leave them to talk over the details. This appeared to be agreeable to the Admiral.

The Japanese Admiral stated during the interview that he had two more airplane carriers arriving with a total of 40 bombing planes and that if the Chinese continued to resist he would "destroy them to the teeth."

MB

PRJ

Copied by HF *✓*
Compared with MB *B*

DECLASSIFIED: E.O. 11652, 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. 8174 of
Edwin S. Cunningham, American Consul General at Shanghai,
China, dated March 10, 1932, on the subject: Informal
Discussions Regarding Truce After January 28.

Meeting at H. B. M. Consulate-General, Shanghai,
at 10. am. Sunday, 31st January, 1932.

Present: Chinese: General Ou Shou-nien
General Wu Tien-chang, Mayor
of Greater Shanghai
Mr. O. K. Yui, Chief Secretary
to the Mayor.

Japanese: Admiral Shiosawa
Mr. Murai, H. I. J. M. Consul-
General.

Mr. Cunningham, American Consul-General.
Mr. Brennan, H. B. M. Consul-General.
Mr. Blackburn.

Mr. Cunningham said that this meeting had been
called for the purpose of trying to find a way to
alleviate the situation, and he asked Admiral
Shiosawa to state his views.

Mr. Murai said that the discussion should deal
only with measures for relieving the situation, and
not with the merits of the situation: that was very
complicated and could be discussed later.

A discussion then followed regarding shooting which
had occurred that morning in which the Chinese and
Japanese representatives each claimed that the other
side were the aggressors.

Mr. Murai said that the trouble arose from the
fact that the Chinese and Japanese forces were face
to face and instead of discussing the past it would
be better to see how a similar situation could be
avoided in the future.

In reply to General Ou's enquiry whether he had
any suggestion to offer, Mr. Murai said that the
Hongkew area had been occupied because there were a
large number of Japanese residents there and the
Japanese authorities had reliable information that
the Chinese in the area intended to attack them. The
Japanese authorities intended only to occupy the area
necessary for the protection of their nationals. Means
must now be found to separate the forces which were
face to face, and that meant that one side or the other
must withdraw from their position.

The

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

-2-

The Mayor said that this area was Chinese territory, and it was for the Chinese authorities to maintain peace and order there. Delegation of this duty to the Japanese Navy could not be justified.

Mr. Murai said that there was justification for their action in international law, but he did not wish to pursue this question. The fact was that the Japanese had taken this action and they could not now leave their nationals under the protection of the Chinese authorities. But he promised that the Japanese would not cross the Railway line and he asked that the Chinese should withdraw their troops and leave the area along the West of the Railway under the protection of their police.

The Mayor asked whether the Hongkew area which Mr. Murai mentioned was the area assigned to the Japanese Defence Force by the International Defence Committee.

Some discussion followed, in which the Mayor pressed Mr. Murai with regard to authority under which the Japanese claimed to have occupied the Hongkew area, and whether that occupation had been explicitly approved by the Defence Committee.

Mr. Murai and Admiral Shiosawa said that the Japanese forces were authorized by the Defence Committee to protect the North and East side of the Settlement and also such area as was necessary for the protection of foreign nationals and that the Defence Committee had approved the occupation of the Hongkew area for temporary reasons.

Mr. Brennan interposed that neither he nor Mr. Cunningham must be taken as accepting that as a correct statement of the position. He said that there was a certain amount of vagueness in the Defence Scheme and it would not do to press the point too far. He added that the Defence Committee did not define exactly what military measures had to be taken and it was left to each force to decide what from a military point of view, were the measures necessary in any particular situation.

Mr. Murai, being further pressed by the Mayor, said that the Japanese were not ordered by the Defence Committee to occupy the Hongkew area: they had said that it would be necessary as an emergency act to occupy this area, and the Defence Committee had agreed that it would be necessary. But Mr. Murai and also Admiral Shiosawa emphasized that the responsibility for the occupation rested entirely with the Japanese authorities who were not seeking to share that responsibility with anyone else.

Mr. Brennan said that in order to ease the present situation the parties should discuss how far they were both prepared to withdraw.

Mr. Murai

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Mr. Murai said that the Japanese did not intend to occupy the area indefinitely, and they were quite ready to withdraw to the original line when the present tense situation was eased. For the time being, however, it was necessary for the Japanese to hold the line they were now holding, i. e. the railway line.

Admiral Shiosawa, being asked to define what was meant by the "original line" to which reference had been made, said he could not define it exactly, but in the course of discussion, made it clear that what was meant by the Japanese authorities was that as soon as tension was relieved, they were prepared to withdraw their troops to the position occupied prior to the recent crisis, namely to the municipal roads and municipal property in the Hongkew area.

General Ou said that he gave a definite undertaking that if the Japanese troops withdrew to their original position the Chinese forces would not cross the railway and the intermediate area would be patrolled by Chinese police.

Mr. Murai asked whether the Chinese would withdraw their troops but General Ou said that the Chinese had never threatened the Settlement and that if neither side occupied the railway zone there would be no danger.

Mr. Brennan said that this was not practical politics because if there was street fighting there would be bound to be bullets flying over, which would lead to a resumption of firing between the Japanese and Chinese.

At this point a lengthy discussion took place among the members of each group regarding possible measures for withdrawal.

At the conclusion Admiral Shiosawa suggested that British or American troops or Volunteers should be interposed between the Chinese and Japanese forces as he said the Japanese would not trust the Chinese police to patrol the area between themselves and the railway.

Mr. Brennan and Mr. Cunningham both thought it was doubtful whether this was possible.

The Mayor said that if the Japanese would retire to their original positions the Chinese troops would withdraw 50 metres to the West of the Railway.

Mr. Murai thought that was not nearly enough.

After some further discussion, Mr. Brennan said that the suggestion now made was that the Japanese should withdraw to their original positions, that the Chinese troops should withdraw some considerable

distance

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distance - out of rifle shot - to the West of the Railway, that neutral troops be put between the Japanese and the Railway line, and that the area vacated by the Chinese troops should be occupied by the Chinese Police. He said he did not guarantee that the troops would be forthcoming but the suggestion was made for discussion.

The Mayor asked how far Mr. Brennan suggested that the Chinese troops should be withdrawn.

Mr. Brennan said right (out) of the area, i. e. to Chen-ju or elsewhere.

The Mayor said that that was impossible as it would leave Shanghai undefended - they had not adequate police for the purpose.

Mr. Brennan pointed out that if the Japanese intended to attack, they would not be agreeing to withdraw, and have neutral forces interposed between them and the Chinese, so that it was not necessary to discuss the question of defending Shanghai from the Japanese.

General Ou made a further suggestion, namely that all the Municipal roads in the Hongkew area be patrolled by neutral troops, and that the Chinese troops should withdraw out of rifle shot, but after further discussion he amended his suggestion in the sense that the Japanese troops should withdraw to their original positions, the area vacated to be occupied by neutral troops, and the Chinese troops to withdraw out of rifle shot to the West of the Railway.

Admiral Shiosawa said that it was necessary that they should be out of gun-shot range and not rifle shot range.

After discussion between General Ou and the Mayor, Mr. Yui said that they would agree to withdraw Chinese troops 2,000 metres from the Japanese.

Mr. Brennan said that that would still leave them within rifle shot of the neutral troops, and he could not agree to the suggestion as he had the safety of those troops to consider.

General Ou said that if both sides were sincere, the arrangement he suggested was quite enough.

Mr. Brennan said that it was now a question of how far the Chinese troops should withdraw, and he suggested that the meeting be adjourned until the afternoon, and that Mr. Cunningham and he should try and bring in the various foreign commanders and see what practical scheme they could recommend.

Mr. Yui, just before adjourning, said that he wished to make it clear that General Ou now agreed to the Chinese troops withdrawing to a distance of 2,000 metres from the neutral troops.

The meeting adjourned at 12:15 p. m.

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(Second Part, Enclosure 3.)

Meeting at H. B. M. Consulate-General, Shanghai,
at 3 p. m., Sunday, January 31st, 1932.

The meeting was resumed at 3 p. m. being attended
by those present at the morning meeting, together with
the following:

Brigadier General Macnaghten, Chairman of the Council
Brigadier Fleming, Commanding the British Defence Force
Colonel Hooker, U. S. Marine Corps
Colonel Thoms, Commandant Shanghai Volunteer Corps
Major Penney

Mr. Cunningham reviewed the position which had been
reached in the morning.

Mr. Murai said that after consideration the Japanese
had come to the conclusion that the proposal which had
been made in the morning for a withdrawal of the Japanese
forces to their original positions was most difficult
and dangerous. It would be much better that the Japanese
should remain where they were and the Chinese withdraw
2,000 metres so that a clash would be avoided.

Brigadier Fleming said that the Defence Committee had
been considering the position and had reached the conclusion
that the most feasible solution would be for the Japanese
to evacuate the whole of the "tongue" or extra-Settlement
area and that it be occupied by a neutral force, but
before he could undertake to do this he would have to
represent the situation to his government; but there were
two main difficulties - first that the district was highly
congested, and second that it was full of plain-clothes
gunmen. He was not sanguine that his government would
consent.

Colonel Hooker agreed with this statement.

On being reminded that there was no suggestion
that the occupying force should be a purely British
force Brigadier Fleming said he thought that the
Commanders of all national forces would have to get
the sanction of their governments before undertaking
police duties in this salient.

Another suggested solution was that the Japanese
should withdraw eastwards to the N. Szechuen Road, and
that the Chinese should withdraw westwards from the railway.

This

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This again was open to the same two objections that it was very congested and full of gunmen. Unless there was some guarantee that the international force would be immune from sniping its position would be most dangerous, and he was not prepared to recommend this solution.

Mr. Brennan asked if the Japanese Authorities would consider the withdrawal of their forces from the salient altogether and allow it to be patrolled by a neutral force.

Mr. Murai asked in reply whether a neutral force could assure the safety of the numerous Japanese residents in the salient.

Mr. Brennan said that a neutral force would probably assure them as much safety as they were getting from their own forces.

The Mayor said he heartily supported the proposal for the complete withdrawal of the Japanese into the Settlement. In answer to a question he added that he thought the withdrawal of the Japanese forces would so ease the situation that the problem of the gunmen could be more easily handled. He on his side would do his best to tackle it.

Mr. Murai said he thought that most of the Japanese in the salient would not remain if the Japanese troops were withdrawn and they were entrusted to a neutral force. The Japanese Authorities also would have to refer to their government before they could withdraw.

The Mayor said that in the area in question the Chinese population was much larger than the Japanese population, and if there were Chinese gunmen there were Japanese gunmen too. If the Chinese could trust a neutral force the Japanese could do so too.

Mr. Murai retorted that it was because the Japanese were overwhelmed by numbers that they were frightened and if the Japanese troops were withdrawn it would have the effect of an order of evacuation for all Japanese in the area. It was therefore very difficult to comply. The point of immediate importance was to ease the present situation, and would it not be possible for this to be done just by the Chinese withdrawing a short distance?

The Mayor said that he and his colleagues were most anxious to avoid friction and he thought Brigadier Fleming's solution was the best. He was also afraid that if the question was not solved now the whole Settlement might become involved.

The discussion continued on these lines, the Japanese pressing the Chinese to withdraw 2,000 metres without any retirement on the Japanese part, the Chinese insisting that they would not withdraw unless the Japanese withdrew too.

Mr. Cunningham

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Mr. Cunningham asked Brigadier Fleming whether he thought it was quite impracticable to put a neutral force in the narrow zone between the Japanese original positions and the railway. Brigadier Fleming replied that it was most difficult and dangerous and he would not recommend it to the War Office.

Mr. Brennan said he was at a loss to know what further suggestion to make, but he thought the side which refused a reasonable compromise was exposing itself to very serious criticism in the eyes of the world. He said that the Chinese were prepared to make a compromise for the sake of peace, and asked if the Japanese had no suggestion to make for an honourable settlement? He then asked Admiral Shiosawa whether, if he was not prepared to accept the proposed solution for a complete withdrawal, he would refer it to his government.

Admiral Shiosawa said he could not do so; it was his duty to protect his people.

Mr. Brennan then asked Mr. Murai whether he, as Consul-General, would agree to refer the proposal to his government and in the meantime agree to the maintenance of the truce. And he suggested that there might be a mutual withdrawal of artillery and non-use of aircraft.

Admiral Shiosawa said he had a powerful weapon in his bombing planes, much more powerful than the little guns which the Chinese could bring against him, and he could and would destroy the artillery if they went on firing at him.

Mr. Brennan then suggested that at any rate both parties should maintain the truce until they could think of some better arrangement.

General Ou said that a truce had point only if it was a step to a permanent settlement, therefore if there was to be a truce neither side should bring in any re-inforcements.

Admiral Shiosawa refused to accept this restriction.

The Mayor asked how long it would take Mr. Murai to get a reply from Tokyo to his inquiry regarding the proposed withdrawal, and on Mr. Murai replying two or three days suggested that a truce for three days be declared and then if necessary another conference could be held.

Mr. Brennan said that was useless: he thought the Chinese were being unreasonable.

General Ou said that he accepted the truce for three days but if the answer of the Japanese Government was unfavorable he in his turn would have to refer to General Chiang Kai-shek.

Mr. Brennan

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Mr. Brennan asked Admiral Shiosawa if he would accept these terms, and Admiral Shiosawa replied that each time a truce was made the Chinese broke it. Unless the Chinese gave some assurance, e. g. by withdrawal, a truce was useless.

Brigadier General Macnaghten said he did not believe that either the Chinese or the Japanese deliberately broke the truce. It was probably Communist agents provocateurs on both sides who fired with the deliberate intention of creating ill-will. He urged that the Japanese would be no worse off if they agreed to a truce than if they did not.

Mr. Cunningham and Colonel Hooker argued in the same sense.

Mr. Brennan, addressing Mr. Murai, said that a promise to continue the truce for a few days had been extracted from the Chinese with great difficulty, and if the Japanese Admiral refused to do the same he was accepting a very grave responsibility vis-a-vis the foreign neutral powers, all of whom would be involved in the disaster which would result from a conflict around the International Settlement.

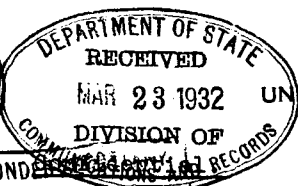
After further discussion Mr. Murai consented to a continuation of the existing truce in the following terms: He would report to his government; if the reply was unfavourable the Chinese would refer to their government and until a reply was received the Japanese agreed that they would not fire unless first fired upon.

A corresponding assurance having been given by the Chinese the meeting closed at 5.30 p. m.

Copied by HF *VF*

Compared with MB *B*

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



EMBASSY OF THE

UNITED STATES OF AMERICA

TOLEDO, OHIO

MAR 21 1932

Tokyo, February 27, 1932

MAR 14 1932

DEPARTMENT OF STATE

MAR 14 1932

Department of State

Office of Economic Adviser

MAR 14 1932

DEPARTMENT OF STATE

Dear Mr. Secretary,

I am herewith sending along a recommendation

by Mr. E. R. Dickover, American Consul at Kobe,

for an economic expression of disapproval of the

course of Japan, by the refusal on the part of

interested countries to finance Japan's incur-

sion into China or to extend to her facilities

by advancing money for her enterprises.

I have written Mr. Dickover that sometimes that sort of thing hurts the lender as much as the borrower, and I doubt whether that is good policy in regard to the extension of existing indebtedness. But I imagine Japan will have hard sledding in trying to borrow money to finance her military activities in China and Manchuria.

Respectfully,

W. Cameron Forbes

Ambassador.

The Honorable,
The Secretary of State,
Washington, D.C.

F/DEW

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

(Copy)

STRICTLY CONFIDENTIAL

AMERICAN CONSULAR SERVICE

American Consulate, Kobe, Japan, February 2, 1932.

The Honorable

W. Cameron Forbes,

American Ambassador,

Tokyo.

Sir:

I have the honor respectfully to offer the suggestion that if, as a result of Japan's military and naval activities in China, it becomes necessary or desirable to exert pressure on Japan, it appears to me that the method most readily available and the one which would impose the greatest pressure in the least time would be that of refusing loans to Japanese governmental organizations, banks and industrial concerns. This could be accomplished by using the influence of the Department of State to induce financiers in New York to refuse to issue new loans, to renew outstanding loans, or to refund bond issues when they mature. The co-operation of financiers in London and Paris would of course be desirable but not entirely necessary.

I have no exact figures available, but it appears from newspaper accounts that the Yokohama Specie Bank borrowed the equivalent of Yen 127,000,000 in the New York short-term market, a group of financiers headed by J. P. Morgan and Company, during the months from September to December, 1931, to assist in covering the Bank's dollar sales. These loans came due on January 10, 1932, but were renewed for three months and now fall due on or about April 10, 1932. The Toho Electric Power Company's 6% bond issue of 1929, amounting to \$ 11,450,000 (all outstanding), issued through the Guaranty Trust Company, matures in June, 1932. The South Manchurian Railway 5% sterling bond issue of 1907-1908, amounting to £ 6,000,000 (all outstanding), issued in London, matures in July, 1932. At the present rates

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of exchange these loans are equivalent approximately to the following amounts:

Short Term loans in New York	Yen	127,000,000
Toho Electric bond issue.	"	32,700,000
South Manchurian bond issue	"	<u>60,000,000</u>
Total.		219,700,000

In addition, interest payments on these and other outstanding external bond issues will amount to 80 or 90 million yen in 1932. All together, external payments during the year will total around 300 million yen. A part of this amount will be met with credits in the London short-term market, and a part will be met with funds obtained from export bills. In the present condition of Japan's export trade, however, it is unlikely that any great amount can be obtained from export bills. Another part will undoubtedly be met by sale of external Japanese bonds acquired by Japanese interests. I surmise, however, that a considerable part of the debts falling due, according to present plans, are to be covered by raising new loans or by refunding old loans. If this procedure is disapproved by the Governments of the lending countries, the only alternatives will be the shipment of gold (which Japan cannot afford at present, as the gold reserve has fallen to Yen 430,000,000) or repudiation.

For these reasons I believe that the restriction of loans to Japanese interests will provide an effective means of exerting pressure without directly interfering with commerce. Moreover, with the present weak condition of Japan's external accounts and the prospect of inflation in Japan, it is presumed that American financiers are not eager to loan further sums to this country or to extend loans already made.

Respectfully yours,

E.R. Dickover
 American Consul

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

CONFIDENTIAL
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*Copy for the Department of State
 in the file of the Commercial
 Office.*

American Consulate, Kobe, Japan, February 15, 1932.

The Honorable

W. Cameron Forbes,
 American Ambassador,
 Tokyo.

Sir:

I have the honor to acknowledge the receipt of your confidential letter of February 12, 1932, concerning my suggestion of bringing pressure to bear on Japan by refusing to refund bond issues, to renew outstanding short-term loans, or to grant new loans. You state that the refusal to extend loans may work a hardship on the lenders, if the Japanese borrowers are unable to pay.

I should have stated in my previous letter that I do not believe that the Japanese will resort to actual repudiation of their debts, in case they find it impossible to renew their loans abroad. The country is in a position to pay all sums due this year, but only at the cost of heavy losses or considerable strain on the national finances.

Gold can be shipped to establish dollar credits with which to meet debts falling due, but if gold is shipped from Japan in further large quantities, heavy contraction of currency and credit, with resultant losses and bankruptcies, or revaluation of the yen at a lower gold figure, would appear to be inevitable. The gold, however, is here and can be shipped.

Dollar bonds of the Japanese Government, of municipalities, and of industrial corporations, issued in the United States, have been purchased by Japanese banks, trust companies, insurance companies and individuals recently in large quantities - in fact, a considerable part of the gold shipped out of Japan in the

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last half of 1931 is reported to have been used to buy up such bonds. These bonds can be purchased by the debtors and sold in the United States to obtain dollar credits, but the bonds have fallen greatly in value lately, and the sale of the bonds in the United States today would bring a heavy loss to those involved in the sale.

Even repayment, as far as may be possible, by means of transfers of yen credits, will cause heavy losses to the debtors, as they will have to use around thirty-five per cent more yen in repayment than they received when the loans were made, due to the fall in the value of the yen.

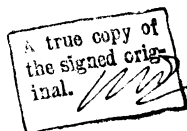
As the repayment of the loans will therefore inevitably mean heavy losses or dislocation of the currency system of the country, the debtors will use every effort to have the short-term loans renewed and the old bond issues refunded. According to the JAPAN CHRONICLE of February 13, 1932, the debtor concerns are now endeavoring to negotiate renewals, without success so far.

It is my opinion that, if the effects of the military adventures in China are brought home to the financial interests, the industrial concerns, and the man in the street, as well as to the government authorities, by causing them losses and financial strain, much of the present enthusiasm over the military exploits will disappear. The refusal to renew loans or to grant new loans will not ruin Japan, but it will cause the people to think.

Respectfully yours,

E. R. DICKOVER

E. R. Dickover
 American Consul



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DOCUMENT FILE

NOTE

SEE 893.01 Manchuria/120 FOR #539

FROM Japan (Neville) DATED March 26, 1932
TO NAME 1-1137 ...

REGARDING: Newspaper comment on report alleging that the American
Secretary of State was endeavoring to persuade various
Powers to refrain from recognizing the new Manchurian
State.

Reports - and encloses copies thereof.

793.94/5020

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

Tokyo, March 26, 1932.

No. 539.

Subject: Comment on the Alleged Viewpoint of the
Department of State.

The Honorable

The Secretary of State,

Washington.

Sir:

- 1/. I have the honor to transmit copies in translation
of a telegraphic report, purporting to have been sent by
a Japanese press correspondent, which was published on
March 18, 1932, in the evening edition of the Tokyo NICHU
NICHU, one of the most influential Japanese dailies, and
2/. of comment on this report, which appeared in the same paper
the following morning. The report claimed that the Secretary
was attempting to persuade the various Powers, to whom the
new Manchurian Government had sent notes, to refrain from
recognizing the new state and that he would also similarly
advise

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advise Japan. The headline of the subsequent press comment was to the effect that the Foreign Office authorities were laughing at the illusions of the Department of State. Following was an alleged statement of an unnamed official of the Foreign Office in which it was claimed that the Government of the United States apparently mistakenly believes that Japan is going to take immediate steps to recognize the new state and that the new state is the result of Japanese military action.

Respectfully yours,

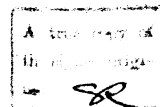
Edwin L. Neville ,
Chargé d'Affaires ad interim.

Enclosures:

Copies in translation of
a telegraphic report,
and of comment on this
report, as stated.

Embassy's File No. 800-Manchuria.

LES/BR



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

539

Antagonistic Attitude of the United
States Government Toward the New
Republic of Manchuria.

Evening Edition of
 Tokyo NICHU NICHU
 March 18, 1932.

A New York telegram sent on March 17 by Mr. Takeo Ohara, a special correspondent of the NICHU NICHU, states that the Department of State, which was expected to remain passive as regards the request of the new Republic of Manchuria for recognition, seems suddenly on the evening of March 16th to have decided to assume a positive attitude toward Japan. The Department of State is now determined to assume the attitude that if Japan should recognize the new Republic of Manchuria the Department of State would hold that such a recognition obviously ignores the Nine Power Treaty and practically means partition of China, and that it (the Department of State) would therefore advise Japan not to recognize the new Republic. Furthermore, the Department of State states that in order to carry out the above diplomatic boycott, arrangements have already been completed for other Powers to follow suit. In other words, various Powers other than Japan and Russia have completed preparations among themselves to prevent the recognition of the new Republic. The Department of State also insists that Russia has no reason whatever to

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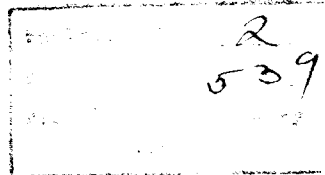
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to follow in Japan's footsteps and recognize the new Republic. In the political circles in Washington, the view is expressed that the establishment of the new Republic of Manchuria was directly due to Japan's military operations and not based on the principle of national self determination. It appears that the view of Secretary of State Stimson is based on a legal argument and represents the public opinion of the United States, which is assuming an attitude antagonistic to Japan.

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Translation.

Surprising Illusions of the United
States State Department Regarding
the Manchurian Problem Causes the
Foreign Office Authorities to Laugh.

Tokyo NICHU NICHU

March 18, 1932.

A report has been received that the notes sent out by Hsieh Kaishek, Foreign Minister of the new Government of Manchuria, to the Governments of seventeen principal countries under date of March 12, asking for their recognition of the new Manchurian State and the inauguration of formal diplomatic relations between the new Government and the Governments of the seventeen countries concerned, gave an incentive to the formation of a combination of the Powers concerned, exclusive of Japan and Soviet Russia, for non-recognition of the new Manchurian State, the move being initiated by the Secretary of State of the United States, Mr. Stimson, who devised the measures from the necessity of defending his own position. The report is received with derision by the Foreign Office authorities here, who, in commenting on the report, observed that apparently the idea of Mr. Stimson in starting such a movement as reported was the outcome of an illusion and a very serious illusion too. The Foreign Office explains it as follows:

(1)

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(1) With regard to the note of the Foreign Minister of the new Manchurian Government desiring the inauguration of formal diplomatic relations, the Japanese Government is of the opinion that the sending of a note acknowledging the receipt of the said note will suffice because the Japanese Government does not regard it as a note asking for the formal recognition of a new state in accordance with the principles of international law. The Japanese Government holds the view that it is still premature to recognize the new Manchurian Republic and even entertains doubts as to the intents and purposes of the new Manchurian administration which sent out such an ambiguous note. Nevertheless, the American Government apparently mistakenly interprets the intention of the Japanese Government as being that it is going to take immediate steps to recognize the new Manchurian state. Such an attitude on the part of the American Government reveals a surprising lack of insight and an inability to understand the true intention of the Japanese Government.

(2) Another equally surprising view is that the American Government interprets the coming into existence of the new Manchurian state as being the outcome of military action taken by Japan for the solution of the Manchurian question based and not as being on the self-determination of the Manchurian people. It is also surprising that it regards the creation of such a state as being an infringement of the provisions stipulated for in the Nine Power Treaty. Can no state remain an apostle of international peace when its own national existence is at stake. No matter what the results may have been as regards the political status of Manchuria, the right of self-defense to which Japan resorted from sheer necessity cannot be questioned. The argument that when a change in

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the form of Government results from the operation of the right of self-defense the country which had used the said right of self-defense should shoulder all responsibilities as far as international law or international usage are concerned, is an argument which nobody can dare to advance unless he is using colored glasses. No treaty stipulations can arrest or bind the operation of the right of self-defense. Consequently any country which resorts to the use of that right cannot be held responsible for whatever consequences may result from the said measures, provided that that country had no intention or design of bringing about those consequences in the first place.

The Japanese Government has not had the remotest idea of rationalizing any act running counter to all existing treaties, particularly the Nine Power Treaty, as far as the Manchurian affair is concerned, but when account is taken of the actual fact that has cropped up, it will be seen that there has come into existence a new phase which will give rise to a problem of infringement of existing treaties. However, the present state of affairs is a matter with which the Japanese Government has had no concern or connection. Nevertheless, the American Government attributes the creation of the new Manchurian State to the outcome of the machinations of the Japanese Government. This is a matter of amazement to the Japanese Government. The rise of the new Manchurian State is a question of pure fact and not a question to be treated from a legal point of view. There exists no such international

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international rule as that the country which used the right of self-defense shall be held responsible for all affairs that have occurred in consequence of the operation of its right of self defense. The questions relating to Manchuria are to be left to the natural course of events and can by no means be controlled by the stipulations of international treaties.

In Article 7 of the Nine Power Treaty, it is mentioned that, in case there arises a new incident that may be discussed by the application of the Nine Power Treaty, all countries concerned shall frankly conduct negotiations. By ignoring the above provision, the Department of State has, without exchanging views frankly in accordance with Article 7 of the Nine Power Treaty, arrived at the conclusion that the change in the administrative authority of Manchuria was due to Japan's military operations and that the Nine Power Treaty was thereby violated. This attitude will deepen Japan's doubt as to whether the Department of State has lost magnanimity as a great Power.

The Department of Foreign Affairs of Japan further expresses the view that, as regards the news that the United States Government is prepared to advise Japan not to recognize the new Republic of Manchuria, the Japanese Government holds that the question of recognition of a new state should be decided by the new state itself by taking the initiative for the purpose. Nevertheless, the United States Government seems to be intending to prevent such an attitude of the new Republic of Manchuria. This is what the Department of Foreign Affairs of Japan has ever thought of. Japan does not hesitate to exchange

views

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views under Article 7 of the Nine Power Treaty but the question of final decision as to whether the new Republic shall be recognized or not shall be decided entirely according to Japan's own view. At present, it still remains unknown whether Japan will recognize the new Republic. Pending this decision on Japan's part, the United States Government seems to be prepared to advise Japan not to recognize the new Republic. Such a policy is absurd.

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